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2013

Open to Public Inspection

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](http://www.irs.gov/form990)

## A For the 2013 calendar year, or tax year beginning 07-01-2013, 2013, and ending 06-30-2014

B Check if applicable	C Name of organization Renown South Meadows Medical Center		D Employer identification number 46-0517825
<input type="checkbox"/> Address change	Doing Business As		
<input type="checkbox"/> Name change			
<input type="checkbox"/> Initial return	Number and street (or P O box if mail is not delivered to street address) 1155 Mill Street C/O Tax Treasury Z-4		E Telephone number (775) 982-4780
<input type="checkbox"/> Terminated			
<input type="checkbox"/> Amended return	City or town, state or province, country, and ZIP or foreign postal code Reno, NV 89502		
<input type="checkbox"/> Application pending			G Gross receipts \$ 107,734,792

F Name and address of principal officer Janette Townsend 1155 Mill Street C/O Tax Treasury Z-4 Reno, NV 89502	H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
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I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) (insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527	H(b) Are all subordinates included? If "No," attach a list (see instructions)
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J Website: ► [www.renown.org](http://www.renown.org)K Form of organization  Corporation  Trust  Association  Other ►

L Year of formation 2002

M State of legal domicile NV

## Part I Summary

1 Briefly describe the organization's mission or most significant activities A 76 bed acute-care hospital and a 62 bed rehabilitation hospital	
2 Check this box ► if the organization discontinued its operations or disposed of more than 25% of its net assets	
3 Number of voting members of the governing body (Part VI, line 1a) . . . . .	3 11
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 0
6 Total number of volunteers (estimate if necessary) . . . . .	6 91
7a Total unrelated business revenue from Part VIII, column (C), line 12 . . . . .	7a 867,250
b Net unrelated business taxable income from Form 990-T, line 34 . . . . .	7b -495,046

8 Contributions and grants (Part VIII, line 1h) . . . . .	Prior Year 0 0
9 Program service revenue (Part VIII, line 2g) . . . . .	113,844,407 106,865,612
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) . . . . .	55 1,930
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	902,183 867,250
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) . . . . .	114,746,645 107,734,792

13 Grants and similar amounts paid (Part IX, column (A), lines 1-3) . . . . .	Prior Year 1,579 12,337
14 Benefits paid to or for members (Part IX, column (A), line 4) . . . . .	0 0
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	39,598,456 38,601,288
16a Professional fundraising fees (Part IX, column (A), line 11e) . . . . .	0 0
b Total fundraising expenses (Part IX, column (D), line 25) ► 0	
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e) . . . . .	57,005,040 50,244,536
18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	96,605,075 88,858,161
19 Revenue less expenses Subtract line 18 from line 12 . . . . .	18,141,570 18,876,631

20 Total assets (Part X, line 16) . . . . .	Beginning of Current Year 247,051,586 359,153,572
21 Total liabilities (Part X, line 26) . . . . .	End of Year 134,295,570 227,520,925
22 Net assets or fund balances Subtract line 21 from line 20 . . . . .	112,756,016 131,632,647

## Part II Signature Block

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

Sign Here	***** Signature of officer Janette Townsend VP & Corporate CFO Type or print name and title	2015-05-15 Date
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Paid Preparer Use Only	Print/Type preparer's name Kim Hunwardsen CPA	Preparer's signature	Date 2015-05-13	Check <input type="checkbox"/> if self-employed	PTIN P00484560
	Firm's name ► Eide Bailly LLP			Firm's EIN ► 45-0250958	
	Firm's address ► 800 Nicollet Mall Ste 1300 Minneapolis, MN 554027033			Phone no (612) 253-6500	

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

**Part III Statement of Program Service Accomplishments**

## **Statement of Program Service Accomplishments**

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

Renown Health makes a genuine difference in the health and well-being of the people and communities we serve.

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 C

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

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 \$ 74,948,175 including grants of \$ 12,337 ) (Revenue \$ 106,865,612

See Schedule O Renown South Meadows Medical Center is a 76-bed facility that offers the latest in medical and surgical care, intensive care, telemetry, a 24-hour emergency room, inpatient and outpatient surgical and lab services. Renown South Meadows provides a wide range of healthcare services to the south Reno and Washoe Valley communities. Renown South Meadows provides necessary healthcare services regardless of race, creed, sex, national origin, handicap, age or ability to pay. Renown South Meadows has about 500 physicians on its medical staff and extends privileges on its medical staff to all eligible and qualified physicians. Since it opened as an acute care hospital in 2002, Renown South Meadows has doubled its bed capacity by expanding the intensive care, surgical and telemetry units. Renown South Meadows is also the local home of endoscopic ultrasound. This technology, applied with skillful hands, has helped diagnose and treat digestive diseases and cancer in thousands of patients. Renown South Meadows houses physician offices in the medical pavilion located on its campus. The hospital provides the use of its facility to more than 20 healthcare activity and support groups. These include events that involve nursing students, senior healthcare, maternal child education and obesity education. South Meadows also donates meeting space to more than a dozen community groups, including local law-enforcement agencies and service organizations. Renown South Meadows supports Partners in Education through activities with Double Diamond Elementary and Damonte Ranch High School. Renown Rehabilitation Hospital is a 63-bed, inpatient rehabilitation environment focusing on care that prepares patients to live as independently as possible after experiencing a disabling injury or illness. Renown Rehabilitation Hospital has the highest concentration of Certified Rehabilitation Registered Nurses in northern Nevada. Rehabilitation nurses provide comfort, therapy and education, promote health-conducive adjustments, support adaptive capabilities and promote achievable independence. During fiscal year 2014, there was only one other inpatient acute rehabilitation facility in Northern Nevada. Renown South Meadows and Renown Rehabilitation Hospital are governed by a board of community members, the majority of who live in our primary service area and who are neither employees or independent contractors or family members. All surplus funds are retained in the organization to make improvements in patient care. For the fiscal year ending June 30, 2014, Renown South Meadows, along with its parent, Renown Health and its subsidiaries, provided nearly \$94 million in benefit to the community (using community benefit numbers gathered by the Nevada Hospital Association using state-approved criteria to ensure consistency). For a full report on the benefit Renown Health provided to our community as well as our needs assessment and community benefit plan go to [www.renown.org/about-us/community-benefit-plan](http://www.renown.org/about-us/community-benefit-plan).

**4b** (Code ) (Expenses \$ including grants of \$ ) (Revenue \$

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

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**4d** Other program services (Describe in Schedule Q)

**(Expenses \$)**

including grants of \$

) (Revenue

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**4e Total program service expenses** 

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74.948.175

**Part IV Checklist of Required Schedules**

1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 

2 Is the organization required to complete Schedule B, *Schedule of Contributors* (see instructions)? 

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 

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 

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 

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 

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 

8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 

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 

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 

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 

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 

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 

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 

e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 

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 XI 

12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII 

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 

13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E

14a Did the organization maintain an office, employees, or agents outside of the United States?

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

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

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

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)

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

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

20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H 

b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?

	Yes	No
1	Yes	
2		No
3		No
4	Yes	
5		No
6		No
7		No
8		No
9		No
10		No
11a	Yes	
11b		No
11c		No
11d	Yes	
11e	Yes	
11f	Yes	
12a		No
12b	Yes	
13		No
14a		No
14b		No
15		No
16		No
17		No
18		No
19		No
20a	Yes	
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	Yes	
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	No	
24b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
24c	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		
24d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I	25a	No	
25b	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)	28a	No	
28b	a A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28b	No	
28c	b A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28c	No	
29	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)	29	No	
30	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	30	No	
31	Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M	31	No	
32	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M	32	No	
33	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I	33	No	
34	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II	34	Yes	
35a	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	35a	No	
35b	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	35b		
36	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	36	Yes	
37	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	37	No	
38	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	38	Yes	
36	<b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2	36		
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		
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O	38		

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

**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
<b>1a</b> Enter the number of voting members of the governing body at the end of the tax year	<b>1a</b>	11		
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O				
<b>b</b> Enter the number of voting members included in line 1a, above, who are independent	<b>1b</b>	9		
<b>2</b> Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	<b>2</b>	Yes		
<b>3</b> Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	<b>3</b>	Yes		
<b>4</b> Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	<b>4</b>	No		
<b>5</b> Did the organization become aware during the year of a significant diversion of the organization's assets?	<b>5</b>	No		
<b>6</b> Did the organization have members or stockholders?	<b>6</b>	Yes		
<b>7a</b> Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	<b>7a</b>	Yes		
<b>b</b> Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	<b>7b</b>	Yes		
<b>8</b> Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following	<b>8a</b>	Yes		
<b>a</b> The governing body?	<b>8b</b>	No		
<b>b</b> Each committee with authority to act on behalf of the governing body?	<b>9</b>	No		
<b>9</b> Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O				

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

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

### Section C. Disclosure

- 17 List the States with which a copy of this Form 990 is required to be filed
- 18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c) (3)s only) available for public inspection. Indicate how you made these available. Check all that apply
  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
 

►Janette Townsend 1155 Mill St Z-4  
Reno, NV 89502 (775) 982-4780

**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	Office	Key employee	Highest compensated	Former			
(1) David Line President	3 00 18 00	X		X				0	28,497	0
(2) Harvey Fennell Secretary (Jul-Dec)/Treasurer (Jan-Jun)	3 00 0 00	X		X				0	7,545	0
(3) Roy Robbins Treasurer (Jul-Dec)	3 00 0 00	X		X				0	7,041	0
(4) Todd McKenzie Secretary (Jan-Jun)	3 00 0 00	X		X				0	2,000	0
(5) Brett Frey Director (Jan-Jun)	3 00 0 00	X						0	0	0
(6) Kimberly Cooney Director	3 00 3 00	X						0	0	0
(7) Kathleen Drakulich Director (Jul-Dec)	3 00 3 00	X						0	22,165	0
(8) James Devold Director	3 00 0 00	X						0	18,097	0
(9) Peter Stremmel Director (Jul-Mar)	3 00 0 00	X						0	2,000	0
(10) Doug Clary Director	3 00 0 00	X						0	8,806	0
(11) Victor Chen Director	3 00 0 00	X						0	0	0
(12) Jennifer Satre Director	3 00 0 00	X						0	0	0
(13) Ronnie Solaro Director (Jan-Jun)	3 00 0 00	X						0	0	0
(14) Randy Ross Director/CEO South Meadows (Jan-Jun)	60 00 0 00	X						0	0	0
(15) Dawn Ahner CFO	8 00 52 00		X					0	742,858	106,396
(16) Donald Sibery Interim CEO	8 00 52 00		X					0	0	0
(17) Allan Hanssen VP Strategic Initiatives	17 00 43 00			X				0	483,118	63,009

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

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 **►12**

		Yes	No
3	Did the organization list any <b>former</b> officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>	3	Yes
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>	4	Yes
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>	5	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
Aramark Uniform PO Box 340910 Sacramento CA 958340910	Laundry Services	310,253
Routt Dialysis LLC PO Box 8500-1607 Philadelphia PA 191781607	Kidney Dialysis	262,812
Maxim Healthcare Service 12588 Collections Center Dr Chicago IL 60693	Travel Nurses	237,686
Cascades of the Sierra 275 Neighbor Way Spanish Springs NV 89441	Assisted Living Consultants	227,586
Western Surgical Group 75 Pringle Way Ste 1002 Reno NV 89502	General Surgical	198,633
<b>2</b> Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization	16	

**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 ►16

**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	
<b>Contributions, Gifts, Grants and Other Similar Amounts</b>	<b>1a</b> Federated campaigns . . . . .	<b>1a</b>				
	<b>b</b> Membership dues . . . . .	<b>1b</b>				
	<b>c</b> Fundraising events . . . . .	<b>1c</b>				
	<b>d</b> Related organizations . . . . .	<b>1d</b>				
	<b>e</b> Government grants (contributions)	<b>1e</b>				
	<b>f</b> All other contributions, gifts, grants, and similar amounts not included above	<b>1f</b>				
	<b>g</b> Noncash contributions included in lines 1a-1f \$					
	<b>h</b> <b>Total.</b> Add lines 1a-1f . . . . .					
<b>Program Service Revenue</b>	<b>2a</b> Patient Svc Revenue	<b>Business Code</b>				
		623000	104,558,261	104,558,261		
	<b>b</b> Assisted Living	623311	1,834,982	1,834,982		
	<b>c</b> Cafeteria	722210	369,177	369,177		
	<b>d</b> Joint Venture Income	623000	103,192	103,192		
	<b>e</b>					
	<b>f</b> All other program service revenue					
	<b>g</b> <b>Total.</b> Add lines 2a-2f . . . . .		106,865,612			
<b>Other Revenue</b>	<b>3</b> Investment income (including dividends, interest, and other similar amounts) . . . . .					
	<b>4</b> Income from investment of tax-exempt bond proceeds					
	<b>5</b> Royalties . . . . .					
	<b>6a</b> Gross rents	(I) Real	(II) Personal			
	<b>b</b> Less rental expenses					
	<b>c</b> Rental income or (loss)					
	<b>d</b> Net rental income or (loss) . . . . .					
	<b>7a</b> Gross amount from sales of assets other than inventory	(I) Securities	(II) Other			
<b>b</b> Less cost or other basis and sales expenses		1,930				
<b>c</b> Gain or (loss)		0				
<b>d</b> Net gain or (loss) . . . . .		1,930	1,930	1,930		
<b>8a</b> Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 . . . . .	a					
<b>b</b> Less direct expenses . . . . .	b					
<b>c</b> Net income or (loss) from fundraising events . . . . .						
<b>9a</b> Gross income from gaming activities See Part IV, line 19 . . . . .	a					
<b>b</b> Less direct expenses . . . . .	b					
<b>c</b> Net income or (loss) from gaming activities . . . . .						
<b>10a</b> Gross sales of inventory, less returns and allowances . . . . .	a					
<b>b</b> Less cost of goods sold . . . . .	b					
<b>c</b> Net income or (loss) from sales of inventory . . . . .						
<b>Miscellaneous Revenue</b>	<b>Business Code</b>					
<b>11a</b> UBI - LTACH	623990	864,310		864,310		
<b>b</b> UBI - Landscaping	811000	2,940		2,940		
<b>c</b>						
<b>d</b> All other revenue . . . . .						
<b>e</b> <b>Total.</b> Add lines 11a-11d . . . . .		867,250				
<b>12</b> <b>Total revenue.</b> See Instructions . . . . .		107,734,792	106,865,612	867,250	1,930	

