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Part III

Statement of Program Service Accomplishments

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

1

Briefly describe the organization’s mission

HOSPITAL SERVICES

2

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

If “Yes,” describe these new services on Schedule O

3

Did the organization cease conducting, or make significant changes in how it conducts, any program services?

If “Yes,” describe these changes on Schedule O

4

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

4a

(Code) (Expenses \$ 25,709,505 including grants of \$) (Revenue \$ 32,604,037)

CENTRAL VALLEY MEDICAL CENTER OPERATES A HOSPITAL AND TWO MEDICAL CLINICS PROVIDING MEDICAL CARE TO RURAL COMMUNITIES

4b

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

4c

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

4d

Other program services (Describe in Schedule O)

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

4e

Total program service expenses 25,709,505

Part IV

Checklist of Required Schedules

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

Part IV

Checklist of Required Schedules (continued)

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

Part V

Statements Regarding Other IRS Filings and Tax Compliance

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

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.		
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.		
1c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	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.		
2b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	Yes	
3b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		No
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		No
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
5c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		No
6b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
7a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		No
7b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
7c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		No
7d	If "Yes," indicate the number of Forms 8282 filed during the year.		
7e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		No
7f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		No
7g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		No
7h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		No
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?		No
9	Sponsoring organizations maintaining donor advised funds.		
9a	Did the organization make any taxable distributions under section 4966?		No
9b	Did the organization make a distribution to a donor, donor advisor, or related person?		No
10	Section 501(c)(7) organizations. Enter		
10a	Initiation fees and capital contributions included on Part VIII, line 12.		
10b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		
11	Section 501(c)(12) organizations. Enter		
11a	Gross income from members or shareholders.		
11b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		No
12b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
13a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.		No
13b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.		
13c	Enter the amount of reserves on hand.		
14a	Did the organization receive any payments for indoor tanning services during the tax year?		No
14b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

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

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. ☐ Own website ☐ Another's website ☒ Upon request ☐ Other (explain in Schedule O)
19	Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization Central Valley Medical Center 48 W 1500 N Nephi, UT (435) 623-3000

Part VII

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

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

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

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) Betty Mikkelsen Board Member	1 00 0 00	X						0	0	0
(2) Gayle Ludlow Board Member	1 00 0 00	X						0	0	0
(3) Mark Chase Board Member	1 00 0 00	X						0	0	0
(4) William D Howard Board Member	1 00 0 00	X						0	0	0
(5) Alan Kennison Board Member	1 00 0 00	X						0	0	0
(6) Duane Crutchfield Chairman	1 00 0 00	X						0	0	0
(7) Brent Davis CFO	50 00 0 00			X				121,097	0	26,414
(8) Mark Stoddard President & CEO	50 00 0 00			X				265,949	0	41,226
(9) Jerald Taylor MEDICAL DOCTOR	50 00 50 00					X		0	379,125	41,226
(10) Grant Rasmussen MEDICAL DOCTOR	50 00 50 00					X		0	397,871	41,226
(11) James Rosenbeck MEDICAL DOCTOR	50 00 50 00					X		0	348,376	41,226
(12) Joel Holman MEDICAL DOCTOR	50 00 50 00					X		0	359,369	41,226
(13) Mark Jones MEDICAL DOCTOR	50 00 50 00					X		0	293,745	41,226

Part VII

1b	Sub-Total			
c	Total from continuation sheets to Part VII, Section A			
d	Total (add lines 1b and 1c)	387,046	1,778,486	273,770

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

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
SW Rehab Inc 887 N 800 E Nephi UT 84648	Physical Therapy Ser	893,934
Rural Health Management Corporation 48 W 1500 N Nephi UT 84648	Physician Services	2,974,376
Rural Health Group Inc 48 W 1500 N Nephi UT 84648	Management Services	1,422,160
BP CONSULTING INC PO BOX 140095 BOISE ID 83714	MOBILE MRI	197,668

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 ►4

Part VIII

Statement of Revenue

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

				(A)	(B)	(C)	(D)	
				Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512, 513, or 514	
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . . .	1a					
	b	Membership dues	1b					
	c	Fundraising events	1c					
	d	Related organizations	1d					
	e	Government grants (contributions)	1e	10,000				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	6,543				
	g	Noncash contributions included in lines 1a-1f \$						
	h	Total. Add lines 1a-1f			16,543			
Program Service Revenue	2a	RETAIL PHARMACY	Business Code					
			446110	2,647,498		2,647,498		
	b	Medical Services	621110	29,878,140	29,878,140			
	c	CAFETERIA/RECORDS/OTHER	900099	78,399	78,399			
	d							
	e							
	f	All other program service revenue						
	g	Total. Add lines 2a-2f			32,604,037			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		333,223			333,223	
	4	Income from investment of tax-exempt bond proceeds . . .		0				
	5	Royalties		0				
	6a	(i) Real		(ii) Personal				
		37,241						
		20,439						
		16,802						
	b	Less rental expenses						
	c	Rental income or (loss)						
	d	Net rental income or (loss)		16,802			16,802	
	7a	(i) Securities		(ii) Other				
	b	Less cost or other basis and sales expenses						
	c	Gain or (loss)						
	d	Net gain or (loss)		0				
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18			0			
	a							
	b	Less direct expenses						
c	Net income or (loss) from fundraising events . . .							
9a	Gross income from gaming activities See Part IV, line 19			0				
a								
b	Less direct expenses							
c	Net income or (loss) from gaming activities . . .							
10a	Gross sales of inventory, less returns and allowances			0				
a								
b	Less cost of goods sold							
c	Net income or (loss) from sales of inventory . . .							
	Miscellaneous Revenue		Business Code					
11a								
b								
c								
d	All other revenue							
e	Total. Add lines 11a-11d			0				
12	Total revenue. See Instructions			32,970,605	29,956,539	2,647,498	350,025	

