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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

▶ Do not enter Social Security numbers on this form as it may be made public By law, the IRS generally cannot redact the information on the form

▶ Information about Form 990 and its instructions is at www.IRS.gov/form990

OMB No 1545-0047

2013

Open to Public Inspection

A For the 2013 calendar year, or tax year beginning 06-01-2013 , 2013, and ending 05-31-2014

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

C Name of organization
IDAHO ELKS REHABILITATION HOSPITAL INC

Doing Business As
ELKS REHAB SYSTEM

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

City or town, state or province, country, and ZIP or foreign postal code
BOISE, ID 83702

D Employer identification number
82-0302317

E Telephone number
(208) 343-2583

G Gross receipts $ 51,653,518

F Name and address of principal officer
JOSEPH CAROSELLI ADMINISTRATOR
600 N ROBBINS ROAD
BOISE,ID 83702

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

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

H(c) Group exemption number ▶

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

J Website: ▶ WWW ELKSREHAB ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1947

M State of legal domicile ID

Part I Summary

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

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	10
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	9
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	**5**	792
6	Total number of volunteers (estimate if necessary)	**6**	66
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	

		Prior Year	Current Year
Revenue **8**	Contributions and grants (Part VIII, line 1h)	472,311	528,235
9	Program service revenue (Part VIII, line 2g)	25,212,459	26,325,833
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	160,345	501,713
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	1,721,897	1,688,892
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	27,567,012	29,044,673
Expenses **13**	Grants and similar amounts paid (Part IX, column (A), lines 1–3)		0
14	Benefits paid to or for members (Part IX, column (A), line 4)		0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	22,858,300	21,852,258
16a	Professional fundraising fees (Part IX, column (A), line 11e)		0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶122,236		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	11,837,773	12,418,096
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	34,696,073	34,270,354
19	Revenue less expenses Subtract line 18 from line 12	-7,129,061	-5,225,681

		Beginning of Current Year	End of Year
Net Assets or Fund Balances **20**	Total assets (Part X, line 16)	63,751,046	56,281,290
21	Total liabilities (Part X, line 26)	24,696,062	25,275,953
22	Net assets or fund balances Subtract line 21 from line 20	39,054,984	31,005,337

Part II Signature Block

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

Sign Here

****** | 2014-11-20
Signature of officer | Date

JOSEPH CAROSELLI ADMINISTRATOR
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
THOMAS DINGUS		2014-12-08		P00951009

Firm's name ▶ DINGUS ZARECOR & ASSOCIATES PLLC | Firm's EIN ▶ 20-0079326

Firm's address ▶ 12015 E MAIN AVE
SPOKANE VALLEY, WA 992066130 | Phone no (509) 242-0874

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

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III . . . . . ☑

1 Briefly describe the organization's mission

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

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

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

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

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses $ 23,383,246 including grants of $) (Revenue $ 26,325,833)

IDAHO ELKS REHABILITATION HOSPITAL, INC (IERH) IS THE NORTHWEST'S PREMIER PROVIDER OF REHABILITATION SERVICES SINCE 1947, OUR THERAPY SERVICES HAVE GIVEN PEOPLE WITH STROKE, TRAUMATIC BRAIN INJURY, ORTHOPEDIC DISORDERS, SPINAL CORD INJURIES OR OTHER ILLNESSES THE CHANCE TO LIVE LIFE TO ITS FULLEST OUR TEAM OF BOARD MEMBERS, PHYSICIANS, NEUROPSYCHOLOGISTS, PHYSICAL, OCCUPATIONAL, RECREATIONAL, RESPIRATORY, AND SPEECH THERAPISTS, NURSES, SOCIAL WORKERS, CLINICAL NUTRITIONISTS, PHARMACY AND OTHER STAFF CHALLENGE OUR PATIENTS TO REACH THEIR HIGHEST GOALS FAMILIES ARE SUPPORTED WITH COMPASSION AND EDUCATION TO MOVE TOWARD RECOVERY DURING FISCAL YEAR ENDED MAY 31, 2014, IERH PROVIDED 10,752 INPATIENT DAYS OF PATIENT CARE AND 185,186 TOTAL TREATMENTS FOR PHYSICAL THERAPY, RESPIRATORY THERAPY, OCCUPATIONAL THERAPY, SPEECH THERAPY, AND AUDIOLOGY IERH PROVIDES CARE WITHOUT CHARGE OR AT AMOUNTS LESS THAN ESTABLISHED RATES TO THOSE PATIENTS WHO ARE POOR AND QUALIFY UNDER THE IERH CHARITY CARE POLICY NET PATIENT SERVICE REVENUES ARE REFLECTED NET OF CHARITY CARE CHARGES FOREGONE UNDER THE IERH CHARITY CARE POLICY TOTALED 528,817 DURING FISCAL YEAR ENDED MAY 31, 2014

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** ▶ 23,383,246

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a	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 other assistance to or for any foreign organization? *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 other assistance to or for foreign individuals? *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 or other assistance to any domestic organization or government on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**		No
22	Did the organization report more than $5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? *If so, complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**34**	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**	Yes	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V . . . . . ☐

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	29		
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	792		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a			No
b	If "Yes," has it filed a Form 990-T for this year? *If "No" to line 3b, provide an explanation in Schedule O* . . .	3b			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

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

Check if Schedule O contains a response or note to any line in this Part VI . . . . . ☑

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	**1a**	10		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O				
b	Enter the number of voting members included in line 1a, above, who are independent	**1b**	9		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**			No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**		Yes	
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**			No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**			No
6	Did the organization have members or stockholders?	**6**			No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**		Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	**7b**		Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	**8a**		Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**		Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**			No

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

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

Section C. Disclosure

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

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

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

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

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization

▶ JOSEPH CAROSELLI 600 N ROBBINS ROAD
BOISE,ID 83702 (208)489-4662

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

Check if Schedule O contains a response or note to any line in this Part VII . . . . . ☑

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) CHARLES SCHMOEGER CHAIR	1 00	X		X				0	0	0
(2) PHILLIP OBERRECHT PAST CHAIR	1 00	X						0	0	0
(3) JOHN EVANS DIRECTOR	1 00	X						0	0	0
(4) JOHN HERMAN SECRETARY	1 00	X		X				0	0	0
(5) TOM CALL DO DIRECTOR	1 00	X						0	0	0
(6) BILL DELACK DIRECTOR	1 00	X						0	0	0
(7) JAMES KILE DIRECTOR	1 00	X						0	0	0
(8) KEITH MILLS VICE CHAIR	1 00	X		X				0	0	0
(9) J CURTIS NEELY DIRECTOR	1 00	X						0	0	0
(10) KEVIN POOR DIRECTOR	1 00	X						0	0	0
(11) ROBERT SHAW DIRECTOR	1 00	X						0	0	0
(12) JOSEPH P CAROSELLI PAST CEO	40 00 2 00			X				217,097	0	12,878
(13) RICK MEWHIRTER INTERIM CFO	40 00 2 00			X				0	0	0
(14) MELISSA HONSINGER INTERIM CEO	40 00 2 00			X				0	0	0
(15) DOUGLAS LEWIS INTERIM CFO	25 00 2 00			X				0	0	0
(16) TIM POWERS INTERIM CFO	25 00 2 00			X				0	0	0
(17) LEE KORNFIELD MD EIM DIRECTOR	40 00					X		269,662	0	11,230

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) MARK WEINROBE MD EIM PHYSICIA	40 00					X		225,305	0	10,202
(19) MARIAN SHAW MD EIM PHYSICIA	40 00					X		172,070	0	3,435
(20) CYNTHIA STEVENSON WOUND CARE D	40 00					X		145,192	0	2,899
(21) MICHAEL STURMAK HEARING/BALA	40 00					X		120,501	0	10,930
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								1,149,827		51,574

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 ▶ 10

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

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
BOISE PHYSIATRY LLC 1000 N CURTIS RD SUITE 202 BOISE ID 83706	PHYSICIANS	231,858
NORTH CANYON MEDICAL CENTER 267 NORTH CANYON DRIVE GOODING ID 83330	MGMT SERVICES	197,096
MEDICAL STAFFING NETWORK 901 YAMATO ROAD SUITE 110 BOCA RATON FL 33431	NURSING STAFF	181,165
MOVEMENT DISORDER CONSULTANTS 1592 N WATSON WAY EAGLE ID 83616	PHYSICIANS	170,744
HEALTHCARE MANAGEMENT SYSTEMS 9020 STONY POINT PARKWAY SUITE 165 RICHMOND VA 23235	IS SUPPORT	155,982

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 ▶ 10

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII . . . . . ☐

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . . 1a				
	b	Membership dues 1b				
	c	Fundraising events 1c				
	d	Related organizations . . . 1d				
	e	Government grants (contributions) 1e				
	f	All other contributions, gifts, grants, and similar amounts not included above 1f 528,235				
	g	Noncash contributions included in lines 1a-1f $				
	h	**Total.** Add lines 1a-1f . . . . . ▶	528,235			
Program Service Revenue		Business Code				
	2a	NET PATIENT SERVICE REVENUE 624100	24,067,715	24,067,715		
	b	CONTRACTED SERVICES 624100	1,547,738	1,547,738		
	c	MEALS ON WHEELS 624210	710,380	710,380		
	d					
	e					
	f	All other program service revenue				
	g	**Total.** Add lines 2a–2f . . . . . ▶	26,325,833			
	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶	371,767			371,767
	4	Income from investment of tax-exempt bond proceeds . . ▶				
	5	Royalties . . . . . ▶				
		(i) Real / (ii) Personal				
	6a	Gross rents 1,330,069				
	b	Less rental expenses				
	c	Rental income or (loss) 1,330,069				
	d	Net rental income or (loss) . . . . . ▶	1,330,069			1,330,069
		(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory 22,738,791				
	b	Less cost or other basis and sales expenses 22,595,891 / 12,954				
	c	Gain or (loss) 142,900 / -12,954				
	d	Net gain or (loss) . . . . . ▶	129,946			129,946
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . a				
	b	Less direct expenses . . . b				
	c	Net income or (loss) from fundraising events . . ▶				
	9a	Gross income from gaming activities See Part IV, line 19 . . . a				
	b	Less direct expenses . . . b				
	c	Net income or (loss) from gaming activities . . ▶				
	10a	Gross sales of inventory, less returns and allowances . a				
	b	Less cost of goods sold . . b				
	c	Net income or (loss) from sales of inventory . . ▶				
		Miscellaneous Revenue / Business Code				
	11a	CAFETERIA 900099	155,551			155,551
	b	OTHER REVENUE 900099	152,422			152,422
	c	FOOD CARAVAN 900099	33,128			33,128
	d	All other revenue	17,722			17,722
	e	**Total.** Add lines 11a–11d . . . . . ▶	358,823			
	12	**Total revenue.** See Instructions . . . . . ▶	29,044,673	26,325,833		2,190,605

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 or note to any line in this Part IX . . . . . ☑

