



See a Social Security Number? Say Something!  
Report Privacy Problems to <https://public.resource.org/privacy>  
Or call the IRS Identity Theft Hotline at 1-800-908-4490





Part IIISTatement of Program Service Accomplishments

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

☐

1Briefly describe the organization’s mission

ASANTE EXISTS TO PROVIDE QUALITY HEALTHCARE SERVICES IN A COMPASSIONATE MANNER, VALUED BY THE COMMUNITIES WE SERVE

2Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

☐ Yes ☒ No

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

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

☐ Yes ☒ No

If "Yes," describe these changes on Schedule O

4Describe 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 \$ 323,388,513 including grants of \$ ) (Revenue \$ 409,429,336 )

ASANTE'S MAIN PROGRAM SERVICE ACCOMPLISHMENT IS THE OPERATION OF ROGUE REGIONAL MEDICAL CENTER (RRMC), A 378 LICENSED BED HOSPITAL LOCATED IN MEDFORD, OREGON RRMC HAS BEEN NAMED ONE OF THE TOP 100 CARDIOVASCULAR HOSPITALS IN THE U S FIVE TIMES (2000-02, 2004, 2005) THE JOINT COMMISSION CERTIFIED RVMC AS A PRIMARY STROKE CENTER IN 2005, AND THE AMERICAN DIABETES ASSOC HAS ALSO AWARDED RVMC ITS RECOGNITION OF EXCELLENCE RRMC ALSO EARNED THE GOLD PERFORMANCE ACHIEVEMENT AWARD IN CORONARY ARTERY DISEASE (CAD) FROM THE AMERICAN HEART ASSOC AND EARNED ACUMENTRA HEALTH'S "OUTSTANDING PERFORMANCE" AWARD FOR SURGICAL SITE INFECTION PREVENTION AND "EXCELLENT PERFORMANCE" AWARD FOR TREATING HEART FAILURE KEY HOSPITAL INPATIENT SERVICES INCLUDE CANCER SERVICES, CARDIOVASCULAR SURGERY, AND INPATIENT CARDIAC CATHERIZATION LABORATORY, GENERAL MEDICINE, GENERAL SURGERY, GYNECOLOGY, NEONATOLOGY, NEUROSCIENCES, OBSTETRICS, ORTHOPEDICS, PEDIATRICS, AND UROLOGY SERVICES OTHER INPATIENT SERVICES INCLUDE BEHAVIORAL HEALTH, REHABILITATION, AND CRITICAL CARE SERVICES, INCLUDING THE REGION'S ONLY LEVEL 3 NEONATAL INTENSIVE CARE UNIT KEY OUTPATIENT SERVICES INCLUDE EMERGENCY SERVICES, AMBULATORY SURGERY, OUTPATIENT LABORATORY TESTING AND DIAGNOSIS, OUTPATIENT CARDIAC CATHERIZATION LAB, IMAGING, SLEEP SERVICES, HOSPICE, AND VARIOUS THERAPIES, INCLUDING BEHAVIORAL, OCCUPATIONAL, PHYSICAL, AND SPEECH DURING FISCAL YEAR 2014, RRMC ADMITTED 15,473 PATIENTS FOR A TOTAL OF 73,873 PATIENT DAYS IT ALSO HAD OVER 412,000 TOTAL OUTPATIENT VISITS AND DELIVERED 1,536 BABIES THE EMERGENCY ROOMS TREATED 43,840 PATIENTS AND THE CHEMISTRY LABS PERFORMED OVER 1 MILLION TESTS SURGICAL SERVICES PERFORMED 9,208 INPATIENT AND OUTPATIENT SURGERIES AT RRMC, INCLUDING 594 OPEN HEART AND 588 ORTHOPEDIC JOINT REPLACEMENTS OTHER STATISTICS AT RRMC INCLUDE 17,507 HOSPICE VISITS, 54,092 VISITS TO THE VARIOUS REHAB UNITS, AND OVER 148,000 VISITS TO IMAGING

4b

(Code ) (Expenses \$ 104,773,806 including grants of \$ ) (Revenue \$ 132,649,949 )

ASANTE'S SECOND LARGEST PROGRAM SERVICE ACCOMPLISHMENT BY EXPENSE IS THE OPERATION OF THREE RIVERS MEDICAL CENTER (TRMC), A 125 LICENSED BED HOSPITAL LOCATED IN GRANTS PASS, OREGON TRMC ALSO HAS ITS SHARE OF SIGNIFICANT AWARDS AND RECOGNITIONS INCLUDING BEING DESIGNATED A BABY FRIENDLY HOSPITAL BY WHO AND UNICEF AND IS THE NATION'S FIRST MOTHER FRIENDLY HOSPITAL BY THE CENTER FOR IMPROVING MATERNITY SERVICES THE AMERICAN DIABETES ASSOCIATION HAS ALSO DESIGNATED TRCH WITH IT'S "RECOGNITION OF EXCELLENCE" TRMC ALSO EARNED ACUMENTRA HEALTH'S "OUTSTANDING PERFORMANCE" AWARD FOR SURGICAL SITE INFECTION PREVENTION AND AN "EXCELLENT PERFORMANCE" AWARD FOR TREATING HEART FAILURE SOME OF THE KEY INPATIENT SERVICES AVAILABLE AT TRMC INCLUDE CANCER SERVICES, GENERAL MEDICINE, GENERAL SURGERY, GYNECOLOGY, OBSTETRICS, ORTHOPEDICS, AND PEDIATRICS SOME OF THE KEY OUTPATIENT SERVICES INCLUDE EMERGENCY SERVICES, AMBULATORY SURGERY, OUTPATIENT LAB TESTING, CARDIOPULMONARY SERVICES, OUTPATIENT CARDIAC CATHERIZATION LAB, IMAGING AND VARIOUS THERAPIES INCLUDING PHYSICAL, OCCUPATIONAL, AND SPEECH DURING THE FISCAL YEAR, TRMC ADMITTED 7,000 INPATIENTS FOR A TOTAL OF 22,351 PATIENT DAYS IT ALSO DELIVERED 753 BABIES AND HAD OVER 227,000 OUTPATIENT VISITS THE CHEMISTRY LAB PERFORMED NEARLY 500,000 TESTS AND THE EMERGENCY ROOM SAW 38,518 PATIENTS THERE WERE 6,427 SURGERIES PERFORMED DURING THE YEAR INCLUDING 523 TOTAL JOINT REPLACEMENTS TRMC'S REHAB DEPARTMENT HAD 23,105 VISITS AND THE VARIOUS IMAGING DEPARTMENT HAD 107,287 VISITS RENEWING A STRONG COMMITMENT TO REMAIN ON THE LEADING EDGE OF TECHNOLOGY, A NEW 3-TESLA MRI SCANNER, THE MOST POWERFUL MRI AVAILABLE IN THE WORLD, IS NOW IN USE AT TRMC

4c

(Code ) (Expenses \$ 4,454,287 including grants of \$ 252,697 ) (Revenue \$ 5,639,395 )

ASANTE'S CORPORATE DIVISION HAS MADE GENEROUS CASH DONATIONS TO NUMEROUS NON-PROFIT ORGANIZATIONS THESE DONATIONS HELP SUPPORT LOCAL SCHOOLS AND OTHER YOUTH ACTIVITIES, SUCH AS LITTLE LEAGUE AND DRUG FREE GRAD NIGHTS AT LOCAL HIGH SCHOOLS THE CORPORATE DIVISION HAS ALSO MADE SIGNIFICANT CONTRIBUTIONS TO NATIONALLY RECOGNIZED MEDICAL ASSOCIATIONS, SUCH AS THE AMERICAN RED CROSS AND DIABETES ASSOCIATIONS OTHER CONTRIBUTIONS HAVE BEEN MADE TO HEALTH ORGANIZATIONS THAT ASSIST THE LOCAL SPANISH SPEAKING POPULATION, AND OTHERS HAVE BEEN MADE TO ORGANIZATIONS THAT ASSIST LOCAL SENIORS OFTEN, INDIGENT AND MEDICAID PATIENTS WILL SHOW UP AT THE EMERGENCY ROOM IN NEED OF SPECIALIZED MEDICAL CARE IN ORDER TO ASSURE THAT UNASSIGNED INDIGENT AND MEDICAIDPATIENTS HAVE SPECIALIZED CARE AVAILABLE TO THEM, ASANTE CREATED SOUTHERN OREGONTRAUMA AND EMERGENCY SERVICES (SOTES) SOTES CONTRACTS WITH LOCAL INDEPENDENT PHYSICIANS TO PROVIDE SPECIALIZED CARE TO THESE PATIENTS THROUGHOUT THEIR HOSPITAL STAY THE PHYSICIAN BILLS SOTES, WHICH WILL REIMBURSE THE SPECIALIST AT MEDICARE RATES SOTES OPERATES AT BREAK-EVEN EXPENSES ARE FULLY FUNDED AND REIMBURSED TO THE DOCTOR BY THE HOSPITALS




















4dOther program services (Describe in Schedule O )

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

4eTotal program service expenses

432,616,606

Part IV Checklist of Required Schedules

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

Part IV

Checklist of Required Schedules (continued)

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

Part V

Statements Regarding Other IRS Filings and Tax Compliance

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

|     |  |     |       |    |
|-----|--|-----|-------|----|
|     |  |     | Yes   | No |
| 1a  | Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.  | 1a  | 475   |    |
| b   | Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.   | 1b  | 0     |    |
| c   | Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?   | 1c  | Yes   |    |
| 2a  | Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.   | 2a  | 4,173 |    |
| b   | If at least one is reported on line 2a, did the organization file all required federal employment tax returns?<br><b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).  | 2b  | Yes   |    |
| 3a  | Did the organization have unrelated business gross income of \$1,000 or more during the year?  | 3a  | Yes   |    |
| b   | If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O.   | 3b  | Yes   |    |
| 4a  | At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?                                   | 4a  |       | No |
| b   | If "Yes," enter the name of the foreign country: _____<br>See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.   |     |       |    |
| 5a  | Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?  | 5a  |       | No |
| b   | Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?   | 5b  |       | No |
| c   | If "Yes," to line 5a or 5b, did the organization file Form 8886-T?   | 5c  |       |    |
| 6a  | Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?  | 6a  |       | No |
| b   | If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?  | 6b  |       |    |
| 7   | <b>Organizations that may receive deductible contributions under section 170(c).</b>   |     |       |    |
| a   | Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?  | 7a  |       | No |
| b   | If "Yes," did the organization notify the donor of the value of the goods or services provided?  | 7b  |       |    |
| c   | Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?   | 7c  |       | No |
| d   | If "Yes," indicate the number of Forms 8282 filed during the year.   | 7d  |       |    |
| e   | Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?  | 7e  |       | No |
| f   | Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?   | 7f  |       | No |
| g   | If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?   | 7g  |       |    |
| h   | If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?   | 7h  |       |    |
| 8   | <b>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? | 8   |       |    |
| 9   | <b>Sponsoring organizations maintaining donor advised funds.</b>   |     |       |    |
| a   | Did the organization make any taxable distributions under section 4966?  | 9a  |       |    |
| b   | Did the organization make a distribution to a donor, donor advisor, or related person?   | 9b  |       |    |
| 10  | <b>Section 501(c)(7) organizations.</b> Enter  |     |       |    |
| a   | Initiation fees and capital contributions included on Part VIII, line 12.  | 10a |       |    |
| b   | Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.   | 10b |       |    |
| 11  | <b>Section 501(c)(12) organizations.</b> Enter   |     |       |    |
| a   | Gross income from members or shareholders.   | 11a |       |    |
| b   | Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).   | 11b |       |    |
| 12a | <b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?  | 12a |       |    |
| b   | If "Yes," enter the amount of tax-exempt interest received or accrued during the year.   | 12b |       |    |
| 13  | <b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>  |     |       |    |
| a   | Is the organization licensed to issue qualified health plans in more than one state?<br><b>Note.</b> See the instructions for additional information the organization must report on Schedule O.   | 13a |       |    |
| b   | Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.   | 13b |       |    |
| c   | Enter the amount of reserves on hand.  | 13c |       |    |
| 14a | Did the organization receive any payments for indoor tanning services during the tax year?   | 14a |       | No |
| b   | If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.   | 14b |       |    |

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

|  |   |     |     |
|--|---|-----|-----|
|  |   | Yes | No  |
| 1a   | Enter the number of voting members of the governing body at the end of the tax year . . . . .   | 12  |     |
| If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O |   |     |     |
| b  | Enter the number of voting members included in line 1a, above, who are independent . . . . .  | 11  |     |
| 2  | Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? . . . . .   | 2   | No  |
| 3  | Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . . . . . | 3   | No  |
| 4  | Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? . . . . .  | 4   | No  |
| 5  | Did the organization become aware during the year of a significant diversion of the organization's assets? . . . . .  | 5   | No  |
| 6  | Did the organization have members or stockholders? . . . . .  | 6   | No  |
| 7a   | Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body? . . . . .  | 7a  | No  |
| b  | Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? . . . . .   | 7b  | No  |
| 8  | Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following  |     |     |
| a  | The governing body? . . . . .   | 8a  | Yes |
| b  | Each committee with authority to act on behalf of the governing body? . . . . .   | 8b  | Yes |
| 9  | Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O . . . . .        | 9   | No  |

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

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

Section C. Disclosure

|    |   |
|----|---|
| 17 | List the States with which a copy of this Form 990 is required to be filed▶OR   |
| 18 | Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.<br>Own website <input checked="" type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input checked="" type="checkbox"/> Other (explain in Schedule O) |
| 19 | Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year  |
| 20 | State the name, physical address, and telephone number of the person who possesses the books and records of the organization<br>▶PATRICK HOCKING 2650 SISKIYOU BLVD<br>MEDFORD,OR 97504 (541) 789-4549  |