Part IX

Statement of Functional Expenses

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

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

☒

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States. See Part IV, line 21.	0			
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.	5,000	5,000		
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.	0			
4	Benefits paid to or for members.	0			
5	Compensation of current officers, directors, trustees, and key employees.	420,165	259,893	160,272	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).	0			
7	Other salaries and wages.	7,776,480	6,858,493	862,676	55,311
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	397,217	355,043	38,500	3,674
9	Other employee benefits.	1,636,829	1,496,000	125,274	15,555
10	Payroll taxes.	574,942	522,384	49,049	3,509
11	Fees for services (non-employees):				
a	Management.	1,369,103		1,369,103	
b	Legal.	34,879		34,879	
c	Accounting.	33,014		33,014	
d	Lobbying.	0			
e	Professional fundraising services. See Part IV, line 17.	0			
f	Investment management fees.	0			
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	4,940,538	4,780,367	160,171	
12	Advertising and promotion.	75,893	27,141	48,752	
13	Office expenses.	364,785	231,983	128,226	4,576
14	Information technology.	0			
15	Royalties.	0			
16	Occupancy.	418,709	334,967	83,742	
17	Travel.	123,522	82,918	40,414	190
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.	0			
19	Conferences, conventions, and meetings.	0			
20	Interest.	774,594	774,594		
21	Payments to affiliates.	0			
22	Depreciation, depletion, and amortization.	1,721,975	1,526,209	195,766	
23	Insurance.	341,889	180,562	161,327	
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	INFORMATION TECHNOLOGY	211,066	66,947	144,119	
b	MAINTENANCE	405,591	398,417	7,074	100
c	PROVISION FOR DOUBTFUL ACCOUNT	2,224,122	2,224,122		
d	MEDICAL SUPPLIES	5,514,832	5,514,832		
e	All other expenses	223,554	69,633	153,921	
25	Total functional expenses. Add lines 1 through 24e.	29,588,699	25,709,505	3,796,279	82,915
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ☐ if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		532,133	1	1,272,265
	2	Savings and temporary cash investments		3,699,842	2	6,146,386
	3	Pledges and grants receivable, net			3	0
	4	Accounts receivable, net		6,147,602	4	5,805,564
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	0
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	0
	7	Notes and loans receivable, net		3,254,939	7	2,848,124
	8	Inventories for sale or use		1,517,395	8	1,580,193
	9	Prepaid expenses and deferred charges		239,809	9	296,715
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a32,279,513			
	b	Less accumulated depreciation	10b12,692,686	19,778,776	10c	19,586,827
	11	Investments—publicly traded securities		971,250	11	978,438
	12	Investments—other securities See Part IV, line 11			12	0
	13	Investments—program-related See Part IV, line 11			13	0
	14	Intangible assets			14	0
	15	Other assets See Part IV, line 11		5,348,314	15	5,348,314
	16	Total assets. Add lines 1 through 15 (must equal line 34)		41,490,060	16	43,862,826
Liabilities	17	Accounts payable and accrued expenses		1,788,261	17	1,590,018
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties		14,017,286	23	12,715,368
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D			25	
	26	Total liabilities. Add lines 17 through 25		15,805,547	26	14,305,386
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here ☒ and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		25,684,513	27	29,557,440
	28	Temporarily restricted net assets			28	
	29	Permanently restricted net assets			29	
	Organizations that do not follow SFAS 117 (ASC 958), check here ☐ and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		25,684,513	33	29,557,440
	34	Total liabilities and net assets/fund balances		41,490,060	34	43,862,826

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	32,970,605
2	Total expenses (must equal Part IX, column (A), line 25)	2	29,588,699
3	Revenue less expenses Subtract line 2 from line 1	3	3,381,906
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	25,684,513
5	Net unrealized gains (losses) on investments	5	491,021
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	29,557,440

Part XII Financial Statements and Reporting

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

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

SCHEDULE A
(Form 990 or 990EZ)

Public Charity Status and Public Support

OMB No 1545-0047

2012

Open to Public Inspection

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.

Department of the Treasury
Internal Revenue Service

Name of the organization
CENTRAL VALLEY MEDICAL CENTER

Employer identification number
87-0419324

Part I

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

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

- 1

☐

A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
- 2

☐

A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)
- 3

☒

A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4

☐

A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state _____
- 5

☐

An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)
- 6

☐

A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7

☐

An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II)
- 8

☐

A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 9

☐

An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)
- 10

☐

An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**
- 11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Non-functionally integrated
- e

☐

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

☐

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

☐

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

(i)

A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?

(ii)

A family member of a person described in (i) above?

(iii)

A 35% controlled entity of a person described in (i) or (ii) above?
- h

☐

Provide the following information about the supported organization(s)

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

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

Part II

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

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

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

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

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

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

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

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

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

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

Facts And Circumstances Test

Explanation

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
CENTRAL VALLEY MEDICAL CENTER

Employer identification number
87-0419324

Part I

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

	(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year	
2	Aggregate contributions to (during year)	
3	Aggregate grants from (during year)	
4	Aggregate value at end of year	
5	Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes☐ No	
6	Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? ☐ Yes☐ No	

Part II

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

1

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

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

2

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

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

3

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

4

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

5

Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

☐ Yes☐ No

6

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

7

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

8

Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)?

☐ Yes☐ No

9

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

Part III

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

1a

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

b

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

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

▶ \$ _____

(ii) Assets included in Form 990, Part X

▶ \$ _____

2

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

a

Revenues included in Form 990, Part VIII, line 1

▶ \$ _____

b

Assets included in Form 990, Part X

▶ \$ _____

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

Cat No 52283D

Schedule D (Form 990) 2012

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

3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

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

5

During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

☐ Yes

☐ No

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

1a

Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?

☐ Yes

☐ No

b

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

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	Amount
1c	
1d	
1e	
1f	

2a

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

☐ Yes

☐ No

b

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

☐

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

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

2

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

a

Board designated or quasi-endowment

b

Permanent endowment

c

Temporarily restricted endowment

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

3a

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

(i)

unrelated organizations

(ii)

related organizations

b

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

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

4

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

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

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		1,483,594		1,483,594
b Buildings		20,045,872	5,997,533	14,048,339
c Leasehold improvements				
d Equipment		9,429,936	6,025,194	3,404,742
e Other		1,320,111	669,959	650,152
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				19,586,827

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

1	Total revenue, gains, and other support per audited financial statements	1	33,482,065
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	491,021
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIII)	2d	20,439
e	Add lines 2a through 2d	2e	511,460
3	Subtract line 2e from line 1	3	32,970,605
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII)	4b	
c	Add lines 4a and 4b	4c	
5	Total revenue Add lines 3 and 4c . (This must equal Form 990, Part I, line 12)	5	32,970,605

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

1	Total expenses and losses per audited financial statements	1	29,609,138
2	Amounts included on line 1 but not on Form 990, Part IX, line 25		
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIII)	2d	20,439
e	Add lines 2a through 2d	2e	20,439
3	Subtract line 2e from line 1	3	29,588,699
4	Amounts included on Form 990, Part IX, line 25, but not on line 1 :		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII)	4b	
c	Add lines 4a and 4b	4c	
5	Total expenses Add lines 3 and 4c . (This must equal Form 990, Part I, line 18)	5	29,588,699

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
Part XII, Line 2d	Part XII, Line 2d Other expenses and losses per audited F/S	NETTED RENTAL EXPENSES \$ 20439
Part XI, Line 2d	Part XI, Line 2d Other revenue amounts included in F/S but not included on form 990	NETTED RENTAL EXPENSES \$ 20439

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
CENTRAL VALLEY MEDICAL CENTER

Employer identification number
87-0419324

Part I

Financial Assistance and Certain Other Community Benefits at Cost

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

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			509,336		509,336	1 720 %
b Medicaid (from Worksheet 3, column a)			2,750,228	2,429,469	320,759	1 080 %
c Costs of other means-tested government programs (from Worksheet 3, column b) .						
d Total Financial Assistance and Means-Tested Government Programs .			3,259,564	2,429,469	830,095	2 800 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4) . . .	10		612,637	205,526	407,111	1 380 %
f Health professions education (from Worksheet 5) . . .						
g Subsidized health services (from Worksheet 6) . . .						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			40,828		40,828	0 140 %
j Total. Other Benefits . . .	10		653,465	205,526	447,939	1 520 %
k Total. Add lines 7d and 7j .	10		3,913,029	2,634,995	1,278,034	4 320 %

Part IICommunity Building Activities

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1Physical improvements and housing						
2Economic development						
3Community support						
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building	1		3,000		3,000	0.010 %
7Community health improvement advocacy						
8Workforce development						
9Other						
10Total	1		3,000		3,000	0.010 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?

1Yes

No

2Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount.

21,356,714

3Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit.

3500,000

4Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.

Section B. Medicare

5Enter total revenue received from Medicare (including DSH and IME).

