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DLN: 93493135065394

Form **990**

Department of the Treasury Internal Revenue Service

Return of Organization Exempt From Income Tax

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

OMB No 1545-0047

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

Open to Public

Part I Summary 1 Briefly describe the organization's mission or most significant activities TO PROVIDE PATIENTS WITH EXCEPTIONAL CARE WHILE TRANSFORMING THE HEALTH OF THE COMMUNITIES WE SERVE 2 Check this box If the organization discontinued its operations or disposed of more than 25% of its net assets 3 Number of voting members of the governing body (Part VI, line 1a)								
Mane change Name change				C Name of organization	30-2013	D Emplo	yer id	entification number
Name change	_					86-0:	1102	32
Terminated	— Na	me char	nge	Doing Business As				
Application pending Final and address of principal officer WILLIAM TIRADEL 1200 N BEAVER ST FLAGSTAFF, AZ 86001 Website: > WWW FLAGSTAFFMEDICALCENTER COM Website: > WWW FLAGSTAFFMEDICALCENTER COM Website: > WWW FLAGSTAFFMEDICALCENTER COM FOR OUT OF PATIENTS WITH EXCEPTIONAL CARE WHILE TRANSFORMING THE HEALTH OF THE COMMUNITIES WESERVE 2 Check this box > Fifthe organization's mission or most significant activities TO PROVIDE PATIENTS WITH EXCEPTIONAL CARE WHILE TRANSFORMING THE HEALTH OF THE COMMUNITIES WESERVE 2 Check this box > Fifthe organization discontinued its operations or disposed of more than 25% of its net assets 3 Number of independent voting members of the governing body (Part VI, line 1a) 4 Number of independent voting members of the governing body (Part VI, line 1b) 5 Total number of volunteers (estimate if necessary) 6 Total our leated business revenue from Part VIII, column (C), line 12 7 Total our leated business revenue from Part VIII, line 1b) 8 Contributions and grants (Part VIII, line 1b) 9 Program service revenue (Part VIII, loolumn (A), lines 3, 4, and 7d) 10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) 10 Other revenue (Part VIII, column (A), lines 3, 6, as, 9c, 10c, and 11e) 12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), lines 1-3) 14 Benefits paid to or for members (Part IX, column (A), lines 1-3) 15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 1-3) 16 Total fundraising des (Part IX, column (A), line 12) 17 Total fundraising des (Part IX, column (A), line 11-3) 18 Total fundraising des (Part IX, column (A), line 11-3) 19 Total fundraising des (Part IX, column (A), line 11-3) 10 Total fundraising des (Part IX, column (A), line 11-3) 10 Total fundraising des (Part IX, column (A), line 11-3) 10 Total fundraising des (Part IX, column (A), line 11-3) 10 Total fundraising des (Part IX, column (A), line 11-3) 10 Total fundraising des (Part IX, column (A), line 11-4) 10 Total fundraising des (Part IX, column (A)	Ini	tıal retur	m		ııte	E Teleph	one nu	mber
Amended return Application pending Application pending Application pending Application pending F Name and address of principal officer WILLIAM T BRADEL 1200 N BEAVER ST FLAGSTAFF, AZ 860012 F Name and address of principal officer WILLIAM T BRADEL 12100 N BEAVER ST FLAGSTAFF, AZ 86001 Tax-exempt status	Te	rmınated	d			(928)	779-	3366
F Name and address of principal officer WILLIAM T BRADEL 1200 N BEAVER ST FLAGSTAFF, A2 86001 Tax-exempt status	_			FLAGSTAFF, AZ 860021268		(===,	,	
WILLIAM T BRADEL 1200 N BEAVER ST FLAGSTAFF, AZ 86001 Tax-exempt status	Ap	plication	pending			G Gross	receipts	\$ \$ 355,870,458
Tax-exempt status Size Solicion Size Solicion							retur	
Tax-exempt status								
Website:				PLAGSTAFF, AZ 80001				
Form of organization	[Ta	ax-exem	pt status	▼ 501(c)(3)				
The service of the program and provided in the provided in the program and provided in	ı w	ebsite	:: - WW	W FLAGSTAFFMEDICALCENTER COM	H(c) Gro	oup exempt	tion ni	umber 🟲
The service of the program and provided in the provided in the program and provided in	∢ For	m of org	janization	✓ Corporation Trust Association Other ►	L Year of 1	formation 19	936 I	M State of legal domicile AZ
TO PROVIDE PATIENTS WITH EXCEPTIONAL CARE WHILE TRANSFORMING THE HEALTH OF THE COMMUNITIES WE SERVE								
Number of voting members of the governing body (Part VI, line 1a)	a.	т	TO PRO		NG THE HEA	LTH OF TI	НЕСС	OMMUNITIES WE
Number of voting members of the governing body (Part VI, line 1a)	<u> </u>	-						
Number of voting members of the governing body (Part VI, line 1a)	₽							
Number of voting members of the governing body (Part VI, line 1a)	ē.	2 (Check th	his box 🔰 if the organization discontinued its operations or disposed	of more than	25% of its	net a	ssets
### Total unrelated business revenue from Part VIII, column (C), line 12		3 1	Number	of voting members of the governing body (Part VI, line 1a)			3	15
### Total unrelated business revenue from Part VIII, column (C), line 12	<u>20</u>	1					\vdash	9
### Total unrelated business revenue from Part VIII, column (C), line 12	Ē						5	0
B Net unrelated business taxable income from Form 990-T, line 34	¥	6 T	Γotal nu	mber of volunteers (estimate if necessary)			6	400
Prior Year Section S		7a ⊺	Γotal un	related business revenue from Part VIII, column (C), line 12			7a	1,148,877
8 Contributions and grants (Part VIII, line 1h)		b≀	Net unre	elated business taxable income from Form 990-T, line 34			7b	0
9 Program service revenue (Part VIII, line 2g)					Pri			
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	<u>a</u>							
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	en		_	· · · · · · · · · · · · · · · · · · ·			-	
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	Æ						-	
13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)		12	Totalı	revenue—add lines 8 through 11 (must equal Part VIII, column (A), lin	e			
14 Benefits paid to or for members (Part IX, column (A), line 4)		12					_	
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) 16a Professional fundraising fees (Part IX, column (A), line 11e)						731,		90,220
## 5-10) 154,615,373					·			
	\$		5-10)			154,615,		150,908,869
	<u>₹</u>	1 .			•		0	0
17 Other expenses (Fartix, Column (A), mes 11a-11d, 111-24e)	五					160 428	013	167 103 387
18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25) 315.474.944 318.502.476							-	318,502,476
329/32/17		19						37,018,103
19 Revenue less expenses Subtract line 18 from line 12 48,680,754 37,018,103	<u>%</u> &				Beginni	ng of Curre		End of Year
	Sett afan	20	Total	assets (Part X line 16)			471	
	7.48 7.48	21						199,217,656
	25	22						377,653,387
Beginning of Current Year 20 Total assets (Part X, line 16)	Pa	rt II	Sign	ature Block				
18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25) 315,474,944 318,50	Expenses	9 10 11 12 13 14 15 16a b 17	Progra Invest Other Total (12) . Grants Benefi Salario 5-10) Profes Total fu Other	the service revenue (Part VIII, line 2g)	e	824, 359,213, 2,735, 1,382, 364,155, 431, 154,615, 160,428, 315,474, 48,680,	831 190 485 698 558 0 373 0 013 944 754	99 354,26 -3,84 4,10 355,55 49 150,90 167,10 318,50 37,0:
	€68 80				_	_	nt	End of Year
	SSP.	20	Total	assets (Part X, line 16)		549,242,	471	576,871,043
	E A		Total	liabilities (Part X, line 26)		217,039,	517	199,217,656
	22	22						
Beginning of Current Year Plant of Year	Pa	rt II	Sign	ature Block				
Beginning of Current Year End of Year	ny k	nowled	lge and	belief, it is true, correct, and complete Declaration of preparer (other t				
Beginning of Current Year 20 Total assets (Part X, line 16)								
Beginning of Current Year Total lassets (Part X, line 16)			Signa	ature of officer		Date		
Beginning of Current Year 20 Total assets (Part X, line 16)								
Beginning of Current Year 20 Total assets (Part X, line 16)			17				T ==	
Beginning of Current Year 20 Total assets (Part X, line 16)					0		PTIN	
Beginning of Current Year 20 Total assets (Part X, line 16)			F				1	
Beginning of Current Year 20 Total assets (Part X, line 16)		•	r					
Beginning of Current Year 20 Total assets (Part X, line 16)	Jse	Onl	y	Firm's address TWO NORTH CENTRAL AVENUE STE 2300	Ph	none no (602	2) 322-	3000
Beginning of Current Year 20 Total assets (Part X, line 16)				PHOENIX, AZ 85004				

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

┌Yes ┌No

4e Total program service expenses ► 254,133,741

including grants of \$

(Expenses \$

) (Revenue \$

art TV	Check	list 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^{\bullet}	3		No
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III	8		No
9	Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV.	9		No
LO	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 $\sqrt{2}$	10	Yes	
1	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
а	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII	11b		No
С	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX	11d		No
е	Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X^{\bullet}	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	
L2a	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	
L3	Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13		No
.4a	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
L5	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
L 6	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
L 7	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
.8	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	Yes	
L 9	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?	20h	Vac	

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

	Check if Schedule O contains a response to any question in this Part V		Yes	 N
1a	Enter the number reported in Box 3 of Form 1096 Enter -0 - if not applicable 1a 556		165	14
	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable 1b 0	-		
	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable	1		
	gaming (gambling) winnings to prize winners?	1c	Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return			
h	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	1		
_	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b		
За	Did the organization have unrelated business gross income of \$1,000 or more during the year?	За	Yes	
	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	3b	Yes	
	At any time during the calendar year, did the organization have an interest in, or a signature or other authority			
	over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a		N
b	If "Yes," enter the name of the foreign country 🕨			
	See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts			
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a	Yes	
	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		103	N
		5b		
C	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c		N
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?	6a		N
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b		
	Organizations that may receive deductible contributions under section 170(c).			
	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a	Yes	
	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	Yes	
С	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c		
d	If "Yes," indicate the number of Forms 8282 filed during the year			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e		N
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f		N
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g		
	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h		
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			
9	Sponsoring organizations maintaining donor advised funds.	8		
_	Did the organization make any taxable distributions under section 4966?	9a		
	Did the organization make a distribution to a donor, donor advisor, or related person?	9b		
0	Section 501(c)(7) organizations. Enter			
	Initiation fees and capital contributions included on Part VIII, line 12 10a			
	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities			
1	Section 501(c)(12) organizations. Enter			
а	Gross income from members or shareholders			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)			
2a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a		
	If "Yes," enter the amount of tax-exempt interest received or accrued during the year			
3	Section 501(c)(29) qualified nonprofit health insurance issuers.	1		
а	Is the organization licensed to issue qualified health plans in more than one state?	13a		
_	Note. See the instructions for additional information the organization must report on Schedule O			<u> </u>
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans			
c	Enter the amount of reserves on hand	1		
	Did the organization receive any payments for indoor tanning services during the tax year?	14a		l N
	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	14b		⊢ ``

Se	ection A. Governing Body and Management		.,	
1.	Enter the number of voting members of the governing body at the end of the tax		Yes	No
14	year			
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
b	Enter the number of voting members included in line 1a, above, who are independent			
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		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	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
а	The governing body?	8a	Yes	
b	Each committee with authority to act on behalf of the governing body?	8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9		No
Se	ection B. Policies (This Section B requests information about policies not required by the Internal F	eveni	ıe Cod	e.)
			Yes	No
			163	110
10a	Did the organization have local chapters, branches, or affiliates?	10a	163	No
	Did the organization have local chapters, branches, or affiliates?	10a 10b	165	
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters,	10b	Yes	
b 11a	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing	10b		
b 11a b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	10b		
b 11a b 12a	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? Describe in Schedule O the process, if any, used by the organization to review this Form 990	10b	Yes	
b 11a b 12a b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	10b 11a 12a	Yes	
b 11a b 12a b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	10b 11a 12a 12b	Yes Yes	
b 11a b 12a b c	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? Describe in Schedule O the process, if any, used by the organization to review this Form 990 Did the organization have a written conflict of interest policy? If "No," go to line 13 Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	10b 11a 12a 12b 12c	Yes Yes Yes	
b 11a b 12a c 13 14	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? Describe in Schedule O the process, if any, used by the organization to review this Form 990 Did the organization have a written conflict of interest policy? If "No," go to line 13 Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done Did the organization have a written whistleblower policy? Did the organization have a written document retention and destruction policy? Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?	10b 11a 12a 12b 12c 13	Yes Yes Yes Yes Yes	
b 11a b 12a c 13 14	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? Describe in Schedule O the process, if any, used by the organization to review this Form 990 Did the organization have a written conflict of interest policy? If "No," go to line 13 Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done Did the organization have a written whistleblower policy? Did the organization have a written document retention and destruction policy? Did the process for determining compensation of the following persons include a review and approval by	10b 11a 12a 12b 12c 13	Yes Yes Yes Yes Yes	
b 111a b 112a c 113 114 115 a	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? Describe in Schedule O the process, if any, used by the organization to review this Form 990 Did the organization have a written conflict of interest policy? If "No," go to line 13 Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done Did the organization have a written whistleblower policy? Did the organization have a written document retention and destruction policy? Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?	10b 11a 12a 12b 12c 13 14	Yes Yes Yes Yes Yes Yes	
b 111a b 112a c 113 114 115 a	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? Describe in Schedule O the process, if any, used by the organization to review this Form 990 Did the organization have a written conflict of interest policy? If "No," go to line 13 Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done Did the organization have a written whistleblower policy? Did the organization have a written document retention and destruction policy? Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision? The organization's CEO, Executive Director, or top management official	10b 11a 12a 12b 12c 13 14	Yes Yes Yes Yes Yes Yes Yes	
b 11a b 12a c 13 14 15 a b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? Describe in Schedule O the process, if any, used by the organization to review this Form 990 Did the organization have a written conflict of interest policy? If "No," go to line 13 Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done Did the organization have a written whistleblower policy? Did the organization have a written document retention and destruction policy? Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision? The organization's CEO, Executive Director, or top management official Other officers or key employees of the organization	10b 11a 12a 12b 12c 13 14	Yes Yes Yes Yes Yes Yes Yes	
b 11a b 12a c 13 14 15 a b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? Describe in Schedule O the process, if any, used by the organization to review this Form 990 Did the organization have a written conflict of interest policy? If "No," go to line 13 Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done Did the organization have a written whistleblower policy? Did the organization have a written document retention and destruction policy? Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision? The organization's CEO, Executive Director, or top management official Other officers or key employees of the organization If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions) Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a	10b 11a 12a 12b 12c 13 14 15a 15b	Yes Yes Yes Yes Yes Yes Yes	
b 11a b 12a c 13 14 15 a b 16a b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? Describe in Schedule O the process, if any, used by the organization to review this Form 990 Did the organization have a written conflict of interest policy? If "Wo," go to line 13 Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done Did the organization have a written whistleblower policy? Did the organization have a written document retention and destruction policy? Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision? The organization's CEO, Executive Director, or top management official Other officers or key employees of the organization If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions) Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the	10b 11a 12a 12b 12c 13 14 15a 15b	Yes Yes Yes Yes Yes Yes Yes Yes	
b 11a b 12a c 13 14 15 a b 16a b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? Describe in Schedule O the process, if any, used by the organization to review this Form 990 Did the organization have a written conflict of interest policy? If "No," go to line 13 Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done Did the organization have a written whistleblower policy? Did the organization have a written document retention and destruction policy? Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision? The organization's CEO, Executive Director, or top management official Other officers or key employees of the organization If "Yes," to line 15a or 15b, describe the process in Schedule O (see instructions) Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	10b 11a 12a 12b 12c 13 14 15a 15b	Yes Yes Yes Yes Yes Yes Yes Yes	

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

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

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

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

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

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

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

	1	1								
(A) Name and Title	(B) A verage hours per week (list any hours	more t perso and	han o	one l both ector	box, an o	officer stee)		(D) Reportable compensation from the organization (W-	(W- 2/1099-	(F) Estimated amount of other compensation from the
	for related organizations below dotted line)	Individual trustae or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former	2/1099-MISC)	(W- 2/1099- MISC)	organization and related organizations
See Additional Data Table										
	•	•	•							Form 990 (2012)

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

	(A) Name and Title	(B) A verage hours per week (list any hours	more t	tion (han d on is	one l both	oox, an	heck unless officer stee)		(D) Reportable compensation from the organization (W-	(E) Reportable compensation from related organizations (W	,_	(F) Estima amount o compens from t	ted f other ation he
		for related organizations below dotted line)	Individual trustee or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former	2/1099-MISC)	2/1099-MISC)	C	organizati relate organiza	ed
								 					
1b c	Sub-Total	s to Part VII, S	· · · ection A	٠.			•	Þ					
d	Total (add lines 1b and 1c) .							Þ	0	6,389,8	20		375,345
2	Total number of individuals (in \$100,000 of reportable compe	-					d abov	e) w	ho received more th	an			
												Yes	No
3	Did the organization list any f oon line 1a? <i>If</i> "Yes," complete 5					key •	emplo	yee,	or highest compen	sated employee	3		No
4	For any individual listed on lin- organization and related organ individual										4	Yes	
5	Did any person listed on line 1 services rendered to the organ									or individual for	5		No
Se	ection B. Independent Co	ntractors											
1	Complete this table for your five	/e highest comp										tay year	_

(A)	(B)	(C)
Name and business address	Description of services	Compensation
CAREFUSION SOLUTIONSPYXIS , 25082 NETWORK PLACE CHICAGO IL 606731250	MEDICAL SERVICES	2,894,300
FOREST COUNTRY ANESTHESIA , PO BOX 53301 PHOENIX AZ 850723301	MEDICAL SERVICES	2,460,000
CRITICAL CARE CONSULTANTS PLLC , PO BOX 967 FLAGSTAFF AZ 86002	MEDICAL SERVICES	1,625,000
NORTHERN ARIZONA ORTHOPAEDICS , 1485 N TURQUOISE DR STE 200 FLAGSTAFF AZ 86001	MEDICAL SERVICES	1,419,908
AUREUS RADIOLOGY LLC , PO BOX 3037 OMAHA NE 681030037	MEDICAL SERVICES	867,651
Total number of independent contractors (including but not limited to those lighted	have \ who was a wead made a than	

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization >50

		Check If Sched	ule O contains a respor	nse to any question	(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512,513,or 514
s e	1a	Federated cam	paigns 1a					
Contributions, Gifts, Grants and Other Similar Amounts	b	Membership du	ies 1b					
Contributions, Gifts, Grants and Other Similar Amounts	c	Fundraising ev	ents 1c	206,799				
ffs,	d	Related organiz	zations 1d					
છું ≝	e	Government grant		202,332				
Sir		All other contribute	ons, gifts, grants, and 1f	590,502				
iệ lại	'	sımılar amounts no	ot included above					
를 풀	g	Noncash contributi 1a-1f \$	ons included in lines	24,677				
9 E	h	Total. Add lines	s 1 a - 1 f	🗼	999,633			
				Business Code				
Program Serwce Revenue	2a	PATIENT SERVICES	5	622111	342,114,602	342,114,602		
.eg .eg	b	PHYSICIAN REVEN	UE	900099	5,561,955	5,561,955		
- Se	c	PHARMACY		446110	3,171,443	2,532,213	639,230	
er E	d	CAFETERIA		900099	1,790,320	1,790,320		
ဒ	e	ALL OTHER PROGR	RAM SERVICE REVENUE	900099	1,623,966	1,114,319	509,647	
Ē.	f	All other progra	am service revenue					
<u>&</u>	g	Total. Add line:	s 2a-2f		354,262,286			
	3	Investment inc	ome (including dividen	ds, interest,		11 005 702		4.645.45
	_		ar amounts)	⊢	-7,270,630	-11,885,783		4,615,153
	4 5		· · · · · · · · · · · · ·	` ` . F	0			
	,	Noyalties :	(ı) Real	(II) Personal				
	6a	Gross rents	73,958	(,				
	b	Less rental expenses						
	c	Rental income	73,958	0				
	d	or (loss) Net rental inco	me or (loss)		73,958			73,958
			(ı) Securities	(II) O ther				
	7a	Gross amount from sales of assets other than inventory	3,362,667	287,986				
	b	Less cost or other basıs and		222,503				
	c	sales expenses Gain or (loss)	3,362,667	65,483				
	d	Net gain or (los		, , , , , , , , , , , , , , , , , , ,	3,428,150			3,428,150
#une	8a	events (not inc \$	from fundraising luding 5,799 s reported on line 1c)					
Other Revenue		See Part IV, lir	ne 18 a	111,803				
<u> </u>	b C		penses b (loss) from fundraising	127,376	-15,573			-15,573
0		Gross income f	from gaming activities ne 19		·			·
	b c		penses b (loss) from gaming acti	vities	0			
	10a	Gross sales of returns and allo						
	b	Less cost of g	oods sold b					
	С		(loss) from sales of inv		0			
	11a	MISCEllaneous MEDICARE/ME INCENTIVE		Business Code 900099	2,940,693	2,940,693		
	b	PROGRAM FEE		900099	480,394	480,394		
	c	NON PATIENT	ROOMS	900099	185,045	185,045		
	d	All other reven	ue		436,623	436,623		
	e	Total. Add lines	s 11a-11d		4,042,755			
	12	Total revenue.	See Instructions .	▶	355,520,579	345,270,381	1,148,877	8,101,688
					333,320,373	343,270,301	1,140,0//	0,10

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 (D) (B) (C) Do not include amounts reported on lines 6b, (A) Program service Management and Fund raising 7b. 8b. 9b. and 10b of Part VIII. Total expenses expenses general expenses expenses Grants and other assistance to governments and organizations in the United States See Part IV, line 21 490,220 490,220 Grants and other assistance to individuals in the United States See Part IV, line 22 0 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16 0 Benefits paid to or for members 0 Compensation of current officers, directors, trustees, and 4,240,813 3,017,864 1,113,450 109,499 key employees Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . 239,762 239,762 Other salaries and wages 113,278,738 96,749,658 16,065,298 463,782 Pension plan accruals and contributions (include section 401(k) 11,917,514 10,181,945 1,686,583 48,986 and 403(b) employer contributions) 4,204,267 3,592,096 594,994 Other employee benefits 17,177 10 17,027,775 2,409,795 14,548,413 69,567 11 Fees for services (non-employees) 825,412 825,412 Management 751,619 114,883 524,304 Legal 112,432 Accounting 178,434 43,355 115,748 19,331 33,525 33,525 Lobbying Professional fundraising services See Part IV, line 17 0 Investment management fees 28,174 28,174 Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on 30,190,270 29,556,066 634,204 Schedule O) Advertising and promotion . . 653,721 242,197 386,426 12 25,098 13 Office expenses 14,610,882 7,396,461 7,146,847 67,574 1,894,421 748,344 1,141,079 14 Information technology . . 4,998 15 Royalties . 5,645,070 4,816,895 808,863 19,312 16 Occupancy **17** 470,473 133,073 319,485 17,915 Travel 18 Payments of travel or entertainment expenses for any federal, state, or local public officials 0 265,180 19 Conferences, conventions, and meetings . 265,180 20 2,618,185 2,618,185 Payments to affiliates 17,793 21 17,793 15,566,005 9,493,189 22 Depreciation, depletion, and amortization . 6,061,524 11,292 23 265,252 375,059 -109,807 24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O) a MEDICAL SUPPLIES 49,986,290 49,986,290 REIMBURSEMENT TO NAH 39,177,182 19,588,591 19,588,591 CONSULTING 1,488,456 608,226 865,255 14,975 d RECRUITING 1,160,931 1,159,351 1,580 1,276,112 1,101,189 168,743 6,180 e All other expenses Total functional expenses. Add lines 1 through 24e 25 318,502,476 254,133,741 63,360,617 1,008,118 Joint costs. Complete this line only if the organization 26 reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ► [if following SOP 98-2 (ASC 958-720)

Part X Balance Sheet

		Check if Schedule O contains a response to any question in this Part X		• •	<u> </u>
			(A) Beginning of year		(B) End of year
	1	Cash—non-interest-bearing	27,168,803		-6,052,515
	2	Savings and temporary cash investments	40,497,362	2	40,945,086
	3	Pledges and grants receivable, net	0	3	0
	4	Accounts receivable, net	49,902,024	4	58,449,651
	5	Loans and other receivables from current and former officers, directors, trustees employees, and highest compensated employees Complete Part II of Schedule L	, key	5	0
ŧs	6	Loans and other receivables from other disqualified persons (as defined under s $4958(f)(1)$), persons described in section $4958(c)(3)(B)$, and contributing empland sponsoring organizations of section $501(c)(9)$ voluntary employees' benefit organizations (see instructions) Complete Part II of Schedule L	ection	6	0
Assets	7	Notes and loans receivable, net	3,791,007	7	25,341,887
4	8	Inventories for sale or use	6.301.499		6.966.525
	9	Prepaid expenses and deferred charges	1,906,927	9	1,913,631
	10a	Land, buildings, and equipment cost or other basis	95,339		1,010,001
	Ь		08,015 134,335,057	10c	134,787,324
	11	Investments—publicly traded securities	275,794,364	11	310,857,386
	12	Investments—other securities See Part IV, line 11	2,204,901	12	2,393,071
	13	Investments—program-related See Part IV, line 11	0	13	0
	14	Intangible assets	0	14	0
	15	Other assets See Part IV, line 11	7,340,527	15	1,268,997
	16	Total assets. Add lines 1 through 15 (must equal line 34)	549,242,471	16	576,871,043
	17	Accounts payable and accrued expenses	26,288,159	17	26,949,826
	18	Grants payable	0	18	0
	19	Deferred revenue	0	19	0
	20	Tax-exempt bond liabilities	124,710,703	20	118,743,509
ø	21	Escrow or custodial account liability Complete Part IV of Schedule D	0	21	0
<u>.00</u>	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified			
Liabilit		persons Complete Part II of Schedule L	0	22	0
	23	Secured mortgages and notes payable to unrelated third parties	249,710	23	249,064
	24	Unsecured notes and loans payable to unrelated third parties	0	24	0
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule			
		D	65,790,945	25	53,275,257
	26	Total liabilities. Add lines 17 through 25	217,039,517	26	199,217,656
Fund Balances		Organizations that follow SFAS 117 (ASC 958), check here ▶ 🔽 and complete lines 27 through 29, and lines 33 and 34.			
lan	27	Unrestricted net assets	332,202,954	27	377,653,387
8	28	Temporarily restricted net assets	0	28	0
Ξ	29	Permanently restricted net assets	0	29	0
r Fu		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.			
9	30	Capital stock or trust principal, or current funds		30	
Assets or	31	Paid-in or capital surplus, or land, building or equipment fund		31	
Ą	32	Retained earnings, endowment, accumulated income, or other funds		32	
Net	33	Total net assets or fund balances	332,202,954	33	377,653,387
~	34	Total liabilities and net assets/fund balances	549,242,471	34	576,871,043