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)<br>Name and Title                            | (B)<br>Average hours per week (list any hours for related organizations below dotted line) | (C)<br>Position (do not check more than one box, unless person is both an officer and a director/trustee) |                       |         |              |                              |        | (D)<br>Reportable compensation from the organization (W- 2/1099-MISC) | (E)<br>Reportable compensation from related organizations (W- 2/1099-MISC) | (F)<br>Estimated amount of other compensation from the organization and related organizations |
|--|--|---|-----------------------|---------|--------------|------------------------------|--------|---|--|---|
|  |  | Individual trustee or director  | Institutional Trustee | Officer | Key employee | Highest compensated employee | Former |   |  |   |
| (1) WILLIAM D THORNDIKE JR<br>FORMER CHAIRPERSON | 2 00   | X   |                       |         |              |                              |        | 0   | 0  | 0   |
| (2) ALAN BINETTE<br>CHAIRPERSON                  | 2 00   | X   |                       | X       |              |                              |        | 0   | 0  | 0   |
| (3) TIM ALFORD<br>TRUSTEE                        | 2 00   | X   |                       |         |              |                              |        | 0   | 0  | 0   |
| (4) THOMAS R MCGILLOWAY<br>TREASURER             | 2 00   | X   |                       | X       |              |                              |        | 0   | 0  | 0   |
| (5) DAVID ABDUN-NUR MD<br>TRUSTEE                | 2 00   | X   |                       |         |              |                              |        | 0   | 0  | 0   |
| (6) GAYLE BYRNE<br>TRUSTEE                       | 2 00   | X   |                       |         |              |                              |        | 0   | 0  | 0   |
| (7) RAY A COX<br>SECRETARY                       | 2 00   | X   |                       | X       |              |                              |        | 0   | 0  | 0   |
| (8) KENT W DAUTERMAN MD<br>TRUSTEE               | 2 00   | X   |                       |         |              |                              |        | 0   | 0  | 0   |
| (9) RONALD JONES MD<br>TRUSTEE                   | 2 00   | X   |                       |         |              |                              |        | 0   | 0  | 0   |
| (10) ALVIN SPEARS<br>TRUSTEE                     | 2 00   | X   |                       |         |              |                              |        | 0   | 0  | 0   |
| (11) JAMES M WRIGHT<br>TRUSTEE                   | 2 00   | X   |                       |         |              |                              |        | 0   | 0  | 0   |
| (12) ROY VINYARD<br>PRESIDENT & CEO              | 40 00  | X   |                       | X       |              |                              |        | 902,421   | 0  | 427,573   |
| (13) ANNE GOLDEN<br>TRUSTEE                      | 2 00   | X   |                       |         |              |                              |        | 0   | 0  | 0   |
| (14) STEPHEN D ROE<br>VICE CHAIRPERSON           | 2 00   | X   |                       | X       |              |                              |        | 0   | 0  | 0   |
| (15) THOMAS M TUREK MD<br>TRUSTEE                | 2 00   | X   |                       |         |              |                              |        | 0   | 0  | 0   |
| (16) SCOTT KELLY<br>RRMC CEO                     | 40 00  |   |                       | X       |              |                              |        | 474,699   | 0  | 123,351   |
| (17) WIN HOWARD<br>TRMC CEO                      | 40 00  |   |                       | X       |              |                              |        | 387,236   | 0  | 138,018   |



Part VII

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

| (A)<br>Name and Title  | (B)<br>Average hours per week (list any hours for related organizations below dotted line) | (C)<br>Position (do not check more than one box, unless person is both an officer and a director/trustee) |                       |         |              |                              |        | (D)<br>Reportable compensation from the organization (W- 2/1099- MISC) | (E)<br>Reportable compensation from related organizations (W- 2/1099- MISC) | (F)<br>Estimated amount of other compensation from the organization and related organizations |
|--|--|---|-----------------------|---------|--------------|------------------------------|--------|--|---|---|
|  |  | Individual trustee or director  | Institutional Trustee | Officer | Key employee | Highest compensated employee | Former |  |   |   |
| (18) MARVIN HAAS<br>AACH CEO                                   | 40 00  |   |                       | X       |              |                              |        | 479,574  | 0   | 133,562   |
| (19) PATRICK HOCKING<br>CURRENT CFO                            | 40 00  |   |                       | X       |              |                              |        | 333,538  | 0   | 136,827   |
| (20) GREG EDWARDS<br>PEOPLE OFFICER                            | 40 00  |   |                       |         | X            |                              |        | 345,385  | 0   | 140,431   |
| (21) MARK HETZ<br>CH INFO OFFICER                              | 40 00  |   |                       |         | X            |                              |        | 358,486  | 0   | 117,111   |
| (22) ROBERT THOMPSON<br>QUALITY OFFICER                        | 40 00  |   |                       |         | X            |                              |        | 512,728  | 0   | 193,040   |
| (23) JAMES GIESEN<br>MEDICAL DOCTOR                            | 40 00  |   |                       |         |              | X                            |        | 386,332  | 0   | 81,643  |
| (24) MICHAEL MCCASKILL<br>MEDICAL DOCTOR                       | 40 00  |   |                       |         |              | X                            |        | 386,056  | 0   | 77,109  |
| (25) JAMES GREBOSKY<br>MEDICAL DOCTOR                          | 40 00  |   |                       |         |              | X                            |        | 380,970  | 0   | 112,647   |
| (26) JEFF WAJDA<br>MEDICAL DOCTOR                              | 40 00  |   |                       |         |              | X                            |        | 378,597  | 0   | 122,723   |
| (27) DREW OLDROYD<br>MEDICAL DOCTOR                            | 40 00  |   |                       |         |              | X                            |        | 370,829  | 0   | 75,362  |
| (28) KENT BROWN<br>FORMER HOSP CEO                             | 40 00  |   |                       |         |              |                              | X      | 211,685  | 0   | 62,774  |
|  |  |   |                       |         |              |                              |        |  |   |   |
|  |  |   |                       |         |              |                              |        |  |   |   |
| <b>1b Sub-Total</b>  |  |   |                       |         |              |                              |        |  |   |   |
| <b>c Total from continuation sheets to Part VII, Section A</b> |  |   |                       |         |              |                              |        |  |   |   |
| <b>d Total (add lines 1b and 1c)</b>                           |  |   |                       |         |              |                              |        | 5,908,536  | 0   | 1,942,171   |

|          |   |     |
|----------|---|-----|
| <b>2</b> | Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization | 266 |
|----------|---|-----|

|          |   |          |            |           |
|----------|---|----------|------------|-----------|
|          |   |          | <b>Yes</b> | <b>No</b> |
| <b>3</b> | 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>  | <b>3</b> | Yes        |           |
| <b>4</b> | 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> | <b>4</b> | Yes        |           |
| <b>5</b> | 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>                       | <b>5</b> |            | 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)<br>Name and business address  | (B)<br>Description of services | (C)<br>Compensation |
|   | SOUTHERN OREGON CARDIOLOGY LLC 520 MEDICAL CENTER DRIVE SUITE 200 MEDFORD OR 97504  | CARDIAC SERVICES               | 4,959,276           |
|   | CVISO MANAGEMENT CO LLC 520 MEDICAL CENTER DR MEDFORD OR 97504  | CARDIAC SERVICES               | 2,941,802           |
|   | MAYO COLLABORATIVE SERVICES PO BOX 9146 MINNEAPOLIS MN 55480  | LABORATORY SERVICES            | 1,380,350           |
|   | STAR DIALYSIS LLC 201 W L STREET GRANTS PASS OR 97526   | DIALYSIS SERVICES              | 1,102,971           |
|   | SO OREGON NEUROSURGICAL & SPINE ASSOC 2900 STATE ST MEDFORD OR 97504  | NEURO SERVICES                 | 680,760             |
| 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 ▶5   |                                |                     |

Part VIII

Statement of Revenue

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

|   |     |   | (A)<br>Total revenue          | (B)<br>Related or<br>exempt<br>function<br>revenue | (C)<br>Unrelated<br>business<br>revenue | (D)<br>Revenue<br>excluded from<br>tax under<br>sections<br>512-514 |
|---|-----|---|-------------------------------|--|---|---|
| Contributions, Gifts, Grants<br>and Other Similar Amounts | 1a  | Federated campaigns . . . . . 1a  |                               |  |   |   |
|   | b   | Membership dues . . . . . 1b  |                               |  |   |   |
|   | c   | Fundraising events . . . . . 1c   |                               |  |   |   |
|   | d   | Related organizations . . . . . 1d  | 833,065                       |  |   |   |
|   | e   | Government grants (contributions) 1e  |                               |  |   |   |
|   | f   | All other contributions, gifts, grants, and<br>similar amounts not included above 1f  |                               |  |   |   |
|   | g   | Noncash contributions included in lines<br>1a-1f \$   |                               |  |   |   |
|   | h   | Total. Add lines 1a-1f . . . . .  | 833,065                       |  |   |   |
| Program Service Revenue                                   | 2a  | HOSPITAL SERVICES   | Business Code<br>622110       | 537,557,261  | 536,418,294                             | 1,138,967   |
|   | b   |   |                               |  |   |   |
|   | c   |   |                               |  |   |   |
|   | d   |   |                               |  |   |   |
|   | e   |   |                               |  |   |   |
|   | f   | All other program service revenue   |                               |  |   |   |
|   | g   | Total. Add lines 2a-2f . . . . .  | 537,557,261                   |  |   |   |
| Other Revenue   | 3   | Investment income (including dividends, interest,<br>and other similar amounts) . . . . .   | 13,663,653                    |  |   | 13,663,653  |
|   | 4   | Income from investment of tax-exempt bond proceeds . . . . .  |                               |  |   |   |
|   | 5   | Royalties . . . . .   |                               |  |   |   |
|   | 6a  | Gross rents   | (i) Real<br>1,484,875         | (ii) Personal                                      |   |   |
|   | b   | Less rental<br>expenses   | 4,119,075                     |  |   |   |
|   | c   | Rental income<br>or (loss)  | -2,634,200                    |  |   |   |
|   | d   | Net rental income or (loss) . . . . .   | -2,634,200                    |  |   | -2,634,200  |
|   | 7a  | Gross amount<br>from sales of<br>assets other<br>than inventory   | (i) Securities<br>346,566,485 | (ii) Other<br>117,654                              |   |   |
|   | b   | Less cost or<br>other basis and<br>sales expenses   | 312,815,957                   | 57,612   |   |   |
|   | c   | Gain or (loss)  | 33,750,528                    | 60,042   |   |   |
|   | d   | Net gain or (loss) . . . . .  | 33,810,570                    | 60,042   |   | 33,750,528  |
|   | 8a  | Gross income from fundraising<br>events (not including<br>\$ _____<br>of contributions reported on line 1c)<br>See Part IV, line 18 . . . . . | a                             |  |   |   |
|   | b   | Less direct expenses . . . . .  | b                             |  |   |   |
|   | c   | Net income or (loss) from fundraising events . . . . .  |                               |  |   |   |
|   | 9a  | Gross income from gaming activities<br>See Part IV, line 19 . . . . .   | a                             |  |   |   |
|   | b   | Less direct expenses . . . . .  | b                             |  |   |   |
|   | c   | Net income or (loss) from gaming activities . . . . .   |                               |  |   |   |
|   | 10a | Gross sales of inventory, less<br>returns and allowances . . . . .  | a                             |  |   |   |
|   | b   | Less cost of goods sold . . . . .   | b                             |  |   |   |
|   | c   | Net income or (loss) from sales of inventory . . . . .  | 1,102,811                     |  | 1,102,811                               |   |
|   |     | Miscellaneous Revenue   | Business Code                 |  |   |   |
|   | 11a | NUTRITION SERVICES  | 621990                        | 8,425,098  | 8,425,098                               |   |
|   | b   | GAIN ON BOND DEFEASANCE   | 900099                        | 1,580,306  |   | 1,580,306   |
|   | c   | JV INCOME   | 621990                        | 1,389,516  | 1,389,516                               |   |
|   | d   | All other revenue . . . . .   |                               | 1,425,730  | 1,425,730                               |   |
|   | e   | Total. Add lines 11a-11d . . . . .  | 12,820,650                    |  |   |   |
|   | 12  | Total revenue. See Instructions . . . . .   | 597,153,810                   | 547,718,680  | 2,241,778                               | 46,360,287  |

Part IX

Statement of Functional Expenses

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

Check if Schedule O contains a response or note to any line in this Part IX

| Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII. |   | (A)<br>Total expenses | (B)<br>Program service expenses | (C)<br>Management and general expenses | (D)<br>Fundraising expenses |
|--|---|-----------------------|---------------------------------|--|-----------------------------|
| 1  | Grants and other assistance to governments and organizations in the United States. See Part IV, line 21.  | 209,843               | 209,843                         |  |                             |
| 2  | Grants and other assistance to individuals in the United States. See Part IV, line 22.  | 42,854                | 42,854                          |  |                             |
| 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.   | 5,969,212             | 2,984,606                       | 2,984,606                              |                             |
| 6  | Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).  |                       |                                 |  |                             |
| 7  | Other salaries and wages.   | 185,770,659           | 161,685,916                     | 24,084,743                             |                             |
| 8  | Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).   | 9,908,575             | 8,515,511                       | 1,393,064                              |                             |
| 9  | Other employee benefits.  | 51,649,203            | 49,680,773                      | 1,968,430                              |                             |
| 10   | Payroll taxes.  | 15,013,732            | 12,913,302                      | 2,100,430                              |                             |
| 11   | Fees for services (non-employees):  |                       |                                 |  |                             |
| a  | Management.   | 23,724,189            | 20,710,141                      | 3,014,048                              |                             |
| b  | Legal.  | 806,194               | 103,167                         | 703,027                                |                             |
| c  | Accounting.   | 225,041               |                                 | 225,041                                |                             |
| d  | Lobbying.   | 62,242                |                                 | 62,242                                 |                             |
| e  | Professional fundraising services. See Part IV, line 17.  |                       |                                 |  |                             |
| f  | Investment management fees.   | 2,248,526             |                                 | 2,248,526                              |                             |
| g  | Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).   | 6,071,881             | 2,493,937                       | 3,577,944                              |                             |
| 12   | Advertising and promotion.  | 432,601               |                                 | 432,601                                |                             |
| 13   | Office expenses.  | 12,181,672            | 6,090,836                       | 6,090,836                              |                             |
| 14   | Information technology.   |                       |                                 |  |                             |
| 15   | Royalties.  |                       |                                 |  |                             |
| 16   | Occupancy.  | 21,052,654            | 15,526,819                      | 5,525,835                              |                             |
| 17   | Travel.   | 402,143               | 270,526                         | 131,617                                |                             |
| 18   | Payments of travel or entertainment expenses for any federal, state, or local public officials.   |                       |                                 |  |                             |
| 19   | Conferences, conventions, and meetings.   | 933,215               | 608,713                         | 324,502                                |                             |
| 20   | Interest.   | 12,341,364            | 11,149,172                      | 1,192,192                              |                             |
| 21   | Payments to affiliates.   |                       |                                 |  |                             |
| 22   | Depreciation, depletion, and amortization.  | 35,667,653            | 27,161,549                      | 8,506,104                              |                             |
| 23   | Insurance.  | 3,769,033             | 3,190,316                       | 578,717                                |                             |
| 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  | PATIENT SUPPLIES  | 91,708,696            | 91,708,696                      |  |                             |
| b  | BAD DEBTS   | 12,052,547            | 12,052,547                      |  |                             |
| c  | OTHER OPERATING EXPENSE   | 4,646,056             | 2,961,128                       | 1,684,928                              |                             |
| d  | EQUIPMENT RENTAL  | 1,709,850             | 1,698,570                       | 11,280                                 |                             |
| e  | All other expenses  | 1,488,128             | 857,684                         | 630,444                                |                             |
| 25   | Total functional expenses. Add lines 1 through 24e.   | 500,087,763           | 432,616,606                     | 67,471,157                             | 0                           |
| 26   | Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720). |                       |                                 |  |                             |