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States See Part IV, line 21				
2 Grants and other assistance to individuals in the United States See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	525,362		525,362	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	18,211,048	12,916,568	5,222,666	71,814
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	278,436	191,949	85,420	1,067
9 Other employee benefits	800,178	551,629	245,482	3,067
10 Payroll taxes	2,037,234	1,404,435	624,990	7,809
11 Fees for services (non-employees)				
a Management				
b Legal	635,327		635,327	
c Accounting	92,894		92,894	
d Lobbying				
e Professional fundraising services See Part IV, line 17				
f Investment management fees	71,822		71,822	
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	3,568,085	1,237,936	2,324,149	6,000
12 Advertising and promotion	164,210	34,997	117,005	12,208
13 Office expenses	1,491,004	981,314	498,251	11,439
14 Information technology	30,399		30,399	
15 Royalties . .				
16 Occupancy	1,142,167	1,025,314	116,853	
17 Travel	59,680	30,893	26,951	1,836
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	40,630	12,658	27,687	285
20 Interest	368,669	330,951	37,718	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	1,525,448	1,065,716	453,500	6,232
23 Insurance	104,241	104,241		
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a MEDICAL SUPPLIES & DRUGS	2,649,913	2,649,913		
b DSH ASSESSMENT FEES	129,353	129,353		
c REPAIRS & MAINTENANCE	104,647	75,534	29,113	
d DUES & SUBSCRIPTIONS	99,994	16,722	82,793	479
e All other expenses	139,613	623,123	-483,510	
25 **Total functional expenses.** Add lines 1 through 24e	34,270,354	23,383,246	10,764,872	122,236
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 or note to any line in this Part X . . . . . ☐

				(A) Beginning of year		(B) End of year
Assets	1	Cash–non-interest-bearing		74,685	1	50,030
	2	Savings and temporary cash investments		656,500	2	1,168,447
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		7,653,687	4	6,621,529
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		649,251	8	421,407
	9	Prepaid expenses and deferred charges		312,950	9	177,776
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 41,540,278			
	b	Less accumulated depreciation	10b 20,639,708	22,163,205	10c	20,900,570
	11	Investments—publicly traded securities		22,288,668	11	16,435,268
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11		2,630,688	13	2,606,873
	14	Intangible assets		200,000	14	359,968
	15	Other assets See Part IV, line 11		7,121,412	15	7,539,422
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		63,751,046	16	56,281,290
Liabilities	17	Accounts payable and accrued expenses		5,102,204	17	7,264,259
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		8,658,986	20	8,004,537
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		10,934,872	25	10,007,157
	26	**Total liabilities.** Add lines 17 through 25		24,696,062	26	25,275,953
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		38,304,260	27	31,005,337
	28	Temporarily restricted net assets		431,742	28	
	29	Permanently restricted net assets		318,982	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		39,054,984	33	31,005,337
	34	Total liabilities and net assets/fund balances		63,751,046	34	56,281,290

Part XI Reconcilliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI . . . . . ☐

1	Total revenue (must equal Part VIII, column (A), line 12)	1	29,044,673
2	Total expenses (must equal Part IX, column (A), line 25)	2	34,270,354
3	Revenue less expenses Subtract line 2 from line 1	3	-5,225,681
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	39,054,984
5	Net unrealized gains (losses) on investments	5	931,301
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	-3,918,509
9	Other changes in net assets or fund balances (explain in Schedule O)	9	163,242
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	31,005,337

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII . . . . . ☐

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**
▶ **Information about Schedule A (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
IDAHO ELKS REHABILITATION HOSPITAL INC

Employer identification number
82-0302317

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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 2013 (line 6, column (f) divided by line 11, column (f)) **14**

15 Public support percentage for 2012 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2013.** 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—2012.** 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—2013.** 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—2012.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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 2013 (line 8, column (f) divided by line 13, column (f))	15	
16	Public support percentage from 2012 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2013** (line 10c, column (f) divided by line 13, column (f))	17	
18	Investment income percentage from **2012** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2013.** 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—2012.** 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.** 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		
Return Reference	Explanation	

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SCHEDULE C (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ Complete if the organization is described below. ▶ Attach to Form 990 or Form 990-EZ.
▶ See separate instructions. ▶ Information about Schedule C (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

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

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

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

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

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

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

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

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

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

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period — Calendar year (or fiscal year beginning in)	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

	For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.	(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		1,529
j	Total Add lines 1c through 1i			1,529
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Return Reference	Explanation
SCHEDULE C, PART II-B, LINE 1	THE HOSPITAL DOES NOT DIRECTLY PERFORM ANY LOBBYING ACTIVITIES THE HOSPITAL PAYS MEMBERSHIP DUES TO NATIONAL AND STATE HOSPITAL ASSOCIATIONS THE ASSOCIATIONS USE A PORTION OF SUCH DUES TO CARRY OUT LOBBYING ACTIVITIES

Part IV Supplemental Information *(continued)*

Return Reference	Explanation

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions. ▶ Information about Schedule D (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
IDAHO ELKS REHABILITATION HOSPITAL INC

Employer identification number
82-0302317

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

		(a) Current year	(b) Prior year	b (c) Two years back	(d) Three years back	(e) Four years back
1a	Beginning of year balance	2,582,769	2,332,024	2,438,646	2,325,111	2,216,234
b	Contributions	8,295			207,537	220,641
c	Net investment earnings, gains, and losses	89,506	250,745	-24,803		
d	Grants or scholarships					
e	Other expenditures for facilities and programs	1,929,835		81,819	94,002	111,764
f	Administrative expenses	11				
g	End of year balance	750,724	2,582,769	2,332,024	2,438,646	2,325,111

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 ▶ 42 000 %
- c Temporarily restricted endowment ▶ 58 000 %

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

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

		Yes	No
(i) unrelated organizations	3a(i)		No
(ii) related organizations	3a(ii)	Yes	
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b	Yes	

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

Part VI Land, Buildings, and Equipment. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		2,143,787		2,143,787
b Buildings		29,237,980	12,678,589	16,559,391
c Leasehold improvements				
d Equipment		9,334,241	7,197,485	2,136,756
e Other		824,270	763,634	60,636
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				20,900,570

Part VII **Investments—Other Securities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

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

Part VIII **Investments—Program Related.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

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

Part IX **Other Assets.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11d See Form 990, Part X, line 15

(a) Description	(b) Book value
(1) DUE FROM JOINT VENTURES	4,513,953
(2) THIRD-PARTY SETTLEMENTS	1,145,275
(3) RETIREMENT PLAN ASSETS	895,933
(4) CASH SURRENDER VALUE OF LIFE INSURAN	574,288
(5) OTHER RECEIVABLES	282,728
(6) BOND ISSUANCE COSTS	127,245
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	7,539,422

Part X **Other Liabilities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1 (a) Description of liability	(b) Book value
Federal income taxes	
DUE TO JOINT VENTURES	9,111,224
RETIREMENT PLAN LIABILITIES	895,933
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	10,007,157

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

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements			1	30,139,216
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	931,301		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIII)	2d	163,242		
e	Add lines **2a** through **2d**			2e	1,094,543
3	Subtract line **2e** from line **1**			3	29,044,673
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	29,044,673

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return. Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

1	Total expenses and losses per audited financial statements			1	38,188,863
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	3,918,509		
c	Other losses	2c			
d	Other (Describe in Part XIII)	2d			
e	Add lines **2a** through **2d**			2e	3,918,509
3	Subtract line **2e** from line **1**			3	34,270,354
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	34,270,354

Part XIII Supplemental Information

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

Return Reference	Explanation
SCHEDULE D, PAGE 2, PART V, LINE 4	THE IERH PERMANENTLY RESTRICTED ENDOWMENT CONSISTS OF A FUND ESTABLISHED BY A DONOR FOR THE PURPOSES OF EDUCATION THE IERH TEMPORARILY RESTRICTED ENDOWMENT CONSISTS OF A FUND ESTABLISHED FOR THE PURPOSES OF SPECIAL PROGRAMS, LIBRARY MATERIALS AND CAPITAL EQUIPMENT
SCHEDULE D, PAGE 3, PART X	IERH RECEIVED DETERMINATION FROM THE INTERNAL REVENUE SERVICE (IRS) AS A 501(C)(3) NONPROFIT ORGANIZATION THAT IT IS NOT SUBJECT TO FEDERAL INCOME TAX IERH IS ANNUALLY REQUIRED TO FILE A RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX (FORM 990) WITH THE IRS IERH HAS DETERMINED IT IS NOT SUBJECT TO UNRELATED BUSINESS INCOME TAX AND HAS NOT FILED AN EXEMPT ORGANIZATION BUSINESS INCOME TAX RETURN (FORM 990T) WITH THE IRS IERH BELIEVES THAT IT HAS APPROPRIATE SUPPORT FOR ANY TAX POSITIONS TAKEN AFFECTING ITS ANNUAL FILING REQUIREMENTS, AND AS SUCH, DOES NOT HAVE ANY UNCERTAIN TAX POSITIONS THAT ARE MATERIAL TO THE FINANCIAL STATEMENTS IERH WOULD RECOGNIZE FUTURE ACCRUED INTEREST AND PENALTIES RELATED TO UNRECOGNIZED TAX BENEFITS AND LIABILITIES IN INCOME TAX EXPENSE IF SUCH INTEREST AND PENALTIES ARE INCURRED
SCHEDULE D, PAGE 4, PART XI, LINE 2D	CHANGE IN CHARITABLE TRUST 163,242

Part XIII Supplemental Information *(continued)*

Return Reference	Explanation

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule H (Form 990) and its instructions is at *www.irs.gov/form990.*

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
IDAHO ELKS REHABILITATION HOSPITAL INC

Employer identification number
82-0302317

Part I Financial Assistance and Certain Other Community Benefits at Cost

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

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			391,325		391,325	1 140 %
b Medicaid (from Worksheet 3, column a)			2,155,067	224,744	1,930,323	5 630 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			2,546,392	224,744	2,321,648	6 770 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			776,603	710,380	66,223	0 190 %
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)						
j **Total.** Other Benefits			776,603	710,380	66,223	0 190 %
k **Total.** Add lines 7d and 7j			3,322,995	935,124	2,387,871	6 970 %

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

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

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

			Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1	Yes	
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount 2 1,106,478			
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit 3			
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements			

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	6,460,632
6	Enter Medicare allowable costs of care relating to payments on line 5	6	9,497,334
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-3,036,702
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☐ Cost accounting system ☐ Cost to charge ratio ☑ Other

Section C. Collection Practices

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

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

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

Part V Facility Information

Section A. Hospital Facilities

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

	Name, address, primary website address, and state license number	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
	See Additional Data Table										

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

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

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

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 100 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 200 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☑ Asset level			
c ☑ Medical indigency			
d ☑ Insurance status			
e ☑ Uninsured discount			
f ☑ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Residency			
i ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☐ The policy was posted on the hospital facility's website			
b ☐ The policy was attached to billing invoices			
c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☐ The policy was posted in the hospital facility's admissions offices			
e ☑ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☑ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**15**	Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual'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 Section C)			
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 individual's eligibility under the facility's FAP?	**17**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			

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 individuals regarding the individuals' bills
- **d** ☐ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- **e** ☐ Other (describe in Section C)