**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 

<b>Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.</b>	<b>(A) Total expenses</b>	<b>(B) Program service expenses</b>	<b>(C) Management and general expenses</b>	<b>(D) Fundraising expenses</b>
1 Grants and other assistance to governments and organizations in the United States See Part IV, line 21	12,337	12,337		
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	767,259	767,259		
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	31,038,765	30,430,710	608,055	
7 Other salaries and wages				
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)				
9 Other employee benefits	6,795,264	6,661,492	133,772	
10 Payroll taxes				
11 Fees for services (non-employees)				
a Management				
b Legal				
c Accounting				
d Lobbying	2,786	2,786		
e Professional fundraising services See Part IV, line 17				
f Investment management fees				
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	14,311,046	6,933,211	7,377,835	
12 Advertising and promotion				
13 Office expenses	3,587,329	3,113,581	473,748	
14 Information technology				
15 Royalties				
16 Occupancy	1,418,448	648,166	770,282	
17 Travel	45,808	40,811	4,997	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	33,732	32,932	800	
20 Interest	2,612,147	2,612,147		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	5,035,588	2,049,637	2,985,951	
23 Insurance	438,849	15,310	423,539	
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	13,637,729	13,637,729		
b Bad Debts	7,755,811	7,755,811		
c Overhead	1,003,393		1,003,393	
d Dues & Subscriptions	145,547	108,808	36,739	
e All other expenses	216,323	125,448	90,875	
<b>25 Total functional expenses.</b> Add lines 1 through 24e	88,858,161	74,948,175	13,909,986	0
<b>26 Joint costs.</b> 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 

		<b>(A)</b> Beginning of year	<b>(B)</b> End of year
<b>Assets</b>			
1	Cash—non-interest-bearing	1	
2	Savings and temporary cash investments	9,085	2
3	Pledges and grants receivable, net	3	
4	Accounts receivable, net	13,910,125	4
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	2,319,444	8
9	Prepaid expenses and deferred charges	266,273	9
10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	108,711,688
b	Less accumulated depreciation	10b	48,009,161
		61,379,836	10c
			60,702,527
11	Investments—publicly traded securities	11	
12	Investments—other securities See Part IV, line 11	12	
13	Investments—program-related See Part IV, line 11	13	0
14	Intangible assets	14	
15	Other assets See Part IV, line 11	15	283,377,506
16	<b>Total assets.</b> Add lines 1 through 15 (must equal line 34)	16	359,153,572
<b>Liabilities</b>			
17	Accounts payable and accrued expenses	17	4,773,400
18	Grants payable	18	
19	Deferred revenue	19	
20	Tax-exempt bond liabilities	20	53,406,686
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	0
25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D	25	169,340,839
26	<b>Total liabilities.</b> Add lines 17 through 25	26	227,520,925
<b>Net Assets or Fund Balances</b>			
	<b>Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.</b>		
27	Unrestricted net assets	112,756,016	27
28	Temporarily restricted net assets	28	
29	Permanently restricted net assets	29	
	<b>Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.</b>		
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	112,756,016	33
34	<b>Total liabilities and net assets/fund balances</b>	247,051,586	34
			359,153,572

**Part XI Reconciliation 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	107,734,792
2	Total expenses (must equal Part IX, column (A), line 25)	2	88,858,161
3	Revenue less expenses Subtract line 2 from line 1	3	18,876,631
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	112,756,016
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	0
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	131,632,647

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

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

**2013****Open to Public  
Inspection**Department of the  
Treasury  
Internal Revenue Service

► 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](http://www.irs.gov/form990).**Name of the organization**

Renown South Meadows Medical Center

**Employer identification number**

46-0517825

**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

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

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

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

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

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

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

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

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

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

**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						
<b>4 Total.</b> 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)						
<b>6 Public support.</b> 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)						
<b>11 Total support</b> (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (see instructions)					<b>12</b>	
<b>13 First five years.</b> 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 <b>stop here</b> . . . . . ►						

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

14 Public support percentage for 2013 (line 6, column (f) divided by line 11, column (f))	<b>14</b>	
15 Public support percentage for 2012 Schedule A, Part II, line 14	<b>15</b>	
<b>16a 33 1/3% support test—2013.</b> If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and <b>stop here</b> . The organization qualifies as a publicly supported organization ►		
<b>b 33 1/3% support test—2012.</b> If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and <b>stop here</b> . The organization qualifies as a publicly supported organization ►		
<b>17a 10%-facts-and-circumstances test—2013.</b> If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and <b>stop here</b> . Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ►		
<b>b 10%-facts-and-circumstances test—2012.</b> If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and <b>stop here</b> . Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ►		
<b>18 Private foundation.</b> If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ►		

**Part III Support Schedule for Organizations Described in Section 509(a)(2)**

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

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ►	(a) 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						
<b>6 Total.</b> Add lines 1 through 5						
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons						
<b>b</b> Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
<b>c</b> Add lines 7a and 7b						
<b>8 Public support</b> (Subtract line 7c from line 6 )						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
9 Amounts from line 6						
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
<b>c</b> Add lines 10a and 10b						
<b>11</b> Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
<b>12</b> Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV )						
<b>13 Total support.</b> (Add lines 9, 10c, 11, and 12 )						
<b>14 First five years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and <b>stop here</b> ►						

**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
<b>19a 33 1/3% support tests—2013.</b> 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 <b>stop here</b> . The organization qualifies as a publicly supported organization ►	
<b>b 33 1/3% support tests—2012.</b> 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 <b>stop here</b> . The organization qualifies as a publicly supported organization ►	
<b>20 Private foundation.</b> 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

**SCHEDULE C**  
(Form 990 or 990-EZ)**Political Campaign and Lobbying Activities****2013****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](http://www.irs.gov/form990).

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

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

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

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

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

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

Name of the organization Renown South Meadows Medical Center	Employer identification number 46-0517825
-----------------------------------------------------------------	----------------------------------------------

**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

<b>Limits on Lobbying Expenditures</b> (The term "expenditures" means amounts paid or incurred.)		<b>(a) Filing organization's totals</b>	<b>(b) Affiliated group totals</b>
<b>1a</b> Total lobbying expenditures to influence public opinion (grass roots lobbying)			
<b>b</b> Total lobbying expenditures to influence a legislative body (direct lobbying)			
<b>c</b> Total lobbying expenditures (add lines 1a and 1b)			
<b>d</b> Other exempt purpose expenditures			
<b>e</b> Total exempt purpose expenditures (add lines 1c and 1d)			
<b>f</b> Lobbying nontaxable amount Enter the amount from the following table in both columns			
<b>If the amount on line 1e, column (a) or (b) is:</b>	<b>The lobbying nontaxable amount is:</b>		
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		
<b>g</b> Grassroots nontaxable amount (enter 25% of line 1f)			
<b>h</b> Subtract line 1g from line 1a If zero or less, enter -0-			
<b>i</b> Subtract line 1f from line 1c If zero or less, enter -0-			
<b>j</b> If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes	<input type="checkbox"/> No

**4-Year Averaging Period Under Section 501(h)**

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

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

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.

	(a)		(b)	
	Yes	No	Amount	
<b>1</b> 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				
<b>a</b> Volunteers?		No		
<b>b</b> Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No		
<b>c</b> Media advertisements?		No		
<b>d</b> Mailings to members, legislators, or the public?		No		
<b>e</b> Publications, or published or broadcast statements?		No		
<b>f</b> Grants to other organizations for lobbying purposes?	Yes		2,786	
<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body?		No		
<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No		
<b>i</b> Other activities?		No		
<b>j</b> Total Add lines 1c through 1i			2,786	
<b>2a</b> Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No		
<b>b</b> If "Yes," enter the amount of any tax incurred under section 4912				
<b>c</b> If "Yes," enter the amount of any tax incurred by organization managers under section 4912				
<b>d</b> 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		
	2		
1	Were substantially all (90% or more) dues received nondeductible by members?		
2	Did the organization make only in-house lobbying expenditures of \$2,000 or less?		
3	Did the organization agree to carry over lobbying and political expenditures from the prior year?		

**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."**

<b>1</b> Dues, assessments and similar amounts from members	1	
<b>2</b> Section 162(e) nondeductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid)		
<b>a</b> Current year	2a	
<b>b</b> Carryover from last year	2b	
<b>c</b> Total	2c	
<b>3</b> Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
<b>4</b> 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?		
<b>5</b> Taxable amount of lobbying and political expenditures (see instructions)	4	
	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 1f	Payments are made to Nevada Hospital Association to provide unified, regulatory advocacy for member hospitals

**Part IV Supplemental Information (continued)**

**Schedule D (Form 990) 2013**

**SCHEDULE D**  
(Form 990)**Supplemental Financial Statements**

OMB No 1545-0047

**2013**

► 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](http://www.irs.gov/form990).

**Open to Public Inspection**Department of the Treasury  
Internal Revenue Service**Name of the organization**  
Renown South Meadows Medical Center**Employer identification number**  
46-0517825**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)	<input type="checkbox"/> Preservation of land for public use (e.g., recreation or education) <input type="checkbox"/> Preservation of an historically important land area
	<input type="checkbox"/> Protection of natural habitat <input type="checkbox"/> Preservation of a certified historic structure
	<input type="checkbox"/> Preservation of open space
2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year	
a Total number of conservation easements	<b>Held at the End of the Year</b>
b Total acreage restricted by conservation easements	2a
c Number of conservation easements on a certified historic structure included in (a)	2b
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2c
3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ► _____	2d
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? <input type="checkbox"/> Yes <input type="checkbox"/> 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)? <input type="checkbox"/> Yes <input type="checkbox"/> 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)

<b>a</b> <input type="checkbox"/> Public exhibition	<b>d</b> <input type="checkbox"/> Loan or exchange programs
<b>b</b> <input type="checkbox"/> Scholarly research	<b>e</b> <input type="checkbox"/> Other
<b>c</b> <input type="checkbox"/> Preservation for future generations	

**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

	<b>Amount</b>
<b>1c</b>	
<b>1d</b>	
<b>1e</b>	
<b>1f</b>	

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

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

**a** Board designated or quasi-endowment

**b** Permanent endowment

**c** Temporarily restricted endowment

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

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

**(i)** unrelated organizations . . . . .

**(ii)** related organizations . . . . .

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

<b>Yes</b>	<b>No</b>
<b>3a(i)</b>	
<b>3a(ii)</b>	
<b>3b</b>	

**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
<b>1a</b> Land . . . . .		5,462,783			5,462,783
<b>b</b> Buildings . . . . .		65,885,658	18,695,761		47,189,897
<b>c</b> Leasehold improvements . . . . .		95,090		23,987	71,103
<b>d</b> Equipment . . . . .		37,216,431	29,289,413		7,927,018
<b>e</b> Other . . . . .		51,726			51,726
<b>Total.</b> Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)					60,702,527

**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.

<b>(a) Description of security or category (including name of security)</b>	<b>(b) Book value</b>	<b>(c) Method of valuation Cost or end-of-year market value</b>
(1) Financial derivatives		
(2) Closely-held equity interests		
Other		
</		

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

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

**Total.** (Column (b) must equal Form 990, Part X, col.(B) line 15.) . . . . . 283,3

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

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

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

**Part XIII Supplemental Information**

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
Part X, Line 2	Renown South Meadows Medical Center is organized as a Nevada nonprofit entity and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). In addition, Renown South Meadows Medical Center is subject to income tax on net income derived from business activities that are unrelated to its tax exempt purpose. Renown South Meadows Medical Center files an Exempt Organization Business Income Tax Return (Form 990T) with the IRS to report any unrelated business taxable income. Renown South Meadows Medical Center 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 combined financial statements. Renown South Meadows Medical Center 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. Renown South Meadows Medical Center's Federal Form 990T filings are no longer subject to federal tax examinations by tax authorities for years before 2011.

**Part XIII Supplemental Information (continued)**

Return Reference	Explanation

SCHEDULE H  
(Form 990)

## Hospitals

OMB No 1545-0047

Department of the Treasury  
Internal Revenue Service

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

► Information about Schedule H (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

2013

Open to Public  
Inspection

## Name of the organization

Renown South Meadows Medical Center

## Employer identification number

46-0517825

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

	Yes	No
1a Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a Yes	
b If "Yes," was it a written policy?	1b Yes	
2 If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year		
<input checked="" type="checkbox"/> Applied uniformly to all hospital facilities	Applied uniformly to most hospital facilities	
<input type="checkbox"/> Generally tailored to individual hospital facilities		
3 Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year		
a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care	3a Yes	
<input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input checked="" type="checkbox"/> Other _____ 40000 0000000000 %		
b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care	3b Yes	
<input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input checked="" type="checkbox"/> 400% <input checked="" type="checkbox"/> Other _____ 100000 0000000000 %		
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 Yes	
c If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5c No	
6a Did the organization prepare a community benefit report during the tax year?	6a Yes	
b If "Yes," did the organization make it available to the public?	6b Yes	
Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H		

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

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			830,602		830,602	1 020 %
b Medicaid (from Worksheet 3, column a)			6,660,599	2,260,531	4,400,068	5 430 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			356,403	213,186	143,217	0 180 %
d <b>Total</b> Financial Assistance and Means-Tested Government Programs			7,847,604	2,473,717	5,373,887	6 630 %
<b>Other Benefits</b>						
e Community health improvement services and community benefit operations (from Worksheet 4)			139,949	0	139,949	0 170 %
f Health professions education (from Worksheet 5)			0	0		
g Subsidized health services (from Worksheet 6)			11,337	0	11,337	0 010 %
h Research (from Worksheet 7)			0			
i Cash and in-kind contributions for community benefit (from Worksheet 8)			67,839	0	67,839	0 080 %
j <b>Total</b> Other Benefits			219,125		219,125	0 260 %
k <b>Total</b> Add lines 7d and 7j			8,066,729	2,473,717	5,593,012	6 890 %

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

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

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

Section A. Bad Debt Expense	Yes	No
1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No 15?	1	No
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	7,755,811
3 Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit	3	0
4 Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements		
Section B. Medicare		
5 Enter total revenue received from Medicare (including DSH and IME)	5	26,016,597
6 Enter Medicare allowable costs of care relating to payments on line 5	6	21,673,133
7 Subtract line 6 from line 5 This is the surplus (or shortfall)	7	4,343,464
8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		
<input type="checkbox"/> Cost accounting system	<input checked="" type="checkbox"/> Cost to charge ratio	<input type="checkbox"/> Other
Section C. Collection Practices		
9a Did the organization have a written debt collection policy during the tax year?	9a	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					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

**Part V Facility Information****Section A. Hospital Facilities**

(list in order of size from largest to smallest—see instructions)

How many hospital facilities did the organization operate during the tax year?