Part X

Balance Sheet

Check if Schedule O contains a response or note to any line in this Part X

|                             |   |  |                | (A)               |     | (B)         |
|-----------------------------|---|--|----------------|-------------------|-----|-------------|
|                             |   |  |                | Beginning of year |     | End of year |
| Assets                      | 1   | Cash—non-interest-bearing  |                | 9,415,022         | 1   | 43,542,485  |
|                             | 2   | Savings and temporary cash investments   |                |                   | 2   |             |
|                             | 3   | Pledges and grants receivable, net   |                |                   | 3   |             |
|                             | 4   | Accounts receivable, net   |                | 89,447,043        | 4   | 77,243,458  |
|                             | 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  |                | 3,209,063         | 7   | 1,316,012   |
|                             | 8   | Inventories for sale or use  |                | 6,602,829         | 8   | 5,677,389   |
|                             | 9   | Prepaid expenses and deferred charges  |                | 3,757,936         | 9   | 5,513,362   |
|                             | 10a   | Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D  | 10a736,311,542 |                   |     |             |
|                             | b   | Less accumulated depreciation  | 10b430,805,903 | 302,400,657       | 10c | 305,505,639 |
|                             | 11  | Investments—publicly traded securities   |                | 481,001,454       | 11  | 479,301,795 |
|                             | 12  | Investments—other securities See Part IV, line 11  |                |                   | 12  |             |
|                             | 13  | Investments—program-related See Part IV, line 11   |                |                   | 13  |             |
|                             | 14  | Intangible assets  |                |                   | 14  |             |
|                             | 15  | Other assets See Part IV, line 11  |                | 34,123,659        | 15  | 25,113,434  |
|                             | 16  | Total assets. Add lines 1 through 15 (must equal line 34)  |                | 929,957,663       | 16  | 943,213,574 |
| Liabilities                 | 17  | Accounts payable and accrued expenses  |                | 14,768,521        | 17  | 13,218,311  |
|                             | 18  | Grants payable   |                |                   | 18  |             |
|                             | 19  | Deferred revenue   |                |                   | 19  |             |
|                             | 20  | Tax-exempt bond liabilities  |                | 329,716,928       | 20  | 33,200,000  |
|                             | 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   |                | 2,195,978         | 23  | 237,578,406 |
|                             | 24  | Unsecured notes and loans payable to unrelated third parties   |                |                   | 24  |             |
|                             | 25  | Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D   |                | 79,627,430        | 25  | 81,618,687  |
|                             | 26  | Total liabilities. Add lines 17 through 25   |                | 426,308,857       | 26  | 365,615,404 |
| Net Assets or Fund Balances | Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34. |  |                |                   |     |             |
|                             | 27  | Unrestricted net assets  |                | 503,648,806       | 27  | 577,598,170 |
|                             | 28  | Temporarily restricted net assets  |                |                   | 28  |             |
|                             | 29  | Permanently restricted net assets  |                |                   | 29  |             |
|                             | Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.                          |  |                |                   |     |             |
|                             | 30  | Capital stock or trust principal, or current funds   |                |                   | 30  |             |
|                             | 31  | Paid-in or capital surplus, or land, building or equipment fund  |                |                   | 31  |             |
|                             | 32  | Retained earnings, endowment, accumulated income, or other funds   |                |                   | 32  |             |
|                             | 33  | Total net assets or fund balances  |                | 503,648,806       | 33  | 577,598,170 |
|                             | 34  | Total liabilities and net assets/fund balances   |                | 929,957,663       | 34  | 943,213,574 |

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  | 597,153,810 |
| 2  | Total expenses (must equal Part IX, column (A), line 25)  | 2  | 500,087,763 |
| 3  | Revenue less expenses Subtract line 2 from line 1   | 3  | 97,066,047  |
| 4  | Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))                     | 4  | 503,648,806 |
| 5  | Net unrealized gains (losses) on investments  | 5  | -4,407,017  |
| 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  | -18,709,666 |
| 10 | Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B)) | 10 | 577,598,170 |

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<br>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?<br>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<br><input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis |     | No |
| 2b | Were the organization's financial statements audited by an independent accountant?<br>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<br><input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis                           |     | No |
| 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?<br>If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O  |     |    |
| 3a | As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?   |     | No |
| 3b | If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits   |     |    |

SCHEDULE A  
(Form 990 or 990EZ)

Department of the  
Treasury  
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2013

Open to Public  
Inspection

|                                    |  |
|------------------------------------|--|
| Name of the organization<br>ASANTE | Employer identification number<br>93-0223960 |
|------------------------------------|--|

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

☐

2

☐

3

☒

4

☐

5

☐

6

☐

7

☐

8

☐

9

☐

10

☐

11

☐

e

☐

f

g

h

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

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

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

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

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

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

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

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

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

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

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Non-functionally integrated

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

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

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

(i)

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

(ii)

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

(iii)

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

Provide the following information about the supported organization(s)

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

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

Part II

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

| Section A. Public Support   |          |          |          |          |          |           |
|---|----------|----------|----------|----------|----------|-----------|
| Calendar year (or fiscal year beginning in) ▶   | (a) 2009 | (b) 2010 | (c) 2011 | (d) 2012 | (e) 2013 | (f) Total |
| 1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")   |          |          |          |          |          |           |
| 2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf   |          |          |          |          |          |           |
| 3 The value of services or facilities furnished by a governmental unit to the organization without charge   |          |          |          |          |          |           |
| 4 Total. Add lines 1 through 3  |          |          |          |          |          |           |
| 5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f) |          |          |          |          |          |           |
| 6 Public support. Subtract line 5 from line 4   |          |          |          |          |          |           |

| Section B. Total Support   |          |          |          |          |          |           |
|--|----------|----------|----------|----------|----------|-----------|
| Calendar year (or fiscal year beginning in) ▶  | (a) 2009 | (b) 2010 | (c) 2011 | (d) 2012 | (e) 2013 | (f) Total |
| 7 Amounts from line 4  |          |          |          |          |          |           |
| 8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources   |          |          |          |          |          |           |
| 9 Net income from unrelated business activities, whether or not the business is regularly carried on   |          |          |          |          |          |           |
| 10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV )  |          |          |          |          |          |           |
| 11 Total support (Add lines 7 through 10)  |          |          |          |          |          |           |
| 12 Gross receipts from related activities, etc (see instructions)  |          |          |          |          | 12       |           |
| 13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here . . . . . ▶ |          |          |          |          |          |           |

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

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

| Section A. Public Support  |          |          |          |          |          |           |
|--|----------|----------|----------|----------|----------|-----------|
| Calendar year (or fiscal year beginning in) ▶  | (a) 2009 | (b) 2010 | (c) 2011 | (d) 2012 | (e) 2013 | (f) Total |
| 1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")  |          |          |          |          |          |           |
| 2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose |          |          |          |          |          |           |
| 3 Gross receipts from activities that are not an unrelated trade or business under section 513   |          |          |          |          |          |           |
| 4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf  |          |          |          |          |          |           |
| 5 The value of services or facilities furnished by a governmental unit to the organization without charge  |          |          |          |          |          |           |
| 6 Total. Add lines 1 through 5   |          |          |          |          |          |           |
| 7a Amounts included on lines 1, 2, and 3 received from disqualified persons  |          |          |          |          |          |           |
| b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year           |          |          |          |          |          |           |
| c Add lines 7a and 7b  |          |          |          |          |          |           |
| 8 Public support (Subtract line 7c from line 6.)   |          |          |          |          |          |           |

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

| Section C. Computation of Public Support Percentage                                       |    |  |
|---|----|--|
| 15 Public support percentage for 2013 (line 8, column (f) divided by line 13, column (f)) | 15 |  |
| 16 Public support percentage from 2012 Schedule A, Part III, line 15                      | 16 |  |

| Section D. Computation of Investment Income Percentage   |    |  |
|--|----|--|
| 17 Investment income percentage for 2013 (line 10c, column (f) divided by line 13, column (f))   | 17 |  |
| 18 Investment income percentage from 2012 Schedule A, Part III, line 17  | 18 |  |
| 19a 33 1/3% support tests—2013. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶        |    |  |
| b 33 1/3% support tests—2012. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶ |    |  |
| 20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶  |    |  |



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

|                              |
|------------------------------|
| Facts And Circumstances Test |
|                              |

| Return Reference | Explanation |  |
|------------------|-------------|--|
|------------------|-------------|--|

SCHEDULE C  
(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527  
▶ **Complete if the organization is described below.** ▶ **Attach to Form 990 or Form 990-EZ.**  
▶ **See separate instructions.** ▶ **Information about Schedule C (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

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<br>ASANTE | Employer identification number<br>93-0223960 |
|------------------------------------|--|

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

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

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

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

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

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

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

Part II-A

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

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

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

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

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

Part II-B

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

| For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity. |  | (a) |    | (b)    |
|---|--|-----|----|--------|
|   |  | Yes | No | Amount |
| 1   | During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of |     |    |        |
| a   | Volunteers?  |     | No |        |
| b   | Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?   |     | No |        |
| c   | Media advertisements?  |     | No |        |
| d   | Mailings to members, legislators, or the public?   |     | No |        |
| e   | Publications, or published or broadcast statements?  |     | No |        |
| f   | Grants to other organizations for lobbying purposes?   | Yes |    | 50,242 |
| g   | Direct contact with legislators, their staffs, government officials, or a legislative body?  |     | No |        |
| h   | Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?  |     | No |        |
| i   | Other activities?  | Yes |    | 12,000 |
| j   | Total. Add lines 1c through 1i.  |     |    | 62,242 |
| 2a  | Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?  |     | No |        |
| b   | If "Yes," enter the amount of any tax incurred under section 4912  |     |    |        |
| c   | If "Yes," enter the amount of any tax incurred by organization managers under section 4912   |     |    |        |
| d   | If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?   |     |    |        |

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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

| Return Reference  | Explanation   |
|-------------------|---|
| PART II-B, LINE 1 | ASANTE MAINTAINS MEMBERSHIPS IN THE AMERICAN HOSPITAL ASSOC (AHA) AND OREGON ASSOC OF HOSPITALS AND HEALTHCARE SYSTEMS (OAHHS) DURING TAX YEAR 2013, ASANTE PAID MEMBERSHIP DUES TO THE AHA AND OAHHS OF \$79,558 AND \$179,043 RESPECTIVELY. 17.93% OF OAHHS DUES AND 22.80% OF AHA DUES WENT FOR LOBBYING PURPOSES. THUS, ASANTE MADE INDIRECT LOBBYING EXPENDITURES OF \$50,242 THROUGH ITS MEMBERSHIP DUES. ALSO, ASANTE PAID JOHN WATT AND ASSOCIATES (JWA) \$12,000 FOR SPECIFIC ISSUES LOBBYING DURING THE TAX YEAR. JWA IS AN ADVOCATE FOR ASANTE AND SPECIALIZES IN BALLOT PROPOSITIONS AFFECTING THE HEALTHCARE INDUSTRY. |
|                   |   |
|                   |   |
|                   |   |
|                   |   |
|                   |   |
|                   |   |

[illegible]

SCHEDULE D  
(Form 990)

Supplemental Financial Statements

OMB No 1545-0047

2013

Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

▶ 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).

|                                    |  |
|------------------------------------|--|
| Name of the organization<br>ASANTE | Employer identification number<br>93-0223960 |
|------------------------------------|--|

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

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

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

1

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

☐ Preservation of land for public use (e g , recreation or education) ☐ Preservation of an historically important land area

☐ Protection of natural habitat ☐ Preservation of a certified historic structure

☐ Preservation of open space

2

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

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

3

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

4

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

5

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

☐ Yes ☐ No

6

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

7

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

8

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

☐ Yes ☐ No

9

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

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

1a

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

b

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

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

▶ \$ \_\_\_\_\_

(ii) Assets included in Form 990, Part X

▶ \$ \_\_\_\_\_

2

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

a

Revenues included in Form 990, Part VIII, line 1

▶ \$ \_\_\_\_\_

b

Assets included in Form 990, Part X

▶ \$ \_\_\_\_\_

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

Cat No 52283D

Schedule D (Form 990) 2013

Part III

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

- 3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other
- 4

Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII
- 5

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

☐ Yes

☐ No

Part IV

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

- 1a

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

☐ Yes

☐ No
- b

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

|    |        |
|----|--------|
|    | Amount |
| 1c |        |
| 1d |        |
| 1e |        |
| 1f |        |
- 2a

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

☐ Yes

☐ No
- b

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

☐

Part V

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

|  | (a)Current year | (b)Prior year | b (c)Two years back | (d)Three years back | (e)Four years back |
|--|-----------------|---------------|---------------------|---------------------|--------------------|
| 1a Beginning of year balance                     | 18,901,661      | 18,536,029    | 18,306,191          | 17,929,742          | 17,945,515         |
| b Contributions                                  | 320,785         | 268,729       | 104,176             | 215,695             | 28,150             |
| c Net investment earnings, gains, and losses     | 181,774         | 163,135       | 162,870             | 169,689             | 109,554            |
| d Grants or scholarships                         | 141,353         | 66,232        | 37,198              | 8,935               | 153,477            |
| e Other expenditures for facilities and programs |                 |               |                     |                     |                    |
| f Administrative expenses                        |                 |               |                     |                     |                    |
| g End of year balance                            | 19,262,867      | 18,901,661    | 18,536,039          | 18,306,191          | 17,929,742         |

- 2

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

a

Board designated or quasi-endowment

79 830 %

b

Permanent endowment

19 600 %

c

Temporarily restricted endowment

0 570 %

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

3a(i)

☐ Yes

☐ No

(ii) related organizations

3a(ii)

☐ Yes

☐

b

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

3b

☐ Yes

☐
- 4

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

Part VI

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

| Description of property  | (a) Cost or other basis (investment) | (b)Cost or other basis (other) | (c) Accumulated depreciation | (d) Book value |
|--|--------------------------------------|--------------------------------|------------------------------|----------------|
| 1a Land  | 12,959,946                           | 8,876,730                      |                              | 21,836,676     |
| b Buildings  |                                      | 329,919,030                    | 157,524,273                  | 172,394,757    |
| c Leasehold improvements   |                                      | 7,440,269                      | 5,951,646                    | 1,488,623      |
| d Equipment  |                                      | 367,039,705                    | 267,329,984                  | 99,709,721     |
| e Other  |                                      | 10,075,862                     |                              | 10,075,862     |
| Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).) |                                      |                                |                              | 305,505,639    |





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  | 688,523,265 |
| 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 | 110,841,787 |
| e | Add lines 2a through 2d . . . . .  | 2e | 110,841,787 |
| 3 | Subtract line 2e from line 1 . . . . .   | 3  | 577,681,478 |
| 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 | 2,248,526   |
| b | Other (Describe in Part XIII ) . . . . .   | 4b | 17,223,806  |
| c | Add lines 4a and 4b . . . . .  | 4c | 19,472,332  |
| 5 | Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12 ) . . . . . | 5  | 597,153,810 |