Policy Relating to Emergency Medical Care

		Yes	No
19 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	**19**		No

If "No," indicate why

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

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

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

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

21 During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care?	**21**		No

If "Yes," explain in Part VI

22 During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual?	**22**		No

If "Yes," explain in Part VI

Part V Facility Information *(continued)*

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

Form and Line Reference	Explanation
FACILITY 1, IDAHO ELKS REHABILIATION HOSPITAL - PART V, LINE 3	REPRESENTATIVES OF TREASURE VALLEY UNITED WAY, BOISE STATE UNIVERSITY, UTAH FOUNDATION AND UNITED WAY OF SALT LAKE LEAD THE COMMUNITY HEALTH NEEDS ASSESSMENT MOST RECENTLY CONDUCTED
FACILITY 1, IDAHO ELKS REHABILIATION HOSPITAL - PART V, LINE 4	THE COMMUNITY HEALTH NEEDS ASSESSMENT WAS CONDUCTED IN CONJUNCTION WITH SAINT ALPHONSUS REGIONAL MEDICAL CENTER AND ST LUKE'S HEALTH SYSTEM
FACILITY 1, IDAHO ELKS REHABILIATION HOSPITAL - PART V, LINE 14G	IERH PROVIDES NOTICE OF AVAILABILITY OF FINANCIAL ASSISTANCE VIA SIGNS POSTED IN WAITING ROOMS AND ADMISSION OFFICE, IN THE BILLING INVOICES AND ON THEIR WEBSITE
FACILITY 1, IDAHO ELKS REHABILIATION HOSPITAL - PART V, LINE 20D	IERH APPLIES THE SLIDING FEE DISCOUNT DIRECTLY TO THE GROSS CHARGES
See Additional Data Table	

Part V Facility Information *(continued)*

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

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

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

Part VI Supplemental Information

Provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II and Part III, lines 2, 3, 4, 8 and 9b

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs 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

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

Form and Line Reference	Explanation
PART III, LINE 2 - BAD DEBT EXPENSE METHODOLOGY	THE BAD DEBT EXPENSE REPRESENTS THE UNCOLLECTED PORTION OF THE PATIENT ACCOUNT ANY DISCOUNTS WOULD BE TREATED AS A REDUCTION IN REVENUE ALL FORMS OF PAYMENT, INCLUDING SELF-PAY, INSURANCE, CONTRACTUAL ALLOWANCES, AND DISCOUNTS REDUCE THE PATIENT'S ACCOUNT PRIOR TO THE ACCOUNT BEING CLASSIFIED AS BAD DEBT A PAYMENT RECEIVED ON AN ACCOUNT PREVIOUSLY WRITTEN OFF AS BAD DEBT REDUCES BAD DEBT EXPENSE
PART III, LINE 3 BAD DEBT EXPENSE, PATIENTS ELIGIBLE FOR ASSISTANCE	IERH REPORTS BAD DEBT IN ACCORDANCE WITH HEALTHCARE MANAGEMENT ASSOCIATION STATEMENT NO 15, THEREFORE NO BAD DEBT IS CONSIDERED TO BE ATTRIBUTABLE TO PATIENTS THAT ARE ELIGIBLE UNDER THE CHARITY CARE POLICY AS A COMMUNITY BENEFIT

Form and Line Reference	Explanation
BAD DEBT EXPENSE FOOTNOTE TO FINANCIAL STATEMENTS	THE CARRYING AMOUNT OF PATIENT RECEIVABLES IS REDUCED BY A VALUATION ALLOWANCE THAT REFLECTS MANAGEMENT'S ESTIMATE OF AMOUNTS THAT WILL NOT BE COLLECTED FROM PATIENTS AND THIRD-PARTY PAYORS MANAGEMENT REVIEWS PATIENT RECEIVABLES BY PAYOR CLASS AND APPLIES PERCENTAGES TO DETERMINE ESTIMATED AMOUNTS THAT WILL NOT BE COLLECTED FROM THIRD PARTIES UNDER CONTRACTUAL AGREEMENTS AND AMOUNTS THAT WILL NOT BE COLLECTED FROM PATIENTS DUE TO BAD DEBTS MANAGEMENT CONSIDERED HISTORICAL WRITE OFF AND RECOVERY INFORMATION IN DETERMINING THE ESTIMATED BAD DEBT PROVISION ACCOUNTS DEEMED UNCOLLECTABLE AND ALL PRIVATE PAY BALANCES OVER 180 DAYS OVERDUE ARE CHARGED AGAINST THIS ALLOWANCE THE PATIENT ACCOUNTS RECEIVABLE FOOTNOTE OF THE AUDITED FINANCIAL STATEMENTS IS FOUND IN FOOTNOTE 4 ON PAGES 11-12 OF THE AUDITED FINANCIAL STATEMENTS THE PROVISION FOR BAD DEBTS IS ALSO INCLUDED IN FOOTNOTE 4 OF THE AUDITED FINANCIAL STATEMENTS
PART III, LINE 8 - MEDICARE EXPLANATION	IERH REPORTS THE FULL VALUE OF THE MEDICARE SHORTFALL AS A COMMUNITY BENEFIT THE RATIONALE FOR THIS TREATMENT IS CONSISTENT WITH THE AMERICAN HOSPITAL ASSOCIATION'S POSITION THAT PROVIDING CARE TO MEDICARE PATIENTS IS AN ESSENTIAL PART OF THE COMMUNITY BENEFIT STANDARD MEDICARE, LIKE MEDICAID, DOES NOT PAY THE FULL COST OF CARE MANY MEDICARE BENEFICIARIES ARE POOR AND ELIGIBLE FOR MEDICAID COVERAGE IN ADDITION TO MEDICARE MEDICARE UNDER PAYMENT IS A COST THAT IERH MUST COVER IN ORDER TO CONTINUE TREATMENT THE ELDERLY AND POOR IN THE COMMUNITY WE SERVE THE COSTING METHODOLOGY IS BASED ON THE ACTUAL MEDICARE ALLOWABLE COST REPORTED ON THE IERH MEDICARE COST REPORT THIS METHODOLOGY WAS CONSISTENT WITH THE GUIDELINES AND INSTRUCTIONS PROVIDED BY THE CENTERS FOR MEDICARE SERVICES (CMS) FOR THE FILED COST REPORT FOR THE FISCAL YEAR

Form and Line Reference	Explanation
PART III, LINE 9B - COLLECTION PRACTICES EXPLANATION	IERH DOES NOT PROVIDE EMERGENCY CARE, ALL SERVICES ARE CONSIDERED ELECTIVE PROCEDURES AS SUCH IERH PRE-APPROVES ALL PATIENTS BEFORE THE MEDICAL SERVICES ARE PROVIDED DURING THE PRE-APPROVAL PROCESS PATIENTS ARE IDENTIFIED AS POSSIBLY QUALIFYING FOR FINANCIAL ASSISTANCE AT THAT TIME DATA IS GATHERED FOR EVALUATION IN THE EVENT THE PATIENT REFUSES TO PROVIDE DATA SUCH AS INCOME AND ASSETS THEY ARE AUTOMATICALLY DISQUALIFIED FROM FINANCIAL ASSISTANCE UNTIL SUCH INFORMATION IS PROVIDED PATIENTS WHOSE PERSONAL FINANCIAL POSITION FALLS WITHIN THE SCOPE OF QUALIFYING FOR THE CHARITY CARE ARE CONSIDERED ELIGIBLE AND THE RESPECTIVE AMOUNTS ARE APPLIED TO CHARITY CARE IF A PATIENT FALLS WITHIN THE SCOPE OF DISCOUNTED CARE, A TWELVE MONTH PAYMENT PLAN IS OFFERED FOR THE UNPAID PORTION PATIENTS THAT ARE UNABLE TO PAY THEIR BALANCE WITHIN THE TWELVE MONTHS ARE ELIGIBLE FOR A LONG TERM PAYMENT PLAN OF 60 MONTHS
PART VI, LINE 2 - NEEDS ASSESSMENT	THE COMMUNITY NEEDS ASSESSMENT AS DESCRIBED IN PART V, SERVES AS THE BASE FOR DETERMINING REHABILITATIVE HEALTH NEEDS ADDITIONALLY, IERH CONDUCTS SATISFACTION SURVEYS AND FOCUS GROUPS TO BETTER MEET THE ONGOING NEEDS OF THE PEOPLE WE SERVE THE MOST RECENTLY ADOPTED IMPLEMENTATION STRATEGY AND COMMUNITY HEALTH NEEDS ASSESSMENT CAN BE FOUND AT THE FOLLOWING URL HTTP //WWW IDAHOELKSREHAB ORG/PDF/2011_COMMUNITY_ASSESSMENT PDF

Form and Line Reference	Explanation
PART VI, LINE 3 - PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	PATIENTS ARE REFERRED TO IERH FOR REHABILITATION SERVICES AND WHEN A PHYSICIAN DETERMINED THAT THE PATIENT HAS REHABILITATION NEEDS AND COULD BENEFIT FROM IERH SERVICES DURING THE ADMISSION PROCESS WHEN IT IS DETERMINED THAT THE PATIENT MAY QUALIFY FOR FINANCIAL ASSISTANCE, THE ADMISSIONS LIAISON INITIATES THE FINANCIAL ASSISTANCE PROCESS (1) COORDINATES ELIGIBILITY AND APPROVAL PROCESS FOR UNCOMPENSATED CARE, (2) PROVIDE A COPY OF THE POLICY, AND A SUMMARY THEREOF, AND FINANCIAL ASSISTANCE STATEMENT TO BE COMPLETED BY PATIENT AS PART OF THE INTAKE PROCESS, (3) DISCUSSES WITH THE PATIENT THE AVAILABILITY OF VARIOUS GOVERNMENT BENEFITS, SUCH AS MEDICAID OR STATE PROGRAMS, AND ASSISTS THE PATIENT WITH QUALIFICATIONS FOR SUCH PROGRAMS, WHERE APPLICABLE IERH USES A CONTINUOUS APPROACH (FROM ADMISSION THROUGH BILLING) FOR QUALIFICATION FOR FINANCIAL ASSISTANCE CHANGING PATIENT CONDITIONS SUCH AS INABILITY TO WORK, LOSS OF INSURANCE COVERAGE OR UNANTICIPATED LARGE MEDICAL BILLS MAY RESULT IN THE PATIENT QUALIFYING FOR FINANCIAL ASSISTANCE AFTER THE INITIAL FINANCIAL ASSISTANCE APPLICATION IERH USES FINANCIAL COUNSELORS TO ASSIST ALL PATIENTS IN QUALIFICATION FOR ASSISTANCE PROGRAMS THIS ENSURES THAT ALL PATIENTS HAVE ACCESS TO QUALITY HEALTH CARE SERVICES WITHOUT DISCRIMINATION BASED ON THE ABILITY TO PAY
PART VI, LINE 4 - COMMUNITY INFORMATION	IERH PROVIDES INPATIENT AND OUTPATIENT REHABILITATION SERVICES TO PEOPLE WHO HAVE A PHYSICAL DISABILITY THAT CAN BENEFIT FROM REHABILITATION SERVICES THE PRIMARY SERVICE AREA IS BOISE ID AND SURROUNDING COMMUNITIES GENERALLY KNOWN AS THE TREASURY VALLEY IERH CONSISTS OF ONE INPATIENT REHABILITATION FACILITY, 1 OUTPATIENT WOUND CARE AND HYPERBARIC TREATMENT CENTER, AND 4 OUTPATIENT HEARING AND BALANCE CENTERS IERH ALSO PROVIDES OUTPATIENT REHABILITATION SERVICES AT 1 WOUND CENTER AND MORE THAN 20 ADULT AND CHILDREN THERAPY CLINICS THAT ARE JOINTLY OWNED THROUGH A PARTNERSHIP WITH ST LUKE'S REGIONAL MEDICAL CENTER THE PRIMARY SERVICE REGION OF ADA AND CANYON COUNTIES CONSISTS OF A POPULATION OF APPROXIMATELY 531,288 FOR 2010 THE AVERAGE INCOME FOR ADA AND CANYON COUNTY IS 39,734 AND 23,575 RESPECTIVELY, AND THE PERCENT OF THE POPULATION THAT FALL BELOW THE FEDERAL POVERTY GUIDELINES IS 13 4% AND 20 1% RESPECTIVELY IERH IS COMMITTED TO SERVING REHABILITATION PATIENTS REGARDLESS OF THEIR ABILITY TO PAY APPROXIMATELY 7% OF ALL SERVICES WERE PROVIDED TO MEDICAID RECIPIENTS AND 49% OF ALL SERVICES WERE PROVIDED TO MEDICARE RECIPIENTS DURING THE YEAR