Par	Reconcilliation of Net Assets Check if Schedule O contains a response to any question in this Part XI				্ . ৮
1	Total revenue (must equal Part VIII, column (A), line 12)	1		355,5	520,579
2	Total expenses (must equal Part IX, column (A), line 25)	2	·		502,476
3	Revenue less expenses Subtract line 2 from line 1	3			18,103
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))				
_	<u> </u>	4		332,2	202,954
5	Net unrealized gains (losses) on investments	5		11,4	152,452
6	Donated services and use of facilities	6			
7	Investment expenses	<u> </u>			
	-	7			
8	Prior period adjustments	8			
9	Other changes in net assets or fund balances (explain in Schedule O)	9		-3,0	20,122
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10		377,6	553,387
Par	t XII Financial Statements and Reporting	I		,	
	Check if Schedule O contains a response to any question in this Part XII				. \sqsubset
				Yes	No
1	Accounting method used to prepare the Form 990				
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		2a		No
	If 'Yes,' check a box below to indicate whether the financial statements for the year were compiled or review a separate basis, consolidated basis, or both	wed on			
	Separate basis Consolidated basis Both consolidated and separate basis				
ь	Were the organization's financial statements audited by an independent accountant?		2b	Yes	
	If 'Yes,' check a box below to indicate whether the financial statements for the year were audited on a sepa basis, consolidated basis, or both	rate			
	Separate basis Consolidated basis Both consolidated and separate basis				
c	If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight audit, review, or compilation of its financial statements and selection of an independent accountant?	t of the	2c	Yes	
	If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	1			
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?	2	3a		No
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the reaudit or audits, explain why in Schedule O and describe any steps taken to undergo such audits.	equired	3b		

Software ID: Software Version:

EIN: 86-0110232

Name: FLAGSTAFF MEDICAL CENTER

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

Form 990, Part VII - Compensation of Compensated Employees, and Indepen	ident Contra	ectors ctors	, i ru	iste	es,	кеу	Em	ipioyees, nigne:		
(A) Name and Title	(B) Average hours per week (list any	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)				th	_	(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
	hours for related organizations below dotted line)	Individual trustse or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former			organizations
ANDREW ALDRIDGE MD DIRECTOR/MEDICAL STAFF PRES	0 0	Х						0	40,000	0
WILLIAM AUSTIN MD DIRECTOR	1 7 5	х						0	61,400	0
CHRIS BAVASI DIRECTOR/PAST CHAIR	3 1 0	х						0	0	0
VALERIE CARO DIRECTOR/TREASURER	0 0	Х						0	0	0
GARY CHRISTENSEN MD DIRECTOR	8 7	х						0	0	0
JAMES DORMAN DIRECTOR/CHAIRMAN	2 0 3 7	×		х				0	0	0
WAYNE FOX DIRECTOR/VICE CHAIRMAN	9	х		х				0	0	0
RICHARD HAYS DIRECTOR (THRU 12/12)	4 0 0	х						0	0	0
ALICE GAGNAIRE RN DIRECTOR	2 0	×						0	0	0
L GEORGE HERSHEY DO DIRECTOR(NONVOTING AS OF 9/12)	6 0 0	×						0	0	0
WILLIAM JEFFERS DIRECTOR/TREASURER	1 1 5	х		х				0	0	0
THEODORE H LEWIS MD DIRECTOR	9	х						0	3,333	0
BERT MCKINNON MD DIRECTOR	4 7	х						0	0	0
ROBERT M MONTOYA DIRECTOR (THRU 3/13)	5 1 6	х						0	0	0
MOLLY MUNGER DIRECTOR(NONVOTING AS OF 9/12)	2 1 2	х						0	0	0
RICHARD NEFF DIRECTOR/MEDICAL STAFF PRES	2 0	х						0	262,852	30,789
STEVE PERU DIRECTOR (THRU 9/12)	4 0 0	х						0	0	0
KENNETH SALCE DIRECTOR	1 0 0	х						0	0	0
GUADALUPE WOODSON FNP DIRECTOR/SECRETARY	4 0 0	x		х				0	0	0
WILLIAM T BRADEL DIRECTOR/PRESIDENT/CEO	40 0 10 0	X		X				0	623,470	35,673
JOHN J DEMPSEY EXECUTIVE VP LAW & ETHICS	40 0 0 0			х				0	420,812	58,635
GREGORY KUZMA VP FINANCE/CFO	14 0 26 0			x				0	385,765	11,333
STEVEN W LEWIS MD CHIEF MEDICAL OFFICER	40 0				х			0	426,823	12,559
MARILYNN P BELCHER CNO/VP PATIENT CARE SERVICES	40 0 0 0				х			0	234,844	21,961
KAI R MCSWAIN VP PROFESSIONAL SERVICES	40 0 0 0				х			0	219,759	28,955

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

40 0

0 0

(B)

(A)

ERIC D COHEN MD

PHYSICIAN

Name and Title	A verage hours per week (list	Position (do not check more than one box, unless person is both an officer and a director/trustee)				, th		Reportable compensation from the organization (W- 2/1099-MISC)	Reportable compensation from related organizations (W- 2/1099-MISC)	Estimated amount of other compensation from the organization and
	any hours for related organizations below dotted line)	Individual trustee or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former			related organizations
RICHARD A SMITH VP DEVELOPMENT	40 0 0 0				х			0	218,997	23,841
IRWIN P BLOOM VP ANCILLARY SERVICES	40 0 0 0				х			0	212,627	4,119
STEVEN M PETERSON MD PHYSICIAN	40 0 0 0					х		0	762,172	25,636
MARK E DONNELLY MD PHYSICIAN	40 0 0 0					х		0	649,066	35,635
OMAR R WANI MD PHYSICIAN	40 0 0 0					х		0	642,917	27,400
JAMES G DWYER MD PHYSICIAN	40 0 0 0					х		0	633,030	32,835
			_	_	_					

(C)

(D)

0

591,953

25,974

(E)

(F)

efile GRAPHIC print - DO NOT PROCESS

As Filed Data -

DLN: 93493135065394

Employer identification number

OMB No 1545-0047

SCHEDULE A

(Form 990 or 990EZ)

Name of the organization

FLAGSTAFF MEDICAL CENTER

Department of the Treasury Internal Revenue Service

Public Charity Status and Public Support

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

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

Open to Public Inspection

									86-01102			
	t I			blic Charity Sta						nstructioi	ns.	
The o	rganı	zatıon ıs	not a priva	te foundation becaus	eitis (Forl	lınes 1 throu	ıgh 11, check	conly one b	ox)			
1	Г	A chur	ch, convent	ion of churches, or a	ssociation of	f churches d	escribed in s e	ection 170(b)(1)(A)(i).			
2	Γ	A scho	ol described	d in section 170(b)(1	L)(A)(ii). (At	tach Schedı	ule E)					
3	굣	A hosp	ital or a cod	perative hospital se	rvice organiz	zatıon descri	ıbed ın sectio	n 170(b)(1)	(A)(iii).			
4	Γ	A medi	cal researc	h organization opera	ted ın conjun	iction with a	hospital des	cribed in se	tion 170(b)(1)(A)(iii)	. Enter the	
				ity, and state								
5	Г	Anorg	anızatıon op	erated for the benefi	t of a college	or universi	ty owned or o	perated by	a government	tal unit de	scribed in	
		sect ior	170(b)(1)((A)(iv). (Complete P	art II)							
6	\sqcap	A feder	ral, state, or	local government o	r government	tal unıt desc	rıbed ın secti	ion 170(b)(:	L)(A)(v).			
7	Γ	Anorg	anization th	at normally receives	a substantia	al part of its	support from	a governme	ental unit or fi	rom the ge	eneral public	
	_			on 170(b)(1)(A)(vi).								
8	<u> </u>		-	: described in sectio i			•	-				
9	ı	_		at normally receives					•	-	-	
		•		rities related to its e	•	=						
				oss investment inco						tax) from	businesses	
		acquired by the organization after June 30, 1975 See section 509(a)(2). (Complete Part III)										
10	Г	Anorg	anızatıon or	ganızed and operate	d exclusively	to test for p	oublic safety	See sectio	n 509(a)(4).			
11	Г			ganized and operate								
			•	ly supported organiz				•		ee sectio r	1 509(a)(3). Check	
				ibes the type of supp b Type II c						n-functio	nally integrated	
e	Г			ox, I certify that the								
	'		_	ion managers and ot	-						•	
			n 509(a)(2)	_			,,- ,				,(-,	
f			_	received a written d	etermınatıon	from the IR	S that it is a	Type I, Typ	e II, or Type	III suppo	rtıng organızatıo <u>n,</u>	
			this box	2006 11				•	6.1		Γ	
g			august 1/, / ng persons?	2006, has the organ	ization accep	oted any gift	or contributi	on from any	or the			
			J .	rectly or indirectly o	controls, eith	ier alone or t	ogether with	persons de	scribed in (ii)		Yes No	
				governing body of th	•		_	F		_	1g(i)	
				er of a person descr		_					lg(ii)	
							ahove?				lg(iii)	
h				, ,		described in (i) or (ii) above? ne supported organization(s)						
••		110114	c the followi	ng mormation about	the support	ca organizat	1011(3)					
) Nan	ne of	(ii) EIN	(iii) Type of	(iv) Is	the	(v) Did you	ı notıfv	(vi) Is	the	(vii) A mount of	
•	uppoi		(,	organization	organizati		the organiz	,	organizati		monetary	
or	ganiz	ation		(described on	col (i) lıs		ın col (i) d	•	col (i) org		support	
		lines 1- 9 above your governing		suppor	t?	ın the U	S?					
				or IRC section	docume	nt?						
				(see instructions))							_	
					Yes	No	Yes	No	Yes	No		
						1		1				

Sch	edule A (Form 990 or 990-EZ) 2012							Page 2
Pa	(Complete only if you o	hecked the bo	x on line 5, 7,	or 8 of Part I o	r if the organiza	ation faile	ed to q	
	Part III. If the organiza ection A. Public Support	tion fails to qu	alify under the	tests listed bel	ow, please com	iplete Pa	rt III.)	
	endar year (or fiscal year beginning					1		
	in) ►	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2	312	(f) Total
1	Gifts, grants, contributions, and							
	membership fees received (Do not include any "unusual							
	grants ")							
2	Tax revenues levied for the							
	organization's benefit and either							
	paid to or expended on its behalf							
3	The value of services or facilities							
•	furnished by a governmental unit to							
	the organization without charge							
4	Total. Add lines 1 through 3							
5	The portion of total contributions by each person (other than a							
	governmental unit or publicly							
	supported organization) included on							
	line 1 that exceeds 2% of the							
	amount shown on line 11, column							
6	(f) Public support. Subtract line 5 from							
	line 4							
S	ection B. Total Support							
Cal	endar year (or fiscal year beginning	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 20)12	(f) Total
_	in) ► A mounts from line 4		. ,		. ,	, ,		. ,
7 8	Gross income from interest,							
0	dividends, payments received on							
	securities loans, rents, royalties							
	and income from similar							
9	sources Net income from unrelated							
9	business activities, whether or not							
	the business is regularly carried							
	on							
10	Other income Do not include gain or loss from the sale of capital							
	assets (Explain in Part IV)							
11	Total support (Add lines 7 through							
4.0	10)		<u> </u>					
12	Gross receipts from related activitie					12		
13	First five years. If the Form 990 is this box and stop here							ization, check
	ection C. Computation of Pub				<u> </u>	<u> </u>		
14	Public support percentage for 2012			11, column (f))		14		
15	Public support percentage for 2011			, , , , , , ,		15		
	33 1/3% support test—2012. If the o	· ·	•	on line 13 and l	ine 14 is 33 1/20%		chack ti	nie hov
104	and stop here. The organization qua				me 1 1 13 33 1/3/0	or more,	JIICCK CI	► □
b	33 1/3% support test—2011. If the				and line 15 is 33	3 1/3% or n	nore, ch	eck this
	box and stop here. The organization						. 4 4	▶□
1/a	10%-facts-and-circumstances test- is 10% or more, and if the organizat							•
	in Part IV how the organization mee							
	organization				4	r	,rF3	▶ □
b	10%-facts-and-circumstances test-							
	15 is 10% or more, and if the organ Explain in Part IV how the organizat							lv
	supported organization	ion meets the T	acts-ana-cncum:	stances test III	ic organization qu	uiiiiE5 45 i	a public	·y ▶□
18	Private foundation. If the organizat	on did not check	c a box on line 13	, 16a, 16b, 17a,	or 17b, check thi	s box and	see	·
	instructions							▶ ┌

Schedule A (Form 990 or 990-EZ) 2012 Page 3 Support Schedule for Organizations Described in Section 509(a)(2) (Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.) Section A. Public Support Calendar year (or fiscal year beginning (a) 2008 **(b)** 2009 (c) 2010 (d) 2011 (e) 2012 (f) Total in) 🟲 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants") Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt

	purpose						
3	Gross receipts from activities that						
	are not an unrelated trade or						
	business under section 513			-			
4	Tax revenues levied for the						
	organization's benefit and either						
	paid to or expended on its behalf						
5	The value of services or facilities						
3	furnished by a governmental unit to						
	the organization without charge						
6	Total. Add lines 1 through 5						
	Amounts included on lines 1, 2,						
<i>7</i> a	and 3 received from disqualified						
	persons						
b	Amounts included on lines 2 and 3						
_	received from other than						
	disqualified persons that exceed						
	the greater of \$5,000 or 1% of the						
	amount on line 13 for the year						
С	Add lines 7a and 7b						
8	Public support (Subtract line 7c						
	from line 6)						
_Se	ction B. Total Support						
Cale	ndar year (or fiscal year beginning	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
	in) ►	(u) 2000	(6) 2003	(6) 2010	(4) 2011	(6) 2012	(1) 10tai
9	A mounts from line 6						
10a	Gross income from interest,						
	dividends, payments received on						
	securities loans, rents, royalties						
	and income from similar						
	sources						
Ь	Unrelated business taxable income (less section 511 taxes)						
	from businesses acquired after						
	June 30, 1975						
c	Add lines 10a and 10b						
11	Net income from unrelated						
11	business activities not included						
	in line 10b, whether or not the						
	business is regularly carried on						
12	Other income Do not include						
	gain or loss from the sale of						
	capital assets (Explain in Part						
	IV)						
13	Total support. (Add lines 9, 10c,						
	11, and 12)			Librari Corretto con	6.01	E04(-)(2)	
14	First five years. If the Form 990 is for	or the organization	on's first, second	i, thira, fourth, or	ππη tax year as a	1 501(c)(3) org	anization, ►
	check this box and stop here	a Cunnaut Da					<u> </u>
	ction C. Computation of Public			1.2		T I	
15	Public support percentage for 2012			13, column (T))		15	
16	Public support percentage from 2011	L Schedule A, Pa	art III, line 15			16	
Se	ction D. Computation of Inve	stment Inco	me Percenta	ge			
17	Investment income percentage for 20				nn (f))	17	
					. , ,		
18	Investment income percentage from					18	
19a	33 1/3% support tests—2012. If the o						ıd lıne 17 ıs not ▶□

33 1/3% support tests—2011. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18

is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions

Schedule A (Form 990 or 990-EZ) 2012

DLN: 93493135065394

OMB No 1545-0047

SCHEDULE C (Form 990 or 990-EZ)

Department of the Treasury Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527 ▶ Complete if the organization is described below. ▶ Attach to Form 990 or Form 990-EZ. ► See separate instructions.

Inspection

If the organization answered "Yes" to Form 990, Part IV, Line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then Section 501(c)(3) organizations Complete Parts I-A and B Do not complete Part I-C ◆ Section 501(c) (other than section 501(c)(3)) organizations Complete Parts I-A and C below Do not complete Part I-B ◆ Section 527 organizations Complete Part I-A only If the organization answered "Yes" to Form 990, Part IV, Line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then ◆ Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)) Complete Part II-A Do not complete Part II-B • Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)) Complete Part II-B Do not complete Part II-A If the organization answered "Yes" to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, Part V, line 35c (Proxy Tax), then ◆ Section 501(c)(4), (5), or (6) organizations Complete Part III Name of the organization **Employer identification number** FLAGSTAFF MEDICAL CENTER 86-0110232 Complete if the organization is exempt under section 501(c) or is a section 527 organization. Provide a description of the organization's direct and indirect political campaign activities in Part IV 2 Political expenditures 3 Volunteer hours Part I-B Complete if the organization is exempt under section 501(c)(3). Enter the amount of any excise tax incurred by the organization under section 4955 2 Enter the amount of any excise tax incurred by organization managers under section 4955 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes 3 Was a correction made? ☐ Yes □ No If "Yes," describe in Part IV Part I-C Complete if the organization is exempt under section 501(c), except section 501(c)(3). Enter the amount directly expended by the filing organization for section 527 exempt function activities Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities 3 Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b Did the filing organization file Form 1120-POL for this year? 4 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds. Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV **(c)** EIN (e) A mount of political (a) Name (b) Address (d) A mount paid from contributions received filing organization's and promptly and funds If none, enter -0directly delivered to a separate political organization If none, enter-0-

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

f Grassroots lobbying expenditures

Sch	nedule C (Form 990 or 990-EZ) 2012					Page 2	
Pa	art II-A Complete if the organization	is exempt under	section 501(c)(3) and fil	ed Form 5768	(election	
_	under section 501(h)). Check ► if the filing organization belongs to a	an affiliated group (and	lict in Part IV os	ach affiliated are	un mambar's nam	o addross EIN	
	expenses, and share of excess lobb	ying expenditures)		_	up member s nam	e, address, LTN	
<u>B</u>	Check Frifthe filing organization checked box	x A and "limited contro	ıl" provisions apı	oly			
	Limits on Lobbying E (The term "expenditures" means an		l .)		(a) Filing organization's totals	(b) Affiliated group totals	
1a	Total lobbying expenditures to influence public o	pınıon (grass roots lob	bying)				
b	Total lobbying expenditures to influence a legisla	ative body (direct lobb	yıng)				
c	Total lobbying expenditures (add lines 1a and 1b	o)					
d	O ther exempt purpose expenditures						
e	Total exempt purpose expenditures (add lines 1c	c and 1d)					
f	Lobbying nontaxable amount Enter the amount fo						
	If the amount on line 1e, column (a) or (b) is:	The lobbying nontax	able amount is:				
	Not over \$500,000	20% of the amount on li	ne 1e				
	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the	e excess over \$500,0	000			
	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the	e excess over \$1,000	0,000			
	Over \$1,500,000 but not over \$17,000,000	t not over \$17,000,000 \$225,000 plus 5% of the excess over \$1,500,000					
	Over \$17,000,000	\$1,000,000					
	Grassroots nontaxable amount (enter 25% of lin	e 1f)					
_	Subtract line 1g from line 1a If zero or less, ente	•		-			
i	Subtract line 1f from line 1c If zero or less, ente			-			
_	If there is an amount other than zero on either lin		organization file	Form 4720 rep	ortina	1	
-	section 4911 tax for this year?					┌ Yes ┌ No	
_	4-Voor Av	veraging Period U	Inder Section	F01/b)			
	(Some organizations that made a scolumns below. See the	section 501(h) el	ection do not	have to cor		ne five	
	Lobbying Expe	enditures During	4-Year Avera	ging Period		1	
	Calendar year (or fiscal year beginning in)	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total	
2a	Lobbying nontaxable amount						
b	Lobbying ceiling amount (150% of line 2a, column(e))						
c	Total lobbying expenditures						
d	Grassroots nontavable amount						

chedule C (i	onn 550 or 550 EZ/2012	Page
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)).	

_	ach "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying		1)	(b)	
-or e activ		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				
а	Volunteers?		Νo		
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		Νo		
C	Media advertisements?		Νo		
d	Mailings to members, legislators, or the public?		Νo		
e	Publications, or published or broadcast statements?		Νo		
f	Grants to other organizations for lobbying purposes?		Νo		
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		Νo		
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		Νo		
i	O ther activities?	Yes		23,637	
j	Total Add lines 1c through 1i			23,637	
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		Νo		
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?				
Par	t III-A Complete if the organization is exempt under section 501(c)(4), section 501(c)(6)	501(c)(5), o	r section	

			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." Dues, assessments and similar amounts from members

2	Section 162(e) nondeductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).		
а	Current year	2a	
	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

I dentifier	Return Reference	Explanation
, ,	EXPLANATION	LOBBYING ELECTION AZHHA MEMBERSHIP, AHA MEMBERSHIP IT IS ESTIMATED THAT 17 71 PERCENT OF DUES ARE NOT DEDUCTIBLE FOR INCOME TAX PURPOSES THIS PERCENTAGE REPRESENTS THE AMOUNT OF DUES EXPENDED BY THE ASSOCIATION FOR LOBBYING FLAGSTAFF MEDICAL CENTER ALSO PARTICIPATES IN HEALTHCARE-RELATED LOBBYING ACTIVITIES THROUGH THE SOLE COMMUNITY HOSPITAL COALITION

DLN: 93493135065394

OMB No 1545-0047

SCHEDULE D (Form 990)