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  | 622,360,620 |
| 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 | 137,998,073 |
| e | Add lines 2a through 2d . . . . .   | 2e | 137,998,073 |
| 3 | Subtract line 2e from line 1 . . . . .  | 3  | 484,362,547 |
| 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 | 15,725,216  |
| c | Add lines 4a and 4b . . . . .   | 4c | 15,725,216  |
| 5 | Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18 ) . . . . . | 5  | 500,087,763 |

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 V, LINE 4                        | THE ASANTE FOUNDATION, A 501(C)(3) ORGANIZATION, IS DIRECTLY RELATED TO AND CONTROLLED BY ASANTE. IT IS IDENTIFIED ON SCHEDULE R, PART II AS A RELATED TAX-EXEMPT ORGANIZATION. THE ASANTE FOUNDATION MAINTAINS THE ASSETS OF 14 DIFFERENT ENDOWMENTS WITH A NET WORTH OF OVER \$18.9 MILLION. THE CORPUS OF THE ENDOWMENTS IS TO REMAIN INTACT AND INVESTED IN MARKETABLE SECURITIES AND OTHER FINANCIAL INSTRUMENTS. AT THE END OF EACH FISCAL YEAR, ANY INVESTMENT INCOME GENERATED FROM THE ENDOWMENTS IS RELEASED TO ASANTE. THE INCOME RECEIVED IS USED TO SUBSIDIZE NUMEROUS PROGRAMS, INCLUDING THE RRMHC HOSPICE, PHYSICIAN AND NURSING EDUCATION, CHILDREN'S HEALTH, ONCOLOGY PROGRAMS, AND SUPPORT OF THE FRANCIS CHENEY AND THREE RIVERS FAMILY HOUSES.   |
| PART X, LINE 2                        | IT IS THE OPINION OF BOTH THE MANAGEMENT OF ASANTE AND KPMG THAT NO UNCERTAIN TAX POSITIONS WERE TAKEN DURING THE FISCAL YEAR. THIS OPINION IS STATED IN THE FOOTNOTES OF THE AUDITED CONSOLIDATED FINANCIAL STATMENTS.   |
| PART XI, LINE 2D - OTHER ADJUSTMENTS  | ASANTE FOUNDATION INVESTMENT INCOME 1,987,500. OPERATING INCOME FROM AFFILIATES INCLUDED IN CONSOLIDATED FINANCIAL STMT 75,059,272. PROVIDER TAX NETTED WITH REVENUE FOR TAX RETURN 28,160,475. AFFILIATE INVESTMENT REVENUE INCLUDED IN CONSOLIDATED FINANCIAL STMT 1,908,849. COST OF GOODS SOLD NETTED WITH REVENUE 3,725,691.   |
| PART XI, LINE 4B - OTHER ADJUSTMENTS  | BAD DEBT EXPENSE NETTED WITH REVENUE ON FINANCIAL STMT 15,725,216. FOUNDATION NONOPERATING LOSS INCLUDED IN CONSOLIDATED FINANCIAL STMT 1,498,590.  |
| PART XII, LINE 2D - OTHER ADJUSTMENTS | UNREALIZED LOSS ON INVESTMENTS 4,580,599. AFFILIATE OPERATING EXPENSES INCLUDED IN CONSOLIDATED FINANCIAL STMT 101,531,308. PROVIDER TAX NETTED WITH REVENUE FOR TAX RETURN 28,160,475. COST OF GOODS SOLD NETTED WITH REVENUE 3,725,691.   |
| PART XII, LINE 4B - OTHER ADJUSTMENTS | BAD DEBT EXPENSE 15,725,216.  |
| SCHEDULE D PART XI, XII AND XIII      | THE FINANCIAL STATEMENTS AND SCHEDULES OF ASANTE ARE AUDITED BY THE ACCOUNTING FIRM OF KPMG. THEY ARE COMPILED ON A CONSOLIDATED BASIS. THE CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULES CONTAIN FINANCIAL INFORMATION ABOUT ENTITIES WITHIN ASANTE THAT ARE NOT INCLUDED ON THE ASANTE FORM 990. FINANCIAL INFORMATION ABOUT THE ASANTE FOUNDATION, ASANTE PHYSICIANS PARTNERS, SOUTHERN OREGON INSURANCE COMPANY, AND ASANTE ASHLAND COMMUNITY HOSPITAL ARE INCLUDED IN THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS BUT, SINCE EACH OF THOSE ENTITIES RETAIN THEIR OWN TAX IDENTIFICATION NUMBER, THEY FILE THEIR OWN SEPARATE FORM 990. THUS, THEIR FINANCIAL INFORMATION IS EXCLUDED FROM THE ASANTE FORM 990 AND ARE INCLUDED AS RECONCILING ITEMS ON SCHEDULE D. ON THE ASANTE FORM 990, SCHEDULE D, PARTS XI, XII, AND XIII, WE HAVE RECONCILED THE TOTAL REVENUES, TOTAL EXPENSES, AND NET ASSETS TO THE CONSOLIDATED STATEMENT OF OPERATIONS ON THE AUDITED FINANCIAL STATEMENTS. IN MANY CASES, THE FINANCIAL INFORMATION OF THESE OTHER ENTITIES IS CONTAINED WITHIN THE REVENUE, EXPENSES, AND NET ASSETS ITEMS IN THE FINANCIAL STATEMENT AND MAY NOT BE READILY DISTINGUISHED ON THE FINANCIAL STATEMENT LINE ITEMS. |

[illegible]

SCHEDULE H  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
ASANTE

Employer identification number  
93-0223960

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<br><br><input checked="" type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities<br><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<br><br>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<br><br><input type="checkbox"/> 100% <input type="checkbox"/> 150% <input checked="" type="checkbox"/> 200% <input type="checkbox"/> Other _____ % | 3a  | Yes |    |
| 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 . . . . .<br><br><input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input checked="" type="checkbox"/> 400% <input type="checkbox"/> Other _____ %  | 3b  | Yes |    |
| c  | If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care  |     |     |    |
| 4  | Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"? . . . . .  | 4   | Yes |    |
| 5a | Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? . . . . .   | 5a  | Yes |    |
| b  | If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? . . . . .  | 5b  |     | No |
| c  | If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care? . . . . .  | 5c  |     |    |
| 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) . . . .   |   | 82,251                        | 14,247,732                          |                               | 14,247,732                        | 2 850 %                      |
| b Medicaid (from Worksheet 3, column a) . . . . .   |   | 68,102                        | 115,995,325                         | 53,906,209                    | 62,089,116                        | 12 420 %                     |
| c Costs of other means-tested government programs (from Worksheet 3, column b) . . . . .            |   |                               |                                     |                               |                                   |                              |
| d <b>Total</b> Financial Assistance and Means-Tested Government Programs . . . . .                  |   | 150,353                       | 130,243,057                         | 53,906,209                    | 76,336,848                        | 15 270 %                     |
| <b>Other Benefits</b>   |   |                               |                                     |                               |                                   |                              |
| e Community health improvement services and community benefit operations (from Worksheet 4) . . . . |   | 41,683                        | 6,741,592                           | 963,528                       | 5,778,064                         | 1 160 %                      |
| f Health professions education (from Worksheet 5) . . . . .   |   |                               | 5,653                               |                               | 5,653                             | 0 %                          |
| g Subsidized health services (from Worksheet 6) . . . . .   |   |                               |                                     |                               |                                   |                              |
| h Research (from Worksheet 7) . . . . .   |   |                               | 257,635                             | 26,117                        | 231,518                           | 0 050 %                      |
| i Cash and in-kind contributions for community benefit (from Worksheet 8) . . . . .                 |   |                               | 209,843                             |                               | 209,843                           | 0 040 %                      |
| j <b>Total</b> Other Benefits . . . . .   |   | 41,683                        | 7,214,723                           | 989,645                       | 6,225,078                         | 1 250 %                      |
| k <b>Total.</b> Add lines 7d and 7j . . . . .   |   | 192,036                       | 137,457,780                         | 54,895,854                    | 82,561,926                        | 16 520 %                     |

Part IICommunity Building Activities

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

|  | (a) Number of activities or programs (optional) | (b) Persons served (optional) | (c) Total community building expense | (d) Direct offsetting revenue | (e) Net community building expense | (f) Percent of total expense |
|--|---|-------------------------------|--------------------------------------|-------------------------------|------------------------------------|------------------------------|
| 1Physical improvements and housing                         |   |                               |                                      |                               |                                    |                              |
| 2Economic development                                      |   |                               |                                      |                               |                                    |                              |
| 3Community support   | 3   |                               | 26,250                               |                               | 26,250                             | 0.010 %                      |
| 4Environmental improvements                                |   |                               |                                      |                               |                                    |                              |
| 5Leadership development and training for community members | 5   |                               | 26,571                               |                               | 26,571                             | 0.010 %                      |
| 6Coalition building  |   |                               |                                      |                               |                                    |                              |
| 7Community health improvement advocacy                     | 2   |                               | 12,000                               |                               | 12,000                             | 0 %                          |
| 8Workforce development                                     |   |                               |                                      |                               |                                    |                              |
| 9Other   |   |                               |                                      |                               |                                    |                              |
| 10Total  | 10  |                               | 64,821                               |                               | 64,821                             | 0.020 %                      |

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

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

1Yes

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

212,052,547

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

3

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

Section B. Medicare

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

5146,611,802

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

6171,837,528

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

7-25,225,726

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

☐ Cost accounting system

☒ Cost to charge ratio

☐ Other

Section C. Collection Practices

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

9aYes

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

9bYes

Part IVManagement Companies and Joint Ventures

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

| (a) Name of entity              | (b) Description of primary activity of entity | (c) Organization's profit % or stock ownership % | (d) Officers, directors, trustees, or key employees' profit % or stock ownership % | (e) Physicians' profit % or stock ownership % |
|---------------------------------|---|--|--|---|
| 1 1 SISKIYOU IMAGING            | RADIOLOGY & IMAGING SVC                       | 33.330 %   |  | 33.330 %                                      |
| 2 2 CVI MANAGEMENT CO LLC       | MANAGEMENT SERVICES                           | 25.000 %   |  | 75.000 %                                      |
| 3 3 CVI REAL PROPERTY           | PROPERTY MANAGEMENT                           | 25.000 %   |  | 75.000 %                                      |
| 4 4 SOUTHERN OREGON LINEN SVCS  | LINEN PROCESSING                              | 34.000 %   |  |   |
| 5 5 HEALTH FUTURE LLC           | SUPPLIES PURCHASING                           | 14.300 %   |  |   |
| 6 6 GRANTS PASS SURGICAL CENTER | OUTPATIENT SURGERIES                          | 35.000 %   |  | 65.000 %                                      |
| 7 7 SURGERY CENTER OF SO OREGON | OUTPATIENT SURGERIES                          | 20.000 %   |  | 80.000 %                                      |
| 8 8 LHC                         | HOME HEALTH                                   | 25.000 %   |  |   |
| 9 9 ACCENTCARE                  | HOME HEALTH                                   | 10.000 %   |  |   |
| 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

|  |                           | Licensed hospital | General medical & surgical | Children's hospital | Teaching hospital | Critical access hospital | Research facility | ER-24 hours | ER-other | Other (Describe) | Facility reporting group |
|--|---------------------------|-------------------|----------------------------|---------------------|-------------------|--------------------------|-------------------|-------------|----------|------------------|--------------------------|
|  | See Additional Data Table |                   |                            |                     |                   |                          |                   |             |          |                  |                          |
|  |                           |                   |                            |                     |                   |                          |                   |             |          |                  |                          |
|  |                           |                   |                            |                     |                   |                          |                   |             |          |                  |                          |
|  |                           |                   |                            |                     |                   |                          |                   |             |          |                  |                          |
|  |                           |                   |                            |                     |                   |                          |                   |             |          |                  |                          |
|  |                           |                   |                            |                     |                   |                          |                   |             |          |                  |                          |
|  |                           |                   |                            |                     |                   |                          |                   |             |          |                  |                          |
|  |                           |                   |                            |                     |                   |                          |                   |             |          |                  |                          |
|  |                           |                   |                            |                     |                   |                          |                   |             |          |                  |                          |

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

ROGUE REGIONAL 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

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

Part V

Facility Information (continued)

| Financial Assistance Policy |  | Yes | No  |
|-----------------------------|--|-----|-----|
| 9                           | Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?  | 9   | Yes |
| 10                          | Used federal poverty guidelines (FPG) to determine eligibility for providing free care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care 200 000000000000% If "No," explain in Part VI the criteria the hospital facility used   | 10  | Yes |
| 11                          | Used FPG to determine eligibility for providing discounted care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care 400 000000000000% If "No," explain in Part VI the criteria the hospital facility used  | 11  | Yes |
| 12                          | Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply)  | 12  | Yes |
| a                           | <input checked="" type="checkbox"/> Income level   |     |     |
| b                           | <input checked="" type="checkbox"/> Asset level  |     |     |
| c                           | <input checked="" type="checkbox"/> Medical indigency  |     |     |
| d                           | <input type="checkbox"/> Insurance status  |     |     |
| e                           | <input checked="" type="checkbox"/> Uninsured discount   |     |     |
| f                           | <input checked="" type="checkbox"/> Medicaid/Medicare  |     |     |
| g                           | <input type="checkbox"/> State regulation  |     |     |
| h                           | <input type="checkbox"/> Residency   |     |     |
| i                           | <input type="checkbox"/> Other (describe in Part VI)   |     |     |
| 13                          | Explained the method for applying for financial assistance? . . . . .  | 13  | Yes |
| 14                          | Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply)  | 14  | Yes |
| a                           | <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website   |     |     |
| b                           | <input type="checkbox"/> The policy was attached to billing invoices   |     |     |
| c                           | <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms  |     |     |
| d                           | <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices  |     |     |
| e                           | <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility  |     |     |
| f                           | <input checked="" type="checkbox"/> The policy was available upon request  |     |     |
| g                           | <input checked="" type="checkbox"/> Other (describe in Part VI)  |     |     |
| Billing and Collections     |  |     |     |
| 15                          | Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment? . . . . .  | 15  | Yes |
| 16                          | Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the 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)   |     |     |
| 17                          | Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP? . . . . . If "Yes," check all actions in which the hospital facility or a third party engaged | 17  | No  |
| a                           | <input type="checkbox"/> Reporting to credit agency  |     |     |
| b                           | <input type="checkbox"/> Lawsuits  |     |     |
| c                           | <input type="checkbox"/> Liens on residences   |     |     |
| d                           | <input type="checkbox"/> Body attachments  |     |     |
| e                           | <input type="checkbox"/> Other similar actions (describe in Section C)   |     |     |