5

6Enter Medicare allowable costs of care relating to payments on line 5.

6

7Subtract line 6 from line 5. This is the surplus (or shortfall).

7

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

☐ Cost accounting system

☒ Cost to charge ratio

☐ Other

Section C. Collection Practices

9aDid the organization have a written debt collection policy during the tax year?

9aYes

No

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

9bYes

No

Part IVManagement Companies and Joint Ventures

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

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

Part V

Facility Information

Section A. Hospital Facilities

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

Name, address, and primary website address

		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	CENTRAL VALLEY MEDICAL CENTER 48 W 1500 N NEPHI, UT 84648	X				X		X			

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

CENTRAL VALLEY MEDICAL CENTER

Name of hospital facility or facility reporting group

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

1

		Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)			
1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	1	Yes	
a ☒ A definition of the community served by the hospital facility			
b ☒ Demographics of the community			
c ☒ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d ☒ How data was obtained			
e ☒ The health needs of the community			
f ☒ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g ☒ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h ☒ The process for consulting with persons representing the community's interests			
i ☒ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j ☐ Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a CHNA 20 <u>13</u>			
3 In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	Yes	
4 Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4		No
5 Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5	Yes	
a ☒ Hospital facility's website			
b ☒ Available upon request from the hospital facility			
c ☐ Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)			
a ☒ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b ☒ Execution of the implementation strategy			
c ☒ Participation in the development of a community-wide plan			
d ☒ Participation in the execution of a community-wide plan			
e ☒ Inclusion of a community benefit section in operational plans			
f ☒ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g ☒ Prioritization of health needs in its community			
h ☒ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i ☐ Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7		No
8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a		No
b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b		No
c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$_____			

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		9	Yes
10 Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>100 0000</u> % If "No," explain in Part VI the criteria the hospital facility used		10	Yes
11 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>250 0000</u> % If "No," explain in Part VI the criteria the hospital facility used		11	Yes
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)		12	Yes
a ☒ Income level			
b ☐ Asset level			
c ☐ Medical indigency			
d ☒ Insurance status			
e ☒ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☒ State regulation			
h ☒ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?		13	Yes
14 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	Yes
a ☐ The policy was posted on the hospital facility's website			
b ☐ The policy was attached to billing invoices			
c ☒ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☒ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☒ The policy was available upon request			
g ☒ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?		15	Yes
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a ☒ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☒ Other similar actions (describe in Part VI)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged		17	No
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			

Part V

Facility Information (continued)

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

☒

Notified individuals of the financial assistance policy on admission
- b

☐

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

☐

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

☒

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

☐

Other (describe in Part VI)

Policy Relating to Emergency Medical Care

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

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

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

Part V

Facility Information (continued)

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

How many non-hospital health care facilities did the organization operate during the tax year?
4

Name and address	Type of Facility (describe)
1 FOUNTAIN GREEN CLINIC 275 W 300 S FOUNTAIN GREEN, UT 84632	PHYSICIAN CLINIC
2 CENTRAL VALLEY COMMUNITY PHARMACY 152 W 1500 N NEPHI, UT 84648	RETAIL PHARMACY SERVICES
3 CENTRAL VALLEY HOME HEALTH HOSPICE & HME 152 W 1500 N NEPHI, UT 84648	HOME HEALTH, HOSPICE AND HME SERVICES
4 NEPHI MEDICAL CLINIC 48 W 1500 N NEPHI, UT 84648	PHYSICIAN CLINIC
5	
6	
7	
8	
9	
10	

Part VI

Supplemental Information

Complete this part to provide the following information

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

Identifier	ReturnReference	Explanation
	Part V - Explanation of Number of Facility Type	1 CRITICAL ACCESS HOSPITAL
	Part VI - States Where Community Benefit Report Filed	UT

Identifier	ReturnReference	Explanation
	Part VI - Explanation Of How Organization Furthers Its Exempt Purpose	CVMC PARTICIPATES IN COMMUNITY HEALTH INITIATIVES THROUGH CASH DONATIONS AND EMPLOYEE INVOLVEMENT AND SUPPORT THE BOARD OF DIRECTORS IS SELECTED FROM THE DIFFERENT COMMUNITIES SERVED BY THE ORGANIZATION TO REPRESENT THE NEEDS OF THESE COMMUNITIES THE BOARD SERVES AS VOLUNTEERS TO REMOVE FINANCIAL INTEREST CONFLICTS
	Part VI - Community Building Activities	THE ORGANIZATION SUPPORTS AND PARTICIPATES IN COMMUNITY SERVICE AND HEALTH PROMOTION ACTIVITIES THROUGH EMPLOYEE INVOLVEMENT AND CASH DONATIONS COMMUNITY HEALTH IS OF PRIME IMPORTANCE TO OUR ORGANIZATION AND WE STRIVE TO PROMOTE THAT IN THE COMMUNITIES WE SERVE

Identifier	ReturnReference	Explanation
	Part VI - Community Information	THE ORGANIZATION SERVES PATIENTS FROM JUAB, SANPETE AND MILLARD COUNTIES IN CENTRAL UTAH
	Part VI - Patient Education of Eligibility for Assistance	SIGNS ARE PLACED AT THE REGISTRATION DESKS THROUGHOUT THE FACILITY INFORMING PATIENTS OF CHARITY ASSISTANCE THAT IS AVAILABLE OUR REGISTRATION PERSONNEL WORK WITH UNINSURED PATIENTS TO QUALIFY THEM FOR PUBLIC INSURANCE PROGRAMS AND AVAILABLE CHARITY ASSISTANCE

Identifier	ReturnReference	Explanation
	Part VI - Needs Assessment	COMMUNITY NEEDS ARE ASSESSED THROUGH COMMUNITY AND PHYSICIAN INPUT
Number of Hospital Faciltiy - 1	Part V, Line 16e - Other Collection Actions Against a Patient	WAGE GARNISHMENTS

Identifier	ReturnReference	Explanation
Number of Hospital Facility - 1	Part V, Line 14g - Other Means Hospital Facility Publicized the Policy	SIGNS INDICATING WE HAVE AN ASSISTANCE PROGRAM
Number of Hospital Facility - 1	Part V, Line 12h - Other Factors Used in Determining Amounts Charged Patients	SIGNS INDICATING WE HAVE AN ASSISTANCE PROGRAM

Identifier	ReturnReference	Explanation
Number of Hospital Facility - 1	Part V, Line 7 - Explanation of Needs Not Addressed and Reasons Why	PROVIDE HEALTH INSURANCE NOT ADDRESSED - NOT WITHIN CONTROL OF HOSPITAL OFFER MASSAGE THERAPY NOT ADDRESSED - NOT A SIGNIFICANT HEALTH NEED RECREATION CENTER/BIKING & JOGGING PATHS/SWIMMING POOL NOT ADDRESSED - LIMITED RESOURCES AND COMMUNITY RESPONSIBILITY VETERAN'S SERVICES NOT ADDRESSED - NOT WITHIN CONTROL OF HOSPITAL LARGER SPACE FOR PHYSICAL THERAPY NOT ADDRESSED - LIMITED RESOURCES AND SPACE IS SUFFICIENT IN HOSPITAL'S OPINION EDUCATION ON WHEN TO USE THE EMERGENCY ROOM NOT ADDRESSED - NOT A SIGNIFICANT HEALTH NEED
Number of Hospital Facility - 1	Part V, Line 3 - Account Input from Person Who Represent the Community	A COMMUNITY ADVISORY COMMITTEE WAS FORMED CONSISTING OF REPRESENTATIVES OF THE FOLLOWING ORGANIZATIONS JUAB PUBLIC HEALTH DEPARTMENT, JUAB COUNTY, NEPHI CITY, JUAB DOMESTIC VIOLENCE COALITION, CENTRAL UTAH PUBLIC HEALTH DEPARTMENT, NEPHI CITY POLICE, JUAB SCHOOL DISTRICT (INCLUDING SCHOOL NURSES), CENTRAL UTAH MENTAL HEALTH, MOUNTAINLAND HEAD START A HEALTH NEEDS SURVEY WAS FORMED FOR COMMUNITY INPUT UNDER THE DIRECTION OF THIS COMMITTEE