2

Name, address, primary website address, and state license number

See Additional Data Table

Other (Describe)

Facility reporting group

ER-other

ER-24 hours

Research facility

Critical access hospital

Teaching hospital

Children's hospital

General medical & surgical

Licensed hospital

**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)

Renown South Meadows Medical Center

**Name of hospital facility or facility reporting group** \_\_\_\_\_**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 \_\_\_\_\_

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

<b>Financial Assistance Policy</b>		<b>Yes</b>	<b>No</b>
<b>9</b>	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?	<b>9</b>	Yes
<b>10</b>	Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care <u>400 000000000000%</u> If "No," explain in Part VI the criteria the hospital facility used	<b>10</b>	Yes
<b>11</b>	Used FPG to determine eligibility for providing <i>discounted</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>1000 000000000000%</u> If "No," explain in Part VI the criteria the hospital facility used	<b>11</b>	Yes
<b>12</b>	Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply)	<b>12</b>	Yes
a	<input checked="" type="checkbox"/> Income level		
b	<input checked="" type="checkbox"/> Asset level		
c	<input checked="" type="checkbox"/> Medical indigency		
d	<input checked="" type="checkbox"/> Insurance status		
e	<input checked="" type="checkbox"/> Uninsured discount		
f	<input checked="" type="checkbox"/> Medicaid/Medicare		
g	<input checked="" type="checkbox"/> State regulation		
h	<input type="checkbox"/> Residency		
i	<input type="checkbox"/> Other (describe in Part VI)		
<b>13</b>	Explained the method for applying for financial assistance? . . . . .	<b>13</b>	Yes
<b>14</b>	Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply)	<b>14</b>	Yes
a	<input checked="" type="checkbox"/> The policy was posted on the hospital facility's website		
b	<input type="checkbox"/> The policy was attached to billing invoices		
c	<input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d	<input type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e	<input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
f	<input checked="" type="checkbox"/> The policy was available upon request		
g	<input checked="" type="checkbox"/> Other (describe in Part VI)		

**Billing and Collections**

<b>15</b>	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment? . . . . .	<b>15</b>	Yes
<b>16</b>	Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP		
a	<input type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other similar actions (describe in Section C)		
<b>17</b>	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP? . . . . . If "Yes," check all actions in which the hospital facility or a third party engaged	<b>17</b>	No
a	<input type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other similar actions (describe in 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**

**19** Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? . . . . .

If "No," indicate why

- 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)

	Yes	No
<b>19</b> Yes		

**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)

<b>21</b>		No

**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? . . . . .

If "Yes," explain in Part VI

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

If "Yes," explain in Part VI

<b>22</b>		No

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

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

Renown Rehabilitation Hospital

**Name of hospital facility or facility reporting group** \_\_\_\_\_**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)** \_\_\_\_\_ 2 \_\_\_\_\_

	<b>Yes</b>	<b>No</b>
<b>Community Health Needs Assessment</b> (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)		
1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 . . . . .	1 Yes	
If "Yes," indicate what the CHNA report describes (check all that apply)		
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a CHNA	20 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 <input checked="" type="checkbox"/> Hospital facility's website (list url) <u>WWW.renown.org/about-us/community</u>		
b <input type="checkbox"/> Other website (list url) _____		
c <input type="checkbox"/> Available upon request from the hospital facility		
d <input type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)		
a <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b <input checked="" type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Participation in the development of a community-wide plan		
d <input type="checkbox"/> Participation in the execution of a community-wide plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g <input type="checkbox"/> Prioritization of health needs in its community		
h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input checked="" type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs . . . . .	7 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)**

<b>Financial Assistance Policy</b>		<b>Yes</b>	<b>No</b>
<b>9</b>	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?	<b>9</b>	Yes
<b>10</b>	Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care <u>400 000000000000%</u> If "No," explain in Part VI the criteria the hospital facility used	<b>10</b>	Yes
<b>11</b>	Used FPG to determine eligibility for providing <i>discounted</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>1000 000000000000%</u> If "No," explain in Part VI the criteria the hospital facility used	<b>11</b>	Yes
<b>12</b>	Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply)	<b>12</b>	Yes
a	<input checked="" type="checkbox"/> Income level		
b	<input checked="" type="checkbox"/> Asset level		
c	<input checked="" type="checkbox"/> Medical indigency		
d	<input checked="" type="checkbox"/> Insurance status		
e	<input checked="" type="checkbox"/> Uninsured discount		
f	<input checked="" type="checkbox"/> Medicaid/Medicare		
g	<input checked="" type="checkbox"/> State regulation		
h	<input type="checkbox"/> Residency		
i	<input type="checkbox"/> Other (describe in Part VI)		
<b>13</b>	Explained the method for applying for financial assistance? . . . . .	<b>13</b>	Yes
<b>14</b>	Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply)	<b>14</b>	Yes
a	<input checked="" type="checkbox"/> The policy was posted on the hospital facility's website		
b	<input type="checkbox"/> The policy was attached to billing invoices		
c	<input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d	<input type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e	<input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
f	<input checked="" type="checkbox"/> The policy was available upon request		
g	<input checked="" type="checkbox"/> Other (describe in Part VI)		

**Billing and Collections**

<b>15</b>	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment? . . . . .	<b>15</b>	Yes
<b>16</b>	Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP		
a	<input type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other similar actions (describe in Section C)		
<b>17</b>	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP? . . . . . If "Yes," check all actions in which the hospital facility or a third party engaged	<b>17</b>	No
a	<input type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other similar actions (describe in 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**

**19** Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? . . . . .

If "No," indicate why

- 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)

	Yes	No
<b>19</b> Yes		

**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)

<b>21</b>		No

**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? . . . . .

If "Yes," explain in Part VI

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

If "Yes," explain in Part VI

<b>22</b>		No

**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
See Additional Data Table	

**Schedule H (Form 990) 2013**

**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 6a	The organization's community benefit report is contained in a report prepared by its parent corporation, Renown Health Part I, Line 5b. The organization budgets the amount of charity care expected in the next year but does not use that estimate as a constraint on the amount of charity care provided

Form and Line Reference	Explanation
Part I, Line 7	Charity care expense was converted to cost on line 7a using the cost-to-charge ratio derived from Worksheet 2. Unreimbursed medicaid and other unreimbursed costs on line 7b and 7c were calculated using the cost-to-charge ratio derived from Worksheet 2. Community health improvement, Health professions education and Cash and In-kind contributions on lines 7e, 7f and 7i are reported from the organization's records

Form and Line Reference	Explanation
Part I, Ln 7 Col(f)	The amount of bad debt expense removed from total expenses to determine the percentage was \$7,755,811

Form and Line Reference	Explanation
Part III, Line 4	The footnote to the audited financial statements that addresses bad debt is on page 11 of the attached audit financial statements. The amount included on Line 2 reflects the amount reported in the financial statements.

Form and Line Reference	Explanation
Part III, Line 8	The costing methodology for Line 6 uses the ratio of cost to charges from the FY14 as filed by the Medicare cost report

Form and Line Reference	Explanation
Part III, Line 9b	Patients in the process of qualifying for state or local indigent programs or the organization's charity program are indicated with a particular payor class/status in the patient accounting system. The patient is not subject to collection efforts while in those classes/statutes

Form and Line Reference	Explanation
Part VI, Line 2	<p>The organization reviews the current demographic information of the population it serves and the impact those demographics have on the health needs of the community. See explanation 4 below for a description of the community. While the demographics start to tell the story of community health needs, Renown Health also consults with community partners and draws from state and local government, non-profits, and school district data sources to assess healthcare needs in the community. Renown Health also used data from Thomson Reuters, an information services company, to identify health care needs and barriers in its service area. Renown Health's Community Benefit Committee spearheads the development of an annual community needs assessment and corresponding community benefit plan, and oversees the tracking and reporting of community benefit activities. The committee oversees the development or updating of a community needs assessment, and from that assessment develops a community benefit plan that prioritizes and identifies community needs that the organization can support with its finite resources. The needs assessment and community benefit plan are presented to the organization's board as well as the Renown Health Board for review and approval. The needs assessment and the community benefit plan are posted to the organization's website at <a href="http://www.renown.org/about-us/community">www.renown.org/about-us/community</a></p>

Form and Line Reference	Explanation
Part VI, Line 3	The organization educates patients on assistance eligibility by posting information on its website regarding its financial assistance program and whenever situations indicate that the patient may be unable to pay for services. The organization has a dedicated Patient Financial Assistance Department that works with uninsured patients to establish eligibility for a state or local program. For those that do not qualify for a state or local program, they will refer the patient to the organization's charity care process.

Form and Line Reference	Explanation
Part VI, Line 4	Washoe County is located in the northwest corner of Nevada and has a population of 431,035 according to the 2013 Nevada State Demographer. According to the 2013 Nevada State Demographers Office, the population in Washoe County is 50.5% male and 49.5% female. A quarter (28.0%) of the population is under the age of 24. 11.9% of the population is 65+. Washoe County's population was estimated to have the following breakdown as of 2013: 65.9% Caucasian/white, 2.3% African American / black, 6.3% Asian / Hawaiian or Pacific Islander, 23.6% Hispanic, and 2.3% American Indian and Alaskan Native. The Washoe County median household income was estimated to be \$53,750 according to the American Community Survey. Over 15.1% of Washoe County residents are under the federal poverty guidelines. Reno-Sparks unemployment currently is estimated to be at 6.1% as of October 2014, reflecting improvement from a high of 13%. Since the passing of the Affordable Care Act (ACA) the number of uninsureds have decreased dramatically. There exists, however, a shortage of health care providers.

Form and Line Reference	Explanation
Part VI, Line 5	See Schedule O, Part III, Line 4a for a description of how the organization furthers its exempt purpose by promoting the health of the community

Form and Line Reference	Explanation
Part VI, Line 6	<p>Renown South Meadows Medical Center is part of Renown Health, northern Nevada's largest, private, not-for-profit healthcare network. As a local not-for-profit health network, Renown Health's income stays right here in the community to provide many programs and services that would otherwise be unavailable. Renown is dedicated to this region and governed by local community leaders and physicians. We are proud to provide the health, education and social welfare that our friends, neighbors and family members expect and deserve. Renown Health has more than 5,300 employees and serves a 17-county region with a total population in excess of 1.9 million. Renown Health includes Renown Regional Medical Center, a 808-bed full service regional hospital, Renown South Meadows Medical Center, a 76-bed acute care community hospital, Renown Rehabilitation Hospital, a 62-bed rehabilitation hospital, Renown Skilled Nursing, a 160-bed skilled nursing facility, a children's hospital, numerous medical-group, urgent-care and outpatient imaging practices, and a health-insurance provider. Renown Health offers advanced care for patients and embraces its role in improving the health and well-being of the people in the communities we serve. Besides our commitment to meeting the healthcare needs of the region, Renown Health gives back to communities by contributing funds, services, facilities and the time and expertise of employees. These benefits to the community flow from Renown Health as a whole and from the individual hospitals, facilities and departments that make up our health network. For the fiscal year ending June 30, 2014, Renown Health and its subsidiaries provided nearly \$94 million in benefit to the community (using community benefit numbers gathered by the Nevada Hospital Association using state-approved criteria to ensure consistency). For a full report on the benefit Renown Health provided to our community as well as our needs assessment and community benefit plan go to <a href="http://www.renown.org/about-us/community">www.renown.org/about-us/community</a></p>

Form and Line Reference	Explanation
Part VI, Line 7, Reports Filed With States	NV



## Additional Data

**Software ID:**  
**Software Version:**  
**EIN:** 46-0517825  
**Name:** Renown South Meadows Medical Center

### 990 Schedule H, Supplemental Information

**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
Renown South Meadows Medical Center	
Renown Rehabilitation Hospital	Part V, Section B, Line 3 In an effort to compliment the empirical evidence provided by the Thompson Reuter Community Needs Index, the organization consulted several leading community organizations to determine the health status and needs of the surrounding community. The community organizations included the Washoe County Health District, Health People Nevada Moving 2010 to 2020 Report, the Washoe County School District's 2011 School Climate Report, the 2009 Youth Behavior Risk Survey and the Susan G Komen Breast Cancer Foundation
Renown South Meadows Medical Center	Part V, Section B, Line 6i The organization's implementation plan is made publicly available at <a href="http://www.renown.org/about-us/community">www.renown.org/about-us/community</a>
Renown Rehabilitation Hospital	Part V, Section B, Line 6i The organization's implementation plan is made publicly available at <a href="http://www.renown.org/about-us/community">www.renown.org/about-us/community</a>
Renown South Meadows Medical Center	Part V, Section B, Line 14g On every itemized bill and statement sent to the patient is a number they can call to get help with financial assistance. A financial counselor is made available to all self-pay patients upon admission. In addition, Patient Financial Assistance counselors proactively work with self-pay patients to aid in applying for financial assistance. The organization's website lists the phone number a patient can call to speak to a financial counselor
Renown Rehabilitation Hospital	Part V, Section B, Line 14g On every itemized bill and statement sent to the patient is a number they can call to get help with financial assistance. A financial counselor is made available to all self-pay patients upon admission. In addition, Patient Financial Assistance counselors proactively work with self-pay patients to aid in applying for financial assistance. The organization's website lists the phone number a patient can call to speak to a financial counselor
Renown South Meadows Medical Center	Part V, Section B, Line 18e On every itemized bill and statement sent to the patient is a number they can call to get help with financial assistance. A financial counselor is made available to all self-pay patients upon admission. In addition, Patient Financial Assistance counselors proactively work with self-pay patients to aid in applying for financial assistance. The organization's website lists the phone number a patient can call to speak to a financial counselor
Renown Rehabilitation Hospital	Part V, Section B, Line 18e On every itemized bill and statement sent to the patient is a number they can call to get help with financial assistance. A financial counselor is made available to all self-pay patients upon admission. In addition, Patient Financial Assistance counselors proactively work with self-pay patients to aid in applying for financial assistance. The organization's website lists the phone number a patient can call to speak to a financial counselor
Renown South Meadows Medical Center	Part V, Section B, Line 20d The hospital facility determines charges for financially eligible patients based upon a payment matrix and other factors in the Financial Assistance Policy. The maximum the patient is charged is below the lowest negotiated commercial insurance rates
Renown Rehabilitation Hospital	Part V, Section B, Line 20d The hospital facility determines charges based upon a payment matrix in the Financial Assistance Policy. The payment matrix maximums are below the lowest negotiated commercial insurance rates

## Schedule I (Form 990)

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

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

► Attach to Form 990

► **Information about Schedule I (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).**

**Open to Public  
Inspection**

Department of the Treasury  
Internal Revenue Service

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Name of the organization

Renown South Meadows Medical Center

**Employer identification number**

46-0517825

## **Part I General Information on Grants and Assistance**

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . .  Yes  No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

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

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

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

**Part IV Supplemental Information.** Provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

Return Reference	Explanation
Part I, Line 2	The organization's grants are given directly to the vendor on behalf of the recipient to cover a need that was identified during the granting process There is no ongoing monitoring necessary for these grants

**Schedule J**  
(Form 990)**Compensation Information**

OMB No 1545-0047

Department of the Treasury  
Internal Revenue Service

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

► Complete if the organization answered "Yes" to Form 990, 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](http://www.irs.gov/form990).**2013****Open to Public Inspection**Name of the organization  
Renown South Meadows Medical Center

Employer identification number

46-0517825

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

<input type="checkbox"/> First-class or charter travel	<input type="checkbox"/> Housing allowance or residence for personal use
<input type="checkbox"/> Travel for companions	<input type="checkbox"/> Payments for business use of personal residence
<input type="checkbox"/> Tax indemnification and gross-up payments	<input type="checkbox"/> Health or social club dues or initiation fees
<input type="checkbox"/> Discretionary spending account	<input type="checkbox"/> 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**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?**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

<input checked="" type="checkbox"/> Compensation committee	<input checked="" type="checkbox"/> Written employment contract
<input checked="" type="checkbox"/> Independent compensation consultant	<input checked="" type="checkbox"/> Compensation survey or study
<input type="checkbox"/> Form 990 of other organizations	<input checked="" type="checkbox"/> Approval by the board or compensation committee

**4** During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization**a** Receive a severance payment or change-of-control payment?**b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?**c** Participate in, or receive payment from, an equity-based compensation arrangement?