Form and Line Reference	Explanation
PART VI, LINE 5 - PROMOTION OF COMMUNITY HEALTH	THE BOARD OF DIRECTORS ARE INDEPENDENT PERSONS, NOT EMPLOYEES, AND RESIDE IN THE IERH PRIMARY SERVICE AREA IERH EXTENDS MEDICAL STAFF PRIVILEGES TO ALL QUALIFIED PHYSICIANS IN ITS COMMUNITY THE SURPLUS FUNDS ARE APPLIED TO IMPROVE PATIENT CARE, MEDICAL EDUCATION, AND RESEARCH IERH SUPPORTS MANY COMMUNITY EVENTS THROUGH SPONSORSHIPS, DONATIONS AND PROVIDING HUNDREDS OF VOLUNTEERS FOR NEIGHBORHOOD CAUSES MEALS ON WHEELS- IERH IS THE ONLY PROVIDER OF MEALS ON WHEELS IN THE BOISE COMMUNITY MEALS ON WHEELS PROVIDES NUTRITIOUS MEALS TO THE ELDERLY THERE ARE KNOWN HEALTH CONSEQUENCES OF FOOD INSECURITY AMONG THE ELDERLY WITHOUT THE MEALS ON WHEELS PROGRAM THESE INDIVIDUALS ARE MORE LIKELY TO BE IN POOR OR FAIR HEALTH AND MORE LIKELY TO HAVE LIMITATIONS IN DAILY LIVING PROVIDING THE MEALS PROVIDES A DIRECT IMPACT ON THESE INDIVIDUALS' HEALTH IDAHO WHEELCHAIR CAMP- IN 1988 THE IDAHO YOUTH WHEELCHAIR SPORTS CAMP (IYWSC) BEGAN, SPONSORED BY IERH AND BOISE PARKS AND RECREATION DEPARTMENT IT WAS ESTABLISHED TO PROVIDE RECREATIONAL, ATHLETIC AND COMPETITIVE OPPORTUNITIES FOR YOUTH IT IS DESIGNED FOR YOUNG PEOPLE USING WHEELCHAIRS OR OTHER ASSISTIVE DEVICES (I E CRUTCHES, WALKERS, AND BRACES) SINCE ITS INCEPTION, THE IYWSC HAS PROVIDED A VARIETY OF EXPERIENCES FOR OVER 325 YOUNG ATHLETES FROM IDAHO, OREGON, UTAH AND WASHINGTON EACH ATHLETE IS PAIRED WITH A VOLUNTEER TO ASSIST AND SUPPORT AS NEEDED AMERICAN HEART ASSOCIATION HEART WALK- THE TREASURE VALLEY START HEART WALK IS AN ANNUAL EVENT DESIGNED TO BRING PUBLIC AWARENESS OF PHYSICAL ACTIVITY AND HEART-HEALTHY LIFESTYLES AND RAISE CRITICAL DOLLARS TO FUND THE LIFE-SAVING MISSION OF THE AMERICAN HEART ASSOCIATION WALKERS FROM ALL OVER THE TREASURE VALLEY STEP OUT TO SUPPORT THE FIGHT AGAINST OUR NATION'S LEADING CAUSE OF DEATH - HEART DISEASE HEALTH FAIRS- ELKS REHAB HOSPITAL PARTICIPATES IN MANY FREE HEALTH FAIRS IN IDAHO AND OREGON WE PROVIDE FREE SCREENINGS AND COMMUNITY INFORMATION FOR A VARIETY OF ISSUES SUCH AS CERTIFIED THERAPY DOG SERVICES FOR PATIENTS ELKS HEALTH CHECK PROGRAMS - GROUP SCREENS HELD IN LOCAL SENIOR CENTERS/RETIREMENT HOMES FOR STROKE, BALANCE, HEARING, DIABETIC FOOT ULCERS, MEDICATIONS, AND ORTHOPEDIC ISSUES PHYSICAL THERAPY SERVICES TO THE UNINSURED POPULATION OF BOISE THROUGH THE FRIENDSHIP CLINIC IERH VOLUNTEERS FOR THE "ADVENTURE PROGRAM" TO PROVIDE ACCESS TO OUTDOOR ACTIVITIES FOR THOSE WITH DISABILITIES EMPLOYEE ENGAGEMENT- IERH EMPLOYEES ARE INVOLVED IN THE COMMUNITY IERH SUPPORTS A NUMBER OF COMMUNITY EVENTS INCLUDING SPONSOR OF THE ELITE WHEELCHAIR RACERS IN ST LUKE'S WOMEN'S FITNESS CELEBRATION SPONSOR OF AMERICAN HEART ASSOCIATION "GO RED FOR WOMEN" SPONSORED FOOD DRIVE FOR IDAHO FOOD BANK PROVIDED RESPIRATORY THERAPY SERVICES FOR THE IRONMAN RACE, BOISE, IDAHO PARTICIPATED IN UNITED WAY OF THE TREASURE VALLEY CAMPAIGN PARTICIPATED IN MS WALK PRESENTED AND CURATED THE 3RD ANNUAL CREATIVE HEALING ART EXHIBIT RESEARCH EXPENSES CONSIST OF COSTS FROM STUDYING THE EFFECTS OF DRUG DEVELOPMENTS ON PATIENTS WITH MOVEMENT DISORDERS RELATED TO HUNTINGTON'S AND PARKINSON'S DISEASE THE INFORMATION IS DOCUMENTED AND MADE AVAILABLE TO THE PUBLIC
ADDITIONAL INFORMATION	IN REGARDS TO SCHEDULE H, PART V, SECTION C, THE HOSPITAL HAS FIVE HOSPITAL BASED FACILITIES THAT ASSIST IN PROVIDING REHABILITATION SERVICES THROUGHOUT THE AREA THESE FIVE FACILITIES ARE TREATED AS DEPARTMENTS OF THE HOSPITAL FOR MEDICARE COST REPORT PURPOSES, AND THE PATIENTS ARE ELIGIBLE UNDER THE HOSPITAL'S CHARITY CARE POLICY

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, line 23.**
▶ **Attach to Form 990.** ▶ **See separate instructions.**
▶ **Information about Schedule J (Form 990) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
IDAHO ELKS REHABILITATION HOSPITAL INC

Employer identification number
82-0302317

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items			
	☐ First-class or charter travel	☐ Housing allowance or residence for personal use		
	☐ Travel for companions	☐ Payments for business use of personal residence		
	☐ Tax idemnification and gross-up payments	☐ Health or social club dues or initiation fees		
	☐ Discretionary spending account	☐ Personal services (e g , maid, chauffeur, chef)		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	**1b**		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including 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?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**		No
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regulations section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

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

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1)JOSEPH P CAROSELLI PAST CEO	(i)	217,097			4,547	9,944	229,975	
	(ii)							
(2)LEE KORNFIELD MD EIM DIRECTOR	(i)	269,662			4,939	7,904	280,892	
	(ii)							
(3)MARK WEINROBE MD EIM PHYSICIAN	(i)	225,305			4,528	7,287	235,507	
	(ii)							
(4)MARIAN SHAW MD EIM PHYSICIAN	(i)	172,070			3,435	1,537	175,505	
	(ii)							

Part III Supplemental Information

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

Return Reference	Explanation

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule K (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
IDAHO ELKS REHABILITATION HOSPITAL INC

Employer identification number
82-0302317

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	IDAHO HEALTH FACILITIES AUTHORITY	82-6051863		11-01-2009	10,480,000	CURRENT REFUNDING OF PRIOR ISSUE		X	X			X

Part II Proceeds

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

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X							
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?	X							
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

Part III Private Business Use

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X						
2	Are there any lease arrangements that may result in private business use of bond-financed property?		X						

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X						
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X						
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶		3 000 %						
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶								
6	Total of lines 4 and 5		3 000 %						
7	Does the bond issue meet the private security or payment test?	X							
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X						
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of								
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1 141-12 and 1 145-2?		X						

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X						
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?		X						
b	Exception to rebate?	X							
c	No rebate due?		X						
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?		X						
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X						
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was the hedge terminated?								

Part IV Arbitrage *(Continued)*

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

Part V Procedures To Undertake Corrective Action

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations?								

Part VI Supplemental Information. Provide additional information for responses to questions on Schedule K (see instructions).

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.
▶ Information about Schedule L (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
IDAHO ELKS REHABILITATION HOSPITAL INC

Employer identification number
82-0302317

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) JOHN EVANS	BOARD MEMBER		CEO OF BANK		No

Part V Supplemental Information

Provide additional information for responses to questions on Schedule L (see instructions)

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.
▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
IDAHO ELKS REHABILITATION HOSPITAL INC