Identifier	ReturnReference	Explanation
	Part III, Line 9b - Provisions On Collection Practices For Qualified Patients	ALL PATIENTS ARE GIVEN AN OPPORTUNITY TO APPLY FOR CHARITABLE ASSISTANCE IF THEY DESIRE APPROPRIATE REDUCTIONS ARE TAKEN IN THEIR PATIENT ACCOUNT BALANCE BASED ON INCOME AND ABILITY TO PAY

Schedule J
(Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
CENTRAL VALLEY MEDICAL CENTER

Employer identification number
87-0419324

Part I	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 ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax idemnification and gross-up payments ☐ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)			
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	1b		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	2		
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III. ☒ Compensation committee ☐ Written employment contract ☐ Independent compensation consultant ☒ Compensation survey or study ☒ Form 990 of other organizations ☒ Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization:			
a	Receive a severance payment or change-of-control payment?	4a		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b		No
c	Participate in, or receive payment from, an equity-based compensation arrangement? If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III	4c		No
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:			
a	The organization?	5a	Yes	
b	Any related organization? If "Yes," to line 5a or 5b, describe in Part III	5b		No
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:			
a	The organization?	6a		No
b	Any related organization? If "Yes," to line 6a or 6b, describe in Part III	6b		No
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 accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III	8		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	9		No

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

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1)Mark Stoddard President & CEO	(i) (ii)	230,707	34,936		24,500	16,726	306,869	
(2)Mark Jones MEDICAL DOCTOR	(i) (ii)	293,745			24,500	16,726	334,971	
(3)Joel Holman MEDICAL DOCTOR	(i) (ii)	359,369			24,500	16,726	400,595	
(4)Jerald Taylor MEDICAL DOCTOR	(i) (ii)	379,125			24,500	16,726	420,351	
(5)James Rosenbeck MEDICAL DOCTOR	(i) (ii)	348,376			24,500	16,726	389,602	
(6)Grant Rasmussen MEDICAL DOCTOR	(i) (ii)	397,871			24,500	16,726	439,097	
(7)Brent Davis CFO	(i) (ii)	122,557			9,688	16,726	148,971	

Part III **Supplemental Information**

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

Identifier	Return Reference	Explanation
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Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

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

OMB No 1545-0047
2012
Open to Public Inspection

Name of the organization CENTRAL VALLEY MEDICAL CENTER	Employer identification number 87-0419324
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Part I Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) RURAL HEALTH MANAGEMENT CORP	COMMON PRESIDENT	2,974,376	PHYSICIAN SERVICES		No
(2) RURAL HEALTH GROUP INC	COMMON PRESIDENT	1,422,160	MANAGEMENT FEES		No

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

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

OMB No 1545-0047

2012**Open to Public
Inspection**Name of the organization
CENTRAL VALLEY MEDICAL CENTER**Employer identification number**

87-0419324

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 19	Form 990, Part VI, Line 19 Other Organization Documents Publicly Available	AVAILABLE UPON REQUEST
Form 990, Part VI, Line 15b	Form 990, Part VI, Line 15b Compensation Review and Approval Process for Officers and Key Employees	THE ORGANIZATION UTILIZED A COMPENSATION COMMITTEE, COMPARABLE FORM 990S OF OTHER ORGANIZATIONS, COMPENSATION SURVEYS AND STUDIES, AND APPROVAL OF A COMPENSATION COMMITTEE TO ESTABLISH THE REASONABLENESS OF INSIDER COMPENSATION
Form 990, Part VI, Line 12c	Form 990, Part VI, Line 12c Explanation of Monitoring and Enforcement of Conflicts	VERBAL DISCLOSURE IS MADE ANNUALLY BY BOARD MEMBERS AND OFFICERS
Form 990, Part VI, Line 11b	Form 990, Part VI, Line 11b Form 990 Review Process	FORM 990 IS REVIEWED BY THE FINANCE COMMITTEE BEFORE IT IS FILED
Form 990, Part VI, Line 3	Form 990, Part VI, Line 3 Description of Delegated Duties to Management Company	MANAGEMENT CONTRACT FOR CEO, CFO AND IT SERVICES WITH RURAL HEALTH GROUP, INC



HANSEN, BARNETT & MAXWELL, P.C.
Certified Public Accountants

CENTRAL VALLEY MEDICAL CENTER

**INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS**

June 30, and

CENTRAL VALLEY MEDICAL CENTER

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INDEPENDENT AUDITORS' REPORT

To the Honorable Board of Directors
Central Valley Medical Center
Nephi, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of Central Valley Medical Center ("the Hospital"), a nonprofit corporation, which comprise the balance sheets as of June 30, and , and the related statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements

Management's Responsibility for the Financial Statements

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

Auditors' 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 of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from 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 financial position of Central Valley Medical Center as of June 30, and , and the results of its operations, changes in net assets, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

HANSEN, BARNETT & MAXWELL, P.C.

Salt Lake City, Utah
August 27, 2013

**CENTRAL VALLEY MEDICAL CENTER
BALANCE SHEETS
AS OF JUNE 30, AND**

	<u>2013</u>	<u>2012</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 7,405,353	\$ 4,217,981
Accounts receivable (net of allowance for doubtful accounts and contractual adjustments of \$3,616,665 and \$3,259,111 respectively)	5,805,564	6,147,602
Accrued interest and other receivables	156,953	401,097
Current portion of notes receivable from related parties	144,757	162,671
Inventory	1,580,193	1,517,395
Prepaid expenses and other current assets	296,715	239,809
Total Current Assets	<u>15,389,535</u>	<u>12,686,555</u>
Assets Limited as to Use		
Cash and cash equivalents	<u>13,297</u>	<u>13,994</u>
Other Assets		
Notes receivable from related parties, net of current portion	2,546,414	2,691,171
Held to maturity investments	978,438	971,250
Investment in LLC	5,348,314	5,348,314
Total Other Assets	<u>8,873,166</u>	<u>9,010,735</u>
Net Property and Equipment	<u>19,586,827</u>	<u>19,778,776</u>
Total Assets	<u><u>\$ 43,862,825</u></u>	<u><u>\$ 41,490,060</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 834,651	\$ 1,084,147
Accrued payroll and related liabilities	694,659	640,085
Accrued interest	60,704	64,029
Current portion of notes payable	830,191	800,850
Current portion of capital leases	10,000	10,000
Total Current Liabilities	<u>2,430,205</u>	<u>2,599,111</u>
Long-Term Liabilities		
Interest rate swaps	1,069,780	1,560,800
Notes payable, net of current portion	10,685,730	11,515,969
Capital leases payable, net of current portion	119,667	129,667
Total Long-Term Liabilities	<u>11,875,177</u>	<u>13,206,436</u>
Total Liabilities	<u>14,305,382</u>	<u>15,805,547</u>
Net Assets		
Unrestricted	<u>29,557,443</u>	<u>25,684,513</u>
Total Net Assets	<u>29,557,443</u>	<u>25,684,513</u>
Total Liabilities and Net Assets	<u><u>\$ 43,862,825</u></u>	<u><u>\$ 41,490,060</u></u>