If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III

**Only 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?**b** Any related organization?

If "Yes," to line 5a or 5b, describe in Part III

**6** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of**a** The organization?**b** Any related organization?

If "Yes," to line 6a or 6b, describe in Part III

**7** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III**8** Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III**9** If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
<b>1b</b>		
<b>2</b>		
<b>4a</b>	Yes	
<b>4b</b>	Yes	
<b>4c</b>		No
<b>5a</b>		No
<b>5b</b>		No
<b>6a</b>		No
<b>6b</b>		No
<b>7</b>		No
<b>8</b>		No
<b>9</b>		

**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) Dawn Ahner CFO	(i) 0 (ii) 501,030	0 237,526	0 4,302	0 86,072	0 20,323	0 849,253	0 0
(2) Allan Hanssen VP Strategic Initiatives	(i) 0 (ii) 353,831	0 126,438	0 2,849	0 55,042	0 8,598	0 546,758	0 0
(3) Kevin Desmond Pharmacy Manager	(i) 155,734 (ii) 0	19,036 0	7,378 0	4,276 0	24,282 0	210,706 0	0 0
(4) Christopher Sullivan Lead Pharmacist	(i) 134,104 (ii) 0	4,945 0	2,804 0	2,968 0	18,786 0	163,607 0	0 0
(5) Keith Covert Director of Surgical Servi	(i) 132,982 (ii) 0	5,340 0	696 0	1,506 0	16,424 0	156,948 0	0 0
(6) Regina Nelson CFO South Meadows	(i) 140,152 (ii) 0	10,843 0	6,509 0	3,779 0	20,235 0	181,518 0	0 0
(7) James Miller Former President/CEO	(i) 0 (ii) 563,084	0 0	0 380,554	0 335,873	0 15,435	0 1,294,946	0 0

**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
Part I, Line 3	Renown South Meadows Medical Center relies on Renown Health, a related organization to establish compensation for officers and other key employees. Renown Health uses the identified methods to establish compensation. See Schedule O, Form 990, Part VI, Section B, Line 15 for a description of the process utilized by Renown Health.
Part I, Lines 4a-b	James Miller received a severance payment. A payment of \$363,048 to James Miller included in Schedule J, Part II, Column (B)(iii). Dawn Ahner and Allan Hanssen are party to a supplemental nonqualified retirement plan. Contributions of \$76,072 to Dawn Ahner were included in Schedule J, Part II, Column (C). Contributions of \$53,399 to Allan Hanssen were included in Schedule J, Part II, Column (C).

**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](http://www.irs.gov/form990).****2013****Open to Public  
Inspection**

Name of the organization

Renown South Meadows Medical Center

**Employer identification number**

46-0517825

Return Reference	Explanation
Form 990, Part V, Line 1a, Number reported in Box 3 of Form 1096	Renown South Meadows Medical Center has independent contractors, however, Renown Health, the parent organization, pays all the independent contractors directly. The actual expense of each independent contractor is directly charged to the assigned entity. The highest compensated independent contractors are reported on Part VII, Section B

Return Reference	Explanation
Form 990, Part V, Line 2a, Number of employees on W-3	Renown South Meadow's Medical Center has its own employees, however, Renown Health, the parent organization, pays all compensation and employee benefit amounts under a common paymaster arrangement. The actual compensation of each employee is directly charged to their assigned entity. Salaries are reported on line 7 of Part IX.

Return Reference	Explanation
Form 990, Part VI, Section A, line 2	Kimberly Cooney, Kathleen Drakulich, Leslie Smith, Michael Alonso, James Devold, James Miller, Alan Hanssen, Donald Sibery, David Line and Dawn Ahner have a business relationship

Return Reference	Explanation
Form 990, Part VI, Section A, line 3	Renown Health paid Decisive Consulting Solutions, LLC for Donald Sibery's services as the Interim CEO for all the Renown entities. Renown Health paid \$970,982 for fiscal year ending June 30, 2014 for the Interim CEO services and reimbursed travel and business expenses

Return Reference	Explanation
Form 990, Part VI, Section A, line 6	Renown Health is the sole corporate member of Renown South Meadows Medical Center

Return Reference	Explanation
Form 990, Part VI, Section A, line 7a	Renown Health, acting through its board of directors, appoints the members of the board of governors of Renown South Meadows Medical Center

Return Reference	Explanation
Form 990, Part VI, Section A, line 7b	Renown Health must approve any merger, consolidation or dissolution of Renown South Meadows Medical Center, any borrowing in excess of \$1 million in any fiscal year, and encumbrances of assets and certain other actions not in the ordinary course of business

Return Reference	Explanation
Form 990, Part VI, Section A, line 8b	There was no committee during the year that had the broad authority to act on behalf of the board

Return Reference	Explanation
Form 990, Part VI, Section B, line 11	The Form 990 is prepared by the organization's tax department with support from a certified tax preparer. The form is reviewed by the organization's current Controller and current VP & Corporate CFO prior to the final Form 990 being sent to the board. The IRS Form 990, as filed with the IRS, is sent to each voting member of the Renown Health Board prior to filing. Along with the forms, the Renown Health board is provided with a narrative that explains the various parts of the Form and their content.

Return Reference	Explanation
Form 990, Part VI, Section B, line 12c	<p>On an annual basis at or prior to the first regular meeting following the election of new board members, the members of the Renown South Meadows Medical Center Board are given an Annual Disclosure Statement. They are expected to perform a reasonable investigation into their business, financial, family or significant personal relationships to disclose any actual or potential conflicts of interest. If, in connection with a proposed transaction or arrangement involving a Renown Health entity, a board member discovers that an actual or possible conflict of interest has arisen that was not disclosed on the Annual Statement, then the board member must disclose the existence and nature of his or her financial interests to the remaining directors that are considering the proposed transaction or arrangement in a timely manner. If a board member discloses an actual or possible conflict of interest, the board member shall leave the board or committee meeting while the remaining board members discuss the financial interest. The remaining board members shall vote upon and decide whether a conflict of interest actually exists. If the remaining board members determine that a conflict does exist, then appropriate measures are taken to ensure the issue is addressed.</p>

Return Reference	Explanation
Form 990, Part VI, Section B, line 15a	<p>Renown Health's executive compensation, including compensation for the CEO and certain executives, is reviewed and approved by the Renown Health Executive Committee. All decisions are submitted for final ratification at the next scheduled board meeting. The discussion is documented in the Executive Committee minutes and Board minutes. The Executive Committee is comprised of members of the Renown Health Board of Directors unrelated to and not subject to the control or undue influence of executives, with no material financial interest in transactions of the Company or any other perceived or actual conflicts of interest. Total cash compensation for the organization's executives is targeted at competitive compensation levels, relative to market surveys of comparable healthcare organizations, based upon the level of performance required to achieve the targeted compensation levels. Base compensation and total cash compensation is reviewed at a minimum of every two years in comparison to the surveys for comparable businesses and responsibilities and adjusted as to maintain equity with the survey information. The Executive Committee undertook the process outlined above for the fiscal year 2014 executive compensation.</p>

Return Reference	Explanation
Form 990, Part VI, Section C, line 19	Renown South Meadow's Medical Center doesn't make its governing documents or conflict of interest policy available to the public. A copy of the audited financial statements is part of the Form 990 which is made available to the public.

Return Reference	Explanation
Form 990, Part VI, Line 16b	There is no written policy or procedure that is specific to joint ventures. Instead, there is a written policy in regards to financial transactions with physicians and physician entities. Any future ventures with physicians would be evaluated in accordance with that policy. Other types of transactions would be evaluated in accordance with the exempt status of the organization and its applicable purposes.

Return Reference	Explanation
Form 990, Part IX, line 11g	<p>AMBULANCE CHARGES Program service expenses 3,310 Management and general expenses 0 Fundraising expenses 0 Total expenses 3,310</p> <p>COLLECTION SERVICES Program service expenses 81,228 Management and general expenses 0 Fundraising expenses 0 Total expenses 81,228</p> <p>CONSULTING SERVICES Program service expenses 0 Management and general expenses 35,688 Fundraising expenses 0 Total expenses 35,688</p> <p>GARBAGE Program service expenses 171,153 Management and general expenses 0 Fundraising expenses 0 Total expenses 171,153</p> <p>LAUNDRY SERVICES Program service expenses 234,939 Management and general expenses 0 Fundraising expenses 0 Total expenses 234,939</p> <p>MEDICAL SERVICES (NON-PHYSICIAN) Program service expenses 1,557,536 Management and general expenses 4,276 Fundraising expenses 0 Total expenses 1,561,812</p> <p>OTHER MISC SERVICES Program service expenses 2,241,436 Management and general expenses 564,146 Fundraising expenses 0 Total expenses 2,805,582</p> <p>TRANSPORTATION SERVICES Program service expenses 51,016 Management and general expenses 0 Fundraising expenses 0 Total expenses 51,016</p> <p>SOFTWARE MAINTENANCE AND SUPPORT Program service expenses 46,685 Management and general expenses 0 Fundraising expenses 0 Total expenses 46,685</p> <p>Other Service Contracts Program service expenses 608 Management and general expenses 0 Fundraising expenses 0 Total expenses 608</p> <p>Snow Removal / Ice Melt Program service expenses 21,708 Management and general expenses 0 Fundraising expenses 0 Total expenses 21,708</p> <p>Medical Equipment Service Agreements Program service expenses 81,599 Management and general expenses 0 Fundraising expenses 0 Total expenses 81,599</p> <p>System Charges Program service expenses 77,388 Management and general expenses 0 Fundraising expenses 0 Total expenses 77,388</p> <p>Medical Waste Program service expenses 3,213 Management and general expenses 0 Fundraising expenses 0 Total expenses 3,213</p> <p>Professional Fees Program service expenses 2,361,392 Management and general expenses 1,062,724 Fundraising expenses 0 Total expenses 3,424,116</p> <p>Overhead Program service expenses 0 Management and general expenses 5,711,001 Fundraising expenses 0 Total expenses 5,711,001</p>

Return Reference	Explanation
Form 990, Part X, Line 20	The issue price includes the filing organization's share of the entire bond issue, which was issued to Renown Regional Medical Center on behalf of the Renown Obligated Group. The Renown Obligated Group consists of Renown Regional Medical Center, Renown South Meadows Medical Center, and Network Services. In accordance with IRS instructions, information related to the tax exempt bond reporting is being reported on Renown Regional Medical Center's tax return (EIN 88-0213754). Renown Health, the sole member of this entity, has an audit committee that assumes responsibility for the consolidated audit and selection of the independent accountant.

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## **SCHEDULE R** **(Form 990)**

## Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2013

**Open to Public  
Inspection**

Department of the Treasury  
Internal Revenue Service

Name of the organization  
Renown South Meadows Medical Center

**Employer identification number**

46-0517825

**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	No
(1) Renown Health  1155 Mill St Z-4  Reno, NV 89502 94-2972845	Health Care	NV	501 (C) (3)	III-FI	N/A		No
(2) Renown Regional Medical Center  1155 Mill St Z-4  Reno, NV 89502 88-0213754	Hospital	NV	501 (C) (3)	3	Renown Health		No
(3) Renown Health Foundation  1155 Mill St Z-4  Reno, NV 89502 94-2972749	Foundation	NV	501 (C) (3)	7	Renown Health		No
(4) Renown Network Services  1155 Mill St Z-4  Reno, NV 89502 88-0231828	Outpatient Imaging and Pregnancy Center	NV	501 (C) (3)	3	Renown Health		No
(5) Renown Skilled Nursing  1155 Mill St Z-4  Reno, NV 89502 20-1347269	Nursing Facility	NV	501 (C) (3)	9	Renown Health		No
(6) Hometown Health Plan  1155 Mill St Z-4  Reno, NV 89502 88-0231433	HMO	NV	501 (C) (4)		Renown Health		No

**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.

**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.

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

**Note.** Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule

**1** During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

- a** Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity
- b** Gift, grant, or capital contribution to related organization(s)
- c** Gift, grant, or capital contribution from related organization(s)
- d** Loans or loan guarantees to or for related organization(s)
- e** Loans or loan guarantees by related organization(s)
- f** Dividends from related organization(s)
- g** Sale of assets to related organization(s)
- h** Purchase of assets from related organization(s)
- i** Exchange of assets with related organization(s)
- j** Lease of facilities, equipment, or other assets to related organization(s)
- k** Lease of facilities, equipment, or other assets from related organization(s)
- l** Performance of services or membership or fundraising solicitations for related organization(s)
- m** Performance of services or membership or fundraising solicitations by related organization(s)
- n** Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)
- o** Sharing of paid employees with related organization(s)
- p** Reimbursement paid to related organization(s) for expenses
- q** Reimbursement paid by related organization(s) for expenses
- r** Other transfer of cash or property to related organization(s)
- s** Other transfer of cash or property from related organization(s)

	Yes	No
1a		No
1b	Yes	
1c		No
1d		No
1e		No
1f		No
1g		No
1h		No
1i		No
1j		No
1k	Yes	
1l	Yes	
1m		No
1n		No
1o	Yes	
1p		No
1q		No
1r	Yes	
1s	Yes	

**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) Hometown Health Plan Inc	L	14,924,180	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.

**Part VII Supplemental Information**

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

Return Reference	Explanation
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Schedule R (Form 990) 2013

**Additional Data**

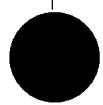
**Software ID:**  
**Software Version:**  
**EIN:** 46-0517825  
**Name:** Renown South Meadows Medical Center

**Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations**

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c) (3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled entity?	
						Yes	No
(1) Renown Health  1155 Mill St Z-4 Reno, NV 89502 94-2972845	Health Care	NV	501 (C) (3)	III-FI	N/A		No
(1) Renown Regional Medical Center  1155 Mill St Z-4 Reno, NV 89502 88-0213754	Hospital	NV	501 (C) (3)	3	Renown Health		No
(2) Renown Health Foundation  1155 Mill St Z-4 Reno, NV 89502 94-2972749	Foundation	NV	501 (C) (3)	7	Renown Health		No
(3) Renown Network Services  1155 Mill St Z-4 Reno, NV 89502 88-0231828	Outpatient Imaging and Pregnancy Center	NV	501 (C) (3)	3	Renown Health		No
(4) Renown Skilled Nursing  1155 Mill St Z-4 Reno, NV 89502 20-1347269	Nursing Facility	NV	501 (C) (3)	9	Renown Health		No
(5) Hometown Health Plan  1155 Mill St Z-4 Reno, NV 89502 88-0231433	HMO	NV	501 (C) (4)		Renown Health		No

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b) (13) controlled entity?	
								Yes	No
Renown Businesses 1155 Mill St Z-4 Reno, NV 89502 88-0228030	Health Care	NV	N/A	C				No	
Hometown Health Management Company 1155 Mill St Z-4 Reno, NV 89502 88-0236758	Management Services	NV	N/A	C				No	
Hometown Health Providers Insurance Co 1155 Mill St Z-4 Reno, NV 89502 88-0177026	Insurance	NV	N/A	C				No	
The Provider Network Inc 1155 Mill St Z-4 Reno, NV 89502 88-0376369	Health Care	NV	N/A	C				No	
Remittance Assistance Corporation 1155 Mill St Z-4 Reno, NV 89502 88-0277761	Collections	NV	N/A	C				No	
Nevada Heart Institute 1155 Mill St Z-4 Reno, NV 89502 88-0247743	Cardiology	NV	N/A	C				No	
NHI-1 Inc 1155 Mill St Z-4 Reno, NV 89502 88-0303924	Cardiology	NV	N/A	C				No	
Elko Heart Institute 1155 Mill St Z-4 Reno, NV 89502 45-2152594	Cardiology	NV	N/A	C				No	



Combined Financial Statements  
June 30, 2014 and 2013

**Renown Health**

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## Independent Auditor's Report

The Board of Directors  
Renown Health  
Reno, Nevada

### Report on the Financial Statements

We have audited the accompanying combined financial statements of Renown Health, which comprise the combined balance sheets as of June 30, 2014 and 2013, and the related combined statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the combined financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for preparation and fair presentation of these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of Renown Health as of June 30, 2014 and 2013, and the results of its combined operations, changes in net assets, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is fluid and cursive, with "Eide" and "Baily" connected, and "LLP" in a smaller, separate section.