Employer identification number
82-0302317

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PAGE 2, PART III, LINE 4A	
FORM 990, PART VI	THE EXECUTIVE COMMITTEE CONSISTS OF SIX BOARD MEMBERS AND THE CHIEF EXECUTIVE OFFICER THE EXECUTIVE COMMITTEE HAS THE AUTHORITY TO ACT ON BEHALF OF THE BOARD IN THE MANAGEMENT OF THE BUSINESS OF THE ORGANIZATION BETWEEN MEETINGS OF THE BOARD
FORM 990, PAGE 6, PART VI, LINE 3	IERH UTILIZED AN EMPLOYEE OF NORTH CANYON MEDICAL CENTER AND LATER TATUM, LLC FOR ITS INTERIM CFO DURING THE YEAR
FORM 990, PAGE 6, PART VI, LINE 7A	THE IDAHO STATE ELKS ASSOCIATION IS THE MEMBER OF THE CORPORATION THE PRESIDENT OF THE ID AHO STATE ELKS ASSOCIATION APPOINTS THE IDAHO ELKS REHABILITATION HOSPITAL, INC BOARD MEM BERS
FORM 990, PAGE 6, PART VI, LINE 7B	IERH MAY NOT BUY, SELL, OR DISPOSE OF ANY REAL PROPERTY WITHOUT THE APPROVAL OF THE IDAHO STATE ELKS ASSOCIATION
FORM 990, PAGE 6, PART VI, LINE 11B	IERH EXECUTIVE MANAGEMENT REVIEWS A DRAFT FORM 990 FOR ACCURACY AND COMPLETENESS AFTER TH E EXECUTIVE MANAGEMENT REVIEW, THE FORM 990 IS DELIVERED ELECTRONICALLY TO EACH BOARD MEMB ER AT THE BOARD MEETING PRECEDING SUBMISSION OF THE FORM 990, EXECUTIVE MANAGEMENT RESPON DS TO ALL BOARD MEMBER REQUESTS FOR CLARIFICATION THE FORM 990 IS THEN SUBMITTED
FORM 990, PAGE 6, PART VI, LINE 12C	ALL EMPLOYEES, OFFICERS, BOARD MEMBERS AND ELKS ASSOCIATION TRUSTEE REPRESENTATIVES ARE RE QUIRED TO MAKE PROMPT AND FULL DISCLOSURE IN WRITING TO THE COMPLIANCE OFFICER OR EXECUTIV E MANAGEMENT OF ANY SITUATION WHICH MAY VIOLATE THE CONFLICTS OF INTEREST SECTION CONTAINE D IN THE IERH BUSINESS ETHICS POLICY WITHOUT PRIOR WRITTEN APPROVAL, EMPLOYEES, OFFICERS, BOARD MEMBERS AND TRUSTEES MAY NOT PARTICIPATE IN A JOINT VENTURE, PARTNERSHIP OR OTHER B USINESS ARRANGEMENT WITH THE ORGANIZATION IF A CONFLICT EXISTS THE BOARD MEMBER IS REQUIR ED TO LEAVE THE ROOM DURING DELIBERATION AND VOTING ON THE ISSUE
FORM 990, PAGE 6, PART VI, LINE 15A	COMPENSATION FOR THE CHIEF EXECUTIVE OFFICER IS DETERMINED ANNUALLY BY THE BOARD OF DIRECT ORS USING ANNUAL PERFORMANCE REVIEW INCLUDING THE IHA CEO SALARY SURVEY AND OTHER PERTINEN T SURVEYS THIS DELIBERATION IS DOCUMENTED IN THE BOARD MINUTES
FORM 990, PAGE 6, PART VI, LINE 15B	THE CHIEF EXECUTIVE OFFICER REVIEWS PERFORMANCE EVALUATIONS FOR THE CHIEF FINANCIAL OFFICE R COMPENSATION IS DETERMINED BASED ON PERFORMANCE EVALUATIONS AND COMPENSATION SURVEYS FO R THE BOISE, IDAHO AREA
FORM 990, PAGE 6, PART VI, LINE 19	THE GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS ARE AVAILABLE TO THE PUBLIC UPON REQUEST
FORM 990, PAGE 7, PART VII	THE CEO AND CFO DEVOTE TIME TO THE RELATED ORGANIZATIONS AS FOLLOWS ST LUKE'S IDAHO ELKS REHABILITATION 1 HOUR PER WEEK CENTER FOR WOUND CARE AND HYPERBARIC TREATMENT 1 HOUR PER WEEK
FORM 990, PART IX, LINE 11G	1,237,936 2,324,149 6,000
FORM 990, PART XI, LINE 9	CHANGE IN CHARITABLE TRUST 163,242

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule R (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
IDAHO ELKS REHABILITATION HOSPITAL INC

Employer identification number
82-0302317

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

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

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations? Yes	(h) No	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) CENTER FOR WOUND CARE & HYPERBARIC TREATMENT 204 FORT PLACE BOISE, ID 83701 90-0288299	REHABILITA	ID	IDAHO ELKS REHABILIATION HOSPITAL INC	RELATED	-58,184	563,809		No		Yes		10 000 %
(2) ST LUKE'S IDAHO ELKS 600 N ROBBINS ROAD BOISE, ID 83702 82-0503100	REHABILITA	ID	IDAHO ELKS REHABILIATION HOSPITAL	RELATED	252,333	2,043,064		No		Yes		50 000 %

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

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

Part V **Transactions With Related Organizations** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

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

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

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) ST LUKE'S IDAHO ELKS REHABILIATION	J	269,304	GENERAL LEDGER
(2) ST LUKE'S IDAHO ELKS REHABILIATION	O	6,638,973	GENERAL LEDGER
(3) ST LUKE'S IDAHO ELKS REHABILIATION	Q	4,504,443	GENERAL LEDGER
(4) CENTER FOR WOUND CARE & HYPERBARIC TREATMENT	J	130,320	GENERAL LEDGER
(5) CENTER FOR WOUND CARE & HYPERBARIC TREATMENT	O	917,276	GENERAL LEDGER
(6) CENTER FOR WOUND CARE & HYPERBARIC TREATMENT	Q	1,039,920	GENERAL LEDGER

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

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

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

Part VII Supplemental Information

Provide additional information for responses to questions on Schedule R (see instructions)

Return Reference	Explanation

Additional Data

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

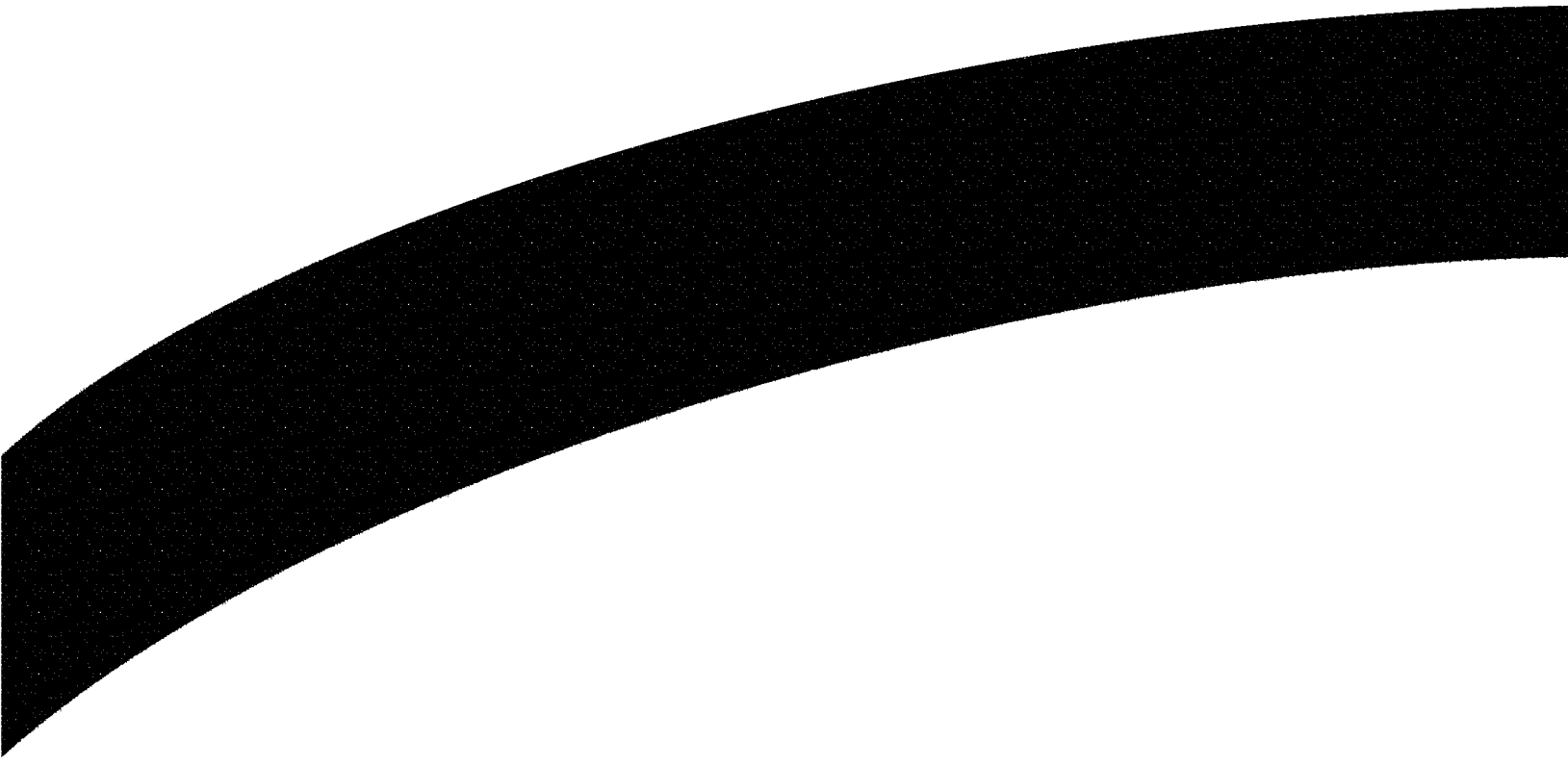
Form 990, Schedule R, Part V - Transactions With Related Organizations

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
ST LUKE'S IDAHO ELKS REHABILIATION	J	269,304	GENERAL LEDGER
ST LUKE'S IDAHO ELKS REHABILIATION	O	6,638,973	GENERAL LEDGER
ST LUKE'S IDAHO ELKS REHABILIATION	Q	4,504,443	GENERAL LEDGER
CENTER FOR WOUND CARE & HYPERBARIC TREATMENT	J	130,320	GENERAL LEDGER
CENTER FOR WOUND CARE & HYPERBARIC TREATMENT	O	917,276	GENERAL LEDGER
CENTER FOR WOUND CARE & HYPERBARIC TREATMENT	Q	1,039,920	GENERAL LEDGER

Idaho Elks Rehabilitation Hospital, Inc.

Financial Statements and
Independent Auditors' Report

May 31, 2014 and 2013



DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

Idaho Elks Rehabilitation Hospital, Inc.
Table of Contents

DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Idaho Elks Rehabilitation Hospital, Inc. (IERH) (a nonprofit health care entity) which comprise the statements of financial position as of May 31, 2014 and 2013, 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 audit 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 auditors' 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 auditors consider 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 IERH as of May 31, 2014 and 2013, and the results of its operations, changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter Regarding Prior Period Adjustment

As discussed in Note 2 to the financial statements, a prior period adjustment has been recorded to the beginning balance of unrestricted net assets to correct errors identified with respect to the May 31, 2012, balance of net patient accounts receivable and estimated third-party payor settlements. Our opinion is not modified with respect to this prior period adjustment.