Department of the Treasury Internal Revenue Service

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

Open to Public Inspection

Naı	me of the organization GSTAFF MEDICAL CENTER	·	Emp	ployer identification number
FLA	GSTAFF MEDICAL CENTER		86-	0110232
Pa	organizations Maintaining Donor Advorganization answered "Yes" to Form 990		unds	or Accounts. Complete if the
		(a) Donor advised funds		(b) Funds and other accounts
L	Total number at end of year			
2	Aggregate contributions to (during year)			
3	Aggregate grants from (during year)			
1	Aggregate value at end of year			
5	Did the organization inform all donors and donor advis- funds are the organization's property, subject to the or		nor adv	rsed ☐ Yes ☐ No
5	Did the organization inform all grantees, donors, and dused only for charitable purposes and not for the benefits			
Da	conferring impermissible private benefit? rt II	the organization answered "Ves" t	to Forr	<u> </u>
L 2	Purpose(s) of conservation easements held by the org Preservation of land for public use (e g , recreation Protection of natural habitat Preservation of open space Complete lines 2a through 2d if the organization held a easement on the last day of the tax year	anization (check all that apply) or education)	n histor certifie	rically important land area d historic structure
	easement on the last day of the tax year			Held at the End of the Year
а	Total number of conservation easements		2a	ried at the Liu of the real
b	Total acreage restricted by conservation easements		2b	
c	Number of conservation easements on a certified histo	oric structure included in (a)	2c	
d	Number of conservation easements included in (c) accommodate structure listed in the National Register	quired after 8/17/06, and not on a	2d	
3	Number of conservation easements modified, transferi	red, released, extinguished, or terminato	ed by tl	he organization during
	the tax year ►			
1	Number of states where property subject to conservat	ion easement is located ►		
5	Does the organization have a written policy regarding enforcement of the conservation easements it holds?	the periodic monitoring, inspection, han	dling o	f violations, and Yes No
5	Staff and volunteer hours devoted to monitoring, inspe	cting, and enforcing conservation ease	ments (during the year
7	A mount of expenses incurred in monitoring, inspecting \$ \begin{align*} \bext{align*} \begin{align*} \begin{align*} \begin{align*} al	g, and enforcing conservation easement	s durın	g the year
3	Does each conservation easement reported on line 2(and section 170(h)(4)(B)(II)?	d) above satisfy the requirements of sec	ction 1	70(h)(4)(B)(ı)
•	In Part XIII, describe how the organization reports cobalance sheet, and include, if applicable, the text of the organization's accounting for conservation easeme	e footnote to the organization's financia ents	l state:	ments that describes
ar	Complete if the organization answered "Y		or Ot	her Similar Assets.
1a	If the organization elected, as permitted under SFAS 1 works of art, historical treasures, or other similar assesservice, provide, in Part XIII, the text of the footnote to	ts held for public exhibition, education,	or rese	earch in furtherance of public
b	If the organization elected, as permitted under SFAS 1 works of art, historical treasures, or other similar assesservice, provide the following amounts relating to thes	ts held for public exhibition, education,		
	(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, histor following amounts required to be reported under SFAS			
а	Revenues included in Form 990 Part VIII line 1			b - ⊄

b Assets included in Form 990, Part X

									155E		
	Using the organization's acquisition, accessi collection items (check all that apply)	on, and other records	s, che	ecka	any of the	following that	are a	significant u	se of	ıts	
а	Public exhibition		d	Γ	Loan or e	exchange prog	rams				
b	Scholarly research		e	Γ	Other						
c	Preservation for future generations										
4	Provide a description of the organization's co	llections and explain	how	they	y further th	ne organizatioi	ı's ex	cempt purpos	e ın		
	Part XIII	·				-					
	During the year, did the organization solicit o assets to be sold to raise funds rather than to							nılar	_	Yes	┌ No
Part								'es" to Form	,		1 140
	Part IV, line 9, or reported an am									<u>′</u>	
	Is the organization an agent, trustee, custod included on Form 990, Part X?	an or other intermed	ıary f	or c	ontributio	ns or other ass	sets	not	Γ,	Yes	┌ No
b	If "Yes," explain the arrangement in Part XII $$	I and complete the fo	llowi	ng t	able	_					
								,	\ mou	nt	
C	Beginning balance		1c								
d	Additions during the year						1d				
e	Distributions during the year					<u> </u>	1e				
f	Ending balance						1f				
2a	Did the organization include an amount on Fo	rm 990, Part X, line 2	21?						Γ,	Yes	┌ No
b	If "Yes," explain the arrangement in Part XIII	Check here if the e	xplan	natio	n has bee	n provided in I	art :	XIII			Γ
Par			ansv	vere	ed "Yes"	to Form 990	, Par	t IV, line 10).		
		(a)Current year	(b) Pr			c) Two years back	+				ars back
1a	Beginning of year balance	2,836,339		-	126,552	1,950,65		1,706,50			1,227,217
b	Contributions	2,188,719		1,1	102,892	1,285,728	3	521,36	5		734,776
С	Net investment earnings, gains, and losses	133,179			18,115	130,32	3	77,66	3		17,197
d	Grants or scholarships	412,045		3	388,081	319,442	+	242,11			52,946
	Other expenditures for facilities	862,349		-	299,259	537,70	,	67,94	6		173,685
	and programs	· ·					+		_		
	Administrative expenses	65,625			23,880	83,010	+	44,82 1,950,65	_		46,050
_	End of year balance	3,818,218			336,339	2,426,552	<u> </u>	1,950,65	٥		1,706,509
	Provide the estimated percentage of the curr	•	(line	1g,	. column (a	a)) held as					
а	board designated or quasi endowment F	70 000 %									
b	Permanent endowment ► 24 000 %										
	remporarily reserved endownient F	00 %									
	The percentages in lines 2a, 2b, and 2c shou	ıld equal 100%									
	Are there endowment funds not in the posses	sion of the organizat	ion th	nat a	are held ar	nd administere	d for	the		V	Nie
	organization by			nat a	are held ar	nd administere	d for	_	a(i)	Yes	No No
	organization by (i) unrelated organizations			•			d for	3	a(i) a(ii)	Yes	No No
	organization by							3	a(i) a(ii) 3b	Yes	No
b	organization by (i) unrelated organizations		on Sc	hed	 ule R? .			3	a(ii)	Yes	No
b	organization by (i) unrelated organizations		on Scowme	hed nt fu	ule R? . unds , line 10.			3	a(ii) 3b		No No
ь 4	organization by (i) unrelated organizations (ii) related organizations If "Yes" to 3a(II), are the related organization Describe in Part XIII the intended uses of the		on Scowme	hed nt fu t X,	 ule R? . unds	(b)Cost or o		3	a(ii) 3b		No
b 4 Part	organization by (i) unrelated organizations		on Scowme	hed nt fu t X,	ule R? . unds , line 10. Cost or othe	er (b) Cost or o basis (other			a(ii) 3b	(d) Boo	No No
b 4 Part	organization by (i) unrelated organizations (ii) related organizations If "Yes" to 3a(II), are the related organization Describe in Part XIII the intended uses of the Land, Buildings, and Equipme Description of property		on Scowme	hed nt fu t X,	ule R? . unds , line 10. Cost or othe	er (b) Cost or o basis (other	therer)		3b	(d) Boo	No No ok value
b 4 Part 1a L b B	organization by (i) unrelated organizations (ii) related organizations If "Yes" to 3a(II), are the related organization Describe in Part XIII the intended uses of the VI Land, Buildings, and Equipme Description of property and		on Scowme	hed nt fu t X,	ule R? . unds , line 10. Cost or othe	(b)Cost or o basis (other 5,28:	therer)	(c) Accumulate depreciation	a(ii) 3b ed	(d) Boo	No No ok value
b 4 Part	(i) unrelated organizations		on Scowme	hed nt fu t X,	ule R? . unds , line 10. Cost or othe	(b)Cost or o basis (other 5,28:	ther er) 3,742	(c) Accumulate depreciation	a(ii) 3b ed .67	(d) Boo	No No ok value 5,284,742 2,376,589
b 4 Part 1a L b B c L d E	(i) unrelated organizations	ns listed as required of e organization's endo	on Scowme	hed nt fu t X,	ule R? . unds , line 10. Cost or othe	(b)Cost or o basis (other 5,28: 176,629	ther er) 3,742 9,756 5,373 5,500	(c) Accumulate depreciation 94,253,1	a(ii) 3b ed 67 885	(d) Boo	No No No ok value 5,284,742 2,376,589 251,888

	Form 990, Part X, line 12	<u>′</u>	
(a) Description of security or category	(b)Book value		d of valuation
(including name of security)		Cost or end-o	f-year market value
(1)Financial derivatives			
(2)Closely-held equity interests			
Other			
	_		
	_		
	1		
Total. (Column (b) must equal Form 990, Part X, col (B) line 12)	•		
Part VIII Investments—Program Related. Se	e Form 990 Part X line 1	3	
(a) Description of investment type	(b) Book value		d of valuation
(a) Description of investment type	(b) Book value		f-year market value
			,
Total. (Column (b) must equal Form 990, Part X, col (B) line 13)	•		
Part IX Other Assets. See Form 990, Part X, II	ne 15		
(a) Descri			(b) Book value
(u) Descri	ption		(b) Book value
Total (Column (h) must equal form 2000, Part V, and (D) time to			
Total. (Column (b) must equal Form 990, Part X, col.(B) line 15			
Part X Other Liabilities. See Form 990, Part X	K, line 25.		
Part X Other Liabilities. See Form 990, Part X	K, line 25.		
Part X Other Liabilities. See Form 990, Part X 1 (a) Description of liability Federal income taxes	(, line 25. (b) Book value		
Part X Other Liabilities. See Form 990, Part X 1 (a) Description of liability Federal income taxes ADDITIONAL MIN PENSION LIABILITY	(, line 25. (b) Book value 0 43,553,116		
Part X Other Liabilities. See Form 990, Part X 1 (a) Description of liability Federal income taxes ADDITIONAL MIN PENSION LIABILITY PATIENT CREDIT BALANCES	(, line 25. (b) Book value 0 43,553,116 3,790,092		
Part X Other Liabilities. See Form 990, Part X 1 (a) Description of liability Federal income taxes ADDITIONAL MIN PENSION LIABILITY PATIENT CREDIT BALANCES MALPRACTICE INSURANCE RESERVE LT	(, line 25. (b) Book value 0 43,553,116 3,790,092 2,668,882		
Part X Other Liabilities. See Form 990, Part 2 1 (a) Description of liability Federal income taxes ADDITIONAL MIN PENSION LIABILITY PATIENT CREDIT BALANCES MALPRACTICE INSURANCE RESERVE LT BCBS IBNR	(, line 25. (b) Book value 0 43,553,116 3,790,092 2,668,882 2,073,028		
Part X Other Liabilities. See Form 990, Part X 1 (a) Description of liability Federal income taxes ADDITIONAL MIN PENSION LIABILITY PATIENT CREDIT BALANCES MALPRACTICE INSURANCE RESERVE LT	(, line 25. (b) Book value 0 43,553,116 3,790,092 2,668,882		
Part X Other Liabilities. See Form 990, Part 2 1 (a) Description of liability Federal income taxes ADDITIONAL MIN PENSION LIABILITY PATIENT CREDIT BALANCES MALPRACTICE INSURANCE RESERVE LT BCBS IBNR	(, line 25. (b) Book value 0 43,553,116 3,790,092 2,668,882 2,073,028		
Part X Other Liabilities. See Form 990, Part X 1 (a) Description of liability Federal income taxes ADDITIONAL MIN PENSION LIABILITY PATIENT CREDIT BALANCES MALPRACTICE INSURANCE RESERVE LT BCBS IBNR CBO PEROT RESERVE BIOMED RESERVE	(, line 25. (b) Book value 0 43,553,116 3,790,092 2,668,882 2,073,028 232,901 202,120		
Part X Other Liabilities. See Form 990, Part X 1 (a) Description of liability Federal income taxes ADDITIONAL MIN PENSION LIABILITY PATIENT CREDIT BALANCES MALPRACTICE INSURANCE RESERVE LT BCBS IBNR CBO PEROT RESERVE BIOMED RESERVE WORKMAN'S COMP LIABILITY	(, line 25. (b) Book value 0 43,553,116 3,790,092 2,668,882 2,073,028 232,901 202,120 165,390		
Part X Other Liabilities. See Form 990, Part X 1 (a) Description of liability Federal income taxes ADDITIONAL MIN PENSION LIABILITY PATIENT CREDIT BALANCES MALPRACTICE INSURANCE RESERVE LT BCBS IBNR CBO PEROT RESERVE BIOMED RESERVE WORKMAN'S COMP LIABILITY UNEMPLOYMENT	(, line 25. (b) Book value 0 43,553,116 3,790,092 2,668,882 2,073,028 232,901 202,120 165,390 144,764		
Part X Other Liabilities. See Form 990, Part X 1 (a) Description of liability Federal income taxes ADDITIONAL MIN PENSION LIABILITY PATIENT CREDIT BALANCES MALPRACTICE INSURANCE RESERVE LT BCBS IBNR CBO PEROT RESERVE BIOMED RESERVE WORKMAN'S COMP LIABILITY	(, line 25. (b) Book value 0 43,553,116 3,790,092 2,668,882 2,073,028 232,901 202,120 165,390		

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

Part	XI Reconciliation of Revenue per Audited Financial State	emer	ıts With	<u>n Revenue</u>	per Re	eturn
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					
а	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 3	12)			5	
Part	XII Reconciliation of Expenses per Audited Financial Stat	<u>teme</u>	nts Wit	th Expens	<u>es per</u>	Return
Part 1	XII Reconciliation of Expenses per Audited Financial Statements Total expenses and losses per audited financial statements				es per 1	Return
						Return
1	Total expenses and losses per audited financial statements					Return
1 2	Total expenses and losses per audited financial statements Amounts included on line 1 but not on Form 990, Part IX, line 25					Return
1 2 a	Total expenses and losses per audited financial statements					Return
1 2 a b	Total expenses and losses per audited financial statements	2a 2b				Return
1 2 a b c	Total expenses and losses per audited financial statements	2a 2b 2c 2d				Return
1 2 a b c	Total expenses and losses per audited financial statements	2a 2b 2c 2d			1	Return
1 2 a b c d	Total expenses and losses per audited financial statements	2a 2b 2c 2d			2e	Return
1 2 a b c d e	Total expenses and losses per audited financial statements	2a 2b 2c 2d			2e	Return
1 2 a b c d e 3	Total expenses and losses per audited financial statements	2a 2b 2c 2d			2e	Return
1 2 a b c d e 3 4	Total expenses and losses per audited financial statements	2a 2b 2c 2d			2e	Return

Part XIII Supplemental Information

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

Identifier	Return Reference	Explanation
SCHEDULE D, PART V, LINE 4	INTENDED USES OF ENDOWED FUNDS	MOST OF THE CURRENT ENDOWMENTS ARE BOARD DESIGNATED CURRENTLY 5% OF THESE FUNDS ARE DESIGNATED FOR DISTRIBUTION BY THE FLAGSTAFF MEDICAL CENTER FOUNDATION COMMITTEE SUCH DISTRIBUTIONS SHOULD 1) ADDRESS COMMUNITY HEALTH CARE NEEDS, 2) ADHERE TO THE CORE MISSION OF THE HOSPITAL, OR 3) REFLECT PROJECTS THAT ARE DEEMED IN THE BEST INTEREST OF THE HOSPITAL
SCHEDULE D, PART X, LINE 2	UNCERTAIN TAX POSITIONS UNDER FIN 48 (ASC 740)	IN ACCORDANCE WITH ACCOUNTING GUIDANCE, MANAGEMENT HAS REVIEWED ALL OPEN TAX YEARS AND HAS DETERMINED THAT THE CORPORATION HAS NO SIGNIFICANT UNCERTAIN TAX POSITIONS

Additional Data

Software ID: Software Version:

EIN: 86-0110232

Name: FLAGSTAFF MEDICAL CENTER

Form 990, Schedule D, Part X, - Other Liabilities

1 (a) Description of Liability	(b) Book Value
ADDITIONAL MIN PENSION LIABILITY	43,553,116
PATIENT CREDIT BALANCES	3,790,092
MALPRACTICE INSURANCE RESERVE LT	2,668,882
BCBS IBNR	2,073,028
CBO PEROT RESERVE	232,901
BIOMED RESERVE	202,120
WORKMAN'S COMP LIABILITY	165,390
UNEMPLOYMENT	144,764
OTHER CURRENT LIABILITIES	444,964

DLN: 93493135065394

OMB No 1545-0047

(Form 990 or 990-EZ)

Name of the organization

FLAGSTAFF MEDICAL CENTER

Department of the Treasury

Internal Revenue Service

SCHEDULE G

Supplemental Information Regarding

Fundraising or Gaming Activities

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than \$15,000 on Form 990-EZ, line 6a. Form 990-EZ filers are not required to complete this part.

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

Open to Public Inspection

Employer identification number

						86-0110232	
Pa	rt I Fundraising Act	ivities. Complete	e if the o	rganızatı	on answered "Yes" t	to Form 990, Part IV	, line 17.
1 a b c d 2a b	Indicate whether the organ Mail solicitations Internet and email solic Phone solicitations In-person solicitations Did the organization have a or key employees listed in If "Yes," list the ten highes to be compensated at least	citations written or oral agre Form 990, Part VII) t paid individuals or	ement witl) or entity entities (f	e f g h any Indi In connec	Solicitation of non Solicitation of gov Special fundraisin vidual (including officer	rs, directors, trustees	F Yes F No ndraiser is
	(i) Name and address of individual or entity (fundraiser)	(ii) Activity		Did ser have ody or crol of outions?	(iv) Gross receipts from activity	(v) A mount paid to (or retained by) fundraiser listed in col (i)	(vi) A mount paid to (or retained by) organization
			Yes	No			
Tot	al			>			
3	List all states in which the dicensing	organization is regis	tered or lı	censed to	solicit funds or has be	en notified it is exempt	from registration or

Sche	dule	G (Form 990 or 990-EZ) 2012				Page 2					
Pa	rt II	Fundraising Events. Commore than \$15,000 of fundrevents with gross receipts of	aising event contributi								
			(a) Event #1 TURQUOISE BALL (event type)	(b) Event #2 GOLF TOURNAMNT (event type)	(c) O ther events 3 (total number)	(d) Total events (add col (a) through col (c))					
₽	1	Gross receipts	156,515	45,177	116,910	318,602					
Revenue	2	Less Contributions	100,511	36,142	70,146	206,799					
<u>~</u>	3	Gross income (line 1 minus line 2)	ross income (line 1 inus line 2)			111,803					
	4	Cash prizes	C	0	0	0					
رب د	5	Noncash prizes	C	0	998	998					
Expenses	6	Rent/facility costs	24,779	6,606	16,134	47,519					
ă	7	Food and beverages .	8 8	2,689	9,201	11,978					
Direct	8	Entertainment	4,143	0	0	4,143					
à	9	Other direct expenses .	45,677	2,773	14,288	62,738					
	10 Direct expense summary Add lines 4 through 9 in column (d)										
	11	Net income summary Combine I	ine 3, column (d), and line	10	•	-15,573					
Par	t III	Gaming. Complete if the o \$15,000 on Form 990-EZ, li		"Yes" to Form 990, Pa	art IV, line 19, or repo						
Revenue		\$13,000 OH TOTHI 330 EZ, II	(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col (a) through col (c))					
<u>동</u>	1	Gross revenue									
sesued	2	Cash prizes									
	3	Non-cash prizes									
Direct B	4	Rent/facility costs									
툽	5	Other direct expenses									
	6	Volunteer labor	Г Yes Г Nо	┌ Yes	Г Yes						
	7	Direct expense summary Add line	es 2 through 5 in column (d)							
	8	Net gaming income summary Com	nbine lines 1 and 7 in colu	ımn (d)							
9 a b	Ist	er the state(s) in which the organiz the organization licensed to operate No," explain	e gaming activities in eacl	n of these states?							
10a b	Wer	re any of the organization's gaming Yes," explain	licenses revoked, susper	nded or terminated during	the tax year?						

70ES	the organization operate gaming	activities with nonlinelinders		· · I Yes I No
.2		neficiary or trustee of a trust or a men		
	formed to administer charitable of	gaming?		· · · · Fyes F No
.3	Indicate the percentage of gamir	ng activity operated in		
а	The organization's facility			13a
b	An outside facility			13b
.4	Enter the name and address of th	ne person who prepares the organizati	on's gaming/special events books	and records
	Name ►			
	Address 🟲			
	revenue?	ntract with a third party from whom the		
	amount of gaming revenue retain	ed by the third party 🟲 \$		
C	If "Yes," enter name and address	s of the third party		
	Name 🟲			
	Address 🟲			
.6	Gaming manager information			
	Name 🟲			
	Gaming manager compensation I	\$ \$		
	Description of services provided	>		
	☐ Director/officer	Employee	Independent contractor	
.7	Mandatory distributions			
а	Is the organization required unde	er state law to make charitable distrib	utions from the gaming proceeds to	
	retain the state gaming license?			Г _{Yes} Г _{No}
b	Enter the amount of distributions	required under state law distributed t	to other exempt organizations or sp	ent
		activities during the tax year 🟲 💲		
Par	columns (III) and (v), a	mation. Complete this part to pr and Part III, lines 9, 9b, 10b, 15b ditional information (see instructi	, 15c, 16, and 17b, as applical	
	Identifier	Return Reference	Explana	tion

OMB No 1545-0047

Open to Public Inspection

SCHEDULE H (Form 990)

Department of the Treasury Internal Revenue Service

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

Hospitals

Name of the organization FLAGSTAFF MEDICAL CENTER

Employer identification number

86-0110232

Pa	Financial Ass	istance an	<u>d Certain</u>	Other Community	Benefits at Cost			T., 1			
1.	Did the organization have	a financial as	esistance no	dicy during the tay year?) If "No " skip to questi	on 63		Yes	No		
1a L	If "Yes," was it a written		•	-		on oa	1a	Yes			
2	If the organization had m					onlication of the	1b	Yes			
_	financial assistance police					pheation of the					
	Applied uniformly to a	ıll hospıtal fac	ılıtıes	Applied unifori	mly to most hospital fac	ulities					
	Generally tailored to i	ndıvıdual hos	pıtal facılıtıe	es							
3	Answer the following base organization's patients di			ince eligibility criteria th	at applied to the larges	t number of the					
a	Did the organization use	Federal Pover	ty Guideline	s (FPG) as a factor in det	ermining eligibility for p	roviding <i>free</i> care?					
	If "Yes," indicate which o	f the following	was the FP	G family income limit for	eligibility for <i>free</i> care		За	Yes			
b	Did the organization use										
	which of the following was				ed care		3b	Yes			
	□ 200% □ 250% □	300% 🔽 3	50% - 40	0% 🔽 Other		0 %					
c	If the organization used for										
criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or											
discounted care											
4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?											
5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?											
TO IN COUNTY IN A SECOND COUNTY IN C											
	If "Yes" to line 5b, as a re						5b		No		
	care to a patient who was	_					5c				
	Did the organization prep				r?		6a	Yes			
Ь	If "Yes," did the organiza			•			6b	Yes			
	Complete the following ta worksheets with the Sche		worksneets	provided in the Schedule	e in instructions do not	. Submit these					
7	Financial Assistance	and Certain	Other Com	munity Benefits at Co	ost						
Fin	ancial Assistance and	(a) Number of activities or	(b) Persons	(c) Total community	(d) Direct offsetting	(e) Net community ben		(f) Perce			
Go	Means-Tested overnment Programs	programs (optional)	served (optional)	benefit expense	revenue	expense	'	total exp	CIISC		
a	Financial Assistance at cost	(optional)		2 240 450		2.240	450	0.7	10.0/		
b	(from Worksheet 1) Medicaid (from Worksheet 3,			2,249,459		2,249,	459	0 7	10 %		
С	column a)			76,604,063	35,882,000	40,722,	063	12 8	10 %		
	government programs (from Worksheet 3, column b) .										
d	Total Financial Assistance and Means-Tested Government Programs			78,853,522	35,882,000	42,971,	522	13 5	20 %		
	Other Benefits			, ,	, , , , , , , , , , , , , , , , , , , ,	,,	\top				
е	Community health improvement services and										
	community benefit operations (from Worksheet 4)			1,871,242	412,994	1,458,	248	0 4	60 %		
f	Health professions education				·						
g	(from Worksheet 5) Subsidized health services			942,300	1,800	940,			00 %		
h	(from Worksheet 6) Research (from Worksheet 7)			1,616,065		1,616,	065	0 5	10 %		
1	Cash and in-kind						\dashv				
	contributions for community benefit (from Worksheet 8)			1,253,138		1,253,	_		90 %		
J k	Total. Other Benefits Total. Add lines 7d and 7j .			5,682,745 84,536,267	414,794 36,296,794	5,267, 48,239,	_		60 % 80 %		
K	iotai. Muu iiiles /u dilu /j .	ı	I	04,330,267	30,290,794	40,239,	7/3	T 2 T	UU 70		

Pa	community Buildir activities during the of the communities if	tax year, an									
	or the communities .	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense		rect off: revenue		(e) Net communit building expense		(f) Perc total ex	
1	Physical improvements and housing										
2	Economic development										
3	Community support			501,814				501,	814	0	160 %
4	Environmental improvements										
5	Leadership development and training for community members			8.099	8,099						
6	Coalition building			119,725						0	040 %
7	Community health improvement advocacy			4,486				4	486		
8	Workforce development			250,885				250,	-	0	080 %
9	Other										
	Total t IIII Bad Debt, Medicar	e. & Collec	tion Practice	885,009 e.s				885,	.009	0	280 %
	ion A. Bad Debt Expense	c, a conce	tion i ractic							Yes	No
1	Did the organization report bac Statement No 15?	debt expense	e ın accordance	with Heathcare Fin	ancıal M	anage	ment A	ssociation • • • •	1	Yes	
2	Enter the amount of the organi methodology used by the organ			-		_		24.002.022			
3	Enter the estimated amount of				to	2		24,982,033			
_	patients eligible under the orgathe methodology used by the oany, for including this portion of	anızatıon's fina organızatıon to	ancial assistand estimate this a	ce policy Explain in amount and the ratio	Part VI	3		2,249,532			
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											
Sect	ion B. Medicare										
5	Enter total revenue received fr		-	•				111,281,000			
6 7	Enter Medicare allowable costs Subtract line 6 from line 5 Thi					7		128,255,240 -16,974,240			
8	Describe in Part VI the extent Also describe in Part VI the co Check the box that describes to	to which any sosting method the method us	shortfall reporte ology or source ed	ed in line 7 should be used to determine		d as co		ty benefit			
	Cost accounting system	Γ c₀	st to charge rat	tio Γ	Other						
Sect	ion C. Collection Practices										
9a b	Did the organization have a wri If "Yes," did the organization's contain provisions on the colle assistance? Describe in Part \	collection po ection practice	licy that applied es to be followed	d to the largest num d for patients who ar	per of its e known	to qua	alify for	financial	9a 9b	Yes	
Pa	rt IV Management Compa	anies and J	Joint Ventur	es (owned 10% or more by	officers, dire	ectors, tr	ustees, ke	y employees, and physici	ans—s	ee instruct	ions)
	(a) Name of entity	(t	 Description of pr activity of entity 		c) Organı orofit % o ownersh	r stock	e) Officers, directors, trustees, or key mployees' profit % stock ownership %	pr	e) Physic ofit % or ownershi	stock
1 SU	RGI-CENTER AT FMC	OUTPATIENT SU	IRGERY SERVICES		7	70 002 °	%	0 %		29 9	98 %
2											
3											
4									1		
5									T		
6											
7											
8											
9									T		
10											
11											
12											
12		1					_		+		

Part V	Facility Information										
Section	n A. Hospital Facilities	Licensed	General	Children's	Teac	Critical	Research	ER-2.	ER-other		
(list in order of size from largest to smallest—see instructions) How many hospital facilities did the organization operate during the tax year?			ral medical & surgical	en's hospital	Teaching hospital	al access hospital	arch facility	ER-24 hours	ther		
Name, a	address, and primary website address									Other (Describe)	Facility reporting group
1	FLAGSTAFF MEDICAL CENTER 1200 N BEAVER ST FLAGSTAFF,AZ 86001 WWW FLAGSTAFFMEDICALCENTER COM	X	х					х			
-											
-											