Part V

Facility Information *(continued)*

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

☒

Notified individuals of the financial assistance policy on admission
- b

☒

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

☒

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

☒

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

☐

Other (describe in Section C)

Policy Relating to Emergency Medical Care

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

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

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



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 )  
THREE RIVERS 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 ) 2

|   | Yes          | No |
|---|--------------|----|
| <b>Community Health Needs Assessment</b> (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)  |              |    |
| <b>1</b> 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 . . . . .<br>If "Yes," indicate what the CHNA report describes (check all that apply)  | <b>1</b> Yes |    |
| <b>a</b> <input checked="" type="checkbox"/> A definition of the community served by the hospital facility  |              |    |
| <b>b</b> <input checked="" type="checkbox"/> Demographics of the community  |              |    |
| <b>c</b> <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community   |              |    |
| <b>d</b> <input checked="" type="checkbox"/> How data was obtained  |              |    |
| <b>e</b> <input checked="" type="checkbox"/> The health needs of the community  |              |    |
| <b>f</b> <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups  |              |    |
| <b>g</b> <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs  |              |    |
| <b>h</b> <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests   |              |    |
| <b>i</b> <input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs   |              |    |
| <b>j</b> <input type="checkbox"/> Other (describe in Part VI)   |              |    |
| <b>2</b> Indicate the tax year the hospital facility last conducted a CHNA 20 <u>13</u>   |              |    |
| <b>3</b> 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 . . . . . | <b>3</b> Yes |    |
| <b>4</b> Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI . . . . .   | <b>4</b> Yes |    |
| <b>5</b> Did the hospital facility make its CHNA report widely available to the public? . . . . .<br>If "Yes," indicate how the CHNA report was made widely available (check all that apply)  | <b>5</b> Yes |    |
| <b>a</b> <input checked="" type="checkbox"/> Hospital facility's website (list url) _____   |              |    |
| <b>b</b> <input type="checkbox"/> Other website (list url) _____  |              |    |
| <b>c</b> <input checked="" type="checkbox"/> Available upon request from the hospital facility  |              |    |
| <b>d</b> <input type="checkbox"/> Other (describe in Part VI)   |              |    |
| <b>6</b> 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)   |              |    |
| <b>a</b> <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA   |              |    |
| <b>b</b> <input checked="" type="checkbox"/> Execution of the implementation strategy   |              |    |
| <b>c</b> <input type="checkbox"/> Participation in the development of a community-wide plan   |              |    |
| <b>d</b> <input type="checkbox"/> Participation in the execution of a community-wide plan   |              |    |
| <b>e</b> <input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans  |              |    |
| <b>f</b> <input checked="" type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA   |              |    |
| <b>g</b> <input checked="" type="checkbox"/> Prioritization of health needs in its community  |              |    |
| <b>h</b> <input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community   |              |    |
| <b>i</b> <input type="checkbox"/> Other (describe in Part VI)   |              |    |
| <b>7</b> 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 . . . . .  | <b>7</b> Yes |    |
| <b>8a</b> 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)? . . . . .   | <b>8a</b>    | No |
| <b>b</b> If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax? . . . . .  | <b>8b</b>    |    |
| <b>c</b> If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$ _____   |              |    |

Part V

Facility Information (continued)

| Financial Assistance Policy   |  | Yes       | No  |           |    |
|---|--|-----------|-----|-----------|----|
| <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? . . . . .<br>If "Yes," indicate the FPG family income limit for eligibility for free care <u>200 00000000000000</u> %<br>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? . . . . .<br>If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400 00000000000000</u> %<br>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? . . . . .<br>If "Yes," indicate the factors used in determining such amounts (check all that apply)  |  | <b>12</b> | Yes |           |    |
| <b>a</b> <input checked="" type="checkbox"/> Income level   |  |           |     |           |    |
| <b>b</b> <input checked="" type="checkbox"/> Asset level  |  |           |     |           |    |
| <b>c</b> <input checked="" type="checkbox"/> Medical indigency  |  |           |     |           |    |
| <b>d</b> <input type="checkbox"/> Insurance status  |  |           |     |           |    |
| <b>e</b> <input checked="" type="checkbox"/> Uninsured discount   |  |           |     |           |    |
| <b>f</b> <input checked="" type="checkbox"/> Medicaid/Medicare  |  |           |     |           |    |
| <b>g</b> <input type="checkbox"/> State regulation  |  |           |     |           |    |
| <b>h</b> <input type="checkbox"/> Residency   |  |           |     |           |    |
| <b>i</b> <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? . . . . .<br>If "Yes," indicate how the hospital facility publicized the policy (check all that apply)  |  | <b>14</b> | Yes |           |    |
| <b>a</b> <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website   |  |           |     |           |    |
| <b>b</b> <input type="checkbox"/> The policy was attached to billing invoices   |  |           |     |           |    |
| <b>c</b> <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms  |  |           |     |           |    |
| <b>d</b> <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices  |  |           |     |           |    |
| <b>e</b> <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility  |  |           |     |           |    |
| <b>f</b> <input checked="" type="checkbox"/> The policy was available upon request  |  |           |     |           |    |
| <b>g</b> <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   |  |           |     |           |    |
| <b>a</b> <input type="checkbox"/> Reporting to credit agency  |  |           |     |           |    |
| <b>b</b> <input type="checkbox"/> Lawsuits  |  |           |     |           |    |
| <b>c</b> <input type="checkbox"/> Liens on residences   |  |           |     |           |    |
| <b>d</b> <input type="checkbox"/> Body attachments  |  |           |     |           |    |
| <b>e</b> <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? . . . . .  |  |           |     | <b>17</b> | No |
| If "Yes," check all actions in which the hospital facility or a third party engaged   |  |           |     |           |    |
| <b>a</b> <input type="checkbox"/> Reporting to credit agency  |  |           |     |           |    |
| <b>b</b> <input type="checkbox"/> Lawsuits  |  |           |     |           |    |
| <b>c</b> <input type="checkbox"/> Liens on residences   |  |           |     |           |    |
| <b>d</b> <input type="checkbox"/> Body attachments  |  |           |     |           |    |
| <b>e</b> <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

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

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

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

**Part V Facility Information** *(continued)*

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

[illegible]

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? **1**

| Name and address |   | Type of Facility (describe) |
|------------------|---|-----------------------------|
| <b>1</b>         | ROGUE VALLEY RX<br>2900 E BARNETT ROAD<br>MEDFORD, OR 97504 | OUTPATIENT PHARMACY         |
| <b>2</b>         |   |                             |
| <b>3</b>         |   |                             |
| <b>4</b>         |   |                             |
| <b>5</b>         |   |                             |
| <b>6</b>         |   |                             |
| <b>7</b>         |   |                             |
| <b>8</b>         |   |                             |
| <b>9</b>         |   |                             |
| <b>10</b>        |   |                             |

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 II, COMMUNITY BUILDING ACTIVITIES | IN FISCAL 2014, ASANTE'S CONTRIBUTION TO COMMUNITY HEALTH IMPROVEMENTS ADVOCACY INCLUDES \$2,000 TO THE JACKSON COUNTY CHILD ABUSE TASKFORCE, \$500 TO THE FAMILY NURTURING CENTER, AND \$750 TO HEARTS WITH A MISSION IN ADDITION, ASANTE CONTRIBUTED \$26,250 TO VARIOUS COMMUNITY ORGANIZATIONS, INCLUDING THE BOYS AND GIRLS CLUBS AND YMCA OF MEDFORD, THE GRANTS PASS AND MEDFORD CHAMBER OF COMMERCE, THE JACKSONVILLE BRITT FESTIVAL, AND THE OREGON SHAKESPEAREAN FESTIVAL ASANTE ALSO CONTIBUTED \$9,821 TO LOCAL CHAMBERS OF COMMERCE TO HELP BUILD LEADERSHIP AMONG BUSINESSES IN THE COMMUNITY |

| Form and Line Reference | Explanation   |
|-------------------------|---|
| PART III, LINE 4        | BAD DEBT EXPENSE IS REPORTED BASED ON GROSS PATIENT CHARGES THAT HAVE BEEN WRITTEN OFF DUE TO NON-PAYMENT |

| Form and Line Reference | Explanation  |
|-------------------------|--|
| PART III, LINE 8        | CERTAIN GOVERNMENT SPONSORED HEALTH INSURANCE COMPANIES, SUCH AS MEDICARE AND MEDICAID, PAY A SIGNIFICANTLY REDUCED AMOUNT FOR MEDICAL SERVICES RENDERED TO THEIR INSUREES. IN MOST CASES, THE AMOUNT PAID DOES NOT EVEN COVER THE EXPENSES OF RENDERING SERVICES. ASANTE CONSIDERS THE DIFFERENCE BETWEEN THE EXPENSES OF RENDERING SERVICES TO MEDICARE AND MEDICAID PATIENTS, AND THE AMOUNT OF NET REIMBURSEMENT FROM THESE GOVERNMENT SPONSORED INSURANCE COMPANIES A COMMUNITY BENEFIT. CALCULATION: TOTAL MEDICARE PAYMENTS PER COST REPORT LESS TOTAL MEDICARE COSTS PER COST REPORT = UNRECOVERED MEDICARE COST PER COST REPORT |



| Form and Line Reference | Explanation   |
|-------------------------|---|
| PART III, LINE 9B       | IF THERE IS AN INDICATION THAT A PATIENT MAY BE UNABLE TO PAY THEIR BILL, A FINANCIAL QUESTIONNAIRE IS GIVEN OR SENT TO THE PATIENT ON RECEIPT OF THE COMPLETED QUESTIONNAIRE, THE BUSINESS OFFICE WILL DETERMINE ELIGIBILITY FOR FINANCIAL ASSISTANCE AND NOTIFY THE PATIENT WITHIN 20 DAYS ELIGIBILITY IS DETERMINED BASED UPON THE QUESTIONNAIRE AND ON FINANCIAL DOCUMENTS, SUCH AS TAX RETURNS, SSI STATEMENTS, PAYCHECK STUBS, AND FSA/HSA INFORMATION THE PATIENT'S OTHER FINANCIAL OBLIGATIONS, NUMBER OF DEPENDENTS, ASSETS AND OTHER FINANCIAL CIRCUMSTANCES ARE CONSIDERED OFTEN, A PATIENT WILL NOT PROVIDE A FINANCIAL QUESTIONNAIRE, SO THE BUSINESS OFFICE WILL USE SOFT CREDIT CHECKS AND ZIP CODES+4 TO HELP DETERMINE ELIGIBILITY THE PERCENTAGE OF FINANCIAL ASSISTANCE PROVIDED IS BASED UPON A SLIDING SCALE TABLE THAT UTILIZES THE PATIENT FAMILY'S INCOME AS A PERCENTAGE OF THE FEDERAL POVERTY GUIDELINES |

| Form and Line Reference | Explanation   |
|-------------------------|---|
| PART VI, LINE 2         | ASANTE'S FIVE PRIMARY SOURCES OF INPUT INCLUDE THE COMMUNITY LEADERS FORUM, THE ENVIRONMENTAL ASSESSMENT, THE COMMUNITY ASSESSMENT SURVEY, FORMAL CONVERSATIONS WITH OUR COLLABORATORS, AND IDENTIFIED STRATEGIC PLAN GAPS FROM THE PREVIOUS YEAR |

| Form and Line Reference | Explanation  |
|-------------------------|--|
| PART VI, LINE 3         | THE FINANCIAL ACCESS SPECIALISTS, CREDIT ANALYSTS, AND REGISTRATION PERSONNEL WORK WITH THE PATIENT EITHER AT THE TIME OF SCHEDULING, ARRIVAL AT THE HOSPITAL, OR DURING THE BILLING PROCESS IF THE PATIENT DISCLOSES THEY WILL HAVE DIFFICULTY PAYING, WE ASSIST THEM APPLYING FOR THE OREGON HEALTH PLAN, FINANCIAL ASSISTANCE, OR A PAYMENT PLAN BASED UPON INCOME AND EXPENSES, A PATIENT MAY BE ELIGIBLE FOR CHARITY CARE WRITE-OFF OF BETWEEN 10% AND 100% OF THEIR BILL |

| Form and Line Reference | Explanation   |
|-------------------------|---|
| PART VI, LINE 4         | THE MOST NOTABLE FACT ABOUT THE DEMOGRAPHICS OF OUR SERVICE AREA IS THAT WE HAVE A RATHER ELDERLY POPULATION, BOTH IN OUR PRIMARY SERVICE AREA OF JACKSON AND JOSEPHINE COUNTIES, BUT ALSO OUR SECONDARY SERVICE AREA OF NORTHERN CALIFORNIA AND SOUTHERN OREGON IN FISCAL 2013, PATIENTS 65+ ACCOUNTED FOR 38.26% AND 46.60% OF ADMISSIONS AT RPMC AND TRMC RESPECTIVELY FOR THE NEXT 20 YEARS, THE 65+ AGE GROUP IS FORECAST TO BE THE FASTEST GROWING SEGMENT OF THE POPULATION. IN ADDITION, THE OVERALL POPULATION GROWTH OF OUR PRIMARY SERVICE AREA IS ALSO FORECAST TO AVERAGE 1% PER YEAR FOR THE NEXT 30 YEARS. |