The accompanying notes are an integral part of these financial statements

CENTRAL VALLEY MEDICAL CENTER
STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, AND

	2013	2012
Unrestricted Revenues, Gains, and Other Support		
Net patient service revenue	\$ 32,525,638	\$ 29,999,762
Provision for bad debts	(2,224,122)	(2,071,040)
Net patient service revenue less provision for bad debts	30,301,516	27,928,722
Other operating revenue	115,640	88,395
Net assets released from restrictions	16,543	70,953
Total Unrestricted Revenues, Gains, and Other Support	30,433,699	28,088,070
Expenses		
Operating expenses	24,874,678	23,222,671
Depreciation and amortization	1,735,741	1,673,854
Total Expenses	26,610,419	24,896,525
Income from Operations	3,823,280	3,191,545
Other Income (Expense)		
Interest income	204,572	184,025
Interest expense	(774,594)	(818,299)
Gain on disposal of assets	-	5,250
Dividend income	128,651	76,443
Unrealized gain (loss) on interest rate swap	491,021	(189,847)
Realized loss on investments	-	(54)
Total Other Income (Expense)	49,650	(742,482)
Change in Unrestricted Net Assets	3,872,930	2,449,063
Temporarily Restricted Revenues, Gains, and Other Support		
Grants	10,000	64,235
Donations	6,543	6,718
Net assets released from restrictions	(16,543)	(70,953)
Change in Temporarily Restricted Net Assets	-	-
Change in Net Assets	3,872,930	2,449,063
Net Assets, Beginning of Year	25,684,513	23,235,450
Net Assets, End of Year	\$ 29,557,443	\$ 25,684,513

The accompanying notes are an integral part of these financial statements

**CENTRAL VALLEY MEDICAL CENTER
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, AND**

	<u>2013</u>	<u>2012</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 3,872,930	\$ 2,449,063
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	1,735,741	1,673,854
Provision for bad debts	2,224,122	2,071,040
Gain on disposal of equipment	-	(5,250)
Unrealized loss (gain) on interest rate swap	(491,021)	189,847
Realized gain on investments	-	54
Amortization of physician note receivable	32,333	32,333
Change in current assets and liabilities		
Patient accounts receivable	(1,882,084)	(3,429,906)
Other receivables	244,144	(102,942)
Inventory, prepaid expenses and other current assets	(119,704)	(162,274)
Accounts payable	(249,496)	(6,169)
Accrued payroll and other current liabilities	51,250	(249,281)
Net Cash From Operating Activities	<u>5,418,215</u>	<u>2,460,369</u>
Cash Flows From Investing Activities		
Purchase of investments	(7,188)	(1,456,384)
Proceeds from sale of investments	-	485,080
Investment in LLC	-	(1,998,314)
Receipts on note receivable - related parties	130,338	117,730
Issuance of note receivable - related parties	-	(490,796)
Purchase of property and equipment	(1,543,792)	(2,015,644)
Proceeds from disposal of equipment	-	5,250
Net Cash From Investing Activities	<u>(1,420,642)</u>	<u>(5,353,078)</u>
Cash Flows From Financing Activities		
Proceeds from issuance of notes payable	-	159,603
Principal payments on long-term debt	(810,898)	(750,403)
Net Cash From Financing Activities	<u>(810,898)</u>	<u>(590,800)</u>
Net Change in Cash and Cash Equivalents	3,186,675	(3,483,509)
Cash and Cash Equivalents, Beginning of Year	<u>4,231,975</u>	<u>7,715,484</u>
Cash and Cash Equivalents, End of Year	<u>\$ 7,418,650</u>	<u>\$ 4,231,975</u>
Cash and cash equivalents in current assets	\$ 7,405,353	\$ 4,217,981
Cash and cash equivalents in assets limited as to use	<u>13,297</u>	<u>13,994</u>
Total Cash and Cash Equivalents	<u>\$ 7,418,650</u>	<u>\$ 4,231,975</u>

The accompanying notes are an integral part of these financial statements

**CENTRAL VALLEY MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, AND**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization — Central Valley Medical Center (the “Hospital”) was incorporated on February 15, 1984. The Hospital, located in Nephi, Utah, is a not-for-profit hospital organized as a 501(c)(3) under the Internal Revenue Code. The Hospital also operates doctors’ clinics. The Hospital is governed by a Board of Directors. The Board and Executive officers exercise all oversight responsibility including, but not limited to, matters of personnel, management, finances, and budget.

The Hospital has received approval from Medicare to be designated as a critical access hospital. Critical access hospitals are on a cost reimbursement method for substantially all services provided to Medicare beneficiaries. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare Administrative Contractor.

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

Cash and Cash Equivalents — Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less.

Investments — Investments in equity securities with readily determinable fair values and all investments in debt securities are measured and presented at fair value on the balance sheet. Investment revenues are reported net of related expenses. Investment income or loss (including gains and losses on investments, interest and dividends) is included in the excess of revenues over expenses unless the income or loss is restricted by donor or law.

Accounts Receivable — The Hospital has accounts receivable from its patients, substantially all of whom are residents of the area served by the Hospital. The Hospital’s collection policy allows a ten percent discount if paid within thirty days of discharge for self-pay accounts or within thirty days after payment from the third party payer. An account is considered past due if payments are not received within sixty days from the date of discharge for self-pay accounts or within sixty days after the receipt of payment from the third party payer. Individual accounts receivable are referred to collection agencies when collection appears doubtful. Accounts are written off after all collection efforts (internal and external) have been exhausted. As a critical access acute care facility, a portion of the Hospital’s billed charges are for services provided to patients whose ability to pay cannot be determined at the time the Hospital’s services are provided.

An allowance for uncollectible accounts and third party payor adjustments is established by charges to operations from amounts required to maintain an adequate allowance, as determined by management, to cover anticipated losses and adjustments. Provision for bad debt is shown separately from contractual revenue adjustments, which are netted against patient service revenues. We estimate our allowance for doubtful accounts based on the aging of our accounts receivable, our historical collection experience for each type of payor, and other relevant factors so that the remaining receivables, net of allowances, are

reflected at their estimated net realizable values. If actual results are not consistent with our assumptions and judgments, we may be exposed to gains or losses that could be material. Changes in general economic conditions, business office operations, payor mix, or trends in federal or state governmental and private employer healthcare coverage could affect our collection of accounts receivable, financial position, results of operations, and cash flows.

Other Receivables — Other receivables consist of a Medicaid assessment receivable and various other rents, rebates, and interest.

Inventory — Inventory consisting of supplies is valued at the lower of cost or market. Cost is determined by the weighted average method.