Schedule H (Form 990) 2012

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\)$

FLAGSTAFF MEDICAL CENTER

Name of hos	spital facility	or facility	reporting	group

	single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A)	_	Yes	No
Con	munity Health Needs Assessment (Lines 1 through 8c are optional for tax years begining on or before March 23, 2012)		1.55	
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community			
	health needs assessment (CHNA)? If "No," skip to line 9	1	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
а	A definition of the community served by the hospital facility			
Ь	Demographics of the community			1
С	Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	How data was obtained			
е	The health needs of the community			
f	Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	▼ The process for consulting with persons representing the community's interests			ĺ
i	▼ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	Other (describe in Part VI)			ĺ
2	Indicate the tax year the hospital facility last conducted a CHNA 20 12			
3	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the	,	Yes	
4	persons the hospital facility consulted	3	res	
•	facilities in Part VI	4	Yes	
5	Did the hospital facility make its CHNA report widely available to the public?	5	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
а	▼ Hospital facility's website			
b	A vailable upon request from the hospital facility			
C	Other (describe in Part VI)			
	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)			
а	Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	Execution of the implementation strategy			
C	Participation in the development of a community-wide plan			
d	Participation in the execution of a community-wide plan			
е	▼ Inclusion of a community benefit section in operational plans			
f	A doption of a budget for provision of services that address the needs identified in the CHNA			
g	▼ Prioritization of health needs in its community			
h	Prioritization of services that the hospital facility will undertake to meet health needs in its community			1
i	Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7		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		Νo
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b		<u></u>
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	
_	Did the hospital facility have in place during the tax year a written financial assistance policy that				
	Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	9	Yes		
10	Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	10	Yes		
	If "Yes," indicate the FPG family income limit for eligibility for free care $\frac{125}{9}$ %				
	If "No," explain in Part VI the criteria the hospital facility used				
11	Used FPG to determine eligibility for providing <i>discounted</i> care?	11	Yes		
	If "Yes," indicate the FPG family income limit for eligibility for discounted care% If "No," explain in Part VI the criteria the hospital facility used				
12	Explained the basis for calculating amounts charged to patients?	12	Yes		
	If "Yes," indicate the factors used in determining such amounts (check all that apply)				
а	▼ Income level				
b	Asset level				
c	Medical indigency				
d	▼ Insurance status				
е	▼ Uninsured discount				
f	▼ Medicaid/Medicare				
g	State regulation				
h	Other (describe in Part VI)				
13	Explained the method for applying for financial assistance?	13	Yes		
14	Included measures to publicize the policy within the community served by the hospital facility?	14	Yes		
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)				
а	The policy was posted on the hospital facility's website				
b	The policy was attached to billing invoices				
c	The policy was posted in the hospital facility's emergency rooms or waiting rooms				
d	The policy was posted in the hospital facility's admissions offices				
е	The policy was provided, in writing, to patients on admission to the hospital facility				
f	▼ The policy was available upon request				
g	Other (describe in Part VI)				
Bi	lling and Collections				
15	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial		[,		
16	assistance policy (FAP) that explained actions the hospital facility may take upon non-payment? Check all of the following actions against an individual that were permitted under the hospital facility's policies during	15	Yes		
10	the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP				
а	Reporting to credit agency				
b	Lawsuits				
c	Liens on residences				
d	Body attachments				
е	Other similar actions (describe in Part VI)				
17	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before				
	making reasonable efforts to determine the patient's eligibility under the facility's FAP?			Νo	
	If "Yes," check all actions in which the hospital facility or a third party engaged				
а	Reporting to credit agency				
b	Lawsuits				
C	Liens on residences				
d	Body attachments				
_	Other similar actions (describe in Part VI)	ı	I .	ı	

chedule H (Form 990	2012

Page

Pc	art V Facility Information (continued)			
18	Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)			
а	Notified individuals of the financial assistance policy on admission			
b	Notified individuals of the financial assistance policy prior to discharge			
c	Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills			
d	Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy			
е	Other (describe in Part VI)			
Pol	licy Relating to Emergency Medical Care			
			Yes	No
L 9	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	19	Yes	
	If "No," indicate why			
	The hospital facility did not provide care for any emergency medical conditions			
b	The hospital facility's policy was not in writing			
C	The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d	Other (describe in Part VI)			
Cha	arges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)			
	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP- eligible individuals for emergency or other medically necessary care			
а	The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b	The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
C	The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d	Other (describe in Part VI)			
21	During the tax year, did the hospital facility charge any FAP-eligible individuals to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?	21		No
	If "Yes," explain in Part VI			
22	During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual?	22		No

Page

Part V	
Facility	
Information	
(continued	

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

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

How many non-hospital health care facilities did the organization operate during the tax year?		
Name and address	Type of Facility (describe)	
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

Schedule H (Form 990) 2012

Part VI Supplemental Information

Complete this part to provide the following information

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

Identifier	ReturnReference	Explanation
SCHEDULE H, PART I, LINE 3B	EXPLANATION FOR VARIOUS PERCENTAGES USED	125% OF THE FEDERAL POVERTY GUIDE = 100% CHARITY WRITE-OFF 150% OF FPG = 75% WRITE-OFF 175% OF FPG = 50% WRITE-OFF 200% OF FPG = 25% WRITE-OFF 300% OF FPG = 15% WRITE-OFF SCHEDULE H, PART I, LINE 3C CHARITY CARE INCOME LEVELS ARE BASED ON THE FEDERAL POVERTY GUIDE PUBLISHED IN THE FEBRUARY FEDERAL REGISTER ON AN ANNUAL BASIS A TIERED METHOD IS UTILIZED FOR DETERMINING WHETHER A PATIENT IS ELIGIBLE FOR 100%, 75%, 50%, 25%, OR 15% WRITE-OFF OF THE SELF PAY BALANCE OTHER CONSIDERATIONS SUCH AS DISPOSABLE ASSETS ARE CONSIDERED IN THE EVALUATION OF ELIGIBILITY A DISPOSABLE ASSET MAY BE EXPENSIVE JEWELRY, PLEASURE HORSES, RECREATIONAL VEHICLES, ETC
SCHEDULE H, PART I, LINE 6A		THE INFORMATION FOR THE COMMUNITY BENEFITS REPORT IS GATHERED BY THE COMMUNITY RELATIONS DEPARTMENT WHICH IS A DEPARTMENT OF NORTHERN ARIZONA HEALTHCARE FLAGSTAFF MEDICAL CENTER AND VERDE VALLEY MEDICAL CENTER ARE IDENTIFIED SEPARATELY ON THESE REPORTS

Identifier	ReturnReference	Explanation
SCHEDULE H, PART I, LINE 7		PART I, LINE 7 FLAGSTAFF MEDICAL CENTER USED A COST-TO-CHARGE RATIO, WHERE APPLICABLE, TO CALCULATE THE MOST ACCURATE COST OF CHARITY CARE AND OTHER COMMUNITY BENEFITS REPORTED IN LINE 7
SCHEDULE H, PART III, LINE 2		THE COSTING METHODOLOGY USED TO DETERMINE THE BAD DEBT COST COMES FROM THE PERCENTAGE CALCULATED IN SCHEDULE H PART I WORKSHEET 2 SCHEDULE H, PART III, LINE 3 FLAGSTAFF MEDICAL CENTER'S CALCULATION OF FINANCIAL ASSISTANCE COST IS BASED ON ACTUAL FINANCIAL ASSISTANCE WRITE-OFFS BY THE BUSINESS OFFICE MULTIPLIED BY THE COST-TO-CHARGE RATIO ALL OF THE FINANCIAL ASSISTANCE WRITE-OFFS ARE ATTRIBUTABLE TO PATIENTS WHO QUALIFIED UNDER THE FINANCIAL ASSISTANCE POLICY AS A NOT-FOR-PROFIT ENTITY, SERVICES ARE PROVIDED TO ALL PATIENTS REGARDLESS OF THEIR ABILITY TO PAY AND MAKING THIS AVAILABLE TO THE COMMUNITY QUALIFIES BAD DEBT AS A COMMUNITY BENEFIT

Identifier	ReturnReference	Explanation
SCHEDULE H, PART III, LINE 4		THE FOOTNOTE TO THE FINANCIAL STATEMENTS
,		INDICATES NET PATIENT ACCOUNTS RECEIVABLE AND
		NET PATIENT SERVICE REVENUE HAVE BEEN ADJUSTED
		TO THE ESTIMATED AMOUNTS EXPECTED TO BE
		RECEIVED THESE ESTIMATED AMOUNTS ARE SUBJECT
		TO FURTHER ADJUSTMENTS UPON REVIEW BY THIRD-
		PARTY PAYORS MANAGEMENT ESTIMATES THE
		ALLOWANCE FOR DOUBTFUL ACCOUNTS BASED UPON
		THE HISTORICAL COLLECTION EXPERIENCE
SCHEDULE H, PART III, LINE 8		IN YEARS WHEN THERE IS A SHORTFALL, THE ENTIRE
		MEDICARE SHORTFALL SHOULD BE CONSIDERED A
		COMMUNITY BENEFIT BECAUSE OUR MISSION IS TO
		IMPROVE THE HEALTH OF THE PEOPLE AND
		COMMUNITIES WE SERVE WHETHER OR NOT THIS
		SERVICE IS PROVIDED AT A LOSS TO THE HOSPITAL
		MEDICARE REPRESENTS 46% OF THE HOSPITAL'S GROSS
		CHARGES AND IS A LOSS FOR THE HOSPITAL THE
		HOSPITAL PROVIDES CARE REGARDLESS OF THIS
		SIGNIFICANT LOSS AND THEREBY RELIEVES THE
		FEDERAL GOVERNMENT OF THE BURDEN OF PAYING THE
		FULL COST OF THE MEDICARE BENEFICIARIES MANY OF
		THESE PATIENTS WOULD QUALIFY FOR FINANCIAL
		ASSISTANCE IF THEY WERE NOT IN THE MEDICARE
		PRO GRAM

Identifier	ReturnReference	Explanation
SCHEDULE H, PART III, LINE 9B		ACCORDING TO OUR FINANCIAL ASSISTANCE POLICY, THE FINANCIAL COUNSELORS ASSESS THE PATIENT'S ABILITY TO PAY AT TIME OF ADMISSION/REGISTRATION IF THE PATIENT STATES THAT THEY ARE UNABLE TO PAY OUT-OF-POCKET EXPENSES, A DETERMINATION IS MADE WHETHER COVERAGE IS AVAILABLE THROUGH AHCCCS OR OTHER MEDICAID PROGRAMS IF NO OUTSIDE ASSISTANCE IS AVAILABLE, AN APPLICATION IS GIVEN TO THE PATIENT TO BE SUBMITTED FOR FINANCIAL ASSISTANCE CONSIDERATION IF THE PATIENT DOESN'T QUALIFY FOR FINANCIAL ASSISTANCE, INCOME LEVELS ARE ASSESSED TO DETERMINE IF THEY QUALIFY FOR LONG-TERM PAYMENT PROGRAM IF THE FINANCIAL ASSISTANCE APPLICATION IS NOT TURNED IN AND PAYMENT HAS NOT BEEN MADE AFTER NUMEROUS FOLLOW UP PHONE CALLS, THE PATIENT ACCOUNT GOES TO BAD DEBT BEFORE PRE-ADMISSION AND IF A PATIENT IS ELIGIBLE FOR FINANCIAL ASSISTANCE, FLAGSTAFF MEDICAL CENTER'S CASHIER COLLECTS 50% OF THE ESTIMATED LIABILITY THE REST OF THE 50% IS SET UP ON A SIX-MONTH PAYMENT PLAN WITH A SELF-PAY
SCHEDULE H, SECTION B, PART V,		REPRESENTATIVE OF THE CENTRAL BUSINESS OFFICE AS PART OF THE COMMUNITY HEALTH NEEDS ASSESSMENT, A FOCUS GROUP WAS HELD ON MAY 22, 2012, AMONG 17 KEY INFORMANTS IN THE COMMUNITY, INCLUDING REPRESENTATIVES FROM PUBLIC HEALTH, PHYSICIANS, OTHER HEALTH PROFESSIONALS, SOCIAL SERVICE PROVIDERS, AND OTHER COMMUNITY LEADERS A LIST OF RECOMMENDED PARTICIPANTS FOR THE FOCUS GROUP WAS PROVIDED BY FLAGSTAFF MEDICAL CENTER POTENTIAL PARTICIPANTS WERE CHOSEN BECAUSE OF THEIR ABILITY TO IDENTIFY PRIMARY CONCERNS OF THE POPULATIONS WITH WHOM THEY WORK, AS WELL AS OF THE COMMUNITY OVERALL PARTICIPANTS INCLUDED A REPRESENTATIVE OF PUBLIC HEALTH, AS WELL AS SEVERAL INDIVIDUALS WHO WORK WITH LOW-INCOME, MINORITY OR OTHER MEDICALLY UNDERSERVED POPULATIONS, AND THOSE WHO WORK WITH PERSONS WITH CHRONIC DISEASE CONDITIONS FOCUS GROUP CANDIDATES WERE FIRST CONTACTED BY LETTER TO REQUEST THEIR PARTICIPATION FOLLOW-UP PHONE CALLS WERE THEN MADE TO ASCERTAIN WHETHER THEY WOULD BE ABLE TO ATTEND CONFIRMATION CALLS WERE PLACED THE DAY BEFORE THE GROUPS WERE SCHEDULED TO INSURE A REASONABLE TURNOUT AUDIO FROM THE FOCUS GROUP SESSION WAS RECORDED, FROM WHICH VERBATIM COMMENTS IN THIS REPORT ARE TAKEN THERE ARE NO NAMES CONNECTED WITH THE COMMENTS, AS PARTICIPANTS WERE ASKED TO SPEAK CANDIDLY AND ASSURED OF CONFIDENTIALITY

Identifier	ReturnReference	Explanation
SCHEDULE H, SECTION B, PART V, LINE 4		THE COMMUNITY HEALTH NEEDS ASSESSMENT WAS COMPLETED IN CONJUNCTION WITH ITS RELATED HOSPITAL FACILITY, VERDE VALLEY MEDICAL CENTER
SCHEDULE H, SECTION B, PART V, LINE 5C		THIS COMMUNITY HEALTH NEEDS ASSESSMENT IS AVAILABLE TO THE PUBLIC USING THE FOLLOWING URL http://flagstaff healthforecast net/ HEALTHFORECAST IS AN INTERACTIVE, DYNAMIC TOOL DESIGNED TO SHARE CHNA DATA WITH COMMUNITY PARTNERS AND THE PUBLIC AT LARGE

raditation	TKGCGTTTKGTGTGTG	Explanation
SCHEDULE H, SECTION B, PART V	HEALTH PRIORITIES NOT	SUBSTANCE ABUSE - FMC HAS LIMITED RESOURCES
LINE 7	CHOSEN AND REASON	SERVICES AND EXPERTISE AVAILABLE TO ADDRESS
		ALCOHOL, TOBACCO AND OTHER DRUG ISSUES OTHER
		COMMUNITY ORGANIZATIONS HAVE INFRASTRUCTURE
		AND PROGRAMS IN PLACE TO BETTER MEET THIS NEED
		LIMITED RESOURCES EXCLUDED THIS AS AN AREA
		CHOSEN FOR ACTION FAMILY PLANNING - FMC BELIEVES
		THAT THIS PRIORITY AREA FALLS MORE WITHIN THE
		PURVIEW OF THE COUNTY HEALTH DEPARTMENT AND
		OTHER COMMUNITY ORGANIZATIONS LIMITED
		RESOURCES AND LOWER PRIORITY EXCLUDED THIS AS
		AN AREA CHOSEN FOR ACTION ARTHRITIS,
		OSTEOPOROSIS & CHRONIC BACK CONDITIONS - FMC
		OFFERS PHYSICAL THERAPY AND JOINT REPLACEMENT
		CLASSES HOWEVER THE PREVENTION OF THESE
		CONDITIONS IS ADDRESSED BY THE STATE AND COUNTY
		HEALTH DEPARTMENTS, SO WE HAVE EXCLUDED THIS
		AREA AS CHOSEN FOR ACTION ORAL HEALTH - FMC
		BELIEVES THAT THIS PRIORITY AREA FALLS MORE
		WITHIN THE PURVIEW OF THE COUNTY HEALTH
		DEPARTMENT AND OTHER COMMUNITY ORGANIZATIONS
		LIMITED RESOURCES AND LOWER PRIORITY EXCLUDED
		THIS AS AN AREA CHOSE FOR ACTION INJURY &
		VIOLENCE PREVENTION - FMC BELIEVES THAT THIS
		PRIORITY AREA FALLS MORE WITHIN THE PURVIEW OF
		THE COUNTY HEALTH DEPARTMENT AND OTHER
		COMMUNITY ORGANIZATIONS LIMITED RESOURCES AND
		LOWER PRIORITY EXCLUDED THIS AS AN AREA CHOSEN
		FOR ACTION SCHEDULE H, SECTION B, PART V, LINE 11
		SEE PART VI EXPLANATION FOR SCHEDULE H, PART 1,
		LINE 3B
SCHEDULE H, PART VI, LINE 2	NEEDS ASSESSMENT	FLAGSTAFF MEDICAL CENTER ASSESSES COMMUNITY
		HEALTHCARE NEEDS THROUGH A SURVEY DESIGNED AND
		ADMINISTERED BY PROFESSIONAL RESEARCH
		CONSULTANTS, INC THIS SURVEY WAS LAST
		CONDUCTED IN 2012 AND WAS A FOLLOW-UP TO OTHER
		SURVEYS THE HOSPITAL HAS CONDUCTED THE SURVEY
		INSTRUMENT USED FOR THIS STUDY IS BASED LARGELY
		ON THE CENTERS FOR DISEASE CONTROL AND
		PREVENTION BEHAVIORAL RISK FACTOR SURVEILLANCE
		SYSTEM, AS WELL AS VARIOUS OTHER PUBLIC HEALTH
		SURVEYS AND CUSTOMIZED QUESTIONS ADDRESSING
		GAPS IN INDICATOR DATA RELATIVE TO HEALTH

Explanation

PROMOTION AND DISEASE PREVENTION OBJECTIVES AND OTHER RECOGNIZED HEALTH ISSUES

ReturnReference

Identifier

Identifier	ReturnReference	Explanation
SCHEDULE H, PART VI, LINE 3	PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	ACCORDING TO OUR FINANCIAL ASSISTANCE POLICY, THE FINANCIAL COUNSELORS ASSESS THE PATIENT'S ABILITY TO PAY AT TIME OF ADMISSION/REGISTRATION IF THE PATIENT STATES THAT THEY ARE UNABLE TO PAY OUT-OF-POCKET EXPENSES, A DETERMINATION IS MADE WHETHER COVERAGE IS AVAILABLE THROUGH AHCCCS OR OTHER MEDICAID PROGRAMS IF NO OUTSIDE ASSISTANCE IS AVAILABLE, AN APPLICATION IS GIVEN TO THE PATIENT TO BE SUBMITTED FOR FINANCIAL ASSISTANCE CONSIDERATION IF PATIENT DOESN'T QUALIFY FOR FINANCIAL ASSISTANCE, INCOME LEVELS ARE ASSESSED TO DETERMINE IF THEY QUALIFY FOR LONG-TERM PAYMENT PROGRAM IF THE CHARITY APPLICATION IS NOT TURNED IN AND PAYMENT HAS NOT BEEN MADE AFTER NUMEROUS FOLLOW UP PHONE CALLS, THE PATIENT ACCOUNT GOES TO BAD DEBT FLAGSTAFF MEDICAL CENTER WEBSITE HAS A BILLING CONTACT NUMBER BEFORE PRE-ADMISSION, PATIENTS ARE CONTACTED BY FMC'S CASHIER WHEN PATIENTS ARE CONTACTED, THEY ARE EDUCATED ABOUT THE FINANCIAL ASSISTANCE POLICY FMC FINANCIAL COUNSELORS ASSIGNED TO EACH NURSING UNIT ARE ABLE TO ANSWER OR ASSIST WITH BILLING QUESTIONS AT EACH PATIENT REGISTRATION DESK ARE DISPLAYS AND BROCHURES OF THE BILLING INFORMATION,
SCHEDULE H, PART VI, LINE 4	COMMUNITY INFORMATION	FLAGSTAFF MEDICAL CENTER IS A 267-BED ACUTE CARE HOSPITAL LOCATED IN FLAGSTAFF, AZ THE PRIMARY SERVICE AREA COVERS APPROXIMATELY 9,600 SQUARE MILES WITH THE CLOSEST HOSPITAL TO EH SOUTH IS VERDE VALLEY MEDICAL CENTER (FMC AFFILIATE) THE POPULATION IN THE PRIMARY SERVICE AREA IS APPROXIMATELY 100 000 FMC OPERATES AS A NOT-FOR- PROFIT TAX-EXEMPT CORPORATION FMC PROVIDES GENERAL MEDICAL AND SURGICAL ACUTE CARE, BEHAVIORAL HEALTH SERVICES, AND A FULL RANGE OF OUTPATIENT SERVICES TO NORTHERN ARIZONA RESIDENTS AND VISITORS KEY SERVICES PROVIDED TO THE COMMUNITY INCLUDE A REGIONAL TRAUMA CENTER, OPEN-HEART SURGERY, HIGH-TECH IMAGING, RADIATION/ONCOLOGY, SURGICAL SERVICES, ORTHOPEDIC SERVICES, AND WOMEN, INFANTS AND CHILDREN'S SERVICES THE HOSPITAL GROSS PAYOR MIX IS AS FOLLOWS MEDICARE 46%, AHCCCS/MEDICAID 18%, COMMERCIAL AND OTHER 30%, AND SELF PAY 6% FLAGSTAFF MEDICAL CENTER IS ONE OF THE THREE LARGEST EMPLOYERS IN NORTHERN ARIZONA

CHEDULE H, PART VI, LINE 5	PROMOTION OF COMMUNITY HEALTH	COMMUNITY HEALTH AND COMMUNITY BUILDING ARE A FOCUS AT FLAGSTAFF MEDICAL CENTER AS EVIDENCED BY THE NUMEROUS ACTIVITIES SPONSORED EACH YEAR THE CANCER CENTER AT FMC HOSTS A SERIES OF FREE OR LOW-COST SCREENINGS DESIGNED TO HELP RESIDENTS IN THE COMMUNITY DETECT ISSUES AS SOON AS POSSIBLE FIT KIDS OF ARIZONA, WHICH WORKS TO REDUCE THE HEALTH CONSEQUENCES OF CHILDHOOD OBESITY BY PROMOTING HEALTHY LIFESTYLES, AND THE DIABETES TOGETHER COMMUNITY COLLABORATION ARE FMC'S PREMIER COMMUNITY HEALTH INITIATIVES THE CARE BEYOND WALLS AND WIRES PROGRAM USES TELEMEDICINE TO MONITOR AND SUPPORT PATIENTS WHO LIVE REMOTELY AND HAVE RECENTLY BEEN DIAGNOSED WITH CONGESTIVE HEART FAILURE COMMUNITY BUILDING IS ADVANCED BY FMC THROUGH ITS SUPPORT OF PHYSICIAN RECRUITMENT AND WORK WITH VARIOUS COMMUNITY ORGANIZATIONS INCLUDING THE AMERICAN CANCER SOCIETY, BIG BROTHERS AND BIG SISTERS, FLAGSTAFF LEADERSHIP PROGRAM, FLAGSTAFF CHAMBER OF COMMERCE AND THE ARIZONA HOSPITAL AND HEALTHCARE ASSOCIATION
SCHEDULE H, PART VI, LINE 6	AFFILIATED HEALTH CARE SYSTEM	FLAGSTAFF MEDICAL CENTER IS AFFILIATED WITH VERDE VALLEY MEDICAL CENTER THE BOARD MEMBER MEETINGS ARE COMBINED THE COMMUNITY BENEFIT REPORT IS SUMMARIZED TOGETHER AND POSTED ON THE HOSPITAL'S WEBSITE

Explanation

ReturnReference

Identifier

efile GRAPHIC print - DO NOT PROCESS | As Filed Data -

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.