| Form and Line Reference | Explanation   |
|-------------------------|---|
| PART VI, LINE 5         | <p>ALONG WITH PROVIDING QUALITY HEALTHCARE, ASANTE FURTHERS ITS EXEMPT PURPOSE AND FULFILLS ITS MISSION TO THE COMMUNITY BY PROVIDING OR SUBSIDIZING NUMEROUS CLASSES, SUPPORT GROUPS, HEALTH FAIRS, AND SELF-HELP PROGRAMS. THESE PROGRAMS ARE AT NO OR LOW COST TO THE PUBLIC. THE ASANTE COMMUNITY HEALTH EDUCATION PROGRAM IS AN ONGOING, NO COST PROGRAM, OPEN TO ALL COMMUNITY MEMBERS. IN FY 2014, OVER 30 COMMUNITY HEALTH EDUCATION CLASSES WERE OFFERED AT RPMC AND TRMC. ON AVERAGE, ATTENDANCE WELL EXCEEDED 75 PEOPLE AT EACH EVENT. ASANTE ALSO PROMOTES AND EXTENDS PATIENT CARE BY PROVIDING SPACE AND MATERIALS TO APPROXIMATELY 30 SUPPORT GROUPS. ASANTE HOSPICE, RPMC AND TRMC CANCER SERVICES, AND RPMC/TRMC WOMEN AND CHILDREN'S SERVICES PROVIDE STAFF, RESOURCES AND ORGANIZATIONAL SUPPORT FOR VARIOUS WELL-ATTENDED SUPPORT GROUPS AND DEDICATIONAL EVENTS, SUCH AS "CANCER SURVIVOR'S DAY." MANY OTHER SUPPORT GROUPS ARE COMMUNITY-LED, BUT LOGISTICALLY SUPPORTED BY ASANTE HEALTH SYSTEM AND AFFILIATED CLINICAL STAFF MEMBERS. THE SMULLIN HEALTH EDUCATION CENTER HOUSES COMMUNITY AND HEALTHCARE RELATED EVENTS. ALONG WITH THE ASANTE COMMUNITY HEALTH EDUCATION PROGRAM AND SUPPORT GROUPS, SMULLIN HOSTED OVER 250 EVENTS. OPERATIONALLY, ASANTE HEALTH SYSTEM SUPPORTS THESE EVENTS BY PROVIDING SALARIES, BENEFITS, SUPPLIES AND CLASSROOM SPACE. ADDITIONALLY, ASANTE IS THE SOLE SUPPORT OF THE FRANCIS CHENEY FAMILY PLACE AND THE THREE RIVERS FAMILY HOUSE. MUCH LIKE THE RONALD MCDONALD HOUSE, THESE HOUSES PROVIDE LOW-COST TEMPORARY LODGING FOR FAMILIES OF PATIENTS AT RPMC OR TRMC. DONATIONS ARE ACCEPTED, BUT NO ONE IS DENIED LODGING FOR AN INABILITY TO CONTRIBUTE. ASANTE HEALTH SYSTEM HAS SEVERAL CLINICAL DEPARTMENTS THAT PROVIDE NON-BILLED SERVICES TO COMMUNITY MEMBERS. THESE DEPARTMENTS INCLUDE THE STERILE PROCESSING DEPARTMENT, IMAGING DEPARTMENT, RPMC/TRMC PHARMACIES (BOTH HOSPITAL AND RETAIL), SOCIAL SERVICES, RESOURCE MANAGEMENT, SENIOR TRANSPORTATION, AND THE SUPPORTIVE CARE TEAM. RPMC ALSO PROVIDES FREE LAB WORK TO THE PATIENTS OF THE COMMUNITY HEALTH CENTERS. THE ASANTE HEALTH SYSTEM STRIVES TO MEET THEIR ON-GOING MISSION. ASANTE EXISTS TO PROVIDE QUALITY HEALTHCARE SERVICES IN A COMPASSIONATE MANNER, VALUED BY THE COMMUNITIES WE SERVE.</p> |

| Form and Line Reference | Explanation   |
|-------------------------|---|
| PART VI, LINE 6         | ASANTE IS A COMMUNITY OWNED AND GOVERNED NOT-FOR-PROFIT HEALTH SYSTEM PROVIDING COMPREHENSIVE HEALTHCARE SERVICES TO MORE THAN 550,000 RESIDENTS IN NINE COUNTIES THROUGHOUT SOUTHERN OREGON AND NORTHERN CALIFORNIA THE SYSTEM WAS FORMED IN 1995 TO INCLUDE ROGUE REGIONAL MEDICAL CENTER (RRMC) IN MEDFORD, AND THREE RIVERS MEDICAL CENTER (TRMC) IN GRANTS PASS IN 2003, ASANTE FORMED ASANTE COMMUNITY SERVICES, WHICH PROVIDES LIFELINE AND RUNS THE OUTPATIENT PHARMACY |

| Form and Line Reference                    | Explanation |
|--|-------------|
| PART VI, LINE 7, REPORTS FILED WITH STATES | OR          |

Additional Data

Software ID:  
Software Version:  
EIN: 93-0223960  
Name: ASANTE

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  |
| ROGUE REGIONAL MEDICAL CENTER   |  |
| THREE RIVERS MEDICAL CENTER   | PART V, SECTION B, LINE 3 AS PART OF THE PATIENT PROTECTION AND AFFORDABLE CARE ACTS REQUIREMENT TO CONDUCT A COMMUNITY HEALTH NEEDS ASSESSMENT EVERY THREE YEARS, ASANTE PARTNERED WITH PROFESSIONAL RESEARCH CONSULTANTS, INC TO COMPLETE 600 COMMUNITY SURVEYS IN FISCAL YEAR 2013 THAT YEAR, WE ALSO HELD A FOCUS GROUP COMPRISED OF 7 KEY COMMUNITY LEADERS FROM JACKSON AND JOSEPHINE COUNTIES THE FOCUS GROUP DISCUSSED THE INDIVIDUAL LEADERS EXPERIENCES AND PERCEPTIONS OF THE TOP HEALTH CONCERNS IN OUR COMMUNITY ALSO REQUIRED IS THE DEVELOPMENT AND EXECUTION OF AN IMPLEMENTATION STRATEGY TO ADDRESS THESE CONCERNS |
| ROGUE REGIONAL MEDICAL CENTER   | PART V, SECTION B, LINE 4 ASANTE ASHLAND COMMUNITY HOSPITAL IN ASHLAND, OREGONTHREE RIVERS MEDICAL CENTER IN GRANTS PASS, OREGON   |
| THREE RIVERS MEDICAL CENTER   | PART V, SECTION B, LINE 4 ASANTE ASHLAND COMMUNITY HOSPITAL IN ASHLAND, OREGONROGUE REGIONAL MEDICAL CENTER IN GRANTS PASS, OREGON   |
| ROGUE REGIONAL MEDICAL CENTER   | PART V, SECTION B, LINE 14G PARTIAL INFORMATION, BUT NOT THE ENTIRE POLICY, ABOUT APPLYING FOR FINANCIAL AID IS PRINTED ON THE PATIENT'S BILLING STATEMENT THE ENTIRE FINANCIAL ASSISTANCE POLICY IS POSTED ON THE ASANTE WEBSITE AT WWW.ASANTE.ORG THE ENTIRE POLICY IS ALSO ON POSTERS IN THE PATIENT REGISTRATION DEPARTMENT IF A PATIENT WISHES TO APPLY FOR FINANCIAL AID, THEY ARE DIRECTED TO CALL THE HOSPITAL FOR A FINANCIAL ASSISTANCE APPLICATION  |
| THREE RIVERS MEDICAL CENTER   | PART V, SECTION B, LINE 14G PARTIAL INFORMATION, BUT NOT THE ENTIRE POLICY, ABOUT APPLYING FOR FINANCIAL AID IS PRINTED ON THE PATIENT'S BILLING STATEMENT THE ENTIRE FINANCIAL ASSISTANCE POLICY IS POSTED ON THE ASANTE WEBSITE AT WWW.ASANTE.ORG THE ENTIRE POLICY IS ALSO ON POSTERS IN THE PATIENT REGISTRATION DEPARTMENT IF A PATIENT WISHES TO APPLY FOR FINANCIAL AID, THEY ARE DIRECTED TO CALL THE HOSPITAL FOR A FINANCIAL ASSISTANCE APPLICATION  |
| ROGUE REGIONAL MEDICAL CENTER   | PART V, SECTION B, LINE 16E ROGUE REGIONAL MEDICAL CENTER'S "POLICY" IS TO ALLOW THIRD PARTIES TO PERFORM LAWSUITS, PLACE LIENS ON RESIDENCES, AND GARNISH WAGES, BUT ONLY AS A FINAL RESORT HOWEVER, THE ASANTE BUSINESS OFFICE IS AUTHORIZED TO PLACE A VOLUNTARY LIEN ON A PATIENT'S RESIDENCE ON CERTAIN RARE CIRCUMSTANCES THE PATIENT MUST APPROVE THE VOLUNTARY LIEN FIRST  |
| THREE RIVERS MEDICAL CENTER   | PART V, SECTION B, LINE 16E THREE RIVERS MEDICAL CENTER'S "POLICY" IS TO ALLOW THIRD PARTIES TO PERFORM LAWSUITS, PLACE LIENS ON RESIDENCES, AND GARNISH WAGES, BUT ONLY AS A FINAL RESORT HOWEVER, THE ASANTE BUSINESS OFFICE IS AUTHORIZED TO PLACE A VOLUNTARY LIEN ON A PATIENT'S RESIDENCE ON CERTAIN RARE CIRCUMSTANCES THE PATIENT MUST APPROVE THE VOLUNTARY LIEN FIRST  |
| ROGUE REGIONAL MEDICAL CENTER   | PART V, SECTION B, LINE 20D THE DISCOUNT ROGUE REGIONAL MEDICAL CENTER OFFERS IS BASED ON A SLIDING FEE SCHEDULE DETERMINED BY AN EMERGENCY PATIENT'S LEVEL OF INCOME A DISCOUNT OF UP TO 100% IS POSSIBLE IF THE PHYSICIAN DETERMINES THAT A PROCEDURE IS "MEDICALLY NECESSARY"   |
| THREE RIVERS MEDICAL CENTER   | PART V, SECTION B, LINE 20D THE DISCOUNT THREE RIVERS MEDICAL CENTER OFFERS IS BASED ON A SLIDING FEE SCHEDULE DETERMINED BY AN EMERGENCY PATIENT'S LEVEL OF INCOME A DISCOUNT OF UP TO 100% IS POSSIBLE IF THE PHYSICIAN DETERMINES THAT A PROCEDURE IS "MEDICALLY NECESSARY"   |



Schedule I  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Name of the organization  
ASANTE

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).

OMB No 1545-0047

2013

Open to Public  
Inspection

Employer identification number  
93-0223960

Part I

General Information on Grants and Assistance

- 1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . . ☒ Yes ☐ No
- 2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II

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

| (a) Name and address of organization or government                      | (b) EIN    | (c) IRC Code section if applicable | (d) Amount of cash grant | (e) Amount of non-cash assistance | (f) Method of valuation (book, FMV, appraisal, other) | (g) Description of non-cash assistance | (h) Purpose of grant or assistance |
|---|------------|------------------------------------|--------------------------|-----------------------------------|---|--|------------------------------------|
| (1) MEDFORD CHAMBER OF COMMERCE<br>101 E 8TH STREET<br>MEDFORD,OR 97501 | 93-0197580 | 501(C)(3)                          | 9,821                    |                                   | CASH  |  | SUPPORT LOCAL CHAMBER OF COMMERCE  |
|   |            |                                    |                          |                                   |   |  |                                    |
|   |            |                                    |                          |                                   |   |  |                                    |
|   |            |                                    |                          |                                   |   |  |                                    |
|   |            |                                    |                          |                                   |   |  |                                    |
|   |            |                                    |                          |                                   |   |  |                                    |
|   |            |                                    |                          |                                   |   |  |                                    |
|   |            |                                    |                          |                                   |   |  |                                    |

- 2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . . ▶
- 3 Enter total number of other organizations listed in the line 1 table . . . . . ▶

**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 |
|--------------------------------|-------------------------|-------------------------|----------------------------------|--|---------------------------------------|
| (1) SENIOR VAN TRANSPORTATION  | 1300                    | 42,854                  |                                  | COST   | FREE VAN RIDES TO MED APPTS           |
|                                |                         |                         |                                  |  |                                       |
|                                |                         |                         |                                  |  |                                       |
|                                |                         |                         |                                  |  |                                       |
|                                |                         |                         |                                  |  |                                       |
|                                |                         |                         |                                  |  |                                       |
|                                |                         |                         |                                  |  |                                       |

**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             | ONCE AN APPLICANT HAS BEEN APPROVED FOR GRANT FUNDS, THE GRANT AGREEMENT SPECIFIES THAT ALL GRANT MONIES ARE TO BE SPENT FOR ONLY THE PURPOSE SPELLED OUT IN THE APPLICATION THE COUNTY CONNECTIONS COMMITTEE MUST KNOW WHERE THE DONATED MONEY WILL BE ALLOCATED, AND IF A FUNDRAISING EVENT, HOW THE RAISED MONEY WILL BE ALLOCATED USUALLY, A DETAILED BUDGET OF THE GRANTEE'S CURRENT YEAR IS REQUIRED, AS WELL AS ANY REPORTS OR MINUTES FROM PREVIOUS EVENTS   |
| SCHEDULE I, PART I, LINE 2 | WHEN ASANTE RECEIVES A REQUEST FOR GRANT FUNDS FROM AN OUTSIDE ORGANIZATION, THE REQUEST IS REVIEWED BY EITHER THE JACKSON COUNTY OR JOSEPHINE COUNTY COMMUNITY CONNECTIONS COMMITTEE THE APPLICANT MUST FILL OUT AN APPLICATION FORM AND PROVIDE SUPPORTING DOCUMENTS OR EVENT MATERIALS TO BE SELECTED, THE ORGANIZATION MUST MEET THE FOLLOWING CRITERIA 1)THE GRANT MUST SUPPORT STRATEGIC INITIATIVES, 2)IT MUST HAVE A DIRECT IMPACT ON THE HEALTHCARE OF THE COMMUNITY, 3)THE ORGANIZATION MUST BE A NOT-FOR-PROFIT HEALTH, HUMAN SERVICES, OR EDUCATION RELATED ORGANIZATION, 4)THE ORGANIZATION COLLABORATES WITH OTHER NOT-FOR-PROFIT ORGANIZATIONS AND, 5)THE GRANT MUST BE A RELATION BUILDING OPPORTUNITY |

Schedule J  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Compensation Information

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

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 23.  
▶ Attach to Form 990. ▶ See separate instructions.