Property and Equipment — Purchased property and equipment are carried at cost. The Hospital computes depreciation based on the estimated useful lives of property and equipment using the straight-line method for both financial statement and third-party reimbursement purposes. Estimated useful lives range from 3 to 15 years for equipment and from 5 to 30 years for buildings and improvements. Equipment under capital lease obligations is amortized on the straight-line method over the shorter of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation in the financial statements. It is the Hospital's policy to capitalize equipment purchases in excess of \$5,000.

Derivative Instruments and Hedging Activities — The Hospital has entered into interest rate swaps to reduce its exposure to market risks from changing interest rates and recognizes such on the balance sheet at its fair value. The Hospital formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives that are designated as cash-flow hedges to specific liabilities on the balance sheet.

The Hospital has elected to use the short-cut method to account for the effectiveness of its interest rate swap. The short-cut method allows for an assumption of no ineffectiveness, allowing all changes in fair value to be recorded as non-operating income or expense.

Fair Value of Financial Instruments — The Hospital has a number of financial instruments, none of which are held for trading purposes. The Hospital estimates that the fair value of all financial instruments at June 30, and does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying financial statements.

During the years ended June 30, and , the Hospital held an interest rate swap, equity securities, and corporate bonds, which are all required to be measured at fair value on a recurring basis. Generally accepted accounting principles in the U.S. define fair value, establish a framework for measuring fair value and dictate disclosures about fair value measurements. See Note 8 – Hedging Activities and Note 9 – Fair Value Measurements for relevant disclosures.

Charity Care — The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. Charity care for the years ended June 30, and amounted to \$343,705 and \$381,814, respectively.

Income Taxes — The Hospital is a nonprofit corporation and has been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code.

In evaluating tax positions, the Hospital follows the provisions of the Income Taxes topic of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification. The Codification requires that an entity recognize the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. The Hospital has applied this requirement to all tax positions for which the statute of limitations remained open and determined there were no material unrecognized tax benefits as of . In addition, there have been no material changes in unrecognized benefits during the year ended . nor is it expected that there will be a material change in the next 12 months.

The Hospital's exempt information returns are eligible for tax exam for three years. Hence, as of ., the Hospital's information returns for the years ended June 30, 2010 through June 30, 2012 are still eligible for tax exam by the federal agency.

Advertising – The Hospital follows the policy of charging the costs of advertising to expense as incurred. Advertising expense was \$75,892 and \$56,589 for the years ended June 30, . and ., respectively.

Donated Assets – The Hospital reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. At June 30, . and ., there were no temporarily restricted net assets.

The Hospital reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. The Hospital reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service if there are no explicit donor stipulations about how long those long-lived assets must be maintained.

Subsequent Events — Subsequent events have been evaluated through August 27, ., the date the financial statements were issued. See Note 16 for subsequent events.

Prior Year Comparative Information — Certain reclassifications have been made to the comparative information to conform to the method of presentation. These reclassifications had no effect on net assets or on the change in net assets. Specifically, in accordance with recently adopted accounting guidance, the provision for bad debts is now presented on the statements of operations and changes in net assets as a reduction to net patient service revenue. The previously issued 2012 financial statements presented the provision for bad debts as an operating expense.

NOTE 2 – CASH AND CASH EQUIVALENTS

The carrying amount of the Hospital's deposits with financial institutions at June 30, . and . was \$7,416,340 and \$4,229,665, respectively. Of the carrying amount of deposits at June 30, . and ., \$6,776,045 and \$3,885,259, respectively, was not covered by Federal Depository Insurance. Petty cash was \$2,310 at June 30, . and .

Cash equivalents classified as *Assets Limited as to Use* represent lease trust accounts.

NOTE 3 – NOTES RECEIVABLE FROM RELATED PARTIES

Between July 7, 2003 and February 24, 2005, the Hospital loaned \$2,213,000 at 5.5% interest, to Rural Health Management Corporation (RHMC). RHMC managed the day-to-day operations of the Hospital at that time and through December 31, 2006. RHMC made payments on these loans prior to the year ended June 30, 2006 totaling \$815,000. The remaining principal balance of \$1,398,000 plus the accrued interest of \$147,088 was renegotiated on July 1, 2006 into a note receivable bearing interest of 5.5%, maturing in 2021, with monthly principal and interest payments ranging from \$5,000 to \$15,000. In January 2007, RHMC transferred the note to Rural Health Group, Inc. Rural Health Group, Inc. manages the day-to-day operations of the Hospital as described in Note 13. At June 30, the current portion of the note was \$118,539, and the remaining balance of \$1,052,742 was considered to be noncurrent. At June 30, the current portion of the note was \$111,711, and the remaining balance of \$1,171,280 was considered to be noncurrent.

In 2011, the Hospital loaned Rural Health Group, Inc. \$560,000. The note is secured by real property and has a 4.5% interest rate. The note requires monthly payments of \$3,543 until maturity in 2031. As of June 30, the current portion of the note was \$19,482, and the remaining balance of \$501,191 was considered to be noncurrent. As of June 30, the current portion of the note was \$18,627, and the remaining balance of \$520,674 was considered to be noncurrent.

In June 2009 the Hospital entered into a loan with a physician employed by the Hospital for \$97,000. The Hospital has agreed to forgive the loan in equal amounts each month for 36 months as the physician maintains employment. In the event of default the remaining balance of loaned monies are immediately due and payable with interest at 6%. The physician began employment in September 2010. Accordingly, as of June 30, the remaining balance of \$6,736 was considered to be current. As of June 30, the current portion of the note was \$32,333, and the remaining balance of \$6,736 was considered to be noncurrent.

In January 2007, the Hospital entered into a promissory note agreement to loan Desert View Regional Medical Center Holdings, LLC (DVRMC), a total of \$201,686. The Hospital has ownership interest in DVRMC, as discussed in Note 5 below. The note bears no interest and was due in July 2007. The note maturity has been extended until DVRMC meets debt covenant requirements. During June 2009 the Hospital loaned an additional \$300,000 to DVRMC to allow DVRMC to maintain adherence to loan covenants. As no formal loan agreement was issued and management does not expect repayment in the next fiscal year, the Hospital classified the entire \$501,685 amount due from DVRMC as noncurrent.

In January 2012, the Hospital purchased a note receivable being held by a third party. This note receivable is payable by Desert View Regional Medical Center Holdings, LLC (DVRMC). The Hospital has ownership interest in DVRMC, as discussed in Note 5 below. The note bears no interest and was due in July 2007. As no formal loan agreement was issued and management does not expect repayment in the next fiscal year, the Hospital classified the \$201,686 due from DVRMC as noncurrent.

Notes receivable from related parties at June 30, and also include a refund of \$289,110 receivable from the Hospital's health insurance provider, which is a self-insurance fund managed by RHMC.

NOTE 4 – PROPERTY AND EQUIPMENT

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

	<u>2013</u>	<u>2012</u>
Land	\$ 1,483,594	\$ 1,483,594
Building and improvements	20,045,872	19,758,127
Furniture and fixtures	881,178	884,501
Transportation equipment	213,307	195,056
Equipment	9,216,629	8,939,041
Construction in progress	438,933	97,384
Total Cost	32,279,513	31,357,703
Less Accumulated depreciation	(12,692,686)	(11,578,927)
Net Property and Equipment	<u>\$ 19,586,827</u>	<u>\$ 19,778,776</u>

Depreciation and amortization expense for the years ended June 30, and was \$1,735,741 and \$1,673,854, respectively. The cost of assets accounted for as capital leases at June 30, and was \$272,572 for both years. Accumulated amortization of equipment under capital leases was \$137,372 and \$127,069 at June 30, and , respectively.