Emphasis of Matter Regarding Cessation of all Direct Patient Care Activities

As discussed in Note 1 to the financial statements, IERH's Board of Directors approved on August 8, 2014, agreements to lease the hospital and medical arts building, sell all equipment and supplies inventory, liquidate its interests in and dissolve the joint venture agreements, and cease all direct patient care activities on October 1, 2014. Our opinion is not modified with respect to this matter.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of expenses by natural classification on page 23 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Dingus, Zarecor & Associates PLLC

Spokane Valley, Washington
November 12, 2014

Idaho Elks Rehabilitation Hospital, Inc.
Statements of Financial Position
May 31, 2014 and 2013

ASSETS	2014	2013
Current assets		
Cash and cash equivalents	**$ 1,218,477**	$ 731,185
Investments	**18,111,552**	21,569,712
Receivables		
Patient accounts, net of allowance for uncollectible accounts of $496,000 and $872,000, respectively	**6,621,529**	7,351,726
Due from joint ventures	**4,513,953**	4,613,063
Estimated third-party payor settlements	**1,145,275**	-
Other	**282,728**	656,405
Inventories and prepaid expenses	**599,183**	962,201
Total current assets	**32,492,697**	35,884,292
Noncurrent assets		
Property and equipment, net	**20,900,570**	22,163,205
Investments for deferred compensation program	**895,933**	819,865
Investments limited as to use	**750,724**	750,724
Investment in joint ventures	**2,606,873**	2,738,523
Other noncurrent assets	**1,061,501**	1,052,389
Total noncurrent assets	**26,215,601**	27,524,706
Total assets	**$ 58,708,298**	$ 63,408,998
LIABILITIES AND NET ASSETS		
Current liabilities		
Current maturities of long-term debt	**$ 699,538**	$ 662,972
Accounts payable	**4,398,649**	1,653,591
Due to joint ventures	**9,111,224**	10,350,090
Accrued interest payable	**126,205**	144,939
Estimated third-party payor settlements	**-**	1,815,201
Accrued payroll and related liabilities	**2,739,405**	2,402,843
Total current liabilities	**17,075,021**	17,029,636
Noncurrent liabilities		
Deferred compensation	**895,933**	819,865
Long-term debt, less current maturities	**7,304,999**	7,996,014
Total noncurrent liabilities	**8,200,932**	8,815,879
Total liabilities	**25,275,953**	25,845,515
Net assets		
Unrestricted	**32,681,621**	36,812,759
Temporarily restricted	**431,742**	431,742
Permanently restricted	**318,982**	318,982
Total net assets	**33,432,345**	37,563,483
Total liabilities and net assets	**$ 58,708,298**	$ 63,408,998

See accompanying notes to financial statements

Idaho Elks Rehabilitation Hospital, Inc.
Statements of Operations and Changes in Net Assets
Years Ended May 31, 2014 and 2013

	2014	2013
Unrestricted revenues and support		
Net patient service revenue	**$ 25,562,956**	$ 21,825,263
Provision for bad debts	**(1,495,241)**	(792,705)
Net patient service revenue less provision for bad debts	**24,067,715**	21,032,558
Contribution revenue	**463,572**	527,650
Rental revenue	**1,330,069**	1,316,723
Net assets released from restrictions	**89,617**	70,520
Other revenue	**2,668,650**	3,214,400
Total unrestricted revenues and support	**28,619,623**	26,161,851
Expenses		
Health care services	**23,383,246**	24,861,158
Management and general	**10,764,872**	9,629,313
Fundraising	**122,236**	189,146
Total expenses	**34,270,354**	34,679,617
Operating loss	**(5,650,731)**	(8,517,766)
Nonoperating gains (losses)		
Investment income	**797,196**	1,806,341
Unrealized gain on investments	**916,546**	1,347,300
Change in values of investments in joint ventures	**(194,149)**	(761,540)
Total nonoperating gains, net	**1,519,593**	2,392,101
Change in unrestricted net assets	**(4,131,138)**	(6,125,665)
Temporarily restricted net assets		
Investment income	**28,231**	23,584
Unrealized gain on investments	**61,386**	46,936
Net assets released from restrictions	**(89,617)**	(70,520)
Change in temporarily restricted net assets	**-**	-
Change in net assets	**(4,131,138)**	(6,125,665)
Net assets, beginning of year, restated	**37,563,483**	43,689,148
Net assets, end of year	**$ 33,432,345**	$ 37,563,483

See accompanying notes to financial statements

Idaho Elks Rehabilitation Hospital, Inc.
Statements of Cash Flows
Years Ended May 31, 2014 and 2013

	2014	2013
Increase (Decrease) in Cash and Cash Equivalents		
Cash flows from operating activities		
Receipts from and on behalf of patients	**$ 20,598,570**	$ 25,999,813
Receipts from investments	**738,905**	1,794,232
Receipts from contributions	**463,572**	527,650
Receipts from rental revenue	**1,330,069**	1,316,723
Receipts from other revenue	**3,042,327**	3,624,402
Payments to and on behalf of employees	**(21,515,696)**	(22,856,478)
Interest paid	**(401,928)**	(442,290)
Payments to suppliers and contractors	**(7,302,268)**	(9,659,721)
Net cash provided by (used in) operating activities	**(3,046,449)**	304,331
Cash flows from investing activities		
Purchase of investments	**(19,475,913)**	(29,065,779)
Sale of investments	**23,912,005**	29,245,718
Purchase of property and equipment	**(247,902)**	(439,840)
Net cash provided by (used in) investing activities	**4,188,190**	(259,901)
Cash flows from financing activities		
Repayments of long-term debt	**(654,449)**	(620,363)
Borrowings on line of credit	**1,508,845**	1,013,289
Payments on line of credit	**(1,508,845)**	(1,013,289)
Net cash used in financing activities	**(654,449)**	(620,363)
Net increase (decrease) in cash and cash equivalents	**487,292**	(575,933)
Cash and cash equivalents, beginning of year	**731,185**	1,307,118
Cash and cash equivalents, end of year	**$ 1,218,477**	$ 731,185

See accompanying notes to financial statements

Idaho Elks Rehabilitation Hospital, Inc.
Statements of Cash Flows (Continued)
Years Ended May 31, 2014 and 2013

	2014	2013
Reconciliation of Change in Net Assets to Net Cash Provided By (Used In) Operating Activities		
Change in net assets	**$ (4,131,138)**	$ (6,125,665)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	**1,510,923**	1,569,111
Bad debts	**1,495,241**	792,705
Net unrealized gain on investments	**(977,932)**	(1,394,236)
Increase (decrease) in cash surrender value of hospital owned life insurance	**(24,023)**	(23,190)
Change in values of investment in joint ventures	**131,650**	749,037
(Increase) decrease in		
Receivables		
Patient accounts	**(765,044)**	1,421,166
Due from joint ventures	**99,110**	(256,168)
Other	**373,677**	410,002
Estimated third-party payor settlements	**(1,145,275)**	2,749,641
Inventories and prepaid expenses	**363,018**	(167,164)
Debt issuance costs	**14,525**	(1,490)
Increase (decrease) in		
Accounts payable	**2,745,058**	576,074
Estimated third-party payor settlements	**(1,815,201)**	1,815,201
Accrued payroll and related liabilities	**336,562**	1,821
Accrued interest payable	**(18,734)**	(1,056)
Due to joint ventures	**(1,238,866)**	(1,811,458)
Net cash provided by (used in) operating activities	**$ (3,046,449)**	$ 304,331

See accompanying notes to financial statements

1. Organization and Summary of Significant Accounting Policies:

a. Organization

Idaho Elks Rehabilitation Hospital, Inc. (IERH) is an Idaho nonprofit corporation licensed by the State of Idaho to provide rehabilitation related medical services. In 1947 the Idaho State Elks Convalescent Home for Children was established by the Idaho State Elks Association (ISEA) to provide care to children with polio. In 1957 a new facility was opened providing both adult and pediatric rehabilitative care. In September 1972, ISEA transferred all assets, liabilities, and management responsibilities to IERH to continue rehabilitative care as a separate corporate entity. The ISEA reserved to itself the power of its President to appoint the IERH Board of Directors and the right to approve all land sales.

IERH does business as Elks Rehab System (ERS). ERS includes a four story hospital with a 41-bed acute inpatient rehabilitation designation and a 25-bed skilled nursing inpatient rehabilitation designation and outpatient rehabilitative services; five outpatient hearing and balance centers in one owned and four leased facilities; one outpatient wound care and hyperbaric treatment center in a leased facility; a physicians practice located in the hospital; a 50% joint venture owner of 26 outpatient adult and pediatric rehabilitation centers one of which is located in the hospital and the others are in leased facilities; and a 10% joint venture owner of a wound and hyperbaric center located in the hospital. Substantially all patients are from western Idaho and eastern Oregon.

On August 8, 2014, the IERH Board of Directors approved agreements to lease the hospital and medical arts building, sell all equipment and supplies inventory, liquidate its interests in and dissolve the joint venture agreements, and cease all direct patient care activities on October 1, 2014. Future IERH operating activities will consist of philanthropic support of rehabilitation related research, education, and care delivery enhancement. The change in operations and the agreements were approved by the ISEA.

b. Summary of Significant Accounting Policies

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

Basis of presentation – ERS is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Changes in unrestricted net assets include increases and decreases from operations and contributions of long lived assets.

Changes in temporarily restricted net assets include increases that are the result of gifts received whose use is limited to a specified time period or purpose. Decreases are the result of transfers to unrestricted support when expenditures are made in accordance with the donor wishes. Donor restricted gifts are recorded as unrestricted support if the restriction is met in the same period as the gift is received.

Changes in permanently restricted net assets result from donor gifts the principal of which is to be maintained permanently by ERS.

1. Organization and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Cash and cash equivalents – Cash and cash equivalents are short-term, highly liquid investments with an original maturity of three months or less.

Fair value measurements – Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

ERS classified its investments as of May 31, 2014 and 2013, based upon an established fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

- **Level 1** – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

- **Level 2** – Quoted prices in markets that are not considered to be active or financial instruments without quoted market prices, but for which all significant inputs are observable, either directly or indirectly.

- **Level 3** – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable. ERS did not have any Level 3 investments in the years ended May 31, 2014 or 2013.

Investments – Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statements of financial position based on quoted market prices (Level 1 input for fair value measurement). Investment income or loss (including interest, dividends, and realized gains and losses on investments) is included in nonoperating gains (losses).

Investment in joint ventures – Investments in entities in which ERS has the ability to exercise significant influence over operating and financial policies but does not have operational control are recorded using the equity method of accounting. Under the equity method, the initial investment is recorded at cost. The investment is increased or decreased to recognize the ERS share of income and loss of those entities. Additional investments in the joint ventures increase the investment and distributions from the joint ventures decrease the investment. The ERS share of net income or loss of the joint ventures is reported as nonoperating gains (losses) in the statements of operations and changes in net assets.

1. Organization and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Property and equipment – Property and equipment acquisitions of $500 or more each and having useful lives of at least two years are capitalized at cost or fair market value if donated. Repairs and maintenance which do not improve or extend the life of an asset are expensed as incurred. Depreciation is provided on the straight-line method over the following estimated useful service lives:

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

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

Goodwill – Goodwill represents the excess of cost over the fair value of the net assets acquired from business acquisitions. In September 2008, ERS purchased an audiology practice located in Ontario, Oregon. ERS paid $200,000 for the practice, and other assets of a nominal amount. In September 2009, ERS purchased an internal medicine physicians practice for approximately $150,000 in excess of identifiable assets. ERS tests the recoverability of its goodwill on an annual basis. The goodwill testing utilizes a two-step impairment analysis, whereby ERS compares the carrying value of the reporting unit to its fair value. If the carry value of the reporting unit is greater than its fair value, the second step is performed, where the implied fair value of goodwill is compared to its carrying value. ERS recognizes an impairment charge for the amount by which the carrying amount of goodwill exceeds its fair value. The fair value of the reporting unit is estimated using the net present value of discounted cash flows, excluding any financing costs or dividends, generated by each reporting unit. The ERS discounted cash flows are based upon reasonable and appropriate assumptions about the underlying business activities of the reporting unit. ERS performs its test for recoverability for goodwill each year and no impairments resulted from this review. Goodwill is included in other noncurrent assets in the statements of financial position.