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
ASANTE

Employer identification number  
93-0223960

Part I

Questions Regarding Compensation

|   | Yes | No |
|---|-----|----|
| <div><div>1a</div><div>Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items</div><div><div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Discretionary spending account</div></div><div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div></div></div> |     |    |
| <div><div>b</div><div>If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain</div></div>  |     |    |
| <div><div>2</div><div>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?</div></div>  | Yes |    |
| <div><div>3</div><div>Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III</div><div><div><div><input checked="" type="checkbox"/> Compensation committee</div><div><input checked="" type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Form 990 of other organizations</div></div><div><div><input checked="" type="checkbox"/> Written employment contract</div><div><input checked="" type="checkbox"/> Compensation survey or study</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div></div></div>  |     |    |
| <div><div>4</div><div>During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization</div></div>  |     |    |
| <div><div>a</div><div>Receive a severance payment or change-of-control payment?</div></div>   | Yes |    |
| <div><div>b</div><div>Participate in, or receive payment from, a supplemental nonqualified retirement plan?</div></div>   | Yes |    |
| <div><div>c</div><div>Participate in, or receive payment from, an equity-based compensation arrangement?</div></div> <div>If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III</div>  |     | No |
| <div><div></div><div>Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.</div></div>   |     |    |
| <div><div>5</div><div>For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of</div></div>   |     |    |
| <div><div>a</div><div>The organization?</div></div>   |     | No |
| <div><div>b</div><div>Any related organization?</div></div> <div>If "Yes," to line 5a or 5b, describe in Part III</div>   |     | No |
| <div><div>6</div><div>For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of</div></div>   |     |    |
| <div><div>a</div><div>The organization?</div></div>   |     | No |
| <div><div>b</div><div>Any related organization?</div></div> <div>If "Yes," to line 6a or 6b, describe in Part III</div>   |     | No |
| <div><div>7</div><div>For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III</div></div>  | Yes |    |
| <div><div>8</div><div>Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III</div></div>   |     | No |
| <div><div>9</div><div>If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?</div></div>  |     |    |

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

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

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

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

Part III Supplemental Information

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, LINES 4A-B | SEVERANCE COMPENSATION WAS PAID TO KENT BROWN AND INCLUDED IN TOTAL REPORTABLE COMPENSATION ON HIS W-2. TOTAL SEVERANCE INCLUDED ON HIS 2013 W-2 WAS \$122,917. ASANTE HAS A SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN FOR ROY VINYARD, THE ASANTE CEO. THIS PLAN STATES HE IS TO RECEIVE FIXED PAYMENTS AT PRE-DETERMINED INTERVAL FROM ASANTE IF HE IS EMPLOYED BY ASANTE AS CEO AT THE TIME OF VESTING. MR. VINYARD HAS THE AUTHORITY TO DIRECT HOW HIS PLAN ASSETS ARE TO BE INVESTED. IF MR. VINYARD IS NOT EMPLOYED AS CEO BY ASANTE FOR ANY REASON PRIOR TO VESTING, HE WILL NOT HAVE CLAIM TO THE FUNDS. FOR THE FISCAL YEAR ENDED SEPT 30, 2014, THERE WAS \$260,199 CONTRIBUTED TO MR. VINYARD'S SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN. THIS AMOUNT IS INCLUDED IN DEFERRED COMPENSATION REPORTED IN PART II. ASANTE HAS AN EXECUTIVE RESTORATION PLAN WHICH INCLUDES ASANTE CFO PATRICK HOCKING AND ASANTE CEO ROY VINYARD. THIS PLAN STATES FIXED PAYMENTS WILL BE RECEIVED AT PRE-DETERMINED INTERVALS FROM ASANTE IF STILL EMPLOYED BY ASANTE IN THEIR CURRENT ROLL AT THE TIME OF VESTING. IF EMPLOYMENT TERMINATES BY ASANTE FOR ANY REASON PRIOR TO VESTING, THEY WILL NOT HAVE CLAIM TO THE FUNDS. FOR THE FISCAL YEAR ENDED SEPT 30, 2014, THERE WAS \$10,306 CONTRIBUTED FOR MR. HOCKING AND \$95,807 CONTRIBUTED FOR MR. VINYARD. THESE AMOUNTS WERE INCLUDED IN DEFERRED COMPENSATION REPORTED IN PART II. |
| PART I, LINE 7     | TWO OF THE FIVE HIGHEST PAID NON-EXECUTIVE EMPLOYEES, MOSTLY CARDIAC SURGEONS, ARE PAID A BASE SALARY AND THEN RECEIVE PRODUCTIVITY COMPENSATION BASED ON RELATIVE VALUE UNITS (RVU'S). EACH RVU IS \$40. TOTAL COMPENSATION IS DETERMINED BY MULTIPLYING THE RVU'S BY \$40.   |

Additional Data

Software ID:  
Software Version:  
EIN: 93-0223960  
Name: ASANTE

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

| (A) Name                            |      | (B) Breakdown of W-2 and/or 1099-MISC compensation |                                     |                          | (C) Deferred compensation | (D) Nontaxable benefits | (E) Total of columns (B)(i)-(D) | (F) Compensation reported in prior Form 990 or Form 990-EZ |
|-------------------------------------|------|--|-------------------------------------|--------------------------|---------------------------|-------------------------|---------------------------------|--|
|                                     |      | (i) Base Compensation                              | (ii) Bonus & incentive compensation | (iii) Other compensation |                           |                         |                                 |  |
| ROY VINYARD<br>PRESIDENT & CEO      | (i)  | 618,863  | 191,735                             | 91,823                   | 383,691                   | 43,882                  | 1,329,994                       | 0  |
|                                     | (ii) | 0  | 0                                   | 0                        | 0                         | 0                       | 0                               | 0  |
| SCOTT KELLY RPMC<br>CEO             | (i)  | 331,647  | 86,010                              | 57,042                   | 94,504                    | 28,847                  | 598,050                         | 0  |
|                                     | (ii) | 0  | 0                                   | 0                        | 0                         | 0                       | 0                               | 0  |
| WIN HOWARD TRMC<br>CEO              | (i)  | 265,373  | 66,780                              | 55,083                   | 95,136                    | 42,882                  | 525,254                         | 0  |
|                                     | (ii) | 0  | 0                                   | 0                        | 0                         | 0                       | 0                               | 0  |
| MARVIN HAAS AACH<br>CEO             | (i)  | 318,318  | 120,068                             | 41,188                   | 96,988                    | 36,574                  | 613,136                         | 0  |
|                                     | (ii) | 0  | 0                                   | 0                        | 0                         | 0                       | 0                               | 0  |
| PATRICK HOCKING<br>CURRENT CFO      | (i)  | 267,853  | 10,720                              | 54,965                   | 94,077                    | 42,750                  | 470,365                         | 0  |
|                                     | (ii) | 0  | 0                                   | 0                        | 0                         | 0                       | 0                               | 0  |
| GREG EDWARDS<br>PEOPLE OFFICER      | (i)  | 230,574  | 58,297                              | 56,514                   | 101,535                   | 38,896                  | 485,816                         | 0  |
|                                     | (ii) | 0  | 0                                   | 0                        | 0                         | 0                       | 0                               | 0  |
| MARK HETZ CH INFO<br>OFFICER        | (i)  | 249,619  | 53,853                              | 55,014                   | 93,379                    | 23,732                  | 475,597                         | 0  |
|                                     | (ii) | 0  | 0                                   | 0                        | 0                         | 0                       | 0                               | 0  |
| ROBERT THOMPSON<br>QUALITY OFFICER  | (i)  | 331,360  | 76,045                              | 105,323                  | 161,123                   | 31,917                  | 705,768                         | 0  |
|                                     | (ii) | 0  | 0                                   | 0                        | 0                         | 0                       | 0                               | 0  |
| JAMES GIESEN<br>MEDICAL DOCTOR      | (i)  | 368,663  | 17,669                              | 0                        | 38,300                    | 43,343                  | 467,975                         | 0  |
|                                     | (ii) | 0  | 0                                   | 0                        | 0                         | 0                       | 0                               | 0  |
| MICHAEL MCCASKILL<br>MEDICAL DOCTOR | (i)  | 371,776  | 14,280                              | 0                        | 38,300                    | 38,809                  | 463,165                         | 0  |
|                                     | (ii) | 0  | 0                                   | 0                        | 0                         | 0                       | 0                               | 0  |
| JAMES GREBOSKY<br>MEDICAL DOCTOR    | (i)  | 320,770  | 42,700                              | 17,500                   | 72,834                    | 39,813                  | 493,617                         | 0  |
|                                     | (ii) | 0  | 0                                   | 0                        | 0                         | 0                       | 0                               | 0  |
| JEFF WAJDA<br>MEDICAL DOCTOR        | (i)  | 295,088  | 40,015                              | 43,494                   | 99,294                    | 23,429                  | 501,320                         | 0  |
|                                     | (ii) | 0  | 0                                   | 0                        | 0                         | 0                       | 0                               | 0  |
| DREW OLDROYD<br>MEDICAL DOCTOR      | (i)  | 353,774  | 17,055                              | 0                        | 32,800                    | 42,562                  | 446,191                         | 0  |
|                                     | (ii) | 0  | 0                                   | 0                        | 0                         | 0                       | 0                               | 0  |
| KENT BROWN<br>FORMER HOSP CEO       | (i)  | 0  | 0                                   | 211,685                  | 54,973                    | 7,801                   | 274,459                         | 0  |
|                                     | (ii) | 0  | 0                                   | 0                        | 0                         | 0                       | 0                               | 0  |

Schedule K  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
ASANTE

Employer identification number  
93-0223960

Part I

Bond Issues

| (a) Issuer name           | (b) Issuer EIN | (c) CUSIP # | (d) Date issued | (e) Issue price | (f) Description of purpose    | (g) Defeased |    | (h) On behalf of issuer |    | (i) Pool financing |    |
|---------------------------|----------------|-------------|-----------------|-----------------|-------------------------------|--------------|----|-------------------------|----|--------------------|----|
|                           |                |             |                 |                 |                               | Yes          | No | Yes                     | No | Yes                | No |
| A HOSP AUTH OF MEDFORD OR | 52-1378932     | 584283FL4   | 02-17-2010      | 239,059,650     | FINANCE HOSPITAL EXPANSION    |              | X  |                         | X  |                    | X  |
| B STATE OF OREGON         | 93-6001787     | NONEAVAIL   | 12-29-2011      | 30,000,000      | FINANCE ELEC MED REC SOFTWARE |              | X  |                         | X  |                    | X  |

Part II

Proceeds

|    |  |  |  | A           | B          | C    | D  |
|----|--|--|--|-------------|------------|------|----|
| 1  | Amount of bonds retired  |  |  | 14,550,000  | 11,306,678 |      |    |
| 2  | Amount of bonds legally defeased   |  |  |             |            |      |    |
| 3  | Total proceeds of issue  |  |  | 239,059,650 | 30,000,000 |      |    |
| 4  | Gross proceeds in reserve funds  |  |  |             |            |      |    |
| 5  | Capitalized interest from proceeds   |  |  |             |            |      |    |
| 6  | Proceeds in refunding escrows  |  |  |             |            |      |    |
| 7  | Issuance costs from proceeds   |  |  | 3,511,327   | 192,035    |      |    |
| 8  | Credit enhancement from proceeds   |  |  | 2,680,107   |            |      |    |
| 9  | Working capital expenditures from proceeds   |  |  |             |            |      |    |
| 10 | Capital expenditures from proceeds   |  |  | 31,041,115  | 17,112,860 |      |    |
| 11 | Other spent proceeds   |  |  | 201,827,101 |            |      |    |
| 12 | Other unspent proceeds   |  |  |             |            |      |    |
| 13 | Year of substantial completion   |  |  | 2011        |            | 2013 |    |
|    |  |  |  | Yes         | No         | Yes  | No |
| 14 | Were the bonds issued as part of a current refunding issue?  |  |  | X           |            | X    |    |
| 15 | Were the bonds issued as part of an advance refunding issue?   |  |  |             | X          | X    |    |
| 16 | Has the final allocation of proceeds been made?  |  |  | X           |            | X    |    |
| 17 | Does the organization maintain adequate books and records to support the final allocation of proceeds? |  |  | X           |            | X    |    |

Part III

Private Business Use

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

Part III

Private Business Use (Continued)

|    |  | A       |    | B       |    | C   |    | D   |    |
|----|--|---------|----|---------|----|-----|----|-----|----|
|    |  | Yes     | No | Yes     | No | Yes | No | Yes | No |
| 3a | Are there any management or service contracts that may result in private business use of bond-financed property?   | X       |    |         | X  |     |    |     |    |
| b  | If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?   | X       |    |         |    |     |    |     |    |
| c  | Are there any research agreements that may result in private business use of bond-financed property?   | X       |    | X       |    |     |    |     |    |
| d  | If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?   | X       |    | X       |    |     |    |     |    |
| 4  | Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government  | 0 200 % |    | 0 050 % |    |     |    |     |    |
| 5  | Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government |         |    |         |    |     |    |     |    |
| 6  | Total of lines 4 and 5   | 0 200 % |    | 0 050 % |    |     |    |     |    |
| 7  | Does the bond issue meet the private security or payment test?   |         | X  |         | X  |     |    |     |    |
| 8a | Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?   |         | X  |         | X  |     |    |     |    |
| b  | If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of  |         |    |         |    |     |    |     |    |
| c  | If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?  |         |    |         |    |     |    |     |    |
| 9  | Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?                           | X       |    | X       |    |     |    |     |    |

Part IV

Arbitrage

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



Part IV

Arbitrage (Continued)

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

Part V

Procedures To Undertake Corrective Action

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

Part VI

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

| Return Reference             | Explanation                                      |
|------------------------------|--|
| SCHEDULE K, PART IV, LINE 2C | LAST ARBITRAGE CALCULATION WAS FEBRUARY 24, 2014 |

**SCHEDULE O**  
(Form 990 or 990-EZ)**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  
ASANTE

**Employer identification number**

93-0223960

**Return  
Reference****Explanation**

FORM 990,  
PART VI,  
SECTION B,  
LINE 11

POLICY SUMMARY THE FEDERAL FORMS 990 AND 990-T ARE FEDERALLY MANDATED LEGAL DOCUMENTS THAT ARE HIGHLY REGULATED WITHIN ASANTE, THEY ARE TO BE PREPARED BY PERSONNEL IN THE ACCOUNTING DEPARTMENT ADDITIONAL ASSISTANCE WILL BE PROVIDED BY PERSONNEL IN THE MARKETING, COMPLIANCE, AND EXECUTIVE DEPARTMENTS BEFORE FINAL SUBMISSION OF THE DOCUMENTS, THEY ARE TO HAVE ASANTE BOARD REVIEW POLICY DETAILS 1 WHEN FINAL AUDITED FINANCIAL INFORMATION IS AVAILABLE, ACCOUNTING PERSONNEL WILL COMPILE THE NEEDED INFORMATION TO PREPARE THE APPROPRIATE RETURNS FOR THE PRIOR FISCAL YEAR 2 AS NEEDED, ACCOUNTING WILL FILE ALL APPROPRIATE EXTENSIONS ON A TIMELY BASIS HOWEVER, THE FINAL SUBMISSION CAN NEVER BE EXTENDED PAST AUGUST 15TH OF THE YEAR FOLLOWING THE FISCAL YEAR BEING FILED 3 IN ADDITION TO NORMAL PREPARATION, ACCOUNTING PERSONNEL WILL COORDINATE WITH PERSONNEL IN MARKETING, COMPLIANCE, AND POSSIBLY THE EXECUTIVE DEPARTMENTS IN PREPARING THE VARIOUS SCHEDULES NEEDED TO COMPLETE THE RETURN ALL WORK PAPERS ARE TO BE RETAINED IN A PERMANENT FILE 4 WHEN ALL NECESSARY INFORMATION HAS BEEN COMPILED, IT IS TO BE LOADED INTO APPROPRIATE TAX SOFTWARE 5 WHEN COMPLETED, A DRAFT RETURN WILL BE REVIEWED BY THE CHIEF ADMINISTRATIVE AND FINANCE OFFICER AFTER THE REVIEW, ACCOUNTING WILL CLEAR ALL REVIEW NOTES AND COMMENTS 6 ONCE REVIEWED BY THE CAFO, AN ADDITIONAL REVIEW WILL BE PERFORMED BY AN OUTSIDE CPA FIRM ACCOUNTING WILL AGAIN CLEAR ANY ADDITIONAL REVIEW NOTES AND COMMENTS SUBMITTED BY THE OUTSIDE CPA 7 THE CHIEF EXECUTIVE OFFICER AND MEMBERS OF THE BOARD OF DIRECTORS WILL LOOK OVER THE FINAL SET OF RETURNS AND MAKE FURTHER COMMENTS AND CORRECTIONS, AS IS APPROPRIATE 8 ONCE ALL REVIEWS AND CORRECTIONS ARE MADE, THE CAFO WILL SIGN ALL APPROPRIATE RETURNS FOR FILING 9 ALL RETURNS WILL THEN BE FILED EITHER ELECTRONICALLY OR PAPER COPY WITH THE APPROPRIATE GOVERNMENT AGENCY A COPY OF EACH RETURN IS TO BE KEPT IN THE ACCOUNTING DEPARTMENT AND A COPY OF THE 990 AND 990-T WILL BE KEPT AT CORPORATE HEADQUARTERS FOR PUBLIC DISPLAY AND COPYING, AS REQUESTED