Fargo, North Dakota  
September 3, 2014

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	2014	2013
	(In Thousands)	
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 159,382	\$ 113,806
Marketable securities	405,295	363,937
Receivables		
Patient, net of allowance for uncollectible accounts of \$43,658 in 2014 and \$143,235 in 2013	90,237	97,666
Other	18,905	17,283
Inventory	20,614	19,521
Funds held in trust, current	7,316	7,104
Prepaid expenses and other	<u>8,466</u>	<u>4,788</u>
Total current assets	<u>710,215</u>	<u>624,105</u>
<b>Funds Held in Trust, Net of Current Portion</b>		
For debt service	10,202	10,172
For capital projects	<u>14,252</u>	<u>14,245</u>
Total funds held in trust, net of current portion	<u>24,454</u>	<u>24,417</u>
<b>Property and Equipment, Net</b>	<u>589,945</u>	<u>598,559</u>
<b>Other Assets</b>		
Unamortized financing costs, net of accumulated amortization of \$8,060 in 2014 and \$7,351 in 2013	16,245	16,954
Goodwill and intangible assets, net of accumulated amortization of \$815 in 2014 and \$545 in 2013	7,842	8,112
Investments in affiliated companies	21,937	20,620
Other	<u>15,435</u>	<u>16,213</u>
Total other assets	<u>61,459</u>	<u>61,899</u>
<b>Total assets</b>	<u><u>\$ 1,386,073</u></u>	<u><u>\$ 1,308,980</u></u>

Renown Health  
Combined Balance Sheets  
June 30, 2014 and 2013

	2014	2013		
	(In Thousands)			
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities</b>				
Current maturities of long-term debt	\$ 14,608	\$ 11,093		
Accounts payable				
Trade	37,303	39,311		
Estimated third-party payor settlements and other	32,785	25,286		
Accrued salaries, wages and benefits	<u>44,041</u>	<u>44,286</u>		
Total current liabilities	128,737	119,976		
Other	62,290	62,130		
Long-Term Debt, Less Current Maturities	<u>512,783</u>	<u>525,478</u>		
Total liabilities	<u>703,810</u>	<u>707,584</u>		
 <b>Net Assets</b>				
Unrestricted	670,395	589,744		
Noncontrolling interest in combined subsidiary	<u>3,219</u>	<u>3,917</u>		
Total unrestricted	673,614	593,661		
Temporarily and permanently restricted	<u>8,649</u>	<u>7,735</u>		
Total net assets	<u>682,263</u>	<u>601,396</u>		
Total liabilities and net assets	<u>\$ 1,386,073</u>	<u>\$ 1,308,980</u>		

**Renown Health**  
**Combined Statements of Operations**  
**Years Ended June 30, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
	(In Thousands)	
<b>Unrestricted Revenues, Gains, and Other Support</b>		
Net patient service revenues	\$ 659,706	\$ 730,435
Provision for bad debts	(55,709)	(184,448)
Net patient service revenues less provision for bad debts	603,997	545,987
Premium revenues	302,695	277,149
Other revenues	38,507	34,570
<b>Total unrestricted revenues, gains, and other support</b>	<b>945,199</b>	<b>857,706</b>
<b>Expenses</b>		
Salaries and wages	333,476	336,460
Employee benefits	42,476	37,284
Supplies	134,719	127,034
Professional fees	19,125	17,874
Health care expenses	176,733	146,933
Purchased services	64,429	62,246
Repairs and maintenance	4,101	3,146
Utilities and telephone	8,935	8,883
Insurance	4,530	5,001
Provision for depreciation/amortization	44,935	48,013
Interest	26,800	27,687
Rental and lease	8,368	9,029
Other	29,262	28,094
<b>Total expenses</b>	<b>897,889</b>	<b>857,684</b>
<b>Operating Income</b>	<b>47,310</b>	<b>22</b>
<b>Other Income (Loss)</b>		
Investment income	6,139	6,564
Impairment loss	(1,620)	-
Unrealized gain (loss) on investments	6,292	(4,457)
Gain (loss) on interest rate swaps	(22)	5,505
<b>Other income (loss), net</b>	<b>10,789</b>	<b>7,612</b>
<b>Revenues in Excess of Expenses</b>	<b>58,099</b>	<b>7,634</b>

Renown Health  
 Combined Statements of Operations – Page 2  
 Years Ended June 30, 2014 and 2013

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	2014 (In Thousands)	2013
Revenues in Excess of Expenses	\$ 58,099	\$ 7,634
Change in Unrealized Gains and Losses on Investments	21,964	15,311
Change in Unrealized Gains and Losses on Interest Rate Swaps	696	11,123
Other Changes	(1,351)	(642)
Contributions and Grants for Property Acquisitions	<u>545</u>	<u>4,539</u>
<b>Increase in Unrestricted Net Assets</b>	<b><u>\$ 79,953</u></b>	<b><u>\$ 37,965</u></b>

Renown Health  
 Combined Statements of Changes in Net Assets  
 Years Ended June 30, 2014 and 2013

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	2014	2013
	(In Thousands)	
<b>Unrestricted Net Assets</b>		
Revenues in excess of expenses	\$ 58,099	\$ 7,634
Change in unrealized gains and losses on investments	21,964	15,311
Change in unrealized gains and losses on interest rate swaps	696	11,123
Other changes	(1,351)	(642)
Contributions and grants for property acquisitions	<u>545</u>	<u>4,539</u>
 Increase in unrestricted net assets	 <u>79,953</u>	 <u>37,965</u>
<b>Temporarily and Permanently Restricted Net Assets</b>		
Contributions and related investment income	2,092	3,313
Net assets released from restrictions	<u>(1,178)</u>	<u>(5,091)</u>
 Increase (decrease) in temporarily and permanently restricted net assets	 <u>914</u>	 <u>(1,778)</u>
<b>Increase in Net Assets</b>	  <u>80,867</u>	  <u>36,187</u>
<b>Net Assets, Beginning of Year</b>	  <u>601,396</u>	  <u>565,209</u>
<b>Net Assets, End of Year</b>	  <u><b>\$ 682,263</b></u>	  <u><b>\$ 601,396</b></u>

**Renown Health**  
**Combined Statements of Cash Flows**  
**Years Ended June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
	(In Thousands)	
<b>Operating Activities</b>		
Change in net assets	\$ 80,867	\$ 36,187
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Provision for bad debts	55,709	184,448
Provision for depreciation/amortization	44,935	48,013
Contributions for property acquisition	(545)	(4,539)
Impairment loss	1,620	-
Realized loss on sale of property	644	3
Gain on marketable securities	(28,530)	(11,088)
Increase in fair value on interest rate swaps	(674)	(16,628)
Restricted contributions and related interest income	(2,092)	(3,313)
Amortization of financing costs and bond discounts/premiums	418	449
Increase (decrease) in malpractice liability	(669)	1,670
Loss (gain) on equity investment in joint ventures	(1,317)	1,498
Decrease (increase) in postretirement health care benefits liability	(1,532)	(2,234)
Changes in assets and liabilities		
Receivables	(49,779)	(151,583)
Inventory	(1,093)	(647)
Prepaid expenses and other	(2,900)	(1,733)
Accounts payable and accrued expenses	(2,253)	(4,717)
Other liabilities	10,534	1,486
Net Cash from Operating Activities	<u>103,343</u>	<u>77,272</u>
<b>Investing Activities</b>		
Purchase of property, plant and equipment	(38,029)	(37,697)
Proceeds from sales of property, plant and equipment	259	20
Purchase of marketable securities	(155,165)	(128,697)
Sales of marketable securities	142,292	121,272
Decrease in funds held in trust	173	326
Net Cash used for Investing Activities	<u>(50,470)</u>	<u>(44,776)</u>
<b>Financing Activities</b>		
Proceeds from issuance of long-term debt	2,331	590
Principal payments on long-term debt	(11,220)	(11,049)
Decrease (increase) in swap collateral	(500)	12,710
Restricted contributions and related interest income	2,092	3,313
Net Cash from (used for) Financing Activities	<u>(7,297)</u>	<u>5,564</u>

Renown Health  
 Combined Statements of Cash Flows – Page 2  
 Years Ended June 30, 2014 and 2013

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	2014	2013
	(In Thousands)	
Net Increase in Cash and Cash Equivalents	\$ 45,576	\$ 38,060
Cash and Cash Equivalents, Beginning of Year	<u>113,806</u>	<u>75,746</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 159,382</u></u>	<u><u>\$ 113,806</u></u>
 Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest, net of interest capitalized of (\$205) in 2014 and (\$166) in 2013	<u><u>\$ 25,634</u></u>	<u><u>\$ 25,828</u></u>

## **Note 1 - Organization and Significant Accounting Policies**

### **Organization**

Renown Health is a tax-exempt comprehensive integrated health care delivery network located in Reno, Nevada, and includes the operations of the following subordinate corporations

**Renown Regional Medical Center (Regional)** is a tax-exempt 501(c)(3) Nevada nonprofit corporation that operates a 808 licensed bed general acute care facility. Regional provides a full range of medical services to both inpatients and outpatients

**Renown South Meadows Medical Center (South Meadows)** is a tax-exempt 501(c)(3) Nevada nonprofit corporation that owns and operates a 76-bed acute-care community hospital. South Meadows also has a 40-bed Assisted Living facility and operates a 62-bed rehabilitation hospital under the name Renown Rehabilitation Hospital

**Renown Businesses** is a taxable Nevada for profit corporation that operates professional office buildings. It also owns Remittance Assistance Corporation, a taxable Nevada for profit accounts receivable collection agency, and Northern Sierra Dialysis Center, a taxable dialysis company. In addition, Renown Businesses operates various commercial businesses to provide services to patients, physicians, and employees under the following d/b/a's Artisans Market and Bistro, The Inn at Renown, The Shops at Renown, and Materiel Solutions

**Hometown Health Plan, Inc. (Hometown Plan)** is a tax-exempt 501(c)(4) Nevada nonprofit corporation that operates a health maintenance organization

**Hometown Health Management Company (Hometown Management)** is a taxable Nevada nonprofit corporation that has interests in other health care related businesses and provides management services to Hometown Plan and a fully owned subsidiary, Hometown Health Providers Insurance Company (Hometown Providers), a taxable Nevada nonprofit corporation that operates a preferred provider organization

**Renown Network Services** is a tax-exempt 501(c)(3) Nevada nonprofit corporation that acts as the cash repository for Renown Health. In addition, Renown Network Services operates an obstetrics clinic to improve access to care, and various outpatient imaging centers

**Renown Skilled Nursing** is a tax-exempt 501(c)(3) Nevada nonprofit corporation that owns a 160-bed skilled nursing facility

**Renown Health Foundation** is a tax-exempt 501(c)(3) Nevada nonprofit corporation that was organized for the purpose of raising funds for Renown Health to benefit the community

**Nevada Health Care Cooperative (Nevada Cooperative)** is a taxable Nevada nonprofit purchasing cooperative established to enhance the contract terms and conditions for its members, which include certain corporations within Renown Health

**Renown Institute for Heart & Vascular Health (Renown Heart)** is a taxable Nevada nonprofit corporation that provides outpatient heart and vascular services throughout the community

**Nevada Heart Institute Clinic, LLC (Nevada Heart Clinic)** is a joint venture between Renown Heart (50%), Regional (45%), and South Meadows (5%) for the purpose of providing hospital based heart and vascular services. This entity was dissolved on June 30, 2014 and its assets were disbursed to the partners.

**Routt Dialysis, LLC** is a joint venture between Renown Businesses (16%), Northern Sierra Dialysis Center (36%) and other partners (48%) for the purposes of providing dialysis services.

### **Principles of Combination**

The combined financial statements include the accounts of Renown Health and its subordinate corporations and subsidiaries. All significant intercompany accounts and transactions have been eliminated in combination.

### **Tax-exempt Status**

Renown Health and its members are organized as Nevada nonprofit entities and have been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) or 501(c)(4), except for Renown Business and its subsidiaries, Nevada Health Care Cooperative and Hometown Management and its subsidiaries. Those entities recognized by the IRS as tax exempt must annually file Returns of Organizations Exempt from Income Tax (Form 990) with the IRS. In addition, the tax exempt entities are subject to income tax on net income derived from business activities that are unrelated to their tax exempt purposes. In those cases, those entities would file an Exempt Organization Business Income Tax Return (Form 990T) with the IRS to report any unrelated business taxable income.

Renown Health 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 combined financial statements. Renown Health 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.

Renown Health's Federal Form 990T filings are no longer subject to federal tax examinations by tax authorities for years before 2011.

### **Income Taxes**

Renown Health records income taxes using the liability method. Under this method, deferred income tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using the currently enacted tax rates and laws that are scheduled to be in effect when the differences are expected to reverse.

### **Use of Estimates**

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

## **Fair Value Measurements**

Renown Health has determined the fair value of certain assets and liabilities in accordance generally accepted accounting principles, which provides a framework for measuring fair value

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques should maximize the use of observable inputs and minimize the use of unobservable inputs

A fair value hierarchy has been established, which prioritizes the valuation inputs into three broad levels. Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset or liability. Level 3 inputs are unobservable inputs related to the asset or liability

## **Cash and Cash Equivalents**

Cash and cash equivalents include all highly liquid investments with original maturities of three months or less, excluding funds held in trust. The carrying amount approximates fair value due to the short maturity of those instruments

## **Marketable Securities and Investment Income**

Marketable securities include equity and debt securities which are measured at fair value in the balance sheets. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in revenues in excess of expenses unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are excluded from revenues in excess of expenses unless the investments are trading securities

## **Receivables**

Receivables have been recorded at net realizable value which is believed to approximate fair value

### **Patient Receivables**

Patient receivables are uncollateralized patient and third-party payor obligations. Payments of patient receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim

Patient accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, Renown Health analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful 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 doubtful accounts

For receivables associated with services provided to patients who have third party coverage, Renown Health analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), Renown Health analyzes the patients' ability to pay and reduces the patients' balance to the amount for which they are determined by policy to be financially responsible. Renown Health records a provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates, the patient balance for which the patient is determined by policy to be financially responsible, or the discounted rates, if negotiated, and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

Renown Health's process for calculating the allowance for doubtful accounts for self-pay patients has not significantly changed from June 30, 2013 to June 30, 2014. Renown Health's provision for bad debt decreased from fiscal year 2013 to 2014 due to both a reduction in the amount of self-pay patients as well as the expansion of the process used to analyze the patients' ability to pay and reduce the patients' balance to the amount for which they are determined to be financially responsible resulting in a lower amount of self-pay balances that were charged off against the allowance for doubtful accounts. Renown Health does not maintain a material allowance for doubtful accounts from third-party payors, nor did it have significant write offs from third-party payors. Renown Health has not significantly changed its charity care policy during fiscal year 2013 or 2014. Renown Health has expanded the use of its uninsured discount policy during fiscal year 2014.