Debt issuance costs – Debt issuance costs are deferred and amortized on the straight-line method, which approximates the effective interest rate method, over the life of the related debt. Debt issuance costs are included in other noncurrent assets in the statements of financial position.

Compensated absences – ERS has a paid-time-off (PTO) program that allows employees to earn vacation benefits based, in part, on length of service. Employees may accumulate PTO up to a maximum of 240 hours. Employees are paid for accumulated PTO if employment is terminated.

Operating loss – The statements of operations and changes in net assets include an operating loss. Changes in unrestricted net assets which are excluded from the operating loss are consistent with industry practice and include investment income, unrealized gains and losses on investments, and capital contributions and grants.

1. Organization and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Functional expense allocation – The costs of providing healthcare services and other activities have been summarized on a functional basis in the statements of operations and changes in net assets. Certain costs have been allocated among the programs and supporting services benefited.

Recent accounting pronouncements – In 2011, the Financial Accounting Standards Board (FASB) issued guidance that requires healthcare entities to report patient bad debt as a reduction from revenue instead of an operating expense. The reporting requirement is effective for fiscal years ended after December 15, 2012. The statements of operations and changes in net assets reflect the amended guidance.

Income tax status – IERH received determination from the Internal Revenue Service (IRS) as a 501(c)(3) nonprofit organization that it is not subject to federal income tax. IERH is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, ERS is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. IERH has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990T) with the IRS.

IERH believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. IERH would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Subsequent events – ERS has evaluated subsequent events through November 12, 2014, the date on which the financial statements were available to be issued.

2. Prior Period Adjustment and Correction of Error:

ERS has recorded a prior period adjustment to correct net patient accounts receivable and third-party payor settlements. As a result, ERS's net assets have been restated and decreased by $4,575,528 to reflect this cumulative change.

The effect of the prior period adjustment is as follows:

Net assets at May 31, 2012, as previously reported	$	48,264,676
Adjustment to net patient accounts receivable		(4,060,621)
Adjustment to third-party payor settlements		(514,907)
Net assets at June 1, 2012, as restated	**$**	43,689,148

3. Temporarily and Permanently Restricted Net Assets:

Temporarily restricted net assets are those whose use by ERS has been limited by donors to a specific time period or purpose. The contributions received and income earned from temporarily restricted net assets are used to fund special programs, purchase library materials and capital equipment, or with the passage of time are available for ERS operations. Net assets of $89,617 and $70,520 were released from donor restrictions for use in operations during 2014 and 2013, respectively.

Permanently restricted net assets are those to be maintained by ERS in perpetuity. The income earned from permanently restricted net assets is used to provide educational scholarships or educational opportunities to ERS employees.

4. Patient Accounts Receivable:

Patients accounts receivable are reduced by an allowance for uncollectible accounts. In evaluating the collectibility of accounts receivable, ERS analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for uncollectible accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for uncollectible accounts. For receivables associated with services provided to patients who have third-party coverage, the ERS analyzes contractually due amounts and provides an allowance for uncollectible accounts and a provision for bad debts. The collectibility of patient receivables related to deductibles and coinsurance along with receivables for those patients without third-party payors is dependent on a number of factors including the economic conditions within the geographic region ERS serves, as well as the income, assets, and various financial resources of the responsible party. ERS evaluates the collectibility of the self-pay portion of receivables and determines an allowance for uncollectible accounts by taking into consideration the age of the receivable and historical collection patterns.

4. Patient Accounts Receivable (continued):

ERS's allowance for uncollectible accounts for self-pay patients has decreased from the prior year due to a decrease in total self-pay accounts receivable and improved aging. The provision for bad debts in 2014 increased from 2013 due to an increase in revenue from self-pay patients in 2014. ERS has not changed its charity care or uninsured discount policies during fiscal years 2014 or 2013. ERS did not maintain a material allowance for uncollectible accounts from third-party payors, nor did it have significant writeoffs from third-party payors.

Patient accounts receivable reported as current assets by ERS consisted of these amounts:

	2014	2013
Receivables from patients and their insurance carriers	$ **4,269,982**	$ 4,829,663
Receivables from Medicare	**2,266,319**	2,673,617
Receivables from Medicaid	**581,228**	720,446
Total patient accounts receivable	**7,117,529**	8,223,726
Less allowance for uncollectible accounts	**496,000**	872,000
Patient accounts receivable, net	$ **6,621,529**	$ 7,351,726

5. Net Patient Service Revenue:

ERS recognizes patient service revenue on the date services are delivered for patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for 100% charity care, ERS recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of ERS's uninsured patients will be unable or unwilling to pay for the services provided. Thus, ERS records a significant provision for bad debts related to uninsured patients in the period the services are provided. Patient service revenue, net of contractual adjustments and discounts (but before the provision for bad debt), by major payor source, was as follows:

	2014	2013
Patient service revenue (net of contractual adjustments and discounts)		
Medicare and Medicaid	**$ 11,269,133**	$ 6,646,375
Other third-party payors	**2,753,345**	8,207,196
Self-pay	**12,069,295**	7,334,993
	26,091,773	22,188,564
Less		
Charity care	**528,817**	363,301
Provision for bad debt	**1,495,241**	792,705
Net patient service revenue	**$ 24,067,715**	$ 21,032,558

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

- *Medicare* – Inpatient and outpatient services provided to Medicare beneficiaries are paid at prospectively determined rates per admission and per visit. The rates are established by the Centers for Medicare and Medicaid Services based on a patient grouping system that uses clinical and other factors. ERS is reimbursed for 65% of Medicare beneficiary deductible and coinsurance bad debts based on amounts included in annual cost report filings. ERS's Medicare cost reports have been audited and final settled by the Medicare fiscal intermediary through the year ended May 31, 2012. Differences between the amounts reported in the filed cost report and the audited final settlement amount are recorded in the year of settlement.
- *Medicaid* – Inpatient and outpatient services provided to Medicaid program beneficiaries are paid by Idaho using a cost reimbursement methodology. Cost for Medicaid reimbursement is based on amounts determined using Medicare cost report methodologies adjusted for state budget factors. Interim reimbursement is made at tentative rates with final settlement determined after submission of the annual cost report and the audit thereof by the fiscal intermediary. ERS's Medicaid cost reports have been audited and final settled by the fiscal intermediary through the year ended May 31, 2012. Differences between the amounts reported in the filed cost report and the audited final settlement amount are recorded in the year of settlement.

5. Net Patient Service Revenue (continued):

- *Medicaid (continued)* – ERS qualifies for payments under both the disproportionate share and the upper payment limit regulations. These payments are funded by both federal and state government and paid to ERS by the Medicaid program. Funds from the state are derived in part by a provider tax assessment charged to all hospitals and nursing facilities. Receipts of $266,418 in 2014 and $170,070 in 2013 are reported as reductions of Medicaid contractual adjustments. Provider tax payments of $129,353 in 2014 and $366,000 in 2013 are reported as management and general expense.

- *Other third-party payors* – ERS has payment agreements with many commercial insurance carriers, insurance networks, and others. The basis for payment to ERS under these agreements includes prospectively determined rates per admission, discounts from established charges, prospectively determined daily rates, and published fee schedules.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. There is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Net patient service revenue increased by approximately $111,000 and decreased by approximately $3,455,000 in the years ended May 31, 2014 and 2013, respectively, due to differences between original estimates and final settlements.

ERS provides charity care to patients who are financially unable to pay for the healthcare services they receive. ERS's policy is not to pursue collection of amounts determined to qualify as charity care. Accordingly, ERS did not include $528,817 and $363,301 of patient charges in 2014 and 2013, respectively, in net patient service revenues. ERS determines the costs associated with providing charity care by aggregating the applicable direct and indirect costs, including salaries and wages, benefits, supplies, and other operating expenses, based on data from its accounting system. The cost of caring for charity care patients for the years ended May 31, 2014 and 2013, was approximately $430,000 and $294,000, respectively. ERS received no material donor gifts to reimburse charity services in the years ended May 31, 2014 and 2013.

6. Investments:

Investments represent assets held in two investment portfolios that are managed by investment advisors under the direction of ERS. To satisfy its long-term rate-of-return objectives, ERS relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). ERS targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints. ERS's investment policy limits the use of derivative investments to covered calls against owned equity securities. Types of investments in the portfolios are:

	2014		2013	
	Cost	Fair Value	Cost	Fair Value
Money market	$ 1,674,633	$ 1,674,633	$ 1,776,008	$ 1,776,008
Government and municipal bonds	80,130	82,072	80,130	83,709
Corporate bonds	3,501,275	3,483,063	3,246,045	3,271,078
Common stock	8,071,326	9,833,568	9,978,247	11,744,469
Preferred stock	393,846	405,525	393,846	403,064
Bond funds	203,491	233,200	1,533,572	1,564,257
Mutual funds	699,558	716,478	1,100,000	1,086,007
Hedge funds	1,750,000	1,968,750	1,750,000	1,755,600
Other	350,757	464,987	330,843	636,244
Total investments	**$ 16,725,016**	**$ 18,862,276**	**$ 20,188,691**	**$ 22,320,436**

6. Investments (continued):

The investment portfolios include undesignated, board designated, temporarily restricted and permanently restricted assets. Undesignated assets are available for any corporate purpose; board designated assets are identified for charity care, however they may be used for any corporate purpose at the discretion of the board. Restricted assets must be used in accordance with donor wishes. Portfolio investment earnings are allocated to each asset grouping based on total share of the portfolio. Asset grouping of the portfolio are:

	2014	2013
Investments in current assets		
Unrestricted undesignated	**$ 16,435,268**	$ 20,056,670
Unrestricted board designated	**1,676,284**	1,513,042
Total investments in current assets	**18,111,552**	21,569,712
Investments limited as to use		
Temporarily restricted	**431,742**	431,742
Permanently restricted	**318,982**	318,982
Total investments limited as to use	**750,724**	750,724
Total investments	**$ 18,862,276**	**$** 22,320,436

The following tables set forth by level, within the fair value hierarchy, the fair values of ERS's investments.

	2014			
	Level 1 Quoted Prices in Active Markets for Identical Assets	**Level 2 Quoted Prices in non-Active Markets for Identical Assets**	**Level 3 Significant Unobservable Inputs**	**Total**
Money market	$ 1,674,633	$ -	$ -	$ 1,674,633
Government and municipal bonds	82,072	-	-	82,072
Corporate bonds	3,483,063	-	-	3,483,063
Common stock	9,833,568	-	-	9,833,568
Preferred stock	405,525	-	-	405,525
Bond funds	233,200	-	-	233,200
Mutual funds	716,478	-	-	716,478
Hedge funds	-	1,968,750	-	1,968,750
Other	-	464,987	-	464,987
Total investments	**$ 16,428,539**	**$ 2,433,737**	**$ -**	**$ 18,862,276**

6. Investments (continued):

	2013			
	Level 1 Quoted Prices in Active Markets for Identical Assets	Level 2 Quoted Prices in non-Active Markets for Identical Assets	Level 3 Significant Unobservable Inputs	Total
Money market	$ 1,776,008	$ -	$ -	$ 1,776,008
Government and municipal bonds	83,709	-	-	83,709
Corporate bonds	3,271,078	-	-	3,271,078
Common stock	11,744,469	-	-	11,744,469
Preferred stock	403,064	-	-	403,064
Bond funds	1,564,257	-	-	1,564,257
Mutual funds	1,086,007	-	-	1,086,007
Hedge funds	-	1,755,600	-	1,755,600
Other	-	636,244	-	636,244
Total investments	**$ 19,928,592**	**$ 2,391,844**	**$ -**	**$ 22,320,436**

7. Property and Equipment:

The hospital building was built in 1999, and the medical arts building was built in 2004. Land includes a 52-acre parcel held for sale that is not contiguous to ERS. A summary of property is as follows:

	2014	2013
Land and land improvements	**$ 2,968,057**	$ 2,968,057
Buildings and improvements	**29,237,980**	29,221,994
Fixed equipment	**464,032**	450,732
Major movable equipment	**8,703,035**	8,484,033
Automobiles	**167,174**	167,174
Total	**41,540,278**	41,291,990
Less accumulated depreciation and amortization	**(20,639,708)**	(19,128,785)
Property and equipment, net	**$ 20,900,570**	$ 22,163,205

Depreciation expense was $1,510,923 and $1,569,111 during the years ended May 31, 2014 and 2013, respectively.