OMB No 1545-0047

DLN: 93493135065394

Open to Public

Department of the Treasury

Schedule I

(Form 990)

► Attach to Form 990

Internal Revenue Service							Inspection
Name of the organization FLAGSTAFF MEDICAL CENTER						Employer identification	on number
						86-0110232	
Part I General Information 1 Does the organization maintain the selection criteria used to part IV the organization part	ain records to substant award the grants or as	iate the amount of the					Γ Yes Γ N
				e United States. Con art II can be duplicate			es" to
(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) A mount of cash grant	(e) A mount of non- cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	
See Additional Data Table							
							_
2 Enter total number of section	 501(c)(3) and govern	 ment organizations list	ted in the line 1 table.			. _	16
3 Enter total number of other o	rganızatıons lısted ın tl	ne line 1 table				► _	

П	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) A mount of cash grant	(d)A mount of non-cash assistance	(e)Method of valuation (book, FMV, appraisal, other)	(f)Description of non-cash assistance

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

SCHEDULE I, PART I, LINE 2 DESCRIPTION OF ORGANIZATION'S PROCEDURES FOR MONITORING THE USE OF GRANTS OF THESE FUNDS 3) WRITTEN REQUESTS ARE REVIEWED BY THE FOUNDATION SPECIALIST FOR OPERATIONS TO VERIFY AVAILABLE FUND BALANCES AND PROPER ACCOUNT NUMBERS 4) THE FOUNDATION SPECIALIST FOR GRANTS THEN INITIALS THE DOCUMENTS AFTER VERIFYING THE CRITERIA FOR DISBURSEMENT 5) THE VICE PRESIDENT OF DEVELOPMENT AUTHORIZES THE DISBURSEMENT OF FUNDS BY SIGNATURE 6) THE FOUNDATION SCANS ALL DOCUMENTS AND SAVES THEM DIGITALLY ON A SECURE SERVER 7) ALL ORIGINAL DOCUMENTS ARE SUBMITTED TO ACCOUNTS PAYABLE FOR FINAL RECORDING AND PAYMENT 8) ORIGINAL DOCUMENTS ARE FILED AND ARCHIVED IN A SECURE LOCATION FOR THE REQUIRED LENGTH OF TIME FMC RELIES ON THE GOVERNANCE PRACTICES OF THE RECIPIENT ORGANIZATION TO USE THE FUNDS FOR THE INTENDED PURPOSE
I IPRACTICES OF THE RECIPIENT ORGANIZATION TO USE THE FUNDS FOR THE INTENDED PURPOSE

Software ID:

Software Version:

EIN: 86-0110232

Name: FLAGSTAFF MEDICAL CENTER

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) A mount of cash grant	(e) A mount of non- cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
BIG BROTHERS BIG SISTERS OF FLAGSTAFFPO BOX 1701 FLAGSTAFF,AZ 86002	23-7170086	501(C)(3)	14,311				SPO NSO RSHIP
CITY OF FLAGSTAFF211 W ASPEN FLAGSTAFF,AZ 86001	86-6000244	GOVT	7,560				SPO NSO RSHIP

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) A mount of cash grant	(e) A mount of non- cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
COCONINO COMMUNITY COLLEGE3000 N 4TH ST SUITE 17 FLAGSTAFF,AZ 86004	86-0717956	SCHOOL	105,000				FUNDING FOR THE NURSING PROGRAM (100K) OTHER SPONSPONSOR (5K)
GUIDANCE CENTER INC 2187 N VICKEY ST FLAGSTAFF,AZ 86004	86-0223720	501(C)(3)	25,000				CONTRIBUTION

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) A mount of cash grant	(e) A mount of non- cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
HOZHONI FOUNDATION 2133 N WALGREEN ST FLAGSTAFF,AZ 86004	86-0255127	501(C)(3)	9,000				GENERAL OPERATIONS SUPPORT
JLB PROJECT INCPO BOX 537 FLAGSTAFF,AZ 86002	27-3224466	501(C)(3)	7,609				BEREAVEMENT SUPPORT

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) A mount of cash grant	(e) A mount of non- cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
NAU ATHLETICSPO BOX 15400 FLAGSTAFF,AZ 86001	74-2576628	SCHOOL	11,200				SPONSORSHIP
NORTH COUNTRY COMMUNITY HEALTHCARE 2920 N 4TH ST FLAGSTAFF,AZ 86004	86-0663432	501(C)(3)	19,528				NACASA & OTHER SPONSORSHIP

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) A mount of cash grant	(e) A mount of non- cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
NORTHERN ARIZONA UNIVERSITY FOUNDATION PO BOX 4094 FLAGSTAFF,AZ 86011	86-0193726	SCHOOL	87,300				SUPPORT OF THE SCHOOL OF NURSING
NORTHLAND FAMILY HELP 2532 N 4TH ST 506 FLAGSTAFF,AZ 86004	86-0351566	501(C)(3)	6,500				SUPPORT OF THE HALO HOUSE

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) A mount of cash grant	(e) A mount of non- cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
POORE MEDICAL CLINIC 120 W FINE AVE FLAGSTAFF,AZ 86001	80-0751712	501(C)(3)	15,000				GENERAL OPERATIONS SUPPORT
RONALD MCDONALD HOUSE501 E ROANOAKE AVE PHOENIX,AZ 85004	86-0483792	501(C)(3)	7,500				SUPPORT PATIENT FAMILY LODGING

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) A mount of cash grant	(e) A mount of non- cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
UNITED WAY1515 E CEDAR AVE D-1 FLAGSTAFF,AZ 86004	86-0211666	501(C)(3)	25,225				ORGANIZATION CONTRIBUTION MATCH
VICTIM WITNESS SERVICE 201 E BIRCH AVE FLAGSTAFF,AZ 86001	86-0481748	501(C)(3)	17,091				CRISIS RESPONSE

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) A mount of cash grant	(e) A mount of non- cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
YMCA1001 N TURQUOISE DR _FLAGSTAFF,AZ 86001	86-0096799	501(C)(3)	14,500				CAPITAL CAMPAIGN PROJECT
FLAGSTAFF DOWNTOWN BUSINESS ALLIANCEPO BOX 1546 FLAGSTAFF,AZ 86002	86-1033923	501(C)(3)	19,000				SPONSORSHIP

DLN: 93493135065394

OMB No 1545-0047

Open to Public Inspection

Schedule J (Form 990)

Department of the Treasury Internal Revenue Service

For certain Officers, Directors, Trustees, Key Employees, and Highest **Compensated Employees** ► Complete if the organization answered "Yes" to Form 990,

Compensation Information

Part IV, question 23.

► Attach to Form 990. ► See separate instructions.

Name of the organization FLAGSTAFF MEDICAL CENTER

Employer identification number

86-0110232

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

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

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

Note. The sum of columns (B)(1)-(111) 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	nd Title (B) Breakdown of W-2 and/or 1099-MISC compensation		SC compensation	(C) Retirement and	(D) Nontaxable	(E) Total of	(F) Compensation	
	(i) Base compensation	(ii) Bonus & ıncentıve compensatıon	(iii) Other reportable compensation	other deferred compensation	benefits	columns (B)(ı)-(D)	reported as deferred in prior Form 990	
See Additional Data Table								

Schedule J (Form 990) 2012

Part III Supplemental Information

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

Also complete this part for any additional information

Also complete this part for any a	Also complete this part for any additional information								
Identifier	Return Reference	Explanation							
SCHEDULE J, PART I	SUPPLEMENTAL COMPENSATION INFORMATION	LINE 1A/B ALL COMPENSATION, BENEFITS AND REIMBURSEMENTS ARE PAID BY NORTHERN ARIZONA HEALTHCARE, THE PARENT ORGANIZATION BOARD MEMBER AND OFFICER TAXABLE EXPENSES ARE PAID AND REPORTED ON A W-2 OR 1099 GROSS-UP OF TAXES IS DONE ON ALL EMPLOYEE GIFT CERTIFICATES CURRENTLY, THERE IS NO WRITTEN POLICY FOR THESE ITEMS IN PRACTICE, THE BOARD MEMBER AND OFFICER BUSINESS TRAVEL EXPENSES ARE APPROVED BY THE NEXT HIGHEST LEVEL LINE 3 CEO COMPENSATION IS DETERMINED BY THE RELATED PARENT ENTITY - NORTHERN ARIZONA HEALTHCARE							
SCHEDULE J, PART II	LINE 4B	THE FOLLOWING INDIVIDUALS PARTICIPATE IN A DEFINED BENEFIT RETIREMENT PLAN AS SUCH, ACTUARIAL INCREASES OR DECREASES IN THEIR ACCOUNTS ARE REPORTED ON PART II, COLUMN (C) AS DEFERRED COMPENSATION FOR THE CURRENT YEAR, THE CHANGES WERE SUBSTANTIALLY LESS THAN NORMAL DUE TO AN INCREASE IN THE DISCOUNT RATE USED IN THE ACTUARIAL ANALYSIS AS							

FOLLOWS CHANGE DUE CHANGE DUE TO BENEFIT TO INCREASE IN ACCRUAL DISCOUNT RATE TOTAL

JOHN J DEMPSEY 71,257 (39,922) 31,335 GREGORY KUZMA 59,590 (65,035) (5,445)

Schedule J (Form 990) 2012

Software ID: Software Version:

EIN: 86-0110232

Name: FLAGSTAFF MEDICAL CENTER

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

Torm 990, Schedule 3, Fart II - Officers, Directors, Trustees, Rey Employees, and Highest compensated Employees								
(A) Name		(B) Breakdown o	of W-2 and/or 1099-MIS	SC compensation	(C) Deferred	(D) Nontaxable	(E) Total of columns	(F) Compensation reported in prior Form
		(i) Base Compensation	(ii) Bonus & ıncentive compensation	(iii) O ther compensation	compensation	benefits	(B)(ı)-(D)	990 or Form 990-EZ
RICHARD NEFF	(I) (II)		0 34,169	0 1,056	0 4,900	0 25,889	0 293,641	0
WILLIAM T BRADEL	(I)		0 88,748	0 58,142	0 9,800	0 25,873	0 659,143	0
JOHN J DEMPSEY	(I) (II)		0 65,220	0 46,078	0 31,335	27,300	0 479,447	0
STEVEN W LEWIS MD	(I) (II)		0 47,012	0 2 11,175	0 9,800	0 2,759	0 439,382	0
MARILYNN P BELCHER	(I)		0 26,287	0 1,129	0 8,837	0 13,124	0 256,805	0
KAIR MCSWAIN	(I) (II)		0 22,157	0 1,721	0 7,549	0 21,406	0 248,714	0
RICHARD A SMITH	(I)		0 31,641	0 6,547	0 8,069	0 15,772	0 242,838	0 0
IRWIN P BLOOM	(I)		0 10,006	0 6,967	0 2,077	0 2,042	0 2 216,746	0
STEVEN M PETERSON MD	(ı) (ıı)		0 208,257	0 1,516	0 9,800	0 15,836	0 787,808	0
MARK E DONNELLY MD	(I) (II)		0 268,294	0 1,754	0 9,800	0 25,835	0 684,701	0
OMAR R WANI MD	(ı) (ıı)		0 58,334	0 1,620	0 9,800	0 17,600	0 670,317	0
JAMES G DWYER MD	(ı) (ıı)	0 499,613	0 122,941	0 10,476	0 9,800	0 23,035	0 665,865	0
ERIC D COHEN MD	(I) (II)		0	0 8,792	0 9,800	0 16,174	0 617,927	0
GREGORY KUZMA	(I)	0 318,921	0 66,049	0 795	0 -5,445	0 16,778	0 397,098	0 0

DLN: 93493135065394

Open to Public

Inspection

OMB No 1545-0047

Schedule K **Supplemental Information on Tax Exempt Bonds** (Form 990)

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

Internal Revenue Service Name of the organization

Department of the Treasury

FLAGSTAFF MEDICAL CENTER

Employer identification number

86-0110232

											00-0110232				
Pa	art I Bond Issues														
	(a) Issuer name (b) Issuer EIN (c) CUSIP # (d) Date Issued			(e) Issue price (f) Description of purpose		(g) De	(g) Defeased be		h) On half of ssuer (i) Poo financii						
l										Yes	No	Yes	No	Yes	No
A	INDUSTRIAL DEVELOPMENT AUTHORITY OF YAVAPAI COUNTY 86-0376099 07-25-2008					03,133	SEE PART VI				x		x		X
В	INDUSTRIAL DEVELOPMENT AUTHORITY OF YAVAPAI COUNTY	AUTHORITY OF YAVAPAI 86-0376099 985900BTS 01-08-2009 20 326 075 SEE PART VI						x		х		Х			
c	INDUSTRIAL DEVELOPMENT AUTHORITY OF YAVAPAI COUNTY	86-0376099	985900CXS	10-12-2011	65,0	94,379	SEE PAR	T VI			х		x		Х
Pa	Part II Proceeds														
						A			В		С		D		
1_	A mount of bonds retired				0		0	0 0		·	0				
2	A mount of bonds legally defeased					0 0		\ <u></u>	0						
3	Total proceeds of issue				45,703,133 20,326,075			65,094,379							
4	Gross proceeds in reserve fund	s			0 0			0							
5	Capitalized interest from procee	eds			0 0			0							
6	Proceeds in refunding escrows					45,697,6	193		10,012,616		64,46	5,319			
7	Issuance costs from proceeds					5,4	140		227,246		62	9,060			
8	Credit enhancement from proce	eds					0		0			0			
9	Working capital expenditures fro	om proceeds					0		12,780	<u> </u>		0			
10	Capital expenditures from proce	eeds					0		10,073,433			0			
11	Other spent proceeds						0		0			0			
12	O ther unspent proceeds						0		0	<u> </u>		0			
13	Year of substantial completion				20	11				2	011	$\neg \neg$			
_					Yes	No	Y	⁄es	No	Yes	N	lo	Yes	\bot	No
14	Were the bonds issued as part o	of a current refundin	ng issue?		Х			Χ		Х		T			
15	Were the bonds issued as part of	of an advance refund	ding issue?			х		-	Х			×			
16	Has the final allocation of proce	eds been made?			Х			Х		Х				$\neg \vdash$	
						\leftarrow	$\overline{}$		 		$\overline{}$	$\overline{}$		-	

Part IIII Private Business Use

allocation of proceeds?

		4	Α		В	С		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		×		Х		×		
2	Are there any lease arrangements that may result in private business use of bond-financed property?		×		Х		Х		
East	Danamusk Poduction Act Natice coathe Instructions for Form 000		`a+ Na E010	12E			Cal	odulo V (Eos	000\ 2012

Χ

Does the organization maintain adequate books and records to support the final

Χ

Χ

Part Private Business Use (Continued) В C D Α Yes No Yes No Yes No Yes No Are there any management or service contracts that may result in private business use За Х Х Х of bond-financed property? If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed Χ Χ Χ property? Are there any research agreements that may result in private business use of bond-Χ Χ Х financed property? If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property? Enter the percentage of financed property used in a private business use by entities 4 0 00000% 0 00000% 0 00000% other than a section 501(c)(3) organization or a state or local government Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 0 00000% 0 00000% 0 00000% 501(c)(3) organization, or a state or local government Total of lines 4 and 5 0 00000% 0 00000% 0 00000% % Does the bond issue meet the private security or payment test? 7 Х Х Х Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were Χ Χ Х issued? If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of 0 00000% 0 00000% 0 00000% % If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections Χ Χ Χ 1 141-12 and 1 145-2? Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Χ Χ Х Regulations sections 1 141-12 and 1 145-2? Part IV Arbitrage В С D Α Yes Yes No No Yes No Yes No Has the issuer filed Form 8038-T? 1 Χ Χ Χ If "No" to line 1, did the following apply? 2 Rebate not due vet? а Χ Χ Χ Exception to rebate? b Х Х Х No rebate due? c Χ Χ Χ If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed Is the bond issue a variable rate issue? 3 Χ Χ Χ Has the organization or the governmental issuer entered 4a Χ Χ Χ into a qualified hedge with respect to the bond issue? Name of provider Term of hedge C Was the hedge superintegrated? d Was a hedge terminated?

Part IV Arbitrage (Continu

		Α		В		С		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?		×		X		X		
b	Name of provider	0		0		0			
С	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?	x		x		X			
7	Has the organization established written procedures to monitor the requirements of section 148?	×		×		×			

Part V Procedures To Undertake Corrective Action

1	Has the organization established written procedures to ensure
	that violations of federal tax requirements are timely identified
	and corrected through the voluntary closing agreement program if
	self-remediation is not available under applicable regulations?

Α		В		С		D		
Yes	No	Yes	No	Yes	No	Yes	No	
l x		×		×				

Part VI	Supplemental Inf	formation. Complet	te this part to p	rovide additional information for res	sponses to questions on Schedule K ((see instructions).

Identifier	Return Reference	Explanation
SUPPLEMENTAL INFORMATION	0	LINE A - THE NAME OF THE ISSUE IS HOSPITAL REVENUE REFUNDING BONDS (NORTHERN ARIZONA
		HEALTHCARE SYSTEM) SERIES 2008A THIS ISSUE REFUNDS BONDS FROM 12/12/96 AND 10/31/02
		TOTAL ISSUANCE PRICE WAS \$57,096,705 WHICH WAS ALLOCATED \$45,703,133 TO FLAGSTAFF
		MEDICAL CENTER AND \$11,393,572 TO VERDE VALLEY MEDICAL CENTER LINE B - THE NAME OF THE
		ISSUE IS \$52,795,000 HOSPITAL REVENUE BONDS (NORTHERN ARIZONA HEALTHCARE SYSTEM) SERIES
		2008B THIS ISSUE REFUNDS BONDS FROM 1/27/05 TOTAL ISSUANCE PRICE WAS \$52,795,000 WHICH
		WAS ALLOCATED \$20,326,075 TO FLAGSTAFF MEDICAL CENTER AND \$32,468,925 TO VERDE VALLEY
		MEDICAL CENTER THE 2008B BONDS WERE ALSO USED, IN PART, TO FINANCE "NEW MONEY" PROJECTS
		\$10,073,432 WAS USED FOR BUILDINGS AND LONG-LIVED EQUIPMENT LINE C - THE NAME OF THE
		ISSUE IS HOSPITAL REVENUE REFUNDING BONDS (NORTHERN ARIZONA HEALTHCARE SYSTEM) SERIES
		2011 THIS ISSUE REFUNDS THE 1996A AND 1998 SERIES BONDS TOTAL ISSUANCE PRICE WAS
		\$78,923,520 WHICH WAS ALLOCATED \$65,094,379 TO FLAGSTAFF MEDICAL CENTER AND \$13,829,141
		TO VERDE VALLEY MEDICAL CENTER

efile GRAPHIC print - DO NOT PROCESS

As Filed Data -

DLN: 93493135065394

OMB No. 1545-0047

OMB No 1545-0047

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.

2012

Open to Public Inspection

Name of the orga FLAGSTAFF MEDICAL								En	ploye	r identi	fication	numbe	r
									-0110				
	s Benefit Tra												
	te if the organiz												
1 (a) Name	of disqualified pe	erson	1		between di d organizat		(c) Descri	ption o	rtrans	saction		(d) Corr	
				p 0 1 0 0 11 0 11 0	a organizati							Yes	No
											-		
2 Enter the am	nount of tax incu	rrad h	v organiza	tion mana	gers or dis	gualified perce	one during the	Veari	ındar	ection	•		
4958	· · · ·		y organiza		yers or urs	quaimed perso		, ear t		> \$			
3 Enter the am	ount of tax, if ar	ıy, on	line 2, abo	ove, reimb	ursed by th	ne organizatior	1			F \$			
	ns to and/or												
	plete if the organ						ine 38a, or Fo	rm 99	0, Par	t IV, lın	ie 26, o	rıfthe	
(a) Name of	(b) Relationsh					(e)O riginal	(f)Balance	(a) In	(h	.)	(i)Wr	itten
interested	with organizati		of loan	or from t		principal	due		ult?	Appro		agreer	
person				organızat	ion?	amount			·		ard or		
				T -	I	_		V	l Na	commi	1	 V	T No.
	+	+		То	From			Yes	No	Yes	No	Yes	No
	+	+								<u> </u>	+	_	
	+	+								1	1	_	
											+	_	
										1		_	
		+									1	_	
otal	1			<u> </u>	1	1	1					7	
	nts or Assista	nce	Benefit		erested	Persons.							
	plete if the org						t IV, line 27						
(a) Name of inte			onship bet			of assistance	(d) Type o		tance	(e)	Purpos	e of ass	ıstance
person	ınter		person ar	nd the									
		orga	anızatıon										
							-						
							_						
							-						

Part IV Business Transactions Complete if the organizat			ne 28a, 28b, or 28c.		
(a) Name of interested person	(b) Relationship between interested person and the organization	(c) A mount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) FOREST COUNTRY ANESTHESIA	CHRISTENSEN / PARTNER	2,460,000	MEDICAL SERVICES FOR FMC		No
(2) NORTHERN AZ SURGICAL ASSOCIATES	ANDREW ALRIDGE / PARTNER	205,920	MEDICAL SERVICES FOR FMC		No
(3) VICKIE LEWIS	STEVE LEWIS SPOUSE	171,204	COMPENSATION		No
(4) KATHY KUZMA	GREGORY KUZMA SPOUSE	68,558	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

Schedule L (Form 990 or 990-EZ) 2012

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As Filed Data -

DLN: 93493135065394

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
FLAGSTAFF MEDICAL CENTER

Employer identification number

86-0110232

ldentifier	Return Reference	Explanation
FORM 990, PART I, LINE 6	VOLUNTEER RESPONSIBILITIES	FMC VOLUNTEERS PROVIDE CLERICAL ASSISTANCE IN MULTIPLE DEPARTMENTS AND SUPPORT SERVICES SUCH AS WHEELCHAIR ASSISTANCE AND ESCORTING PATIENTS AND FAMILIES WHO ENTER AT THE MAIN ENTRY THEY VOLUNTEER AT THE INFORMATION DESK AND GIFT SHOP AND MAKE DELIVERIES OF GIFTS, READING MATERIALS AND MAIL TO PATIENT ROOMS THEY PROVIDE LOBBY MUSIC, NAVAJO AND SPANISH INTERPRETATION, SPIRITUAL CARE, AND CARING CANINE AND CARING CLOWN VISITS TO PATIENTS THEY ROCK BABIES IN THE SPECIAL CARE NURSERY, PROVIDE MENDED HEARTS PATIENT AND FAMILY SUPPORT, AND ASSIST IN THE FOUNDATION AND AT SPECIAL EVENTS VOLUNTEERS ASSIST IN OTHER DEPARTMENTS SUCH AS THE CANCER CENTER, BIOMEDICAL ENGINEERING, MAIL ROOM, NUTRITION SERVICES, PHARMACY, WOMEN AND INFANTS' CENTER, PHY SICAL THERAPY, FIT KIDS, BARIATRIC CLINIC, EMERGENCY AND SURGICAL SERVICES AND THE TAYLOR HOUSE

ldentifier	Return Reference	Explanation
FORM 990 PART III LINE 4A	DESCRIPTION OF PROGRAM SERVICE ACCOMPLISHMENTS	ONE OF THE NICEST THINGS ABOUT LIVING IN NORTHERN ARIZONA IS YOU DON'T HAVE TO TRAVEL TO GET EXCELLENT HEALTHCARE. SINCE 1936, FLAGSTAFF MEDICAL CENTER (FMC), A MEMBER OF NORTHERN ARIZONA HEALTHCARE. HAS PROVIDED HIGH QUALITY HEALTHCARE SERVICES TO RESIDENTS AND VISITORS TO NORTHERN ARIZONA. WE ARE DEDICATED TO PATIENT-CENTERED CARE. WITH A PERSONAL TOUCH FMC IS LICENSED BY MEDICARE AND THE STATE OF ARIZONA. FOUNDED BY DR. CHARLES SECHRIST AS FLAGSTAFF HOSPITAL, THE 25-BED HOSPITAL WAS DONATED TO THE COMMUNITY OF FLAGSTAFF IN 1955. TODAY, FLAGSTAFF MEDICAL CENTER REMAINS A NOT-FOR-PROFIT HOSPITAL, GOVERNED BY A VOLUNTEER BOARD OF DIRECTORS. WE TREAT EVERY PATIENT, REGARDLESS OF THEIR ABILITY TO PAY. EVERY YEAR, FLAGSTAFF MEDICAL CENTER INVESTS IN YOUR COMMUNITY HOSPITAL TO ENSURE WE ARE PROVIDING THE BEST, SAFEST CARE, CLOSE TO HOME. WE PROVIDE KEY SERVICES TO NORTHERN ARIZONA RESIDENTS AND VISITORS, INCLUDING A REGIONAL TRAUMA CENTER, OPEN-HEART SURGERY, HIGH-TECH IMAGING, A CANCER CENTER, SURGICAL SERVICES, ORTHOPEDIC SERVICES, WOMEN, INFANTS' AND CHILDREN'S SERVICES, AND MORE, FMC CURRENTLY HAS - 267 INPATIENT BEDS - 229 PHY SICIANS ON OUR ACTIVE MEDICAL STAFF. 14,677 ANNUAL INPATIENT HOSPITAL ADMISSIONS - 63,992 INPATIENT DAYS - 104,975 ANNUAL OUTPATIENT HOSPITAL VISITS - 38,289 ANNUAL EMERGENCY DEPARTMENT VISITS - 12,287 BABIES BORN THIS YEAR AT FMC FLAGSTAFF MEDICAL CENTER'S MISSION AND VISION———————————————————————————————————

ldentifier	Return Reference	Explanation
FORM 990, PART VI, QUESTION 6		NORTHERN ARIZONA HEALTHCARE CORPORATION IS THE SOLE CORPORATE MEMBER OF FLAGSTAFF MEDICAL CENTER

ldentifier	Return Reference	Explanation
FORM 990, PART VI, QUESTION 7A	DESCRIPTION OF CLASSES OF PERSONS AND THE NATURE OF THEIR RIGHTS	THE FLAGSTAFF MEDICAL CENTER (FMC) GOVERNANCE COMMITTEE NOMINATES FOR POSITIONS ON THE FMC BOARD OF DIRECTORS DIRECTORS ARE ELECTED BY THE BOARD OF DIRECTORS OF THE SOLE CORPORATE MEMBER FROM THE NOMINATIONS THAT HAVE BEEN PROVIDED THE SOLE CORPORATE MEMBER BLECTS THOSE PERSONS NOMINATED UNLESS THE BOARD OF DIRECTORS OF THE SOLE CORPORATE MEMBER BY A SUPER MAJORITY VOTE DETERMINES THAT A NOMINEE'S ELECTION WOULD BE DETRIMENTAL TO THE BEST INTERESTS OF FMC OR THE SOLE CORPORATE MEMBER FORM 990, PART VI, LINE 7B DECISIONS REQUIRING APPROVAL & TYPE OF VOTING RIGHTS AS SOLE CORPORATE MEMBER, NORTHERN ARIZONA HEALTHCARE CORPORATION APPROVES THE BOARD OF DIRECTORS THAT ARE ELECTED BY THIS ENTITY ALSO AS SOLE CORPORATE MEMBER, NORTHERN ARIZONA HEALTHCARE CORPORATION HAS RESERVED THE RIGHT AND AUTHORITY TO APPROVE OR DISAPPROVE THOSE ACTS OR POWERS AS SET FORTH IN THE "RESERVED POWERS CHART" THAT IS PART OF THE BY LAWS

ldentifier	Return Reference	Explanation
FORM 990, PART VI, QUESTION 11B	REVIEW OF THE FORM 990 BY THE ORGANIZATION'S GOVERNING BODY	THE FORM 990 IS PREPARED BY AN ACCOUNTING FIRM BASED ON DATA GATHERED BY THE CONTROLLER AND THE ORGANIZATION'S FINANCIAL OPERATIONS GROUP THE CFO REVIEWS THE DRAFT FORM 990 AND PROVIDES ADDITIONAL COMMENTS THE FINAL DRAFT VERSION OF THE FORM 990 IS PROVIDED TO THE BOARD OF DIRECTORS AND KEY OFFICERS PRIOR TO THE MAY 15 DUE DATE FOR THE FORM 990 ANY ADDITIONAL COMMENTS SUGGESTED BY THE GOVERNING BODY ARE THEN INCORPORATED INTO THE FINAL VERSION OF THE FORM 990 TO BE FILED WITH THE IRS BY THE FINAL DUE DATE. IF ANY SUGGESTED CHANGES ARE MATERIAL OR SIGNIFICANT, AN ADDITIONAL DRAFT IS DISTRIBUTED TO THE GOVERNING BODY PRIOR TO FILING

ldentifier	Return Reference	Explanation
FORM 990, PART VI, QUESTION 12C	DESCRIPTION OF PROCESS TO MONITOR TRANSACTIONS FOR CONFLICT OF INTEREST	THE ORGANIZATION REGULARLY MONITORS AND ENFORCES COMPLIANCE WITH ITS CONFLICT OF INTEREST POLICY (BOARD POLICY 6 1) THIS IS ACCOMPLISHED BY A NUMBER OF MECHANISMS FIRST, THE CONFLICT OF INTEREST QUESTIONNAIRE IS REVIEWED BY THE GOVERNANCE COMMITTEE OF THE BOARD AS PART OF THE QUESTIONNAIRE, SELF-DISCLOSURE IS REQUIRED BY BOARD MEMBERS IN ADDITION, INDIVIDUAL DISCLOSURE BY BOARD MEMBERS OCCURS AT BOARD MEETINGS WHEN NECESSARY (I.E. A BOARD MEMBER WILL EXCLUDE HIMSELF FROM VOTING ON AN ISSUE IN WHICH HE MAY HAVE A CONFLICT OF INTEREST)

ldentifier	Return Reference	Explanation
FORM 990, PART VI, QUESTIONS 15A & 15B	COMPENSATION PROCESS	THE PROCESS FOR DETERMINING COMPENSATION OF THE ORGANIZATION'S CEO AND OTHER OFFICERS INCLUDES THE PREPARATION OF COMPARABLE DATA BY TOWERS WATSON, AN INDEPENDENT CONSULTING FIRM IN ADDITION, THIS INFORMATION IS REVIEWED BY THE GOVERNANCE COMMITTEE OF THE BOARD AND IS DOCUMENTED IN BOARD MINUTES THE MOST RECENT REVIEW WAS PERFORMED IN AUGUST 2013

ldentifier	Return Reference	Explanation
PART VI,	AVAILABILITY OF CERTAIN DOCUMENTS TO THE GENERAL PUBLIC	THE ORGANIZATION'S FINANCIAL STATEMENTS ARE AVAILABLE THROUGH THE ARIZONA DEPARTMENT OF HEALTH SERVICES IN ADDITION, THEY ARE AVAILABLE THROUGH THE ELECTRONIC MUNICIPAL MARKET ACCESS (EMMA) AS PART OF THE ORGANIZATION'S CONTINUING DISCLOSURE DOCUMENTS THAT ARE REQUIRED BY ITS PUBLIC DEBT REQUIREMENTS THE ORGANIZATION DOES NOT MAKE ITS GOVERNING DOCUMENTS OR ITS CONFLICT OF INTEREST POLICY AVAILABLE TO THE PUBLIC