NOTE 5 – INVESTMENTS

Held to Maturity Investments – Held to maturity investments, stated at fair value at June 30, and , are comprised of the following

	<u>2013</u>	<u>2012</u>
Corporate bonds	\$ 978,438	\$ 971,250

Generally accepted accounting principles in the U.S. define fair value, establish a framework for measuring fair value and dictate disclosures about fair value measurements. See Note 9 – Fair Value Measurements for relevant disclosures.

Investment in LLC – During 2005, the Hospital invested \$2,000,000 in Desert View Regional Medical Center Holdings, LLC, in Pahrump, Nevada. The Hospital received a 15.75% preferred unit ownership interest and a 1.06% common unit ownership interest for its investment.

In 2011, the Hospital invested an additional \$1,350,000 in Desert View Regional Medical Center Holdings, LLC (DVRMC) for an additional 11.81% preferred unit ownership. In 2012, the Hospital invested an additional \$1,998,314 in DVRMC for an additional 15.75% preferred unit ownership. These purchases increased ownership percentages in DVRMC to 43.31% preferred unit ownership interest and a 1.06% common unit ownership.

The preferred units include voting rights, a 10% preferential return on investment, and a liquidation preference equal to the preferential return. Since the investment in DVRMC primarily consists of preferred units, the Hospital accounts for this investment using the cost method of accounting.

NOTE 6 – LONG-TERM DEBT

A summary of long-term debt and capital lease obligations at June 30, and follows

	<u>2013</u>	<u>2012</u>
Note payable to a bank, interest at 6.9%, monthly payments of \$82,770 through November 2025, secured by real property, subject to interest rate swap (Note 8), including swap fair market valuation of \$(881,969) and \$(1,260,026) as of June 30, 2013 and 2012, respectively	\$ 9,239,869	\$ 10,018,126
Note payable to a bank, interest at 6.3%, monthly payments of \$14,938 through December 2030, secured by real property, subject to interest rate swap (Note 8), including swap fair market valuation of \$(187,811) and \$(300,774) as of June 30, 2013 and 2012, respectively	2,094,511	2,262,074
Note payable to a bank, interest rate of 5-year LIBOR plus 2% (7.2% as of June 30, 2013), payable in monthly installments of \$5,180 through September 2026, secured by real property	512,526	542,738
Note payable to a bank, interest rate of 3.96%, payable in monthly installments of \$18,032, including interest, due June 2015, secured by equipment	414,820	610,272
Note payable to a bank, interest rate of 5.2%, payable in monthly installments of \$9,487, including interest, due April 2014, secured by equipment	91,448	197,415
Mortgage loan payable to United States Department of Agriculture, interest rate of 4.13%, payable in monthly installments of \$2,032, including interest, due August 2025, secured by real property	232,527	246,994
Capital lease obligations, at an imputed interest rate of 6.9% collateralized by leased equipment and real property	<u>129,667</u>	<u>139,667</u>
Total Long-Term Debt	12,715,368	14,017,286
Less: Amounts Due Within One Year	<u>(840,191)</u>	<u>(810,850)</u>
Total Long-Term Debt, Net of Current Portion	<u><u>\$ 11,875,177</u></u>	<u><u>\$ 13,206,436</u></u>
Reconciliation of Amounts Due Within One Year:		
Amounts due within one year - notes payable	\$ 830,191	\$ 800,850
Amounts due within one year - capital leases	<u>10,000</u>	<u>10,000</u>
Total Amounts Due Within One Year	<u><u>\$ 840,191</u></u>	<u><u>\$ 810,850</u></u>

The Hospital has a \$1,000,000 line of credit with a bank which will expire in November 2013. The balance on the line of credit at June 30, and was \$0 each year.

Scheduled principal repayments on long-term debt and payments on capital lease obligations as of June 30, are as follows:

Year Ending June 30,	Long-Term Debt	Capital Lease Obligations
2014	\$ 830,191	\$ 12,490
2015	784,353	12,310
2016	611,921	12,464
2017	655,091	12,940
2018	701,398	12,730
Thereafter	9,002,747	83,343
	<u>\$ 12,585,701</u>	<u>146,277</u>
Less amount representing interest under capital lease obligations		(16,610)
		<u>129,667</u>
Less current portion		(10,000)
		<u>\$ 119,667</u>

NOTE 7 – NET PATIENT SERVICE REVENUE

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted 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. Net patient service revenues are also reported net of the provision for bad debts. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Management continually reviews the contractual estimation process to consider and incorporate changes in third-party contractual terms that result from contract renegotiations and renewals. Due to complexities involved in determining amounts ultimately due under reimbursement arrangements with third-party payors, which are often subject to interpretation, we may receive reimbursement for healthcare services authorized and provided that is different from our estimates, and such differences could be material. A summary of the payment arrangements with major third-party payors follows:

Medicare — Inpatient acute care services rendered to Medicare program beneficiaries are reimbursed under a cost reimbursement methodology. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare Administrative Contractor (MAC). Medicare cost reports through June 30, 2011 have been settled with the MAC. Medicare cost reports have been filed through June 30, 2012.

Medicaid — Inpatient services rendered to Medicaid program beneficiaries are reimbursed under a percent of charges methodology while outpatient services are reimbursed at cost.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

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

For uninsured patients, revenue may be recognized on the basis of discounted rates, if discounts are negotiated or if charity care is provided. For uninsured patients that do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard rates for services provided. Based on historical experience, a significant portion of the Hospital's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Hospital records a significant provision for bad debts related to uninsured patients in the period the services are provided. The provision for bad debts is included as an adjustment to operating revenues.

A summary of patient service revenue and contractual adjustments for the years ended is as follows:

	2013	2012
Gross Patient Service Revenue	<u>\$ 44,250,404</u>	<u>\$ 40,877,821</u>
Contractual Adjustments		
Medicare	(6,853,319)	(6,969,458)
Medicaid	(1,590,608)	(1,190,391)
Other	<u>(3,280,839)</u>	<u>(2,718,210)</u>
Total Contractual Adjustments	<u>(11,724,766)</u>	<u>(10,878,059)</u>
Patient service revenue, net of contractual adjustments	32,525,638	29,999,762
Provision for bad debts	<u>(2,224,122)</u>	<u>(2,071,040)</u>
Net Patient Service Revenue	<u><u>\$ 30,301,516</u></u>	<u><u>\$ 27,928,722</u></u>

NOTE 8 – HEDGING ACTIVITIES

During the year ended June 30, 2006, the Hospital entered into an interest rate swap agreement to reduce the impact of changes in interest rates on \$5,000,000 of the anticipated total \$10,500,000 note payable. Effective November 2006, when the construction loan was converted into a note payable, \$10,000,000 of the total \$10,500,000 loan amount was subject to the interest rate swap. The interest rate swap agreement effectively changes the Hospital's interest rate exposure to a fixed 6.9%. The notional amount of the interest rate swap tracks the outstanding balance on the \$10,500,000 note payable and terminates in November 2015. The change in valuation on the interest rate swap is recognized in other non-operating income (expense) on the statement of operations and changes in net assets in the amount of \$378,058 and \$11,621 as of June 30, and , respectively. The balance of this swap was a liability of \$881,969 and \$1,260,026 as of June 30, and , respectively.