8. Long-term Debt:

A summary of long-term debt follows:

	2014	2013
Promissory note, Idaho Health Facilities Authority, Revenue Refunding Note - Series 2009	**$ 8,004,537**	$ 8,658,986
Less current maturities	**(699,538)**	(662,972)
Long-term debt, net of current maturities	**$ 7,304,999**	$ 7,996,014

Principal and interest payments are due semiannually through July 2023. Level annual debt service is approximately $1,042,000 including interest at a fixed rate of 4.4% on outstanding principal. ERS's land and hospital building are pledged as collateral to secure the note. Terms of the loan agreement limit the incurrence of additional debt, require periodic reporting, and achievement of certain financial ratios. ERS received a waiver for failing to comply with the requirements of the loan agreement.

Scheduled payments are as follows:

Years Ending May 31,	Principal	Interest	Total
2015	$ 699,538	$ 348,973	$ 1,048,511
2016	724,133	320,719	1,044,852
2017	755,976	285,876	1,041,852
2018	790,899	250,953	1,041,852
2019	826,575	215,277	1,041,852
Thereafter	4,207,416	482,782	4,690,198
Total long-term debt	**$ 8,004,537**	**$ 1,904,580**	**$ 9,909,117**

9. Line of Credit:

On February 22, 2013, ERS obtained a credit line from a regional bank, in the maximum amount of $2,010,012. On February 22, 2014, the amount of the credit line was decreased to $1,000,000. Payment of this line of credit in full is required upon lender's demand. During the years ended May 31, 2014 and 2013, $1,509,000 and $1,013,000, respectively, were drawn and repaid on the line of credit. The line of credit did not have an outstanding balance at May 31, 2014 or 2013.

10. Pension Plan:

ERS sponsors a defined contribution retirement plan to provide retirement benefits for all eligible employees. Employer contributions are a maximum of 33.4% of the first 6% of employee contributions. The plan also allows for employer discretionary contributions. Employees are eligible to participate in the plan after completing one year and 1,000 hours of service. Employer contributions charged to expense for the years ended May 31, 2014 and 2013, were $278,436 and $336,122, respectively. The plan was terminated in September 2014.

Deferred Compensation Agreements

ERS has deferred compensation agreements with certain former employees. These former employees are receiving retirement benefit payments over a specified period as provided for in their agreements. ERS purchased life insurance policies on these individuals as a means to assure the availability of resources to meet ERS's obligations under the agreements. The cash surrender value of these policies is included in other noncurrent assets.

During 2007, ERS entered into a deferred compensation agreement with certain current employees in accordance with Internal Revenue Code Section 457(b). Under the agreement, ERS contributes to the participant's plan and the participant selects investments from alternatives offered by the plan. Although the assets are held by a custodian in the name of ERS, who is under contract with the ERS to manage the plan, the assets are subject to creditor attachment in the event of bankruptcy. The deferred compensation is payable to the employee upon death, disability, or retirement in an amount equal to the value of the investments selected by each participant. The plan was terminated in September 2014.

The change in the deferred compensation program investments was as follows:

	2014	2013
Beginning balance	**$ 819,865**	$ 602,652
Contributions	**-**	89,575
Distributions	**(46,315)**	(28,826)
Interest earned	**4,960**	769
Unrealized gain	**117,423**	155,695
Total	**$ 895,933**	**$** 819,865

11. Contingencies:

Medical malpractice – ERS maintains professional liability insurance coverage with a claims-made policy together with excess coverage provided through modified claims-made policies. Claims-made policies provide coverage up to $1,000,000 per claim and an annual aggregate limit of $5,000,000 for claims filed within the period of the policy term. The policy expires on September 30, 2014, and contains provisions for the purchase of tail coverage in the event the policy is not renewed. ERS has a $25,000 aggregate annual deductible with this policy. ERS has determined that no significant liability exists for losses incurred, but not reported, at May 31, 2014.

Effective October 1, 2014, ERS purchased a professional liability insurance tail policy covering claims made after September 30, 2014, related to claims occurring prior to September 30, 2014.

11. Contingencies (continued):

Litigation – ERS is involved in litigation and regulatory investigations arising in the ordinary course of business. In consultation with legal counsel, management estimates that these matters will be resolved without a material adverse effect on the ERS financial statements at May 31, 2014.

Industry regulations – The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditations, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Federal agencies routinely conduct investigations and compliance audits concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that ERS is in compliance with fraud and abuse statutes, as well as other applicable government laws and regulations.

12. Concentrations of Risk:

Patient accounts receivable – ERS grants credit without collateral to its patients, most of who are local residents with health insurance coverage.

The mix of receivables from patients and third-party payors was as follows:

	2014	2013
Medicare	**41 %**	44 %
Medicaid	**10**	11
Commercial insurance and other third-party payors	**42**	35
Patients	**7**	10
	100 %	100 %

No individual commercial insurer has more than 10% of the receivables in 2014 or 2013.

Cash and cash equivalents – As of May 31, 2014 and 2013, ERS maintained deposits in accounts with a regional bank which exceeded the $250,000 Federal Deposit Insurance Corporation limit. The bank has strong credit ratings, and management believes that the risk of loss related to these deposits is minimal.

13. Joint Venture Partnerships:

ERS has entered into two joint ventures with St. Luke's Regional Medical Center Ltd. (SLRMC) to provide outpatient services. As the partner of record for both joint ventures, ERS bills all patient services and enters into all contractual agreements with third-party payors. ERS processes all revenue, expense and capital transactions on behalf of the joint ventures. ERS purchases, with recourse, the net patient receivables of the joint ventures at the time the services are provided. The joint ventures purchase labor from both ERS and SLRMC at payroll cost plus employee benefits at an agreed upon factor. The joint ventures purchase office space from ERS and SLRMC at negotiated rates. A number of services such as laundry, laboratory, transcription, insurance, and others are purchased from ERS and SLRMC. The joint ventures pay a management fee to ERS. The amount reported in the accompanying statements of financial position as due to joint ventures represents the net amount of all cumulative joint venture revenue and expense transactions. The amount reported in the accompanying statements of financial position as due from joint ventures represents the net amount of all joint venture purchases of long lived assets and all capital account transactions.

St. Luke's Idaho Elks Rehab Services

St. Luke's Idaho Elks Rehab Services (SLERS) provides adult and pediatric outpatient rehabilitation services at 19 locations. SLERS was organized in 1996 by ERS and SLRMC with each contributing 50% of the partnership capital. Joint venture income and loss are allocated to each partner equally.

Summarized financial information related to SLERS follows:

SLERS		2014		2013
Total assets	$	**7,415,791**	$	8,108,135
Total liabilities		**3,329,661**		3,517,341
Partners' equity	$	**4,086,130**	$	4,590,794
Net patient service revenue	$	**12,848,701**	$	11,541,697
Other revenue		**516,381**		1,110,721
Operating expenses		**12,687,134**		12,980,390
Management fees paid to ERS		**1,182,612**		1,000,443
Net loss	$	**(504,664)**	$	(1,328,415)
Due from ERS	$	**5,051,599**	$	5,584,412
Due to ERS	$	**3,329,661**	$	3,328,902

13. Joint Venture Partnerships (continued):

Wound Care & Hyperbaric Treatment Center

Wound Care & Hyperbaric Treatment Center (WCHTC) provides outpatient rehabilitation, wound care, and hyperbaric oxygen treatment services at a leased space within the hospital. WCHTC was organized in 2005 by ERS and SLRMC, with each contributing 50% of the partnership capital. In 2008 WCHTC obtained the release of three physicians' contractual obligations to a private physicians practice by purchasing receivables and goodwill. The physicians were employed by SLRMC and assigned exclusively to WCHTC patients. Physician's medical services and patient therapy services, both net of deductions, are reported as net patient revenue. WCHTC pays SLRMC a fee for physician services in an amount that approximates the physician net patient revenue collected. On October 1, 2010 ERS purchased the assets of the Meridian location from the joint venture partnership and sold all but 10% of its interest in the joint venture to SLRMC for $3,500,000. WCHTC income and loss are allocated 90% to SLRMC and 10% to ERS.

Summarized financial information related to WCHTC follows:

WCHTC		2014		2013
Total assets	$	**5,894,848**	$	6,367,265
Total liabilities		**1,701,711**		1,935,996
Partners' equity	$	**4,193,137**	$	4,431,269
Net patient service revenue	$	**3,238,269**	$	2,493,672
Other revenue		**154,691**		154,973
Operating expenses		**3,499,453**		3,505,846
Management fees paid to ERS		**131,639**		116,124
Net loss	$	**(238,132)**	$	(973,325)
Due from ERS	$	**4,059,625**	$	4,765,681
Due to ERS	$	**1,240,037**	$	1,284,161

14. Rental revenue

ERS has leased a portion of the hospital and the medical arts buildings to physicians and each of the two joint ventures under long-term operating lease agreements. Total rental income was $1,330,069 and $1,316,723 for the years ended May 31, 2014 and 2013, respectively.

15. Related-party transactions:

ERS does business with a cleaning service company owned by the chairman of the Board of Directors and a legal firm in which one of the Board of Directors' members is a partner. ERS paid approximately $147,000 in fees to these companies for both years ended May 31, 2014 and 2013.

ERS does business with a regional bank whose president is a member of the Board of Directors. The bank performs depository services, provides a line of credit, and is the holder of the promissory note issued by the Idaho Health Facilities Authority.

SUPPLEMENTARY INFORMATION

Idaho Elks Rehabilitation Hospital, Inc.
Schedules of Expenses by Natural Classification
Years Ended May 31, 2014 and 2013

	2014	2013
Expenses		
Salaries and wages	**$ 18,736,410**	$ 19,343,295
Employee benefits	**3,115,848**	3,515,004
Purchased services	**4,296,306**	3,415,962
Supplies	**3,832,602**	3,785,696
Repairs and maintenance	**63,573**	61,963
Leases and rentals	**785,139**	731,374
Utilities	**389,327**	400,472
Insurance	**104,241**	22,561
Interest	**383,194**	441,234
Depreciation	**1,510,923**	1,569,111
Other	**1,052,791**	1,392,945
Total expenses	**$ 34,270,354**	$ 34,679,617