### **Inventory**

Inventory is stated at average cost.

### **Funds Held in Trust**

Funds held in trust include cash equivalents, mutual funds, and debt securities which are measured at fair value in the combined balance sheets. Funds held in trust include amounts held by trustees under indenture agreements for debt service and capital projects and amounts held by the counterparty to Renown Health's interest rate swap contracts in accordance with the related collateral agreement. Funds held in trust that are available for obligations classified as current liabilities are reported as current assets. The total amount held by the counterparty under the interest rate swap contract was \$7,200 and \$6,700 at June 30, 2014 and 2013.

### **Property and Equipment**

Property and equipment acquisitions in excess of \$2,500 (not in thousands) are capitalized and recorded at cost. Depreciation is provided over the estimated useful life of each depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the combined financial statements. Interest on amounts borrowed to finance the construction of assets is capitalized. The estimated useful lives of property and equipment are as follows:

Buildings and improvements	15-40 years
Equipment	3-20 years

Gifts of long-lived assets such as land, buildings, or equipment are reported as additions to unrestricted net assets and are excluded from revenues in excess of expenses unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when donated or when acquired long-lived assets are placed in service.

Property and equipment is tested for recoverability whenever events or changes in circumstances indicate that its carrying value may not be recoverable. Impairment losses of \$1,620 and \$0 recorded on the accompanying combined statements of operations have resulted from this review for the years ended June 30, 2014 and 2013.

### **Unamortized Financing Costs and Bond Premiums and Discounts**

Financing costs and bond premiums and discounts are amortized over the period the related obligation is outstanding using the straight-line method, which is a reasonable estimate of the effective interest method.

### **Goodwill**

Goodwill is the result of acquisitions for an amount in excess of fair value of the assets acquired. Renown Health performs an annual test for impairment of goodwill during the year. The test is performed by comparing, at the organization unit level, the carrying value of the organization to its fair value.

On an annual basis and at interim periods when circumstances require, Renown Health tests the recoverability of its goodwill. Renown Health has the option, when each test of recoverability is performed, to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If Renown Health determines that it is more likely than not that the fair value of a reporting unit is greater than its carrying amount, then additional analysis is unnecessary. If Renown Health concludes otherwise, then a two-step impairment analysis, whereby Renown Health compares the carrying value of each identified reporting unit to its fair value, is required. The first step is to quantitatively determine if the carrying value of the reporting unit is greater than its fair value. If Renown Health determines that this is true, the second step is required, where the implied fair value of goodwill is compared to its carrying value.

Renown Health 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 discounted cash flows are based upon reasonable and appropriate assumptions about the underlying business activities of Renown Health's reporting unit. Renown Health performs its test for recoverability for goodwill at the same time each year, unless circumstances require additional analysis, and impairments of \$0 and \$1,189 recorded in the provision for depreciation/amortization on the accompanying combined statements of operations have resulted from this review for the years ended June 30, 2014 and 2013.

### **Investments in Affiliated Organizations**

Investments in affiliated organizations in which Renown Health has the ability to exercise significant influence over operating and financial policies but does not have control are recorded under the equity method of accounting. Under the equity method, the initial investment is recorded at cost and adjusted annually to recognize Renown Health's share of earnings and losses of those entities, net of any additional investments or distributions. Renown Health's share of net earnings or losses of the entities is included in other revenues.

## **Accounts Payable**

Accounts payable approximates fair value because of the short time for which accounts payable are outstanding

## **Premium Deficiency Reserve**

When the expected claim payments and administrative expenses exceed the premiums to be collected for the remainder of the contract period, a premium deficiency reserve is recorded for the deficiency, with a corresponding charge to operations. Renown Health does not utilize anticipated investment income as a factor in the premium deficiency calculation. The premium deficiency reserve is included in estimated third-party payor settlements and other in the combined balance sheets.

## **Other Noncurrent Liabilities**

Other noncurrent liabilities consist of an estimated liability for professional liability losses, liabilities associated with guarantees, estimated liabilities for postretirement health care benefits and contributory defined benefit plan, and certain estimated third-party settlements.

## **Temporarily and Permanently Restricted Net Assets**

Temporarily restricted net assets are those whose use by Renown Health has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by Renown Health in perpetuity.

## **Revenues in Excess of Expenses**

Revenues in excess of expenses excludes unrealized gains and losses on investments other than trading securities, transfers of assets to and from related parties for other than goods and services, change in net unrealized gains and losses on the effective portion of interest rate swaps, change in net unrealized gains and losses from pension and other postretirement benefit obligations, changes in accounting principles, and contributions of long-lived assets, including assets acquired using contributions which were restricted by donors. Revenues in excess of expenses as reflected in the combined statements of operations are a performance indicator.

## **Net Patient Service Revenue**

Renown Health has agreements with third-party payors that provide for payments to Renown Health at amounts different from its established rates. Payment arrangements include prospectively determined rates, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Renown Health recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered, as noted above. For uninsured patients that do not qualify for charity care, Renown Health 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 Renown Health's uninsured patients will be unable or unwilling to pay for the services provided. Thus, Renown Health records a significant provision for bad debts related to uninsured patients in the period the services are provided.

Net patient service revenue before the provision for bad debts recognized for the years ended June 30, 2014 and 2013 from these major payor sources is as follows

	2014	2013
Net patient service revenue		
Third-party payors	\$ 608,639	\$ 548,441
Self-pay	<u>51,067</u>	<u>181,994</u>
 Total all payors	 <u>\$ 659,706</u>	 <u>\$ 730,435</u>

### **Premium Revenue**

Premium revenues are recognized as income during the period in which health care coverage is provided. Premium revenue billed and/or collected in advance is deferred as unearned premium revenue, which is included in third-party settlements and other in the combined balance sheets.

### **Charity Care**

To fulfill its mission of community service, Renown Health provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because Renown Health does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenue.

### **Donor-restricted Gifts**

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When donor stipulated time restrictions or purpose restrictions are met or accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the combined statement of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the combined statements of operations.

### **Health Care Expenses and Incurred but Not Paid Liability**

Renown Health maintains provider contracts with health care service providers, including hospitals, physician groups and pharmacies. These providers are paid primarily on a capitation or fee-for-service basis. These costs are recognized in the month in which services are provided and are included as part of health care expenses. Coordination of benefits recoveries are netted against these amounts.

Estimated claims payable includes claims reported as of the balance sheet date and estimates (based on projections from historical data) of health care expenses incurred but not paid. These amounts are included as part of third-party settlements and other in the combined balance sheets. Estimates are continually monitored and reviewed, and as settlements are made or estimates adjusted, differences are reflected in current operations. Losses are also recognized when it is probable that expected future health care expenses and maintenance costs related to the contract term of certain existing contracts will exceed anticipated future premiums from the related contracts. Due to the subjective nature of these reserves, there is a reasonable possibility that recorded estimates could differ from actual results in the future.

## **Derivative Financial Instruments**

Renown Health records derivatives on the balance sheets at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If the derivative qualifies as a hedge, depending on the nature of the hedge, changes in the fair value of derivatives will either be offset against the change in net assets or income. The ineffective portion of a derivative's change in fair value is immediately recognized in earnings.

## **Electronic Health Record (EHR) Incentives**

The American Recovery and Reinvestment Act of 2009 (ARRA) established incentive payments under the Medicare and Medicaid programs for certain professionals and hospitals that meaningfully use certified electronic health record (EHR) technology. The Medicare incentive payments are paid out to qualifying hospitals over four consecutive years on a transitional schedule. To qualify for Medicare incentives, hospitals and physicians must meet EHR "meaningful use" criteria that become more stringent over three stages as determined by the Centers for Medicare & Medicaid Services (CMS).

During the years ended June 30, 2014 and 2013, Renown Health recorded \$2.814 and \$4.542 related to the Medicare program and \$1.564 and \$1.956 related to the Medicaid program in net patient service revenue for meaningful use incentives. These incentives have been recognized into income in the applicable reporting period as management becomes reasonably assured of meeting the required criteria. Renown Health demonstrated meaningful use and attested to the compliance requirements for the Medicare and Medicaid programs during 2013 and 2014. As Renown Health has continued to use EHR technology in a meaningful way under the Medicare program criteria, management has concluded there is reasonable assurance that Renown Health will successfully demonstrate meaningful use for the full reporting period.

Amounts recognized represent management's best estimates for payments ultimately expected to be received based on estimated discharges, charity care, and other input data. Subsequent changes to these estimates will be recognized in other operating revenue in the period in which additional information is available. Such estimates are subject to audit by the federal government or its designee.

## **Reclassifications**

Certain amounts for the year ended June 30, 2013 have been reclassified to conform with the presentation of June 30, 2014 amounts. The reclassifications have no effect on net assets for the year ended June 30, 2013.

## **Note 2 - Charity Care**

Renown Health provides health care services to patients who meet certain criteria under its charity care policy at amounts less than established rates. Since Renown Health does not pursue collection of these amounts, they are not reported as patient service revenue. The estimated cost of providing these services was \$14.611 and \$12.542 for the years ended June 30, 2014 and 2013, calculated by multiplying the ratio of cost to gross charges for Renown Health by the gross uncompensated charges associated with providing charity care to its patients.

Renown Health does not receive funds to offset or subsidize charity care services.

### Note 3 - Net Patient Service Revenue

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

**Medicare:** Inpatient acute care and outpatient services rendered to Medicare program beneficiaries are generally paid at prospectively determined rates per encounter. These rates vary according to a patient classification system based on clinical, diagnostic, and other factors. Renown Health is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the hospitals and audits thereof by the Medicare fiscal intermediary. Renown Health's Medicare cost reports have been audited by the Medicare fiscal intermediary through the year ended June 30, 2011.

**Medicaid:** Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed based on prospectively determined rates per length of stay and/or a fee schedule.

**Other Insurers:** Renown Health also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations for commercial, Medicaid and Medicare Advantage programs. The basis for payment to Renown Health under these agreements includes capitation, prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Gross revenues from the Medicare, Medicaid, and Other Insurers accounted for the following percentages of Renown Health's patient service revenues for the years ended June 30, 2014 and 2013:

	2014	2013
Medicare/Medicare HMO	41%	41%
Medicaid	10%	9%
PPO/HMO	30%	32%
Other	19%	18%

Laws and regulations governing Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Net patient service revenue increased approximately \$3,967 and \$3,034 for the years ended June 30, 2014 and 2013 due to differences in estimated and actual cost report settlements and due to the removal of allowances previously estimated that are no longer necessary as a result of final settlements and years that are no longer likely subject to audits, reviews, and investigations.

The Centers for Medicare and Medicaid Services (CMS) has implemented a Recovery Audit Contractor (RAC) program under which claims are reviewed by contractors for validity, accuracy, and proper documentation. A demonstration project completed in several other states resulted in the identification of potential overpayments, some being significant. The potential exists that Renown Health may incur a liability for a claims overpayment at a future date. Renown Health is unable to determine the extent of the liability of overpayments, if any. As the outcome of such reviews is unknown and cannot be reasonably estimated, it is Renown Health's policy to adjust revenue for deductions from overpayment amounts or additions from underpayment amounts determined under the RAC audits at the time a change in reimbursement is agreed upon between Renown Health and CMS.

**Note 4 - Funds Held in Trust, Marketable Securities, and Investment Income**

**Funds Held in Trust**

The composition of funds held in trust at June 30, 2014 and 2013, is shown in the following table

	2014	2013
Funds held in trust (at cost)		
Money market mutual funds	\$ 24,570	\$ 24,821
Cash and equivalents	7,200	6,700
	<hr/> 31,770	<hr/> 31,521
Less amount shown as current	<hr/> (7,316)	<hr/> (7,104)
	<hr/> <hr/> \$ 24,454	<hr/> <hr/> \$ 24,417

**Marketable Securities**

Marketable securities are stated at fair value. The composition of marketable securities at June 30, 2014 and 2013 is shown in the following table

	2014	2013
U S federal agency securities	\$ 49,143	\$ 58,703
U S equity mutual funds	111,201	89,130
U S fixed income commingled funds	46,793	44,417
U S federal agency mortgage-backed securities	23,295	24,072
U S government securities	34,304	30,631
Foreign fixed income commingled funds	27,417	26,241
Foreign equity commingled funds	19,321	15,224
U S corporate fixed income securities	58,302	43,161
U S fixed income mutual funds	13,126	12,104
U S corporate fixed income asset-backed securities	4,195	4,958
Foreign equity mutual funds	17,616	14,748
U S equity securities	<hr/> 582	<hr/> 548
	<hr/> <hr/> \$ 405,295	<hr/> <hr/> \$ 363,937

### Investment Income

Investment income and gains and losses on funds held in trust, marketable securities, and cash and cash equivalents consist of the following for the years ended June 30, 2014 and 2013

	2014	2013
Other income		
Interest and dividends	\$ 6,905	\$ 7,215
Realized loss on sales of securities	<u>(539)</u>	<u>(321)</u>
	<u>6,366</u>	<u>6,894</u>
Less amounts included in changes in temporarily restricted net assets	<u>(227)</u>	<u>(330)</u>
Amounts included in investment income	<u><u>\$ 6,139</u></u>	<u><u>\$ 6,564</u></u>

Renown Health uses the average cost method to compute realized gains and losses on securities sold

### Investments in an Unrealized Loss Position

There are no investments in a unrealized loss position at June 30, 2014

The duration of the investments in an unrealized loss position at June 30, 2013 are shown in the following table

	Less than 12 Months		Greater than 12 Months	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Foreign equity mutual funds	\$ -	\$ -	\$ 1,443	\$ 16
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,443</u>	<u>\$ 16</u>

**Fair Value**

The fair value of Renown Health's marketable securities measured on a recurring basis at June 30, 2014 and 2013, consists of the following

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total Balance
<u>June 30, 2014</u>				
U S federal agency securities	\$ -	\$ 49,143	\$ -	\$ 49,143
U S equity mutual funds	111,201	-	-	111,201
U S fixed income comingled funds	-	-	46,793	46,793
U S federal agency mortgage-backed securities	-	23,295	-	23,295
U S government securities	34,304	-	-	34,304
Foreign fixed income comingled funds	-	-	27,417	27,417
Foreign equity commingled funds	-	-	19,321	19,321
U S corporate fixed income securities	-	58,302	-	58,302
U S fixed income mutual funds	13,126	-	-	13,126
U S corporate fixed income asset-backed securities	-	4,195	-	4,195
Foreign equity mutual funds	17,616	-	-	17,616
U S equity securities	<u>582</u>	<u>-</u>	<u>-</u>	<u>582</u>
Total assets	<u><u>\$ 176,829</u></u>	<u><u>\$ 134,935</u></u>	<u><u>\$ 93,531</u></u>	<u><u>\$ 405,295</u></u>