Identifier	Return Reference	Explanation
FORM 990, PA XI, LINE 9	EXPLANATION OF OTHER CHANGES IN NET ASSETS	DECREASE IN UNFUNDED PENSION LIABILITY \$ 13,766,772 TRANSFERS TO AFFILIATES (16,610,206) ELIMINATIONS (176,688) TOTAL \$(3,020,122) ===========

ldentifier	Return Reference	Explanation
FORM 990, PART V, QUESTION 5A	PARTY TO PROHIBITED TAX SHELTER TRANSACTION	FLAGSTAFF MEDICAL CENTER IS FILING TWO FORMS 8886, REPORTABLE TRANSACTION DISCLOSURE STATEMENT, ON A PROTECTIVE BASIS TO REPORT ITS INTERESTS IN THE FOLLOWING LIMITED PARTNERSHIPS JORDAN FAMILY INVESTMENTS LP, AND NAAM ENTERPRISES LP FLAGSTAFF MEDICAL CENTER IS FILING ONE FORM 8886 TO REPORT ITS INTEREST IN DUDDIE FAMILY LIMITED PARTNERSHIP FLAGSTAFF MEDICAL CENTER IS NOT REQUIRED TO DISCLOSE THE DUDDIE FAMILY LP ON FORM 8886-T, DISCLOSURE BY TAX-EXEMPT ENTITY REGARDING PROHIBITED TAX SHELTER TRANSACTION, BECAUSE IT RECEIVED THE DONATED LIMITED PARTNERSHIP INTEREST PRIOR TO MAY 17, 2006 TREAS REG 1 6033-5(D)(4) ("[D]ISCLOSURE IS NOT REQUIRED WITH RESPECT TO ANY PROHIBITED TAX SHELTER TRANSACTION ENTERED INTO BY A TAX-EXEMPT ENTITY ON OR BEFORE MAY 17, 2006")

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Identifier	Return Reference	Explanation
FORM 8886, 1 OF 3	Reference THE DUDDIE FAMILY LIMITED PARTNERSHIP	NOTE THE TAX ADVICE PROVIDED BY ERNST & YOUNS LLP, FENNEMORE CRAIS, P.C., AND POLSINELLI PC (PKA POLSINELLI SHUGHART PC) WAS LIMITED TO ADVICE PERTANING TO THE DISCLOSURE OF THE TRANSACTION DESCRIBED IN THIS PORM 8886 THE SERVICES PROVIDED BY ERNST & YOUNG LLP, FENNE MORE CRAIG, P.C., AND POLSINELLI PC. DID NOT INVOLVE ANY TAX ADVICE PERTAINING TO THE STRUC TURING OF THE TRANSACTION DISCLOSED IN THIS PORM 8886 OR ADVISING THE TAXPAYER BEYOND ITS REPORTABLE TRANSACTION DISCLOSED IN THIS PORM 8886 OR ADVISING THE TAXPAYER BEYOND ITS REPORTABLE TRANSACTION DISCLOSED IN THIS PORM 8886 OR ADVISING THE TAXPAYER BEYOND ITS PROPERTABLE TRANSACTION DISCLOSED IN THIS PORM 8886 OR ADVISING THE TAXPAYER BEYOND ITS PROPERTABLE TRANSACTION DISCLOSED IN THIS PORM 8886 OR ADVISING THE TAXPAYER BEYOND ITS PROPERTABLE TRANSACTION DISCLOSED OR DISCLOSED BE DISCLOSTED TO THE PER ATE ONLY TO POST-TRANSACT CONLINE TAX ADVICE CONCERNING ITS DISCLOSE REGISTATIONS. AND ITS WITHORAWAL FROM THE DUDDIE PARTICLES OF DISCOLUTION, AND ON OR ADDIT JANUARY 30, 1937. FOUNDATION, BLIP 94-254 0279, ADDITED ARTICLES OF DISSOLUTION, AND ON OR ABOUT JANUARY 30, 1937. FOUNDATION, BLIP 94-254 0279, ADDITED ARTICLES OF DISSOLUTION, AND ON OR ABOUT JANUARY 30, 1937. FOUNDATION, BLIP 94-254 0279, AND ADMINISTRATIVELY OR SOSCUPED AND FLAGSTAFF MEDICAL CENTER IN C. (FLAGSTAFF), BIN 88- 1000222. THE THEN SOLE MEMBER OF THE FOUNDATION, SUCCEEDED TO THE INTERESTS OF THE FOUNDATION IN THE REMAINING ASSETS OF THE FOUNDATION AFTER PROVISION FOR ALL LIABILITIES OF THE FOUNDATION IN THE REMAINING ASSETS OF THE FOUNDATION AFTER PROVISION FOR ALL LIABILITIES OF THE FOUNDATION IN THE REMAINING ASSETS OF THE FOUNDATION AFTER PROVISION FOR ALL LIABILITIES OF THE FOUNDATION IN THE REMAINING ASSETS OF THE FOUNDATION AFTER PROVISION FOR ALL LIABILITIES OF THE FOUNDATION IN THE REMAINING ASSETS OF THE FOUNDATION AFTER PROVISION FOR ALL LIABILITIES OF THE FOUNDATION IN THE REMAINING ASSETS OF THE FOUNDATION AFTER PROVISION FOR THE ANTICESTS OF THE FOUNDATION IN THE REMAININ

ldentifier	Return Reference	Explanation
FORM 8886, 1 OF 3	THE DUDDIE FAMILY LIMITED PARTNERSHIP	GSTAFF, AS A MERE ASSIGNEE OF FOUNDATIONS INTEREST IN THE PARTNERSHIP, LACKED STANDING TO ASSERT ITS CLAIMS, AND GRANTED DEFENDANTS' MOTION FOR JUDGMENT ON THE RLEADINGS. THE TRIAL COURT FURTHER DENIED FLAGSTAFFS MOTION TO AMEND THE PLEADINGS TO JOIN THE FOUNDATION AS A PLAINTIFF IN THE LAWSUIT. THE TRIAL COURT ENTERED JUDGMENT IN FAVOR OF THE DEFENDANTS AS A RESULT OF THE TRIAL COURT'S RULING, FLAGSTAFF IS PRECLUDED FROM DISSOLVING THE PARTNER SHIP AND HAS NO RIGHTS TO REVIEW THE BOOKS AND RECORDS OF THE PARTNERSHIP FLAGSTAFF PROVIDED TO DUDDIE FAMILY LIMITED PARTNERSHIP FORMAL NOTICE OF ITS INTENT TO ABANDON ITS PARTNERSHIP INTEREST BY LETTER DATED JULY 18, 2013, AND BY CONFIRMING CORRESPONDENCE DATED SEPT EMBER 13, 2013 FLAGSTAFF HAS NOT, NOR DOES IT, EXPECT ANY TAX BENEFITS FROM THE TRANSACTION, INCLUDING DEDUCTIONS, EXCLUSIONS FROM GROSS INCOME, NONRECOGNITION OF GAIN, TAX CREDITS, ADJUSTMENTS (OR THE ABSENCE OF ADJUSTMENTS) TO THE BASIS OF PROPERTY, LOSS, OR TAX CRED ITS FLAGSTAFF IS EXEMPT FROM FEDERAL INCOME TAXATION UNDER I RC SECTION 501(C)(3) FLAG STAFF ONLY EXPECTS DISTRIBUTIONS FROM THE PARTNERSHIP INTERSHIP INTEREST IN THE PARTNERSHIP THEREFORE, FLAGSTAFF IS UNABLE TO PROVIDE AN ESTIMATE OF ANY SUCH EXPECTED TAX BENEFITS ADDITIONALLY, THERE SHOULD BE NO DI SCLOSURE TO THE EXTENT THAT FLAGSTAFF IS VIEWED AS ENTERING INTO THE PARTNERSHIP POLELY PROVIDE THE AS REGS ESCION 16011-4T MAY GOVERN FLAGSTAFF SPARTICIPATION IN THE PARTNERSHIP SOLELY PROOF THE REAT REG. SECTION 16011-4T MAY GOVERN FLAGSTAFF SPARTICIPATION IN THE PARTNERSHIP THESE FIRES REGS ESCION 16011-4T MAY GOVERN FLAGSTAFFS PARTICIPATION IN THE PARTNERSHIP THESE TREAS REGS REQUIRE DISCLOSURE ONLY FOR LARGE TRANSACTIONS THAT PROVIDE TAX SAVINGS IN EXCESS OF CERTAIN DOLLAR THRESHOLDS (THE "PROJECTED TAX BETTERT THAN SACTION IN THE PARTNERSHIP THESE TREAS REGS RECOUNT 16011-4T MAY GOVERN FLAGSTAFFS PARTICIPATION IN THE PARTNERSHIP THE SETTED TO REDUCE THE TAXPAYERS FEDERAL INCOME TAX HEREFORE TO THE PARTNERSHIP THE SETTED TO REDUCE THE TAXPA

Identifier	Return	Explanation
FORM 8886, 2 OF 3	JORDAN FAMILY INVESTMENTS LIMITED PARTNERSHIP	NOTE. THE TAX ADVICE PROVIDED BY ERNST & YOUNG LLP, FENNEMORE CRAIG, P.C., AND POLSINELLI PC (FKA POLSINELLI SHUGHART PC) WAS LIMITED TO RECENT ADVICE PERTAINING TO THE DISCLOSURE OF THE TRANSACTION DESCRIBED IN THIS FORM 8886. THE SERVICES PROVIDED BY ERNST & YOUNG LLP, FENNEMORE CRAIG, P.C., AND POLSINELLI PC DID NOT INVOLVE ANY TAX ADVICE PERTAINING TO THE STRUCTURING OF THE TRANSACTION DISCLOSED IN THIS FORM 8886. OR ADVISING THE TAXPAYER BEYOND
8886, 2	FAMILY INVESTMENTS	(FKA POLSINEL I. SHUGHART PC) WAS LIMITED TO RECENT ADVICE PERTAINING TO THE DISCLOSURE OF THE TRANSACTION DESCRIBED IN THIS FORM 8886 THE SERVICES PROVIDED BY BRINST & YOUNG LLP, FENDEMORE CRAIG, PC, AND POLSINELLI PC DID NOT INVOLVE ANY TAX ADVICE PERTAINING TO THE STRUCTURING OF THE TRANSACTION DISCLOSED IN THIS FORM 8886 OR ADVISING THE TAXPAYER BEYOND ITS REPORTABLE TRANSACTION DISCLOSED IN THIS FORM 8886 OR ADVISING THE TAXPAYER BEYOND ITS REPORTABLE TRANSACTION DISCLOSURE AND RELATED OBLIGATIONS THE FEES PAID BY THE TAX PAYER TO ERNST & YOUNG ILLP, POLSINELLI PC, AND FENNEMORE CRAIG, PC RELATE ONLY TO POST. TRANSACTIONAL TAX ADVICE CONCERNING ITS DISCLOSURE OBLIGATIONS AND ITS WITHDRAWAL FROM THE JORDAN FAMILY INVESTMENTS LIMITED PARTINETS. PILE 78 - CONTINUATION FROM FORM 8886 AT AN UNKNOWN DATE, MICHAEL E. JORDAN, AS A LIMITED PARTINER, TRANSFERRED A PERCENTAGE OF HIS OWNERSHIP INTEREST TO THE FOUNDATION DONORS ENTERED INTO THE TRANSACTION, THE PARTINERSHIP, ON OR ABOUT DECEMBER 1, 1990 SOME TIME AFTER THE TRANSACTION WAS ENTERED INTO THE BOY SCO UTS OF AMERICA, MONTANA COUNCIL, WERE ADMITTED TO THE PARTNERSHIP AS A LIMITED PARTNER ON OR ABOUT JANUARY 30, 1997, FOUNDATION, EIN 94-2540279, ADOPTED ARTICLES OF DISSOLUTION, A ND ON OR ABOUT NOVEMBER 1, 2000 FOUNDATION, EIN 94-2540279, WAS ADMINISTRATIVELY DISSOLVED AND ELAGSTAFF MEDICAL CENTER, INC ("FLAGSTAFF"), EIN 86-0110232, THE THEN SOLE MEMBER OF THE FOUNDATION SUCCEEDED TO THE INTERESTS OF THE FOUNDATION IN THE REMAINING ASSETS OF THE FOUNDATION FOR FEDERAL INCOME TAX PURPOSES CONSEQUENT TLY, FLAGSTAFF MEDICAL CENTER, INC ("FLAGSTAFF"), EIN 86-0110232, THE THEN SOLE MEMBER OF THE FOUNDATION FOR FEDERAL INCOME TAX PURPOSES CONSEQUENT TLY, FLAGSTAFF MEDICAL CENTER, INC ("FLAGSTAFF"), EIN 86-0110232, THE THEN SOLE MEMBER OF THE FOUNDATION SUCCEEDED TO THE INTERESTS OF THE FOUNDATION TO PONTS DISSOLUTION LUNDER TREAS REG SECTION 16011-4, ET SEQ. THE JORDAN AND THE PARTNERS HIP ASSETS OF THE FOUNDATION FOR FEDERAL INCOME TAX PURPOSES CONSEQUENT TO THE P
		COUNSEL AND NEGOTIATED WITHDRAWAL FROM THE PARTNERSHIP FLAGSTAFF REDEEMED ITS PARTN ERSHIP INTEREST BACK TO THE PARTNERSHIP AS OF OCTOBER 1, 2013 FOR GOOD AND VALUABLE CONSID ERATION FLAGSTAFF HAS NOT, NOR DOES IT, EXPECT ANY TAX BENEFITS FROM THE TRANSACTION, INC LUDING DEDUCTIONS, EXCLUSIONS FROM GROSS INCOME, NONRECOGNITION OF GAIN, TAX CREDITS, ADJU STMENTS (OR THE ABSENCE OF ADJUSTMENTS) TO THE BASIS OF PROPERTY, LOSS, OR TAX CREDITS FL AGSTAFF IS EXEMPT FROM FEDERAL INCOME TAXATION UNDER I R C SECTION 501(C)(3) FLAGSTAFF O NLY
		EXPECTS DISTRIBUTIONS FROM THE PARTNERSHIP IN ITS CAPACITY AS A LIMITED PARTNER THERE FORE, FLAGSTAFF IS UNABLE TO PROVIDE AN ESTIMATE OF ANY SUCH EXPECTED TAX BENEFITS ADDITIONALLY, THERE SHOULD BE NO DISCLOSURE TO THE EXTENT THAT FLAGSTAFF IS VIEWED AS ENTERING I NTO THE PARTNERSHIP SOLELY PRIOR TO FEBRUARY 28, 2000 THE ORIGINAL TEMP TREAS REGS ISS UED FEBRUARY 28, 2000 UNDER TREAS REG SECTION 1 6011-4T MAY GOVERN FLAGSTAFF'S PARTICIPA TION IN
		THE PARTNERSHIP THESE TREAS REGS REQUIRE DISCLOSURE ONLY FOR LARGE TRANSACTIONS THAT PROVIDE TAX SAVINGS IN EXCESS OF CERTAIN DOLLAR THRESHOLDS (THE "PROJECTED TAX EFFECT TEST") THE PROJECTED TAX EFFECT TEST, AS DESCRIBED IN THESE REGULATIONS, REQUIRE A TRAN SACTION TO BE REPORTED WHERE IT IS EXPECTED TO REDUCE THE TAXPAYER'S FEDERAL INCOME TAX LI ABILITY BY MORE THAN \$1 MILLION IN ANY SINGLE TAXA

FORM JORDAN BLE YEAR OR BY A TOTAL OF \$2 MILLION FOR ANY COMBINATION OF TAXABLE YEARS HOWEVER	
B886, 2 OF 3	PAYER' JARY 2 RE FORE, REMENT 01, JALIZED ANGED, 377 MAY THE UARY X OTHE

Identifier Return Reference	Explanation
FORM 8886, 3 OF 3 LIMITED PARTNERSHIP	NOTE THE TAX ADVICE PROVIDED BY ERNST & YOUNG LIP, FENNEMORE CRAIG, P.C., AND POLSINELLI PC (FKA POLSINELLI SHUGHART PC) WAS LIMITED TO RECENT ADVICE PERTAINING TO THE DISCLOSURE OF THE TRANSACTION DESCRIBED IN THIS FORMINGS IT HE SERVICE SERVOVED BY ERNST & YOUNG LIP, FENNEMORE CRAIG, P.C., AND POLSINELLI PC DID NOT INVOLVE ANY TAX ADVICE PERTAINING TO THE TRANSACTION OF THE TRANSACTION DISCLOSURE AND RELATED CRUGHES FROWDED BY ERNST & YOUNG LIP, FENNEMORE CRAIG, P.C., AND POLSINELLI PC, DID NOT INVOLVE ANY TAX ADVICE PERTAINING TO THE STRUCTURING OF THE TRANSACTION DISCLOSURE AND RELATED CRUGHES FROM SIZE OF THE TRANSACTION OF THE PAYER TO GRAST & YOUNG LIP, POLSINELLI PC, AND FENNEMORE CRAIG, P.C. RELATEONLY TO POST-T RANSACTIONAL TAX ADVICE CONCERNING TO SIDECLOSURE OBLIGATIONS THE FEES PAID BY THE TAX PAYER TO GRAST & YOUNG LIP, POLSINELLI PC, AND FENNEMORE CRAIG, P.C. RELATEONLY TO POST-T RANSACTIONAL TAX ADVICE CONCERNING TO SIDECLOSURE OBLIGATIONS AND ITS WITHOUT AS LIMITED PARTINESS. TRANSFERRED A PERCENTAGE OF THEIR OWNERSHEP INTEREST TO THE FOUNDATION DONORS BYTHER ON THE TRANSACTION THE PARTINESHIP, ON OR ABOUT DECEMBER 1, 1990 ON OR ABOUT NOVEMBER 1, 2000, FOUNDATION, BIN 94-2540279, WAS ADMINISTERATIVELY DISSOLVED AND RAGSTAFF PERCENTAGE OF THE FOUNDATION IN THE REMAINS ASSETS OF THE FOUNDATION DONORS BYTHESE ON THE TRANSACTION THE PARTINESHIP, ON OR ABOUT DECEMBER 1, 1990 ON OR ABOUT CEEDED TO THE INTERESTS OF THE FOUNDATION IN THE REMAINS ASSETS OF THE FOUNDATION FOR THE PROVISION FROM THE PROVISION FROM THE PAYER ADVISION FROM THE PROVISION FROM THE PAYER AND THE PAYER ADVISORY OF THE PROUDATION ON THE PROVISION FROM THE PAYER ADVISORY OF THE PROUDATION FOR FEDERAL INCOME TAX PURPOSES CONSEQUENTLY, PLACSTAFF MEDICAL CENTER INC IS THE PROTTY RESPONSBLE FOR DISCLOSING THIS TRANSACTION UNDER THEAS REG SECTION 100114, ET SEC NAAM BYTH RESPONSBLE FOR DISCLOSING THIS TRANSACTION UNDER THEAS REG SECTION 100114, ET SEC NAAM BYTH RESPONSBLE FOR DISCLOSING THE PAYER FROM THE PAYER FROM THE PAYER FROM THE

	Return eference	Explanation
3 LIMITE	ERPRISES TED TNERSHIP	TION 1 6011-4T, FLAGSTAFF MAY NOT HAVE A DISCLOSURE REQUIREMENT WITH RESPECT TO ITS INVEST MENT IN THE PARTNERSHIP PRIOR TO FEBRUARY 28, 2000 ** SINCE 2001, TEMP TREAS REG SECTI ON 1 6011-4T HAS BEEN MODIFIED A NUMBER OF TIMES BEFORE BEING FINALIZED IN 2003 BASED ON THE VARIOUS EFFECTIVE DATES FOR THE DIFFERENT SECTIONS THAT HAVE CHANGED, IT APPEARS THAT THE FEBRUARY 28, 2000 INITIAL TEMP TREAS REG SECTION 1 6011-4T IN T D 8877 MAY GOVERN THE DISCLOSURE OBLIGATIONS OF FLAGSTAFF WITH RESPECT TO ITS PARTICIPATION IN THE PARTNERSH IP THROUGH ITS LIMITED PARTNERSHIP INTEREST THAT WAS OBTAINED PRIOR TO FEBRUARY 28, 2000, ON OR ABOUT DECEMBER 31, 1990 FLAGSTAFF HAS NOT, NOR DOES IT, EXPECT ANY TAX BENEFIT FROM THE TRANSACTION, INCLUDING DEDUCTIONS, EXCLUSIONS FROM GROSS INCOME, NONRECOGNITION OF GA IN, TAX CREDITS, ADJUSTMENTS (OR THE ABSENCE OF ADJUSTMENTS) TO THE BASIS OF PROPERTY, LOS S, OR TAX CREDITS FLAGSTAFF IS EXEMPT FROM FEDERAL INCOME TAXATION UNDER IR C SECTION 5 01(C) (3) FLAGSTAFF ONLY EXPECTS DISTRIBUTIONS FROM THE PARTNERSHIP IN ITS CAPACITY AS LIMITED PARTNER

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DLN: 93493135065394

2012

OMB No 1545-0047

Open to Public . Inspection

Employer identification number

SCHEDULE R (Form 990)

Name of the organization

Related Organizations and Unrelated Partnerships

Department of the Treasury Internal Revenue Service

▶ 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.