During the year ended June 30, 2011, the Hospital entered into an interest rate swap agreement to reduce the impact of changes in interest rates on a \$2,000,000 note payable. Effective December 2010, the \$2,000,000 loan amount was subject to the interest rate swap. The interest rate swap agreement effectively changes the Hospital's interest rate exposure to a fixed 6.3%. The notional amount of the interest rate swap tracks the outstanding balance on the \$2,000,000 note payable and terminates in December 2020. The change in valuation on the interest rate swap is recognized in other non-operating income (expense) on the statement of operations and changes in net assets in the amount of \$112,963 and \$(201,467) as of June 30, and , respectively. The balance of this swap was a liability of \$187,811 and \$300,774 as of June 30, and , respectively.

NOTE 9 — FAIR VALUE MEASUREMENTS

Accounting standards establish a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The Hospital's fair value balances are based on the observability of those inputs. The three levels of the fair value hierarchy are as follows:

- Level 1 — Quoted prices in active markets for identical assets or liabilities that the company has the ability to access. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. The Hospital's Level 1 items consist of investments in corporate bonds, presented as held to maturity investments.
- Level 2 — Inputs other than quoted prices in active markets included in Level 1, that are either directly or indirectly observable. These inputs are either directly observable in the marketplace or indirectly observable through corroboration with market data for substantially the full contractual term of the asset or liability being measured. The Hospital's Level 2 items consist of interest rate swaps.
- Level 3 — Includes inputs that are not observable for which there is little, if any, market activity for the asset or liability being measured. These inputs reflect management's best estimate of the assumptions market participants would use in determining fair value. Level 3 would include unobservable pricing inputs that are significant to the overall fair value. The Hospital does not have any fair value balances classified as Level 3.

In valuing certain contracts, the inputs used to measure fair value may fall into different levels of fair value hierarchy. For disclosure purposes, assets and liabilities are classified in their entirety in the fair value hierarchy level based on the lowest level of input that is significant to the overall fair value measurement. The Hospital's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy levels.

The table below summarizes the estimated fair value of the Hospital's financial assets and liabilities measured on a recurring basis as of June 30.

	Level 1	Level 2	Level 3
Financial assets			
Corporate bonds	\$ 978,438	\$ -	\$ -
Financial liabilities			
Interest rate swaps	-	(1,069,780)	-

The table below summarizes the estimated fair value of the Hospital's financial assets and liabilities measured on a recurring basis as of June 30.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial assets			
Corporate bonds	\$ 971,250	\$ -	\$ -
Financial liabilities			
Interest rate swaps	-	(1,560,800)	-

The Hospital measures the fair value of the interest rate swap by obtaining a quote from the counterparty that indicates the cost that would be incurred to terminate the interest rate swap contract. The counterparty's quote considers the difference between the stated interest rate of the swap and the current prevailing market interest rate, the possible effects of future market events on interest rates, and the time remaining until termination of the contract.

The Hospital measures the fair value of the corporate bonds by obtaining a statement from the counterparty that indicates the fair value of the instruments held.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Operating Leases – The Hospital rents miscellaneous machinery and equipment when necessary. The Hospital's total lease/rent expense for the year ended June 30, and was \$29,434 and \$50,797, respectively.

Debt Guarantee – On February 10, 2005, the Hospital guaranteed up to \$3,000,000 of debt used for the development and construction of the Desert View Regional Medical Center (DVRMC) in Pahrump, Nevada. Guarantees will be executed according to the operating agreement; claims shall be made first against RHMC and then the Hospital, not to exceed \$3,000,000. The guarantee is expected to be in effect until the debt has been repaid, which is scheduled for June 2026. It is expected that, in the event of a default on the debt, proceeds from liquidations of DVRMC's assets held as collateral on the debt would be more than sufficient to cover the guaranteed balance. In exchange for the guarantee, the Hospital received a 1.06% common unit ownership interest.

Litigation – The Hospital is at times involved in litigation arising in the ordinary course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Hospital's future financial position or results from operations. The Hospital maintains liability insurance to cover any such claims.

NOTE 11 – RETIREMENT PLAN

The Hospital maintains a defined contribution retirement plan in which all employees are eligible to participate after 90 days of service. Employees may contribute any amount desired up to the maximum allowed by law. The Hospital contributes four percent of full-time salaries and another two percent match if the employee contributes two percent. The funds are in individual flexible premium deferred annuities and mutual fund investments. During the years ended June 30, and , the Hospital contributed \$397,217 and \$383,995, respectively.

NOTE 12 – CONCENTRATIONS OF CREDIT RISK

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at June 30, and was as follows:

	2013	2012
Medicare	27 %	24 %
Medicaid	6	9
Other third-party payors	29	34
Patients	35	23
Accounts placed with payment management agencies	3	10
	<u>100 %</u>	<u>100 %</u>

NOTE 13 – RELATED PARTY TRANSACTIONS

In December 1999, the Hospital entered into a Hospital Management Agreement with RHMC, a not-for-profit corporation. The president of RHMC is CEO and President of the Hospital. RHMC provides management services to the Hospital under the agreement. The Hospital also has a leased employee arrangement with RHMC to lease physician employees. The agreement was for a five-year period with automatic extensions for five-year periods thereafter with Consumer Price Index increases in the monthly fee. During the year ended June 30, 2007, the Hospital Management Agreement was amended so that the management services would be provided by Rural Health Group, Inc. (RHGI), another company related to both the Hospital and RHMC through common control.

The Hospital incurred management fees and salary expenses from RHGI of \$1,422,160 and \$1,057,535 for the years ended June 30, and , respectively. The Hospital paid RHMC \$2,974,376 and \$2,975,635 in physician employee costs for the years ended June 30, and , respectively.

The Hospital entered into promissory note receivable agreements with RHMC/RHGI, DVRMC, and an employed physician as described in Note 3.

NOTE 14 – SUPPLEMENTAL CASH FLOW INFORMATION

The Hospital paid \$777,919 and \$849,657 for interest during the years ended June 30, and , respectively. Cash paid for interest during the years ended June 30, and , included capitalized interest of \$0 and \$20,671, respectively.

During the year ended June 30, , the Hospital disposed of buildings, equipment, furniture, and fixtures with a cost of \$621,983 and accumulated depreciation of \$621,983 resulting in no gain or loss from the disposal of assets. During the year ended June 30, , the Hospital disposed of buildings, equipment, furniture, and fixtures with a cost of \$499,618 and accumulated depreciation of \$499,618 for \$5,250 resulting in a gain of \$5,250 from the disposal of assets.

NOTE 15 – FUNCTIONAL EXPENSES

The Hospital provides general health care services to residents within its geographic location. Expenses related to providing these services are as follows:

	<u>2013</u>	<u>2012</u>
Health care services	\$ 22,731,385	\$ 21,373,414
General and administrative	3,796,119	3,444,530
Fundraising	<u>82,915</u>	<u>78,581</u>
Total expenses	<u>\$ 26,610,419</u>	<u>\$ 24,896,525</u>

NOTE 16 – SUBSEQUENT EVENTS

In June 2013, the Hospital signed an agreement for a note payable for \$2,000,000 which had not been drawn on at year end. The note is related to the planned purchase of equipment and software and bears an annual interest rate of 2.7%. Once drawn upon, the note will involve monthly payments until maturity in July 2019.