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	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total Balance
<u>June 30, 2013</u>				
U S federal agency securities	\$ -	\$ 58,703	\$ -	\$ 58,703
U S equity mutual funds	89,130	-	-	89,130
U S fixed income comingled funds	-	-	44,417	44,417
U S federal agency mortgage-backed securities	-	24,072	-	24,072
U S government securities	30,631	-	-	30,631
Foreign fixed income comingled funds	-	-	26,241	26,241
Foreign equity commingled funds	-	-	15,224	15,224
U S corporate fixed income securities	-	43,161	-	43,161
U S fixed income mutual funds	12,104	-	-	12,104
U S corporate fixed income asset-backed securities	-	4,958	-	4,958
Foreign equity mutual funds	14,748	-	-	14,748
U S equity securities	548	-	-	548
<b>Total assets</b>	<b><u>\$ 147,161</u></b>	<b><u>\$ 130,894</u></b>	<b><u>\$ 85,882</u></b>	<b><u>\$ 363,937</u></b>

The change in the balance of Level 3 financial assets measured on a recurring basis for the years ended June 30, 2014 and 2013 is as follows

	U S Fixed Income Comingled Funds	Foreign Fixed Income Comingled Funds	Foreign Equity Comingled Funds	Total
Balance at June 30, 2012	\$ 43,895	\$ 28,524	\$ 13,221	\$ 85,640
Total net realized gains (losses) included in investment income	768	(326)	(462)	(20)
Total net unrealized gain (loss), included in unrealized gain (loss) on investments in the statement of operations	(1,628)	(2,354)	2,017	(1,965)
Purchases, issuances, and settlements	<u>1,382</u>	<u>397</u>	<u>448</u>	<u>2,227</u>
Balance at June 30, 2013	44,417	26,241	15,224	85,882
Total net realized gains (losses) included in investment income	(17)	(884)	607	(294)
Total net unrealized gain (loss), included in unrealized gain (loss) on investments in the statement of operations	987	1,652	2,758	5,397
Purchases, issuances, and settlements	<u>1,406</u>	<u>408</u>	<u>732</u>	<u>2,546</u>
Balance at June 30, 2014	<u><u>\$ 46,793</u></u>	<u><u>\$ 27,417</u></u>	<u><u>\$ 19,321</u></u>	<u><u>\$ 93,531</u></u>

Commingled and other funds are reported at fair value as reported by the fund managers based on discounted cash flows, estimated market values, and other unobservable inputs. Each of the commingled funds report fair value using a calculated net asset value per share (NAV). There are no redemption limitations, except as noted below, or unfunded commitments at June 30, 2014.

Commingled Fund	Redemption	Redemption Notice Period	Redemption Availability
U S fixed income commingled fund	First business day of each month	3 business days	90% available on 1st business day and remaining available on 2nd business day
Foreign fixed income commingled fund	First business day of each month	15th of the month	80% available on 1st business day and remaining within 10 business days
Foreign equity commingled fund	First business day of each month	15th of the month	80% available on 1st business day and remaining within 10 business days

### Note 5 - Property and Equipment

A summary of property and equipment at June 30, 2014 and 2013 is as follows

	2014	2013
Land used in operations	\$ 68,053	\$ 66,329
Land held for future expansion	18,553	20,173
Buildings and improvements	663,625	648,630
Equipment	377,533	363,792
Construction in progress	868	7,012
	<hr/> 1,128,632	<hr/> 1,105,936
Less allowance for depreciation	<hr/> (538,687)	<hr/> (507,377)
Net property and equipment	<hr/> <hr/> \$ 589,945	<hr/> <hr/> \$ 598,559

The gross amount recorded for assets under capital leases was \$9,276 and \$8,750 at June 30, 2014 and 2013. The accumulated depreciation recorded for assets under capital leases was \$6,187 and \$4,989 at June 30, 2014 and 2013.

Construction in progress at June 30, 2014 represents Regional campus renovations and various other projects. The estimated costs to complete these projects, along with a land purchase, are \$3,879 which will be financed with Renown Health's funds.

**Note 6 - Investments in Affiliated Organizations**

Investments of \$21.937 and \$20.620 in various related health care ventures are being recorded on the equity method. The net gain on these investments, totaling \$1,783 in 2014 and \$1,976 in 2013, is included in other income. Renown Health received distributions of \$341 and \$209 from these investments in 2014 and 2013.

The total assets and revenues in excess of expenses for the affiliated organizations as of and for the years ended June 30, 2014 and 2013 was as follows:

	2014	2013
Total assets	<u>\$ 71,927</u>	<u>\$ 71,295</u>
Revenues in excess of expenses	<u>\$ 3,054</u>	<u>\$ 3,577</u>

**Note 7 - Operating Leases**

Renown Health leases various buildings, office space, and equipment under noncancelable long-term agreements. The leases expire at various times and have various renewal options and lease payment escalation provisions. Total lease expense for the years ended June 30, 2014 and 2013 was \$8,368 and \$9,029.

Future minimum lease payments at June 30, 2014, by year and in the aggregate, under noncancelable operating leases with initial terms of one year or more consist of the following:

Year Ending June 30,	Amount
2015	\$ 6,559
2016	5,763
2017	4,203
2018	3,155
2019	2,283
Thereafter	<u>2,922</u>
 Total minimum lease payments	 <u>\$ 24,885</u>

**Note 8 - Long-Term Debt**

Long-term obligations consist of the following

	2014	2013
<b>City of Reno, Nevada Hospital Revenue Bonds (Renown Regional Medical Center Project)</b>		
Series 2009 A&B, interest ranging from 03% to 13% monthly, principal installments ranging from \$355 in 2015 to \$7,185 in 2039	\$ 61,815	\$ 62,140
Series 2008 A&B, interest ranging from 03% to 13% monthly, principal installments ranging from \$1,400 in 2015 to \$22,400 in 2041	81,750	83,100
Series 2007A, interest ranging from 5.00% to 5.25% semi-annually, principal installments ranging from \$2,000 in 2015 to \$7,430 in 2041	111,375	113,260
Plus unamortized bond premium	3,781	3,865
	<hr/> 115,156	<hr/> 117,125
<b>City of Reno, Nevada Hospital Revenue Bonds (Renown Health Project)</b>		
Series 2005 A&B, interest ranging from 4.50% to 6.25% payable semi-annually, principal installments ranging from \$1,800 in 2015 to \$19,325 in 2040	87,700	89,425
Plus unamortized bond premium	1,155	1,215
	<hr/> 88,855	<hr/> 90,640
<b>City of Reno, Nevada Hospital Revenue Bonds (Renown Regional Medical Center Project)</b>		
Series 2004A, interest ranging from 5.25% to 5.50% payable semi-annually, principal payable in installments ranging from \$1,325 in 2015 to \$2,050 in 2028	23,300	24,575
Plus unamortized bond premium	165	206
	<hr/> 23,465	<hr/> 24,781
Series 2004C (converted 2010), interest ranging from 5.00% to 5.38% payable semi-annually, principal payable in installments ranging from \$1,575 in 2015 to \$3,035 in 2039	42,185	43,695
Plus unamortized bond premium	275	403
	<hr/> 42,460	<hr/> 44,098
Series 2004C (converted 2008), interest ranging from 4.25% to 5.50% payable semi-annually, principal payable in installments ranging from \$100 in 2015 to \$5,150 in 2039	45,975	46,075
Plus unamortized bond premium	377	377
	<hr/> 46,352	<hr/> 46,452

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	2014	2013
City of Reno, Nevada Hospital Revenue Bonds (Renown Regional Medical Center)		
Series 2001A, interest ranging from 5.0% to 5.13%, payable semi-annually, principal payable in installments ranging from \$155 in 2017 to \$3,605 in 2031	\$ 33,875	\$ 33,875
Less unamortized bond discount	<u>(362)</u>	<u>(384)</u>
	<u>33,513</u>	<u>33,491</u>
Guaranteed Insured Notes, Series 1995, interest at 7.58%, payable semi-annually, principal payable in installments ranging from \$1,700 in 2015 to \$3,500 in 2025	27,400	28,900
Various equipment leases, interest rates from 1.5% to 11.94%, principal and interest payable monthly, due from December 2014 to June 2019	2,754	694
Bank loan payable at 2.675%, resets every 3 months, principal and interest payable monthly, due in June 2015	3,040	3,229
Vendor equipment note, interest at 4.81%, due December 2016, principal and interest payable monthly	831	1,703
Bank loan payable at 5.8%	<u>-</u>	<u>218</u>
Less current maturities	<u>527,391</u>	<u>536,571</u>
	<u>(14,608)</u>	<u>(11,093)</u>
	<u><u>\$ 512,783</u></u>	<u><u>\$ 525,478</u></u>

The Series 2009A&B, 2008A&B, 2007A, 2005A & B, 2004A&C, and 2001A Hospital Revenue Bonds, a line of credit and a loan payable to a bank have been issued under a Master Indenture Agreement that secures the indebtedness by a pledge of the gross revenues of the Obligated Group Under the Master Trust. Renown Health is required to comply with certain restrictive financial and other covenants. As of June 30, 2014 and 2013, management has asserted that Renown Health was in compliance with all debt covenants.

Under the terms of a revolving line of credit agreement with a bank, Renown Health may borrow up to \$20,000. Borrowings under this agreement, which expires July 1, 2016, are secured by the Master Trust Agreement, and has an interest at 95% above the LIBOR rate and requires the maintenance of a zero balance on borrowings for a period of at least 30 consecutive days during each rolling 12-month period commencing July 1, 2014. As of June 30, 2014 and 2013, Renown Health had no outstanding borrowings under this agreement.

Aggregate principal maturities of long-term obligations, including capital leases, at June 30, 2014, excluding bond discounts and premiums, are as follows

<u>Year Ending June 30.</u>	<u>Amount</u>
2015	\$ 14,307
2016	11,730
2017	12,059
2018	12,474
2019	13,099
Thereafter	<u>458,331</u>
 Total	 <u>\$ 522,000</u>

#### **Fair Value**

The aggregate estimated fair market value of Renown Health's long-term obligations at June 30, 2014 and 2013 of \$539,869 and \$549,751 was established using discounted cash flow analyses based on the current market yield to maturity for similar types of publicly traded debt issues, and Renown Health's current incremental borrowing rates for all other debt instruments, and were valued without consideration of any related credit enhancement, including monoline insurance associated with Renown Health's fixed rate debt and letters of credit associated with Renown Health's variable rate demand bonds

**Note 9 - Temporarily and Permanently Restricted Net Assets**

Temporarily and permanently restricted net assets are available for the following purposes at June 30, 2014 and 2013

	2014	2013
Temporarily restricted		
Children's services	\$ 3,136	\$ 2,945
Cancer services	237	188
Other programs	<u>2,703</u>	<u>2,067</u>
Total temporarily restricted net assets	<u>6,076</u>	<u>5,200</u>
Permanently restricted		
Nursing education	1,068	1,047
Healing Garden/Arts	588	588
Other programs	<u>917</u>	<u>900</u>
Total permanently restricted net assets	<u>2,573</u>	<u>2,535</u>
Total temporarily and permanently restricted net assets	<u><u>\$ 8,649</u></u>	<u><u>\$ 7,735</u></u>

In 2014 and 2013, net assets were released from donor restrictions by incurring expenditures satisfying the restricted purposes in the amounts of \$1,178 and \$5,091. These amounts are included in net assets released from restrictions in the combined financial statements within contributions and grants for property acquisitions.

**Note 10 - Retirement Plans and Postretirement Health Care Benefits**

**Contributory Defined Benefit Plan**

Renown Health sponsors a contributory defined benefit plan (Retirement Plan). The Retirement Plan is not available to employees who did not elect to participate in the plan as of November 17, 1985. Those employees who did elect to participate in the Retirement Plan as of November 17, 1985 are required to contribute 2.5% of their annual earnings. Normal retirement benefits under the Retirement Plan are based on the three highest years of compensation and the employee's years of service. Benefits are reduced for specified benefits received under the Nevada Public Employees' Retirement System. Participants in this plan are fully vested. Renown Health's total retirement benefit expense was not material.

The Retirement Plan was partially funded as of June 30, 2014 and 2013. Renown Health's measurement date for plan assets, pension obligations and net periodic pension cost associated with the retirement plan is June 30. The changes in benefit obligations and plan assets for Renown Health's Retirement Plan are as follows:

	2014	2013
Projected benefit obligation at beginning of year	\$ 13,415	\$ 14,608
Interest cost	497	487
Plan participants' contributions	1	1
Actuarial (gain) loss	391	(546)
Benefits paid	<u>(1,101)</u>	<u>(1,135)</u>
Projected benefit obligation at measurement date	<u>13,203</u>	<u>13,415</u>
Fair value of plan assets at beginning of year	10,317	9,587
Actual gain on plan assets	1,479	1,064
Employer contributions	780	800
Plan participants' contributions	1	1
Benefits paid	<u>(1,101)</u>	<u>(1,135)</u>
Fair value of plan assets at measurement date	<u>11,476</u>	<u>10,317</u>
Net prepaid benefit cost at end of year	<u><u>\$ (1,727)</u></u>	<u><u>\$ (3,098)</u></u>

The accumulated benefit obligation for Renown Health's retirement plan was \$13,203 and \$13,415 at June 30, 2014 and 2013. The benefits expected to be paid from Renown Health's Retirement Plan in each of the next five years, and in the aggregate for the next five years are as follows:

Year Ending June 30,	Amount
2015	\$ 1,223
2016	1,191
2017	1,156
2018	1,118
2019	1,079
2020-2024	<u>4,745</u>
Total	<u><u>\$ 10,512</u></u>

The actuarial assumptions used by Renown Health's Retirement Plan are as follows

	2014	2013
Weighted average discount rates for calculating pension expense	3.9%	3.5%
Weighted average discount rates for calculating projected benefit obligation	3.5%	3.9%
Weighted average rates of compensation increase for calculating pension expense	4.0%	4.0%
Weighted average rates of compensation increase for calculating projected benefit obligation	4.0%	4.0%
Expected long-term rates of return on plan assets for calculating pension expense	7.0%	7.0%

The components of Renown Health's Retirement Plan's net periodic benefit cost for the years ended June 30, 2014 and 2013 are as follows

	2014	2013
Interest cost	\$ 497	\$ 487
Expected return on plan assets	(703)	(657)
Recognized gains	<u>244</u>	<u>323</u>
 Benefit cost	 <u>\$ 38</u>	 <u>\$ 153</u>

The Retirement Plan weighted average asset allocations at June 30, 2014 and 2013, by asset category are as follows

Asset Category	Allocation 2014	Percentage of Plan Assets at June 30,	
		2014	2013
Interest-bearing cash	0.0%	1.0%	0.0%
Equity securities	60.0%	65.0%	64.0%
Fixed income	40.0%	34.0%	36.0%
 Total	 <u>100%</u>	 <u>100%</u>	 <u>100%</u>

Renown Health's investment strategy for the retirement plan assets is to balance the liquidity needs of the Retirement Plan with the long-term return goals necessary to satisfy future obligations. The target asset allocation seeks to reduce volatility while capturing the equity premium from the capital markets over the long-term and maintain security of principal to meet near term expenses and obligations through the fixed income allocation.