FLAGSTAFF MEDICAL CENTER				86-01102	232		
Part I Identification of Disregarded Entities (Co	omplete if the organizatio	n answered "Yes" to	Form 990, Par	•			
(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income E	(e) nd-of-year assets	(f) Direct controlling entity		
Part II Identification of Related Tax-Exempt Or or more related tax-exempt organizations dur		f the organization a	nswered "Yes" t	o Form 990, F	I Part IV, line 34 becaus	e it had o	ne
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	Public charity (if section 501		g Section (13) co	
						Yes	No
(1) NORTHERN ARIZONA HEALTHCARE PO BOX 1268	HEALTHCARE	AZ	501(C)(3)	9	NA 		No
FLAGSTAFF, AZ 86001 74-2410946							
(2) VERDE VALLEY MEDICAL CENTER	HEALTHCARE	AZ	501(C)(3)	3	NAH	Yes	
269 SOUTH CANDY LANE							
COTTONWOOD, AZ 86326 86-0100882							
·			1				1

(a)		(b)	(c)	(d)	(e		(f)	(g)		1)	(i)	Cana		(k)
Name, address, and EIN of related organization		Primary activity	Legal domicile (state or foreign country)	Direct controlling entity	Predon Income(I unrela exclude tax u sections	related, ated, ed from nder s 512-	Share of total income	Share of end-of-yea assets		prtionate tions?	e Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	mana part	aging	Percentage ownership
					•				Yes	No		Yes	No	
(1) TASC LLC		AMBULATORY SV	AZ	NA	RELATED)	246,994	895,12	9	No	0	Yes		58 520 %
86-0913157														
(2) NAHPG LLC PO BOX 1268 FLAGSTAFF, AZ 86002 45-4464070		ADMIN AND BILLING	AZ	FMC AND VVMC	RELATED)	-11,043,223	610,00	7	No		Yes		50 000 %
Part IV Identification of Related Org	anizations Taxa ore related organi	able as a Cor zations treate	porati	on or Tru	st (Cor	mplete st duri	out the orgains	l nızatıon a vear.)	nswer	ed "Y	es" to Form	1 990	, Par	t IV,
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or fore country)		Direct co) ntrolling	(e Type of (C cor cor or tru	entity Share inco	f) of total Sha	(g) are of end of-year assets		(h) Percentage ownership	Sect (b	(i) non 512 non 512 non (13) non (13)	
		,,										Ye		No
										+				
										+				

Part V	Transactions With Related Organizations (Complete if the organization ar	nswered "Yes" to For	m 990, Part IV, line	e 34, 35b, or 36.)						
Not	te. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule					Yes	No			
1 During	g the tax year, did the orgranization engage in any of the following transactions with one or more	e related organizations	listed in Parts II-IV?							
a Re	ceipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity				1a		No			
b Gif	t, grant, or capital contribution to related organization(s)				1b	Yes				
c Giff	t, grant, or capital contribution from related organization(s)				1c		No			
d Loa	ans or loan guarantees to or for related organization(s)				1d		No			
e Loans or loan guarantees by related organization(s)										
f Div	vidends from related organization(s)				1f		No			
g Sa	le of assets to related organization(s)				1g		No			
h Pu	rchase of assets from related organization(s)				1h		No			
i Exc	change of assets with related organization(s)				1i		No			
j Lea	ase of facilities, equipment, or other assets to related organization(s)				1j	Yes				
k Lea	ase of facilities, equipment, or other assets from related organization(s)				1k	Yes				
I Performance of services or membership or fundraising solicitations for related organization(s)										
m Per	formance of services or membership or fundraising solicitations by related organization(s)				1m		No			
n Sha	iring of facilities, equipment, mailing lists, or other assets with related organization(s)				1n		No			
o Sh	aring of paid employees with related organization(s)				10	Yes				
p Re	ımbursement paıd to related organization(s) for expenses				1 p		No			
q Re	ımbursement paıd by related organization(s) for expenses				1 q	Yes				
r Oth	ner transfer of cash or property to related organization(s)				1r	Yes				
s Oth	her transfer of cash or property from related organization(s)				1s		No			
2 If t	he answer to any of the above is "Yes," see the instructions for information on who must compl	ete this line, including o	covered relationships	and transaction thresholds						
	(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining an	nount	involved	i			
1) VERDE	VALLEY MEDICAL CENTER	Q	67,682,244	FINANCIAL STMT						
2) NAHPG	ELIC	В	5,096,331	FINANCIAL STMT						
3) TASC L	TC	А	370,543	FINANCIAL STMT						

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

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross)

revenue) that was not a related organization See instructions re	garding exclu	sion for ce		nent	partnerships				`	,		-	
(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under section 512- 514)	org	(e) all partners section 501(c)(3) anizations?	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtiona allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
			514)	Yes	No			Yes	No		Yes	No	
												1	

Additional Data Return to Form

Software ID:

Software Version:

EIN: 86-0110232

Name: FLAGSTAFF MEDICAL CENTER

Schedule R (Form 990) 2012

Page **5**

Part VII Supplemental Information

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

Depreciation and Amortization

DLN: 93493135065394

OMB No 1545-0172

► See separate instructions. ► Attach to your tax return.

(Including Information on Listed Property)

Attachment Sequence No 179

Name(s) shown on return

Department of the Treasury Internal Revenue Service (99)

> Business or activity to which this form relates GENERAL DEPRECIATION

Identifying number

FLAG	SSTAFF MEDICAL CE	ENTER									
											86-0110232
Pai		To Expense (
	-	ou have any li		, complet	e Part V befo	ore yo	ou cor	npiet	e Part I.		
	Maximum amount (s	•								1	
_	Total cost of section									2	+ 2 000 000
3	Threshold cost of se		-		•	tructio	ons)			3	\$ 2,000,000
4	Reduction in limitation									4	
5	Dollar limitation for t		t line 4 from li	ne 1 Ifzero	or less, enter	-0- I	t marrı	ed		_	
	filing separately, see	instructions		<u> </u>	<u></u>	• •	• •	• •	· · ·	5	
					(b) Cost (bu	ısınes	s use	Τ.			
6	(a)	Description of pr	roperty		on			(c) Elected	cost	
6											
											_
7 L	isted property Enter	the amount from	line 29 .			٠ [7				•
8	Total elected cost of	f section 179 pro	operty Add am	ounts in co	lumn (c), lines	6 and	7 •			8	
9	Tentative deduction	Enter the small	er of line 5 or l	ine 8 • •						9	
10	Carryover of disallov	wed deduction fro	om line 13 of yo	our 2011 Fo	orm 4562 •					10	
11	Business income lim	nitation Enter the	e smaller of bu	siness inco	me (not less th	nan zer	o) or l	ıne 5	(see		
	ınstructions) •									11	
12	Section 179 expens	e deduction Add	d lines 9 and 10), but do no	t enter more th	an lin	e 11			12	
13 C	arryover of disallowe	d deduction to 2	013 Add lines	9 and 10, le	ess line 12	.▶ [13				
Note	e: Do not use Part										
Par	t III Special De	epreciation A	Allowance a	nd Other	Depreciati	on (D	o no	t ıncl	ude listed j	oroper	ty) (See instructions)
14		•	ualified propert	y (other tha	n listed proper	ty) pla	ced in	serv	ce during		
	the tax year (see ins	structions)								14	
15	Property subject to s	section 168(f)(1) election							15	
	O ther depreciation (16	9,047
Par	MACRS De	preciation (I	Do not includ			e ins	tructio	ons.)			
	MACRO	.			ction A	2012				4-7	
	MACRS deductions									17	
18	If you are electing to								. —		
	asset accounts, che								<u>▶ </u>	<u> </u>	- 1' 0 - 1
	Section B-Ass	ets Placed in	(c) Basis		<u> 2 Iax Year</u>	USIN	g tne	Ger	ierai Dej	oreci	ation System
		(b) Month and	deprecia	ition	(d) D						(-)D
(a	classification of property	year placed in	(business/inv	estment	(d) Recovery period	(e) C	onven	tion	(f) Meth	nod	(g)Depreciation deduction
	p p 7	service	use only—see inst	tructions	F						
19a 3	3-year property		om, see ms	ir de croms /				\rightarrow			
	5-year property										
c 7	'-year property										
d 1	0-year property										
e 1	5-year property										
f 2	0-year property	_									
g 2	25-year property				25 yrs				S/L		
	Residential rental				27 5 yrs	_	MM		S/L		
	property				27 5 yrs		MM	\rightarrow	S/L		
	onresidential real property				39 yrs	_	M M M M	-	S/L		
		 on C—Assets Plac	cod in Sonvice [Juring 2012	Tay Voar Hein		MM	ativo	S/L Depresiation	n Svei	tom
20a (Class life	Assets Flag	Cu iii Service L	zaring 2012	iav i cai nelli	, cire <i>F</i>	.iceiile	LIVE	S/L	ii əysi	
	12-year	1			12 yrs			+	S/L		
	10-year				40 yrs		мм		S/L		
		r y (see instruc	tions)		· · · · · · · · · · · · · · · · · · ·				· · · · · · · · · · · · · · · · · · ·		
21 L	ısted property Enter	amount from line	28							21	
22 T	otal. Add amounts fro	om line 12, lines	14 through 17	, lines 19 a	nd 20 ın colum	nn (g),	and Iır	ne 21	Enter		
	here and on the appr	opriate lines of y	our return Pai	tnerships a	nd S corporatı	ons—s	ee ins	tructi	ons · ·	22	9,047
	or assets shown abov	•	_		year, enter the	9					
р	ortion of the basis att	tributable to sect	tion 263A cost	:s			23				

Listed Property (Include automobiles, certain other vehicles, certain computers, and property used for

ente	rtainment,	recreation	, or amusement.	.)				
Note	: For any	vehicle for	r which you are	using the standar	d milea	ige rate or	deducting lease	expense,
com	plete only	24a, 24b, c	columns (a) thro	ough (c) of Section	A, all	of Section E	B, and Section C	if applicable.
ection A—Depre	ciation a	nd Other I	Information (C	aution: See the i	nstruct	ions for lim	its for passenge	r automobiles.)
24a Doyou have evide	nce to support	the business/in	nv estment use claimed	d?	24	b If "Yes," is th	ne evidence written?	Yes V No
-		(c)						·

24a Do you have eviden	ice to support t	ne business/in	v estment use claimed	17 I Yesi No	24	· D IT "Yes," IS tr	ie evidence written?	Yes I' No
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basıs	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation/ deduction	(i) Elected section 179 cost
25 Special depreciation allo	wance for quali	fied listed prope	erty placed in service d	luring the tax year and i	ısed more	than		
50% in a qualified busii	ness use (see ii	nstructions)				25		
26 Property used more	e than 50% i	n a qualified	business use					
		%						
		%						
		%						
27 Property used 50%	orless in a	qualified bus	siness use					
		%				S/L -		
		%				S/L -		
		%				S/L -		
28 Add amounts in co	olumn (h), lın	es 25 throug	gh 27 Enter here a	and on line 21, page	1	28		
29 Add amounts in co	olumn (ı), lıne	e 26 Enterh	ere and on line 7,	page 1	–		. 29	

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles

30 Total business/investment miles driven during the year (do not include commuting miles)	V e h i	-	Vehi	-	V ehr	-	Vehi		V e h i	-	Vehi	-
31 Total commuting miles driven during the year .												
32 Total other personal(noncommuting) miles driven												
33 Total miles driven during the year Add lines 30 through 32												
34 Was the vehicle available for personal use	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use? .												

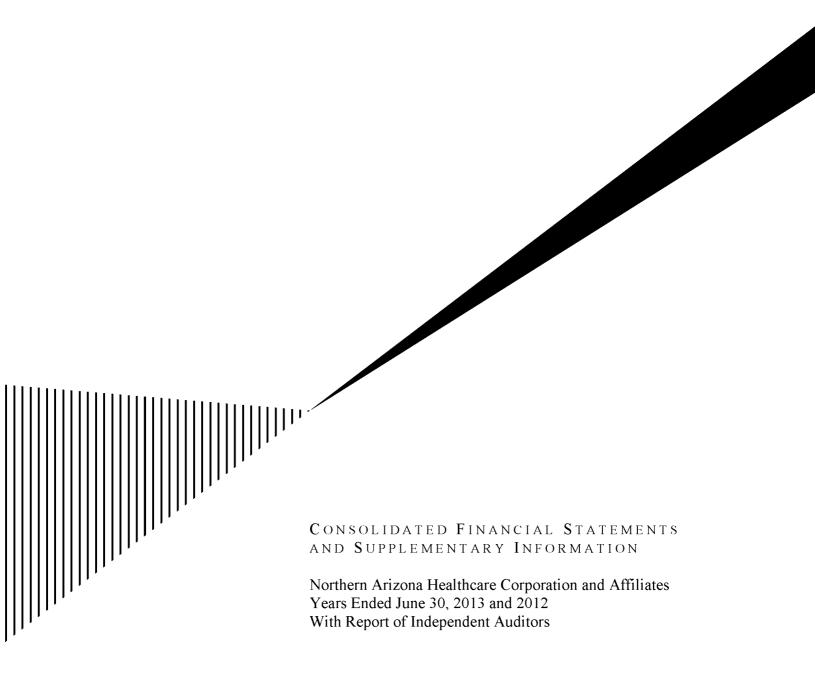
Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions)

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your	Yes	No
employees?		No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		No
39 Do you treat all use of vehicles by employees as personal use?		No
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of vehicles, and retain the information received?		No
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions)		No
Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles		

Part VI Amortization					
(a) Description of costs	(b) Date amortization begins	(c) A mortizable amount	(d) Code section	(e) A mortization period or percentage	(f) A mortization for this year
42 A mortization of costs that be	gins during your 2	012 tax year (see ınstruct	ions)		
43 Amortization of costs that be	gan before your 2	012 tax year		43	

44 Total. Add amounts in column (f) See the instructions for where to report



Ernst & Young LLP



Consolidated Financial Statements and Supplementary Information

Years Ended June 30, 2013 and 2012

Contents

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Ernst & Young LLP

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Report of Independent Auditors

Board of Directors Northern Arizona Healthcare Corporation

We have audited the accompanying consolidated financial statements of Northern Arizona Healthcare Corporation and Affiliates, which comprise the consolidated statements of financial position as of June 30, 2013 and 2012, and the related consolidated statements of activities, and cash flows for the years then ended, and the related notes to the consolidated financial statements

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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



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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Northern Arizona Healthcare Corporation and Affiliates at June 30, 2013 and 2012, and the consolidated results of their activities and their cash flows for the years then ended in conformity with U S generally accepted accounting principles

September 27, 2013

1308-1119523

Ernst + Young LLP

Consolidated Statements of Financial Position

		Jun	e 30)
		2013		2012
		(In Tho	usar	nds)
Assets				
Current assets				
Cash and cash equivalents	\$	79,548	\$	88,021
Accounts receivable, less allowance for doubtful accounts of				
\$80,716,000 in 2013 and \$71,193,000 in 2012		80,801		72,598
Inventories		9,401		8,609
Prepaid expenses and other		9,696		7,844
Total current assets		179,446		177,072
Assets whose use is limited		434,178		391,066
Property and equipment, net		234,580		237,816
Deferred charges and other assets		19,749		19,859
Total assets	\$	867,953	\$	825,813
Total assets	<u> </u>	007,733	<u>Ф</u>	023,013
Liabilities and net assets				
Current liabilities				
Accounts payable	\$	12,553	\$	11,836
Accrued expenses		38,353		38,849
Current portion of long-term debt		6,617		6,585
Third-party payor settlements		1,953		2,926
Total current liabilities		59,476		60,196
Long-term debt, less current portion		164,407		172,632
Accrued pension liability		70,474		94,612
Other liabilities		6,051		4,451
Total liabilities		300,408		331,891
Total Intellities		200,700		331,071
Net assets		567,545		493,922
Total liabilities and net assets	\$	867,953	\$	825,813

See accompanying notes.

Consolidated Statements of Activities

	Year Ended 2013	d June 30 2012
	(In Thous	sands)
Revenue		
Net patient service	\$ 623,304	\$ 577,015
Provision for doubtful accounts	(105,438)	(71,733)
Net patient service revenue, less provision for		
doubtful accounts	517,866	505,282
Other	17,129	12,056
Total revenue	534,995	517,338
Expenses		
Salaries and wages	220,210	197,824
Employee benefits	57,338	51,985
Professional fees	20,210	20,040
Supplies, services and other	169,368	160,812
Depreciation and amortization	34,553	33,241
Interest	3,358	3,954
Total expenses	505,037	467,856
Income from operations	29,958	49,482
Other income (losses)		
Investment income, net	24,148	4,432
Impairment loss	(1,244)	_
Loss on extinguishment of debt	_	(2,651)
Other	666	1,291
Excess of revenue over expenses	53,528	52,554
Decrease (increase) in unfunded pension liability	20,095	(48,454)
Increase in net assets	73,623	4,100
Net assets at beginning of year	493,922	489,822
Net assets at end of year	\$ 567,545	\$ 493,922

See accompanying notes.

Consolidated Statements of Cash Flows

	Year Ende	ed J	une 30
	2013		2012
	(In Thoi	isar	nds)
Operating activities			
Increase in net assets	\$ 73,623	\$	4,100
Adjustments to reconcile increase in net assets to			
net cash provided by operating activities			
Increase in investments designated as trading	(43,112)		(18,913)
Provision for doubtful accounts	105,438		71,733
Depreciation and amortization	34,553		33,241
Impairment loss	1,244		_
Loss on extinguishment of debt	_		2,651
Net change in current assets and current liabilities,			
exclusive of cash and cash equivalents	(117,037)		(72,383)
(Decrease) increase in accrued pension liability	(24,138)		35,182
Increase (decrease) in other liabilities	387		(1,204)
Net cash provided by operating activities	30,958		54,407
Investing activities			
Purchases of property and equipment	(31,318)		(35,999)
Decrease in deferred charges and other assets	80		(2,798)
Net cash used in investing activities	(31,238)		(38,797)
Financing activities			
Proceeds from issuance of long-term debt	_		78,921
Repayments of long-term debt	(8,193)		(82,440)
Net cash used in financing activities	(8,193)		(3,519)
(Decrease) increase in cash and cash equivalents	(8,473)		12,091
Cash and cash equivalents at beginning of year	88,021		75,930
Cash and cash equivalents at end of year	\$ 79,548	\$	88,021
Supplemental cash flow information			
Cash paid for interest	\$ 4,453	\$	4,319

See accompanying notes.

Notes to Consolidated Financial Statements

June 30, 2013

1. Organization

Description of Business

Northern Arizona Healthcare Corporation (the Corporation) is a not-for-profit tax-exempt corporation that provides home health and hospice operations and administrative and other services to affiliated organizations. The Corporation controls the activities of the following wholly owned affiliates

- Flagstaff Medical Center, Inc (FMC), a not-for-profit tax-exempt corporation located in Flagstaff, Arizona, provides general medical and surgical acute care, behavioral health services, and a full range of outpatient services
- Verde Valley Medical Center (VVMC), a not-for-profit tax-exempt corporation located in Cottonwood, Arizona, provides general medical and surgical acute care, senior behavioral health service, and a full range of outpatient services
- In Fiscal 2013, the Corporation formed the Northern Arizona Healthcare Provider Group LLC (NAHPG LLC) NAHPG LLC is a physician organization comprising the employed physicians of FMC and VVMC FMC and VVMC each own a 50% interest in NAHPG LLC. The profit and loss from NAHPG will be allocated between the two investees based on the financial performance of each NAHPG practice and their correlations to FMC and VVMC. As part of the formation of NAHPG LLC, FMC and VVMC transferred approximately \$16,038,000 in net assets to NAHPG LLC. The net assets transfer has been recorded as an investment in NAHPG on FMC and VVMC financial statements and as an increase to net assets on NAHPG's financial statements. FMC and VVMC's investment in NAHPG has been eliminated in consolidation, and accordingly there was no financial impact to the consolidated financial statements relating to the net asset transfer.

FMC and VVMC constitute the Obligated Group as defined in the Master Trust Indenture dated November 1, 1996, between Flagstaff Medical Center, Inc., Verde Valley Medical Center and Bank of New York Mellon Trust Company N A, as Master Trustee

Notes to Consolidated Financial Statements (continued)

1. Organization (continued)

The Corporation and its affiliated organizations have investments in joint ventures, which include

- Northern Arizona Senior Living Community, LLC, d/b/a The Peaks (The Peaks) is 50% owned by the Corporation The Peaks operates a senior living, mentoring, and skilled nursing facility located in Flagstaff, Arizona The Peaks is accounted for using the equity method of accounting
- The Ambulatory Surgi-Center at Flagstaff Medical Center, LLC (TASC) is an ambulatory surgery center which provides primarily outpatient surgery services to patients as an alternative to providing these services at a hospital facility As of June 30, 2013, TASC is 71% owned by FMC, and the financial results of TASC have been consolidated in the consolidated financial statements

Mission Statement

The primary mission of the Corporation is to improve the health of the people and communities that the Corporation serves

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Corporation and each of its wholly owned affiliates The Corporation also holds a controlling interest in TASC whose joint venture financial results are included in the consolidated financial statements All significant intercompany accounts and transactions have been eliminated in consolidation

Use of Estimates

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

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with an original maturity of three months or less, excluding amounts whose use is limited by the Corporation's Board of Directors (the Board) designation or other arrangements under trust agreements

Fair Value of Financial Instruments

Carrying value of financial instruments classified as current assets and current liabilities approximates fair value based on the liquidity of these financial instruments and the short-term maturities of these instruments. The fair values of other financial instruments are disclosed in their respective notes

Net Patient Accounts Receivable

Net patient accounts receivable and net patient service revenue have been adjusted to the estimated amounts expected to be received based on contracted rates for the services rendered These estimated amounts are subject to further adjustments upon review by third-party payors For uninsured patients that do not qualify for charity care, the Corporation recognizes revenue on the basis of its standard or discounted rates Historically, a significant portion of the uninsured patients will be unable or unwilling to pay for the services provided Accordingly, the Corporation records an allowance for doubtful accounts and provision for doubtful accounts, related to uninsured patients, in the period the services were provided using an entity wide assessment based on historical collection experience Management regularly reviews payment data for each major payor in evaluating the sufficiency of the allowance for doubtful accounts During 2012 and 2013, the Corporation experienced an increase in self-pay patients and a reduction in self-pay collections, primarily due to reductions in eligibility and coverage enacted by the Arizona Health Care Cost Containment Program (AHCCCS), Arizona's state Medicaid program These changes resulted in an increase to the provision for doubtful accounts for the years ended June 30, 2013 and 2012

Inventories

Inventories, consisting principally of supplies, are stated at the lower of cost (first-in, first-out method) or market

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Assets Whose Use is Limited

Assets whose use is limited include investments set aside by the Board for future capital improvements over which the Board retains control and may at its discretion subsequently use for other purposes. In addition, assets whose use is limited include assets held by a trustee under bond indenture agreements.

Investments in equity securities, with readily determinable fair values, and all investments in U S Treasury securities, corporate debt securities, government agency securities, and registered investment funds are measured at fair value in the accompanying consolidated statements of financial position (see Note 5) The Corporation has determined that all investments held at June 30, 2013 and 2012, are designated as trading securities Accordingly, investment income, including realized gains and losses on investments, unrealized gains and losses on investments, and interest and dividends, are included in excess of revenues over expenses

Property and Equipment

Property and equipment are recorded at cost, if purchased, or fair value on the date received, if donated Depreciation expense is recorded on a straight-line basis over the estimated useful life of each class of depreciable asset, which range from 3 to 40 years Equipment under capital lease obligations is amortized using the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment Such amortization is included in depreciation and amortization in the consolidated statement of activities Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets

Long-Lived Asset Impairment

The Corporation reviews long-lived assets for impairment when events or changes in business conditions indicate that their carrying value may not be recoverable. The Corporation considers assets to be impaired and writes them down to fair value if expected associated cash flows are less than the carrying amounts. Fair value is determined to be the present value of the associated assets cash flows. During 2013, the Corporation recorded an impairment loss of approximately \$944,000 related to land held in Camp Verde, Arizona and \$300,000 related to land held in Prescott, Arizona. There were no impairment losses recorded during 2012.

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Net Patient Service Revenue

The Corporation has agreements with third-party payors that provide for payments at amounts different from its established rates Payment arrangements include prospectively determined rates per discharge, discounts from established charges, and per diem payments

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. 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. For the years ended June 30, 2013 and June 30, 2012, the Corporation recorded an increase to net patient service revenue of \$1,800,000 and \$6,600,000 respectively, relating to retroactive adjustments and settled appeals

Electronic Health Records Incentive Payments

Beginning in 2011, the Medicare and state Medicaid programs are providing an incentive payment to eligible hospitals and professionals if meaningful use certified electronic health care (EHR) technology is adopted and utilized. The incentive payment is recognized when management is reasonably assured that the Corporation has complied with the conditions set forth by Medicare and Medicaid and has demonstrated meaningful use of its EHR technology for the applicable attestation period Approximately \$5,604,000 in Medicare and Medicaid incentive payments were recognized in other revenue for the year ended June 30, 2013. The Corporation's attestation of compliance with the meaningful use criteria is subject to audit by the federal government upon final settlement of the applicable cost report from which payments were initially calculated.

Community Benefit

The Corporation provides a broad range of benefits to the northern Arizona community it serves, including offering various community-based social service programs and a number of health-related educational programs. These services are provided to improve the general standards of health for the community. In addition, the Corporation provides care to all patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. A patient is classified as a charity patient by reference to certain policies established by the

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Corporation as to the ability of the patient to pay Because the Corporation does not pursue collection of amounts determined to qualify as charity care, they are not recorded as revenue Partial payments to which the Corporation is entitled from public assistance and other programs, on behalf of patients, that meet the charity care policy of the Corporation are reported as net patient service revenue

The Corporation estimates charity care costs based on the most recent cost to charge ratio reported in FMC's and VVMC's general ledger. The cost to charge ratio includes both direct and indirect costs incurred at FMC and VVMC. For the year ended June 30, 2013 and 2012, costs incurred by the Corporation in the provision of charity care, community benefit services rendered, and the unpaid costs of programs with the AHCCCS and Medicare program amounted to \$89,304,000 and \$88,240,000, respectively. The following is a summary of the Corporation's net community benefit for the years ended June 30.

	 2013		2012
	(In Th	ousa	nds)
Charity care provided	\$ 3,292	\$	2,758
Other community benefit	8,556		6,991
Unpaid costs of AHCCCS program	44,417		56,870
	 56,265		66,619
Unpaid costs of Medicare program	33,039		21,621
	\$ 89,304	\$	88,240

Tax Status

The Corporation is a not-for-profit corporation and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code Accordingly, no provision for income taxes is included in the accompanying consolidated financial statements. The Corporation's management is not aware of any events that would cause the Corporation to lose its tax-exempt status. Management has reviewed all open tax years and has determined that the Corporation has no significant uncertain tax positions.

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements

In May 2011, an accounting standard was released that further amends fair value measurement and disclosure requirements. The accounting standard requires additional disclosures relating to transfers of any financial instruments between Level 1 and Level 2 of the fair value hierarchy, disclosure of the fair value hierarchy level for items that not recorded at fair value in the financial statements but are required to disclose the fair value of the item, and disclosure of additional quantitative information about the unobservable inputs used in the fair value measurement of financial instruments categorized within Level 3 of the fair value hierarchy. The accounting standard was effective for the Corporation on July 1, 2012. The accounting standard has been adopted in the consolidated financial statements.

Subsequent Events

There are two types of subsequent events recognized subsequent events, which provide additional evidence about conditions that existed at the balance sheet date, and nonrecognized subsequent events, which provide evidence about conditions that did not exist at the balance sheet date but arose before the financial statements were issued Recognized subsequent events are required to be recognized in the financial statements, and nonrecognized subsequent events are required to be disclosed. In the preparation of the consolidated financial statements, the Corporation has evaluated subsequent events through the date the financial statements were available for issuance, September 27, 2013 (See Note 11 for disclosed subsequent events)

Reclassification

The 2012 consolidated financial statements have been reclassified to conform to the 2013 presentations, primarily relating to the reclassification of \$6,800,000 of accounts receivable credit balances to accrued expenses and statement of cash flow reclassification of pension liabilty

Notes to Consolidated Financial Statements (continued)

3. Net Patient Service Revenue

A summary of the payment arrangements with major third-party payors follows

Medicare – Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. All outpatient services rendered to Medicare beneficiaries are paid at prospectively determined rates. FMC and VVMC's Medicare reimbursement is subject to final settlement with the Medicare program, based on the annual hospital specific rate per discharge. Final settlement with the Medicare program is determined after submission of annual cost reports by the Corporation and audit thereof by the Medicare fiscal intermediary. Approximately 32% and 33% of the Corporation's net patient service revenue was derived from the Medicare program in 2013 and 2012, respectively

The Medicare cost reports of the Corporation have been audited by the fiscal intermediary through June 30, 2010 for FMC and June 30, 2009 for VVMC Management believes that estimated accrued settlements related to unaudited cost reports are adequate Estimates are continually monitored and reviewed, and as settlements are made or estimates adjusted, differences are reflected in current operations. Laws and regulations governing the Medicare program are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates could change by a material amount in the near term.

AHCCCS – Inpatient and outpatient services rendered to AHCCCS program beneficiaries are reimbursed under per diem and fee schedule or discounted charge methodologies, respectively Approximately 8% of the Corporation's net patient service revenue was derived from the AHCCCS program in 2013 and 2012

Other Payors – The Corporation also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Corporation under these agreements includes prospectively determined rates per discharge or discounts from established charges Approximately 45% and 48% of the Corporation's net patient service revenue was derived from other third-party payors in 2013 and 2012, respectively

Notes to Consolidated Financial Statements (continued)

3. Net Patient Service Revenue (continued)

Self-pay – Inpatient and outpatient services rendered to self-pay patients are recorded at the Corporation's standard rates Approximately 15% and 11% of the Corporation's net patient service revenue was derived from self-pay patients in 2013 and 2012, respectively Self-pay patients include patients without insurance and patients with deductibles and coinsurance associated with third-party payor coverage Management records a provision for doubtful accounts related to self-pay patients, at the time services are provided, based on historical collection experience

4. Concentration of Credit Risk

The Corporation grants credit without collateral to its patients, most of whom are insured under third-party payor agreements which include (i) Medicare, (ii) AHCCCS, (iii) private payors (self-pay), and (iv) others, including commercial carriers and health maintenance organizations. The following table summarizes the percent of gross accounts receivable from all payors as of June 30.

	2013	2012
Medicare	31%	32%
AHCCCS	15	16
Self-pay	18	19
Other third-party payors	36	33
	100%	100%

Self-pay and other amounts due consist of receivables from various payors, including individuals involved in diverse activities subject to differing economic conditions. Management does not believe there are any significant credit risks associated with accounts receivable, except for self-pay accounts. Management continually monitors and adjusts its allowances (contractual and doubtful accounts) associated with these receivables based on recent payment trends and specific identification of uncollectible patient accounts.

Notes to Consolidated Financial Statements (continued)

5. Fair Value Measurements

Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability

As a basis for considering such assumptions, the Corporation utilizes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows

- Level 1 Pricing is based on observable inputs such as quoted prices in active markets Financial assets in Level 1 include money markets, U S Treasury securities, registered investment funds and listed equity securities
- Level 2 Pricing inputs are based on quoted prices for similar instruments in active
 markets, quoted prices for identical or similar instruments in markets that are not active,
 and model-based valuation techniques for which all significant assumptions are
 observable in the market or can be corroborated by observable market data for
 substantially the full term of the assets or liabilities Financial assets in Level 2 include
 corporate debt securities and government agency securities
- Level 3 Pricing inputs are generally unobservable and include situations where there is little, if any, market activity for the investment The inputs into the determination of fair value require management's judgment or estimation of assumptions that market participants would use in pricing the assets or liabilities. The fair values are therefore determined using factors that involve considerable judgment and interpretations, including but not limited to private and public comparables, third-party appraisals, discounted cash flow models, and fund manager estimates. The Corporation has no assets measured at Level 3

Assets measured at fair value are based on one or more of three valuation techniques. The three valuation techniques are identified in the tables below. The valuation techniques are as follows

- (a) *Market approach* Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities
- (b) Cost approach Amount that would be required to replace the service capacity of an asset (replacement cost)

Notes to Consolidated Financial Statements (continued)

5. Fair Value Measurements (continued)

(c) *Income approach* Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing and excess earnings models)

The following table outlines the fair value techniques used for financial assets recorded at fair value, on a recurring basis, as of June 30, by the level of observable input and the valuation technique

	alance at June 30	I M Ider	oted Prices n Active arkets for atical Assets Level 1)		Significant Other Observable Inputs (Level 2)	Significant nobservable Inputs (Level 3)	Valuation Technique (a,b,c)
2013			(In The	ousa	nds)		
Assets whose use is limited							
Cash and cash equivalents Equities, primarily U S	\$ 134,327	\$	134,327	\$	_	\$ _	a
equities	126,359		126,359		_	_	a
U S Treasury securities	32,323		32,323				a
Government agency Corporate debt securities.	41,262		_		41,262	_	a
primarily U S securities Registered investment funds	65,899		_		65,899	-	a,c
U S equities	8,310		8,310				a
International equities	25,698		25,698		_	_	a
Total assets whose use is	20,000		20,000				- "
limited	 434,178	\$	327,017	\$	107,161	\$ _	=
2012							
Assets whose use is limited							
Money market	\$ 149,642	\$	149,642	\$	_	\$ _	a
Equities, primarily U S							
equities	24,995		24,995		_	_	a
U S Treasury securities	34,715		34,715		_	_	a.c
Government agency	81,115		_		81,115	_	a
Corporate debt securities.							
primarily U S securities	18,079		_		18,079	_	a.c
Registered investment funds	<0 - 1 0		<0. - 10				
U S equities	60,748		60,748		_	_	a
International equities	 21,772		21,772				- a
Total assets whose use is limited	\$ 391,066	\$	291,872	\$	99,194	\$ _	=

Notes to Consolidated Financial Statements (continued)

6. Assets Whose Use Is Limited

A summary of assets whose use is limited at June 30, follows

		2013		2012
	(In Thousands)			
Restricted by the Board for capital improvements Bond project fund restricted for property construction and	\$	433,594	\$	390,482
equipment acquisition		584		584
	\$	434,178	\$	391,066

A summary of investment income, net, for the years ended June 30, follows

	 2013	2012	
	(In Th	ousar	nds)
Interest income Realized gain, net Unrealized gain (loss), net	\$ 5,738 4,179 14,231	\$	3,655 1,713 (936)
	\$ 24,148	\$	4,432

7. Property and Equipment

A summary of property and equipment, at June 30, follows

		2013		2012
	(In Thousands)			ınds)
Land and improvements	\$	20,757	\$	21,146
Buildings and improvements		273,424		268,295
Equipment		249,735		239,809
		543,916		529,250
Less accumulated depreciation		326,791		305,839
		217,125		223,411
Construction in progress		17,455		14,405
	\$	234,580	\$	237,816

Notes to Consolidated Financial Statements (continued)

8. Long-Term Debt

A summary of long-term debt, at June 30, follows

		2013		2012
		(In The	ousa	nds)
Series 2008A Hospital Revenue Refunding Bonds, collateralized by property and equipment, bearing a variable rate of interest that is based on the Federal Funds Rate as defined by the related bond agreement Principal is due in semiannual installments ranging from \$870,000 to \$1,596,705 through July 2033 The average interest rate for the years ended June 30, 2013 and 2012 was 10%	\$	48,677	\$	51,322
Series 2008B Hospital Revenue Bonds, collateralized by property and equipment, bearing a variable rate of interest that is determined weekly as defined by the bond agreement Principal is due in annual installments up to \$4,575,000 through December 2039 The average interest rate for the years ended June 30, 2013 and 2012 was 0 60% and 0 91%, respectively		47,840		48,945
Series 2011 Hospital Revenue Bonds, collateralized by property and equipment, bearing interest rates fixed annually ranging from 3% to 5% as defined in the bond agreement Principal is due in annual installments ranging from \$1,000,000 to \$6,480,000 through October 2026 The unamortized premium was approximately \$5,496,536 at June 30, 2013 The bond premium is amortized using straight-line method over the life of the bonds, which approximates the effective interest method The average interest rate for the year ended June 30, 2013 and 2012 was 4 7%		74,271		78,382
- 1 1 · · · · · · · · · · · · · · ·		•		,
Other		236 171,024		568 179,217
Less current portion		6,617		6,585
Long-term debt	-\$	164,407	\$	172,632
Č	_	,		

Notes to Consolidated Financial Statements (continued)

8. Long-Term Debt (continued)

The bond agreements relating to certain loans place restrictions on the operations of the Obligated Group members, which among other things includes minimum debt service coverage ratios, minimum liquidity ratios, limits on encumbrances and liens, and minimum insurance coverage At June 30, 2013, the Obligated Group was in compliance with these debt covenants

The Series 2008B Hospital Revenue Bonds are demand securities that are secured by a direct pay letter of credit. Any draws on the direct pay letter of credit are to be repaid over a two-year period commencing 18 months after the draw date. The direct pay letter of credit terminates in December 2014. There were no draws on the direct pay letter of credit as of June 30, 2013.

In October 2011, the Corporation issued the Series 2011 Hospital Revenue Bonds The proceeds were used to redeem and repay the Series 1998 Hospital Revenue Bonds and the Series 1996A Hospital Revenue Bonds A loss on debt extinguishment, amounting to \$2,651,000, has been recorded for the year ended June 30, 2012, primarily relating to the write off of the Series 1998 and 1996A Hospital Revenue Bonds unamortized bond issue costs and unamortized discount

The estimated fair value of the Corporation's long-term debt, at June 30, 2013 and 2012, approximated \$173,487,000 and \$183,382,000, respectively. The estimated fair value was determined based on quoted market values for identical or comparable debt obligations.

Principal maturities of long-term debt for each of the next five years ended June 30 and in the aggregate thereafter follow

	(In Thousands)
2014	\$ 6,617
2015	7,378
2016	7,603
2017	7,795
2018	8,068
Thereafter	133,563
	\$ 171,024

Notes to Consolidated Financial Statements (continued)

8. Long-Term Debt (continued)

A summary of bond interest costs, for the years ended June 30, follows

	 2013		2012
	(In Th	ดนรณ	ıds)
Interest cost			
Charged to operations	\$ 3,358	\$	3,954
Capitalized	 94		108
Total	\$ 3,452	\$	4,062

9. Pension Plans

Defined Benefit Pension Plan

The Corporation has a noncontributory defined benefit pension plan (Pension Plan), which covers substantially all of its employees whose employment began prior to July 1, 2000 The Pension Plan is frozen to employees that commenced employment after July 1, 2000 The Pension Plan provides a defined benefit based on years of service and final average salary The Corporation uses a measurement date of June 30 for the Pension Plan

The Corporation recognizes the funded status (i e, the difference between the fair value of plan assets and the projected benefit obligation) of its Pension Plan on the consolidated statements of financial position, with a corresponding adjustment to net assets. The following table sets forth the Corporation's defined benefit pension plan funded status as of June 30 (using measurement dates of June 30, 2013 and 2012, respectively), as provided by consulting actuaries

	 2013		2012				
	 (In Thousands)						
Change in benefit obligation							
Benefit obligation at beginning of year	\$ 213,125	\$	159,648				
Service cost	6,619		5,260				
Interest cost	8,955		9,170				
Actuarial (gain) loss	(8,785)		43,848				
Benefit payments	 (16,391)		(4,801)				
Benefit obligation at end of year	\$ 203,523	\$	213,125				

Notes to Consolidated Financial Statements (continued)

9. Pension Plans (continued)

	 2013		2012
	 (In The	HSG	inds)
Change in plan assets			
Fair value of plan assets at beginning of year	\$ 118,513	\$	100,218
Actual return on plan assets	12,453		535
Employer contribution	18,474		22,561
Benefit payments	(16,391)		(4,801)
Fair value of plan assets at end of year	\$ 133,049	\$	118,513
Accrued pension liability	\$ (70,474)	\$	(94,612)
Unrecognized net actuarial loss	88,077		108,155
Unrecognized prior service cost	95		112

The accumulated benefit obligation for the defined benefit plan was \$181,863,000 and \$184,017,000 at June 30, 2013 and 2012, respectively

Net pension cost includes the following components for the years ended June 30

	2013		2012
	(In The	วนรสห	ıds)
Service cost	\$ 6,619	\$	5,260
Interest cost	8,955		9,170
Expected return on plan assets	(9,162)		(9,124)
Recognized net actuarial loss	8,002		3,964
Amortization of prior service cost	17		17
Net periodic pension cost	\$ 14,431	\$	9,287

Weighted-average assumptions used to determine benefit obligations, at June 30, were

	2013	2012
Discount rate	4.8%	4 3%
Rate of compensation increase	3.0	3 0
Expected return on plan assets	7.5	7 5

Notes to Consolidated Financial Statements (continued)

9. Pension Plans (continued)

The Pension Plan's asset allocation and investment strategies are designed to earn returns on plan assets consistent with a reasonable and prudent level of risk Investments are diversified across classes, sectors, and manager style to minimize the risk of large losses. The Corporation uses investment managers specializing in each asset category and, where appropriate, provides the investment manager with specific guidelines, which include allowable and/or prohibited investment types. The Corporation regularly monitors manager performance and compliance with investment guidelines.

The target allocations for plan assets are 50-80% equity securities, 20-40% fixed income securities, and 0-10% cash Equity and registered investment fund securities include U S and international investments and range from large-cap to small-cap companies Fixed income securities include corporate debt securities of companies from diversified industries, mortgage-backed securities, and U S Treasury securities The expected rate of return actuarial assumption considers the historical long-term rate of return of assets across all of these asset classes

The fair values of the Pension Plan's assets at June 30, by asset category and fair value hierarchy level, are as follows

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Asset Category	alance at ne 30, 2013	I Ma Iden	oted Prices In Active In Active In Active Itical Assets Itical Assets Itical I	0	Other Observable Inputs (Level 2)	Un	ignificant observable Inputs (Level 3)	Valuation Technique (a,b,c)
Money market	\$ 8,822	\$	8,822	\$	_	\$	_	a
U S Treasury securities	11,380		11,380		_		_	a
Government agency	8,426		_		8,426		_	a,c
Municipal bonds	2,036		_		2,036		_	a,c
Corporate debt securities, primarily U S securities Equities, primarily U S	482		_		482		_	a
equities	17,050		17,050		_		_	a
Registered investment funds	17,000		17,050		_		_	a
Bond fund	15,000		_		15,000		_	a
U S equities	48,683		48,683		· _		_	a
International equities	21,170		21,170		_		_	a
-	\$ 133,049	\$	107,105	\$	25,944	\$	_	_

Northern Arizona Healthcare Corporation and Affiliates Notes to Consolidated Financial Statements (continued)

9. Pension Plans (continued)

Asset Category	 alance at e 30, 2012	Quoted Prices In Active Markets for Identical Assets (Level 1) Significant Other Observable Inputs (Level 2)				Uno	gnificant observable Inputs Level 3)	Valuation Technique (a,b,c)
			(In The	ousa	nds)			
Money market	\$ 26,990	\$	26,990	\$	_	\$	_	a
U S Treasury securities	12,214		12,214		_		_	a.c
Government agency	17,498		_		17,498		_	a
Municipal bonds	2,325		_		2,325		_	a.c
Corporate debt securities, primarily U S securities	2,249		_		2,249		_	a.c
Equities, primarily U S equities	12,772		12,772		_		_	a
Registered investment funds								
U S equities	33,432		33,432		_		_	a
International equities	11,033		11,033		_		_	_ a
	\$ 118,513	\$	96,441	\$	22,072	\$	-	=

The Corporation will be required to contribute \$9,403,000 to its Pension Plan in fiscal year 2014

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

2014	\$ 6,404
2015	7,118
2016	7,916
2017	8,758
2018	9,610
Years 2019 – 2024	61,258

During 2013, the Corporation settled certain participants vested pension obligations The Corporation paid \$11,020,000 in benefit payments to the participants in connection with this settlement

Notes to Consolidated Financial Statements (continued)

9. Pension Plans (continued)

401(k) Plan

The Corporation sponsors a 401(k) plan (the 401(k) Plan) for the Corporation's employees The 401(k) plan allows employees to contribute funds through a pre-tax option and an after-tax option Both options follow the same guidelines for employee and Corporation contributions All of the Corporation's employees may participate in the 401(k) Plan, however, only employees with hire dates subsequent to June 30, 2000, are eligible for contributions from the Corporation For employees with hire dates subsequent to June 30, 2000, the Corporation will match 50% of each employee's contribution up to 4% of his or her salary For employees with hire dates subsequent to June 30, 2000, the Corporation also contributes 2% of each employee's salary to the 401(k) Plan, regardless of the employee's contribution This 2% contribution is a discretionary contribution and employees must still be employed on December 31st of that year in order to be eligible for the discretionary contribution Employees immediately vest in their own contributions to the 401(k) Plan, vest in the employer pay period match after three years, and vest in the year-end discretionary employer contributions after three years of qualifying service The Corporation's contributions to the 401(k) Plan totaled \$4,762,000 in 2013 and \$4,352,000 in 2012

10. Commitments and Contingent Liabilities

Health Care Regulatory Environment

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Other than normative operational or licensure citations or shortcomings of the nature commonly found in surveys of hospitals and other customary regulatory matters that are subject to the active attention of the Corporation's administration and legal department, management believes the Corporation is in compliance with fraud and abuse laws and regulations, as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time

Notes to Consolidated Financial Statements (continued)

10. Commitments and Contingent Liabilities (continued)

Insurance

The Corporation retains a layer of liability for employee health and dental benefits up to \$200,000 per employee, or dependent, and has purchased insurance for claims incurred per employee or dependent in excess of this amount The Corporation has recorded \$3,301,000 and \$3,943,000 for employee health and dental benefit obligations as of June 30, 2013 and 2012, respectively

The Corporation purchases professional and general liability insurance to cover medical malpractice claims for physicians and professional and general liability insurance for the hospitals and physician liabilities. There are known claims and incidents that may result in the assertion of additional claims, as well as claims from unknown incidents that may be asserted arising from services provided to patients. Through June 30, 2002, the Corporation's professional and general liability insurance had a per claim self-insured retention of \$50,000 under a claims-made insurance policy. Effective July 1, 2002, the Corporation began retaining liability for professional and general liability claims up to \$1,000,000 per claim under a claims-made insurance policy. In August 2012, the Corporation added an additional \$1,000,000 per claim buffer. The Corporation also purchased insurance to cover physician's professional and general liability with a per claim self-insured retention of \$100,000 under a claims-made insurance policy.

The Corporation records a liability for estimates of future payments related to professional and general claims that have not been paid as of year-end A portion of this estimated payable represents an estimate of claims incurred but not reported (IBNR) to the Corporation The IBNR claims estimate is developed using actuarial assumptions based upon payment patterns, historical development, and other relevant factors Those estimates are subject to the effects of trends in claim severity and frequency Although considerable variability is inherent in such estimates, management believes that the reserves of unpaid claims are adequate The estimates are periodically reviewed and adjusted as necessary as experience develops or new information becomes known, such adjustments are included in current operations Related to professional and general liability claims, at June 30, 2013 and 2012, the Corporation recorded an undiscounted estimated self-insurance obligation of approximately \$5,936,000 and \$5,260,000, respectively, in accrued expenses and other liabilities in the consolidated statements of financial position, which includes the liability to be paid by the Corporation's excess insurance carrier The Corporation purchases excess insurance coverage for claims in excess of the Corporation recorded a retention limit of \$1,000,000 per claim and \$2,000,000 in aggregate The Corporation recorded a

Notes to Consolidated Financial Statements (continued)

10. Commitments and Contingent Liabilities (continued)

liability and a corresponding insurance recovery of approximately \$2,058,000 and \$500,000 as of June 30, 2013 and 2012, respectively, relating to the estimated professional and general liability claims to be covered by the excess insurance carriers

The Corporation is insured for workers compensation claims under a first dollar coverage plan whereby the insurer has assumed full risk for the workers compensation claims Accordingly, the Corporation has not recorded any insurance recovery or claim liability associated with workers compensation claims

11. Subsequent Event

On July 1, 2013, the Corporation purchased \$72,750,000 of alternative investments from the cash and cash equivalents included in the Corporation's investment portfolio (see Note 5) There are no redemption restrictions or lock-up period associated with the alternative investment agreements In addition, there are no capital call requirements

Supplementary Information



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Independent Auditors' Report on Supplementary Information

Board of Directors Northern Arizona Healthcare Corporation

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

September 27, 2013

1308-1119523

Ernst + Young LLP

Consolidating Statement of Financial Position

(In Thousands)

June 30, 2013

								NAHC'							
					btotal						Home				
		VVMC	FMC	Obligated MC Group NAHPG			NAHPG	NAHC Administration			Health and Hospice		ntercompany Eliminations	Consolidated	
Assets		· · MC	Tivic		Тоцр		N.HII G	. 141	industration		поэрис		ZHIIIHH KIONS	COII	Sondated
Current assets															
Cash and eash equivalents	\$	17,196	\$ 34,892	\$	52,088	\$	19,162	\$	5,560	\$	2,738	\$		\$	79,548
Accounts receivable, net		18,441	58,449		76,890		3,498		_		413		_		80,801
Inventories		2,409	6,967		9,376		_		_		25		_		9,401
Prepaid expenses and other		15,823	27.256		43,079		(30,658)		2.964		_		(5.689)		9,696
Total current assets		53,869	127.564		181,433		(7.998)		8,524		3,176		(5,689)		179,446
Assets whose use is limited		120.928	313.250		434,178		_		_		-		_		434.178
Property and equipment, net		67,715	134,787		202,502		3.129		28.664		285		_		234,580
Deferred charges and other assets		4,900	1.269		6.169		_		3,473		_		10,107		19.749
Total assets	\$	247,412	\$ 576,870		824,282	\$	(4,869)	\$	40,661	\$	3,461	\$	4,418	\$	867,953
Liabilities and net assets															
Current liabilities															
Accounts payable	\$	2.299	\$ 9,839		12,138	\$	373	\$	39	\$	3	\$	_	\$	12,553
Accrued expenses		14,005	22,371		36,376		2,688		4,592		386		(5.689)		38,353
Current portion of long-term debt		1.843	4.774		6.617				_		_		=		6.617
Third-party payor settlements		653	1,300		1.953				_		_		_		1.953
Total current liabilities		18,800	38,284		57,084		3,061		4,631		389		(5,689)		59,476
Long-term debt, less current portion		50,404	114.003		164,407		_		_		_		_		164,407
Accrued pension liability		21.495	43,553		65,048		-		5,426		-				70,474
Other liabilities		1.726	3.378		5,104		936		11		-		-		6.051
Total liabilities		92,425	199.218		291.643		3.997		10,068		389		(5.689)		300,408
Net assets		154,987	377.652		532,639		(8,866)		30,593		3.072		10,107		567,545
Total liabilities and net assets	\$	247,412	\$ 576,870	\$	824,282	\$	(4.869)	\$	40,661	\$	3,461	\$	4,418	\$	867.953

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Consolidating Statement of Activities

(In Thousands)

Year Ended June 30, 2013

	 VVMC	FMC [*]	Subtotal Obligated Group	NAHPG	NAHC Administration	NAHC Home Health and Hospice	Intercompany Eliminations	Consolidated
Revenue								
Net patient service	\$ 174.990 \$	419,382 \$	594,372 \$	24,445	\$ -	\$ 4.487	\$ -	\$ 623,304
Provision for doubtful accounts	 (34,854)	(68,369)	(103,223)	(2,138)	_	(77)	_	(105,438)
Net patient service revenue less								
provision for doubtful accounts	140,136	351,013	491.149	22,307	_	4.410	_	517.866
Other	 4.028	10.919	14.947	587	1.595			17.129
Total revenue	144.164	361.932	506,096	22.894	1.595	4.410	-	534.995
Expenses								
Salaries and wages	50,754	117,760	168,514	31,211	17,534	2,951	_	220,210
Employee benefits	14.019	33,149	47,168	6,196	3,226	748	_	57,338
Professional fees	2,527	13,690	16,217	2,895	1,057	41	_	20,210
Supplies, services and other	34,472	96,011	130,483	7,723	29,941	1,221	_	169,368
Depreciation and amortization	10,730	15,566	26,296	669	7,586	2	_	34,553
Interest	755	2,603	3,358	_	_	_	_	3,358
Corporate expense allocation from NAHC	17.572	39,724	57,296	355	(58,350)	699	_	_
Total expenses	130,829	318,503	449,332	49,049	994	5,662	-	505,037
Income (loss) from operations	13,335	43.429	56,764	(26,155)	601	(1.252)	_	29.958
Investment income	4,715	19,430	24,145	_	3	_	=	24,148
Impairment loss	(944)	_	(944)	_	(300)	-	_	(1.244)
Loss from equity investment	(11.043)	(15,102)	(26,145)	_	,	-	26,145	_
Other	423	534	957	10	(304)	3		666
Excess (deficiency) of revenue over expenses	6,486	48.291	54,777	(26,145)	_	(1.249)	26,145	53,528
Decrease in unfunded pension obligation	5.099	13,767	18,866	, ,	_	1.229	_	20,095
Increase (decrease) in net assets	11.585	62,058	73,643	(26,145)	_	(20)	26,145	73.623
Net assets at beginning of year	132,307	332,203	464,510	_	26,146	3.266	_	493,922
Net asset transfers from (to) affiliates	11.095	(16,609)	(5,514)	17,279	4,447	(174)	(16,038)	-
Net assets at end of year	\$ 154.987 \$	377.652 \$	532,639 \$	(8,866)	\$ 30,593	\$ 3,072	\$ 10,107	\$ 567,545

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