Renown Health's Retirement Plan portfolio return assumption of 7% is based on the weighted average return of comparative market indices for the asset classes represented in the portfolio and discounted for retirement plan expenses

A fair value hierarchy has been established with three levels that prioritize the valuation inputs into each level (see Note 1) The fair value of the Retirement Plan's assets consists of the following as of June 30, 2014 and 2013, except for money market funds, which are valued at historical cost

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total Balance
<u>June 30, 2014</u>				
Mutual funds				
U S equity mutual funds	\$ 1,904	\$ -	\$ -	\$ 1,904
Index funds	7,771	-	-	7,771
Foreign equity mutual funds	1,694	-	-	1,694
Total Retirement Plan	<u>\$ 11,369</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,369</u>
<u>June 30, 2013</u>				
Mutual funds				
U S equity mutual funds	\$ 1,755	\$ -	\$ -	\$ 1,755
Index funds	7,169	-	-	7,169
Foreign equity mutual funds	1,374	-	-	1,374
Total Retirement Plan	<u>\$ 10,298</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,298</u>

#### Defined Contribution Plan

The Renown Health sponsored defined contribution 401(k) plan is Renown Health's primary retirement plan and covers substantially all employees. The plan has a discretionary matching contribution, which was 0% for fiscal year 2013. For fiscal year 2014, Renown Health matched 100% of the first 3% of the employee's contribution and 50% of the next 2% of the employee's contribution. Participants vest in any employer matching contributions at the rate of 25% per year after two years of service, and are fully vested after five years. The total cost of the defined contribution 401(k) plan was \$6,625 and \$108 for the years ended June 30, 2014 and 2013.

### Postretirement Health Care Benefits

In addition to providing pension benefits, Renown Health provides certain health care benefits for eligible retired employees. Generally, employees hired prior to January 1, 1990, who reach normal retirement age while employed by Renown Health, who have retired after a minimum of ten years of service and who qualify for pension benefits are eligible for these benefits. Renown Health's contribution toward retiree health coverage was capped at the January 1, 1994 levels for current retirees. For employees who retire on or after January 1, 1996, the cap will be set at 50% of the plan premium as of January 1, 1994. The benefits for employees who retire after December 31, 1995 are discontinued at the time they are eligible for government-sponsored medical coverage.

The changes in benefit obligations and plan assets for Renown Health's postretirement health care benefit plan (Plan) for the years ended June 30, 2014 and 2013 are as follows:

	2014	2013
Accumulated postretirement benefit obligation at beginning of year	\$ 1,064	\$ 1,376
Service cost	16	19
Interest cost	31	34
Actuarial loss (gain)	(63)	(203)
Benefit payments	<u>(144)</u>	<u>(162)</u>
Accumulated postretirement benefit obligation at end of year	<u>\$ 904</u>	<u>\$ 1,064</u>
Net accrued postretirement benefit cost at end of year	<u>\$ 904</u>	<u>\$ 1,064</u>

Renown Health's measurement date for the Plan is June 30, 2014.

The components of Renown Health's net periodic postretirement benefit credit for the years ended June 30, 2014 and 2013 are as follows:

	Year Ended June 30,	
	2014	2013
Service cost	\$ 16	\$ 19
Interest cost	31	34
Net amortization of prior gains	<u>(274)</u>	<u>(307)</u>
Net periodic postretirement benefit credit	<u>\$ (227)</u>	<u>\$ (254)</u>

The reconciliation of net accrued postretirement benefit cost for the years ended June 30, 2014 and 2013 is as follows

	Year Ended June 30.	
	2014	2013
Net accrued postretirement benefit cost at beginning of year	\$ (1,064)	\$ (1,376)
Net periodic postretirement benefit credit	227	254
Employer contributions	144	162
Net unrealized gain reclassified to net assets	<u>(211)</u>	<u>(104)</u>
Net periodic postretirement benefit credit	<u><u>\$ (904)</u></u>	<u><u>\$ (1,064)</u></u>

The discount rate used by the Plan's actuaries in determining the accumulated postretirement benefit obligation was 3.05% and 3.35% at June 30, 2014 and 2013. The contribution rate was fixed effective January 1, 1994. Consequently, health care trend rates are not applicable for a majority of the participants in the plan. For those retirees covered under the Medicare risk program, a one-percentage-point change in assumed Medicare risk trend rates would not have a material effect on the service cost and interest cost components nor on the accumulated postretirement benefit obligation.

The benefits expected to be paid in each of the next five years, and in the aggregate for the next five years are as follows

<u>Year Ending June 30.</u>	<u>Amount</u>
2015	\$ 134
2016	124
2017	119
2018	110
2019	96
2020-2024	<u>344</u>
 Total	 <u><u>\$ 927</u></u>

## **Note 11 - Concentrations of Credit Risk**

Renown Health grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. The mix of receivables from third-party payors and patients at June 30, 2014 and 2013 was as follows:

	2014	2013
Medicare fee for service	16%	17%
Medicaid	12%	11%
PPO/HMO	25%	19%
Other	47%	53%
	<hr/>	<hr/>
	100%	100%

Renown Health's cash balances are maintained in various bank deposit accounts. At times, the balance of these deposits may be in excess of federally insured limits.

## **Note 12 - Functional Expenses**

Renown Health provides health care services to residents within its geographic location. Expenses related to providing these services by functional class for the years ended June 30, 2014 and 2013 are as follows:

	2014	2013
Patient health care services	\$ 733,672	\$ 687,720
General and administrative	164,217	169,964
	<hr/>	<hr/>
	\$ 897,889	\$ 857,684

### **Note 13 - Income Taxes**

Renown Health's taxable corporations file tax returns as required under current tax regulations. The tax provision for the years ended June 30, 2014 and 2013 was \$(154) and \$254.

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting and the amount used for income tax purposes. The significant components of Renown Health's taxable corporation's deferred taxes as of June 30, 2014 and 2013 are as follows:

	2014	2013
Deferred tax assets		
Net operating loss carry over	\$ 36,572	\$ 29,325
Allowance for uncollectible accounts	4,671	5,060
Accrued vacation and incentives	1,654	1,481
Depreciation and amortization	(2,159)	(2,868)
Other	388	(190)
	<hr/> 41,126	<hr/> 32,808
Less valuation allowance	<hr/> (40,591)	<hr/> (32,365)
Net deferred tax assets	535	443
Deferred tax liabilities	<hr/> -	<hr/> -
Net deferred tax asset	<hr/> <hr/> \$ 535	<hr/> <hr/> \$ 443

Net operating loss carryforwards total approximately \$107,566 and will expire between June 30, 2015 and 2034.

The valuation allowance increased \$8,226 and \$5,375 as of June 30, 2014 and 2013.

### **Note 14 - Reinsurance Agreements**

Renown Health purchases reinsurance for losses on certain inpatient hospital, physician and pharmacy claims from a reinsurance company. Under the terms of this agreement, the reinsurance company will reimburse Renown Health up to a maximum amount in excess of a \$400 deductible for fully-insured commercial and \$300 deductible for Medicare members, as accumulated on an incurred basis (as defined in the reinsurance agreement) subject to certain limits and coinsurance payments.

### **Note 15 - Interest Rate Swaps**

As of June 30, 2014 and 2013, Renown Health has five swap agreements, as follows

	Notional Amount			Interest Paid
	Original	2014	2013	
Series 2004C	\$ 15,325	\$ 8,988	\$ 9,800	3.697%
Series 2004C	44,000	45,850	42,975	3.897%
Series 2009	15,325	8,988	9,800	3.697%
Series 2009	44,000	42,850	42,975	3.897%
Series 2008	80,000	75,477	76,705	3.788%

For each of these swaps Renown Health receives a floating rate of 60% of 1-month LIBOR, plus 36 basis points, in return for the fixed rates outlined above. The swaps expire between 2031 and 2041.

The objective of the swaps for Renown Health is to offset the variability of the overall cash flows on a portion of its variable rate debt (and their subsequent refinancing) attributable to changes in market interest rates. Changes in the monthly cash flow receipts by Renown Health on the interest rate swap are expected to be highly effective at offsetting the changes in overall cash flows or interest rate payments attributable to fluctuations in Renown Health's hedged variable rate bonds.

Renown Health utilizes the "hypothetical derivative" method to measure the ineffectiveness of the hedge quarterly. Accordingly, the calculation of ineffectiveness will be equal to the excess of (i) the cumulative change in the fair value of the swap over (ii) the cumulative change in the fair value of the hypothetical derivative. Regression analysis is used to assess the hedge effectiveness. The regression analysis measures both the correlation and the "optimal hedging ratio" between the interest costs of the variable rate bonds and the floating rate swap receipt of 60% of 1-month LIBOR plus 36 basis points.

**Series 2004C** – Renown Health executed the Series 2004C swap contracts in June 2004, designated them to the Series 2004C Bonds and achieved hedge treatment. In September 2009, Renown Health determined the two Series 2004C Swaps no longer qualified for hedge treatment. Prospectively, all changes in fair value of the Series 2004C Swaps are included in the performance indicator. In March 2010, Renown Health converted the Series 2004C Bonds from auction rate mode to fixed rate mode.

**Series 2009 (was Series 2004B)** – Renown Health executed the Series 2009 swap contracts in June 2004, designated them to the Series 2004B Bonds and achieved hedge treatment. In January 2009, the Series 2004B Bonds were extinguished and refunded with the Series 2009 A&B bonds. The 2004B Swap with an original notional amount of \$15,325 was re-designated from the 2004B Series to the 2009 Series and qualified for hedge treatment at the date of refunding. The 2004B Swap with an original notional amount of \$44,000 qualified for hedge treatment in October 2010. At June 30, 2014 the Series 2009 swap contracts have maintained hedge treatment.

**Series 2008 (was Series 2006)** – Renown Health executed the series 2008 swap contract in April 2006, designated it to the Series 2006 Bonds and achieved hedge treatment. In June 2008, the Series 2006 Bonds were extinguished and refunded with the Series 2008 Bonds, which resulted in Renown Health no longer maintaining hedge treatment for the Series 2006 Swap. In August 2008, Renown Health re-designated the Series 2006 Swap to the Series 2008 Bonds and achieved hedge accounting. At June 30, 2014, the Series 2008 Swap has maintained hedge treatment.

The effective portion of the change in fair value of the swaps is included as a component of net assets below the performance indicator. The cumulative effective portion included in net assets was a net unrealized loss of \$22,504 and \$23,200 at June 30, 2014 and 2013. The ineffective portion and the amount of change in fair value not attributable to hedging instruments is included above the performance indicator in non-operating income and expense, and was a loss of \$22 and a gain of \$5,505 for the years ended June 30, 2014 and 2013. The fair market value of the swaps is determined using quoted market prices based upon observable interest rates and yield curves (Level 2 inputs), and each of the swaps were a liability totaling \$36,893 and \$37,567 at June 30, 2014 and 2013, and were included in noncurrent liabilities. The fair market value of the swaps with hedge treatment was \$26,163 and \$26,521 and without hedge treatment was \$10,730 and \$11,046 at June 30, 2014 and 2013.

## **Note 16 - Commitments and Contingencies**

### **Self-Insurance Plans**

Renown Health is self-insured for health insurance, workers' compensation, vision, and dental care. The claims under these plans continue to be accrued as the incidents that give rise to them occur. Unpaid claim accruals are based on the estimated ultimate cost of the claims, including claim administration expenses, in accordance with Renown Health's past experience. Renown Health has entered into a reinsurance agreement with insurance companies to limit its losses on claims for health insurance and workers' compensation. Reserves for self-insured plans were \$6,710 and \$7,525 as of June 30, 2014 and 2013 and are included in accrued salaries, wages, and benefits in the combined balance sheets.

### **Professional Liability Insurance**

Renown Health is self-insured for professional liability claims up to \$2,000 per occurrence and maintains professional liability insurance coverage on a claims-made basis for all claims in excess of \$2,000 per occurrence. Reserves for reported professional liability claims and incurred but not reported claims are based on actuarial studies. Management is aware of no potential professional liability claims whose settlement, if any, would be in excess of amounts provided for or would otherwise have a material adverse effect on Renown Health's combined financial position. Reserves for reported and incurred but not reported claims, which are discounted using a rate of 2.7% and 2.6% were \$7,111 and \$7,780 as of June 30, 2014 and 2013 and are included in other noncurrent liabilities in the combined balance sheets.

### **Litigation, Claims, and Disputes**

Renown Health is subject to the usual contingencies in the normal course of operations relating to the performance of its tasks under its various services it offers. In the opinion of management and after consultation with legal counsel, the ultimate settlement of litigation, claims, and disputes in process will not be material to the combined financial position of Renown Health. However, there can be no guarantee that such will be the case.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Federal government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues from patient services.

### **Compliance Liability**

Through its compliance program, Renown Health identified an arrangement which raised potential issues with respect to compliance with the requirements of the Anti-Kickback Statute (42 U.S.C. §1320a-7b(b)). Renown Health self-disclosed this issue to the Office of Inspector General (OIG) on June 27, 2013 utilizing the OIG's Self-Disclosure Protocol. Additionally, Renown Health has identified certain situations which raised potential issues with respect to compliance with the strict requirements of the Stark Law (42 U.S.C. §1395nn) and the corresponding regulations (42 CFR §411.351 et seq.). Renown Health self-disclosed these issues to CMS on August 2, 2013 and January 7, 2014, utilizing the CMS Self-Referral Disclosure Protocol.

The CMS and OIG have not yet concluded on their respective reviews of the respective disclosures discussed above. However, any settlement monies will be the responsibility of Renown Health and accordingly an accrual of approximately \$3,150 has been recorded in the combined financial statements. Because there is limited information about and experience with the CMS and OIG's settlement of matters disclosed under the respective protocols, the ultimate outcome is difficult to estimate and it is at least reasonably possible that a change in the estimated liability could occur in the near term. However, Renown Health believes that it has adequately provided for the most likely outcome from the self-disclosures based on the information available at this time.

### **Collective Bargaining Agreement**

Some of Renown Health's labor force is represented by a collective bargaining agreement. The most recent labor agreement expires on June 30, 2017.

### **Purchase Commitments**

During 2012, Renown Health entered into an agreement with a vendor to purchase a minimum amount of supplies over the next five years. In connection with the agreement, Renown Health also acquired certain equipment. The remaining purchase commitment at June 30, 2014 is \$829.

### **Note 17 - New Accounting Pronouncement**

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update No 2014-09 (ASU 2014-09), *Revenue from Contracts with Customers (Topic 606)*. The guidance provides a principles-based approach for determining revenue recognition and supersedes all existing guidance, such as current transaction and industry-specific revenue recognition guidance. The core principle of ASU 2014-09 is that an entity will recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (payment) to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 identifies a five-step process in order to recognize revenue. In addition, there are also enhanced disclosures and more comprehensive guidance for transactions such as service revenue, contract modifications, and multiple-element arrangements. The guidance is in effect for years beginning after December 15, 2016. It is required to be applied retrospectively and early application is not permitted. Management is currently evaluating the potential impact of this guidance on Renown Health.

### **Note 18 - Subsequent Events**

Renown Health has evaluated subsequent events through September 3, 2014, the date which the combined financial statement were issued.