| Return<br>Reference                             | Explanation   |
|---|---|
| FORM 990,<br>PART VI,<br>SECTION B,<br>LINE 12C | EACH YEAR, ASANTE MAILES TO ALL ASANTE MANAGEMENT, KEY EMPLOYEES, AND BOARD MEMBERS A CONFLICT OF INTEREST QUESTIONAIRE TO COMPLY WITH ASANTE'S CONFLICT OF INTEREST POLICY# 400-LD-034 AND 036 THE PURPOSE OF THE POLICY IS TO PROTECT ASANTE'S INTERESTS WHEN IT IS CONTEMPLATING ENTERING INTO A TRANSACTION OR ARRANGEMENT THAT MIGHT BENEFIT THE PRIVATE INTERESTS OF A BOARD MEMBER OR OFFICER OF THE CORPORATION IN ADDITION, ALL ASANTE EMPLOYEES HAVE AN OBLIGATION TO DISCLOSE CONFLICTS OF INTEREST OR POTENTIAL CONFLICTS TO THEIR SUPERVISOR THE CORPORATE COMPLIANCE OFFICER IS RESPONSIBLE FOR ADMINISTERING, MONITORING, AND INVESTIGATING ANY POSSIBLE CONFLICTS AND MAKE AN ANNUAL REPORT TO THE BOARD OF DIRECTORS |

| Return<br>Reference                            | Explanation   |
|--|---|
| FORM 990,<br>PART VI,<br>SECTION B,<br>LINE 15 | THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS ANNUALLY REVIEWS THE COMPENSATION OF THE CEO AND OTHER KEY EMPLOYEES. THE REVIEW COMPARES THE COMPENSATION OF THE CEO AND OTHER KEY EMPLOYEES WITH COMPENSATION DATA FOR JOB INCUMBENTS IN COMPARABLE POSITIONS AT OTHER HEALTHCARE ORGANIZATIONS OF SIMILAR SIZE AND SCOPE. THE DATA IS PROVIDED AND PRESENTED TO THE COMPENSATION COMMITTEE BY AN OUTSIDE CONSULTANT. THE COMPENSATION COMMITTEE SETS THE ACTUAL ANNUAL CASH COMPENSATION FOR THE CEO AND SALARY RANGES FOR THE OTHER KEY EMPLOYEES. THE COMMITTEE ALSO SETS TOTAL COMPENSATION OPPORTUNITY FOR THE CEO AND EACH OF THE KEY EMPLOYEES, CONSISTENT WITH THE EXECUTIVE COMPENSATION PHILOSOPHY. MINUTES OF THE COMMITTEE DELIBERATIONS AND DECISIONS ARE RECORDED AND MAINTAINED. THE MOST RECENT EXECUTIVE COMPENSATION REVIEW WAS COMPLETED IN 2012. |

| Return Reference                         | Explanation   |
|--|---|
| FORM 990, PART VI,<br>SECTION C, LINE 19 | CURRENTLY, ASANTE DOES NOT MAKE AVAILABLE TO THE GENERAL PUBLIC COPIES OF ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, OR ITS FINANCIAL STATEMENTS |

| Return Reference          | Explanation   |
|---------------------------|---|
| FORM 990, PART XI, LINE 9 | ACCUMULATED EARNINGS ADJUSTMENT DONATED CAPITAL 371,823 EQUITY TRANSFERS TO AFFILIATES - 19,081,489 |

SCHEDULE R  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.  
▶ Attach to Form 990. ▶ See separate instructions.

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
ASANTE

Employer identification number  
93-0223960

Part I

Identification of Disregarded Entities

Complete if the organization answered "Yes" on Form 990, Part IV, line 33.

| (a)<br>Name, address, and EIN (if applicable) of disregarded entity                                  | (b)<br>Primary activity | (c)<br>Legal domicile (state or foreign country) | (d)<br>Total income | (e)<br>End-of-year assets | (f)<br>Direct controlling entity |
|--|-------------------------|--|---------------------|---------------------------|----------------------------------|
| (1) ASANTE COMMUNITY SERVICES LLC<br>731 BLACK OAK DRIVE<br>MEDFORD, OR 97504<br>57-1181175          | MEDICAL BILLING         | OR   |                     |                           | ASANTE                           |
| (2) ASANTE THREE RIVERS MEDICAL CENTER LLC<br>731 BLACK OAK DRIVE<br>MEDFORD, OR 97504<br>57-1181758 | MEDICAL BILLING         | OR   |                     |                           | ASANTE                           |
|  |                         |  |                     |                           |                                  |
|  |                         |  |                     |                           |                                  |
|  |                         |  |                     |                           |                                  |
|  |                         |  |                     |                           |                                  |

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)<br>Name, address, and EIN of related organization  | (b)<br>Primary activity | (c)<br>Legal domicile (state or foreign country) | (d)<br>Exempt Code section | (e)<br>Public charity status (if section 501(c)(3)) | (f)<br>Direct controlling entity | (g)<br>Section 512(b)(13) controlled entity? |    |
|--|-------------------------|--|----------------------------|---|----------------------------------|--|----|
|  |                         |  |                            |   |                                  | Yes  | No |
| (1) ASANTE FOUNDATION<br><br>2650 SISKIYOU BLVD<br><br>MEDFORD, OR 97504<br>93-6087366                         | FUNDRAISING             | OR   | 501(C)(3)                  | LINE 11A, I   | ASANTE                           | Yes  |    |
| (2) SOUTHERN OREGON INSURANCE COMPANY<br><br>745 FORT STREET SUITE 800<br><br>HONOLULU, HI 96813<br>20-1578637 | CAPTIVE INSURANCE       | HI   | 501(C)(3)                  | LINE 11A, I   | ASANTE                           | Yes  |    |
| (3) ASANTE PHYSICIAN PARTNERS<br><br>2650 SISKIYOU BLVD<br><br>MEDFORD, OR 97504<br>38-3849354                 | PHYSICIAN GROUP         | OR   | 501(C)(3)                  | LINE 3  | ASANTE                           | Yes  |    |
| (4) ASANTE ASHLAND COMMUNITY HOSPITAL<br><br>2650 SISKIYOU BLVD<br><br>MEDFORD, OR 97504<br>93-1213059         | HOSPITAL                | OR   | 501(C)(3)                  | LINE 3  |                                  | Yes  |    |
|  |                         |  |                            |   |                                  |  |    |
|  |                         |  |                            |   |                                  |  |    |
|  |                         |  |                            |   |                                  |  |    |

Part III

Identification of Related Organizations Taxable as a Partnership

Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.

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

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust

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

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



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

Yes

1d

Yes

1e

No

1f

No

1g

No

1h

No

1i

No

1j

No

1k

No

1l

No

1m

No

1n

No

1o

Yes

1p

No

1q

Yes

1r

No

1s

No

2

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

| (a)<br>Name of related organization | (b)<br>Transaction<br>type (a-s) | (c)<br>Amount involved | (d)<br>Method of determining amount involved |
|-------------------------------------|----------------------------------|------------------------|--|
| See Additional Data Table           |                                  |                        |  |
|                                     |                                  |                        |  |
|                                     |                                  |                        |  |
|                                     |                                  |                        |  |
|                                     |                                  |                        |  |
|                                     |                                  |                        |  |
|                                     |                                  |                        |  |

Schedule R (Form 990) 2013

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

[illegible]

Part VII

Supplemental Information

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

| Return Reference | Explanation |
|------------------|-------------|
|------------------|-------------|

Additional Data

Software ID:

Software Version:

EIN: 93-0223960

Name: ASANTE

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

| (a)<br>Name of other organization | (b)<br>Transaction<br>type(a-s) | (c)<br>Amount Involved | (d)<br>Method of determining amount<br>involved |
|-----------------------------------|---------------------------------|------------------------|---|
| ASANTE FOUNDATION                 | C                               | 833,065                | CASH  |
| ASANTE FOUNDATION                 | O                               | 813,502                | CASH  |
| SOUTHERN OREGON INSURANCE COMPANY | O                               | 87,000                 | CASH  |
| SOUTHERN OREGON INSURANCE COMPANY | Q                               | 676,091                | CASH  |
| ASANTE PHYSICIAN PARTNERS         | B                               | 20,211,687             | EQUITY TRANSFER                                 |
| ASANTE ASHLAND COMMUNITY HOSPITAL | B                               | 3,868,988              | EQUITY TRANSFER                                 |
| ASANTE ASHLAND COMMUNITY HOSPITAL | D                               | 7,730,010              | LOAN GUARANTEE                                  |
| ASANTE ASHLAND COMMUNITY HOSPITAL | O                               | 16,752,017             | CASH  |



**ASANTE HEALTH SYSTEM AND SUBSIDIARIES**

Consolidated Financial Statements and Schedules

September 30, 2014 and 2013

(With Independent Auditors' Report Thereon)



**KPMG LLP**  
Suite 3800  
1300 South West Fifth Avenue  
Portland, OR 97201

## **Independent Auditors' Report**

The Board of Directors  
Asante Health System and subsidiaries:

We have audited the accompanying consolidated financial statements of Asante Health System and its subsidiaries, which comprise the consolidated balance sheets as of September 30, 2014 and 2013, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Asante Health System and its subsidiaries as of September 30, 2014 and 2013, and the results of their operations and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.



### **Other Matters**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information included on pages 36 to 38 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

**KPMG LLP**

January 2, 2015

# ASANTE HEALTH SYSTEM AND SUBSIDIARIES

## Consolidated Balance Sheets

September 30, 2014 and 2013

(In thousands)

| <b>Assets</b>   | <b>2014</b>  | <b>2013</b> |
|---|--------------|-------------|
| Current assets:   |              |             |
| Cash and cash equivalents   | \$ 45,158    | 13,835      |
| Assets whose use is limited, current portion  | 10,173       | 9,942       |
| Patient accounts receivable (less allowance for doubtful accounts<br>of \$8,183 and \$8,547 in 2014 and 2013, respectively) | 86,716       | 100,473     |
| Accrued interest and other receivables  | 1,961        | 3,962       |
| Inventories   | 6,003        | 6,898       |
| Prepaid expenses  | 5,869        | 4,230       |
| Total current assets  | 155,880      | 139,340     |
| Assets whose use is limited:  |              |             |
| Restricted by donors  | 7,552        | 5,867       |
| Held by ACH Foundation  | 1,431        | 1,074       |
| Board-designated assets   | 26,249       | 24,636      |
|   | 35,232       | 31,577      |
| Less amount required to meet current obligations  | 10,173       | 9,942       |
|   | 25,059       | 21,635      |
| Marketable securities   | 488,492      | 496,182     |
| Property, plant, and equipment, net   | 322,317      | 315,834     |
| Land held for future use  | 12,960       | 12,960      |
| Other assets, net   | 25,589       | 28,104      |
| Total assets  | \$ 1,030,297 | 1,014,055   |



# ASANTE HEALTH SYSTEM AND SUBSIDIARIES

## Consolidated Balance Sheets

September 30, 2014 and 2013

(In thousands)

| <b>Liabilities and Net Assets</b>                                    | <b>2014</b>  | <b>2013</b> |
|--|--------------|-------------|
| Current liabilities:   |              |             |
| Accounts payable   | \$ 17,248    | 17,220      |
| Payroll, payroll taxes, and related benefits                         | 27,054       | 24,369      |
| Self-insurance liability, current portion                            | 10,379       | 8,186       |
| Estimated reimbursement due to governmental agencies, net            | 1,466        | 4,786       |
| Current portion of pension benefit obligation                        | 3,491        | 1,772       |
| Other current liabilities  | 19,892       | 18,443      |
| Current portion of long-term debt and capital lease obligations      | 10,173       | 9,942       |
| Total current liabilities  | 89,703       | 84,718      |
| Long-term debt and capital lease obligations, net of current portion | 278,282      | 339,788     |
| Pension benefit obligation   | 19,204       | 16,740      |
| Other long-term liabilities  | 26,941       | 25,466      |
| Total liabilities  | 414,130      | 466,712     |
| Net assets:  |              |             |
| Unrestricted   | 607,183      | 540,402     |
| Temporarily restricted   | 4,379        | 2,729       |
| Permanently restricted   | 4,605        | 4,212       |
| Total net assets   | 616,167      | 547,343     |
| Commitments and contingencies (note 14)                              |              |             |
| Total liabilities and net assets                                     | \$ 1,030,297 | 1,014,055   |

See accompanying notes to consolidated financial statements.

# ASANTE HEALTH SYSTEM AND SUBSIDIARIES

## Consolidated Statements of Operations and Changes in Net Assets

Years ended September 30, 2014 and 2013

(In thousands)

|   | <u>2014</u>      | <u>2013</u>    |
|---|------------------|----------------|
| Unrestricted revenues, gains, and other support:  |                  |                |
| Net patient service revenue (net of provision for bad debts<br>of \$15,725 and \$13,433 in 2014 and 2013, respectively) | \$ 629,364       | 525,506        |
| Contribution from AHS affiliation   | —                | 1,826          |
| Other operating revenue   | <u>11,813</u>    | <u>13,899</u>  |
| Total revenues, gains, and other support  | <u>641,177</u>   | <u>541,231</u> |
| Operating expenses:   |                  |                |
| Salaries and benefits   | 335,829          | 288,950        |
| Supplies  | 117,923          | 96,650         |
| Purchased services  | 32,501           | 30,531         |
| Professional fees   | 10,111           | 8,624          |
| Repairs and maintenance   | 16,079           | 13,012         |
| Insurance   | 7,664            | 4,273          |
| Rent and utilities  | 10,342           | 9,182          |
| Interest  | 12,799           | 13,019         |
| Depreciation  | 37,537           | 32,538         |
| Provider tax expense  | 28,160           | 23,190         |
| Other   | <u>8,835</u>     | <u>5,978</u>   |
| Total operating expenses  | <u>617,780</u>   | <u>525,947</u> |
| Operating income  | <u>23,397</u>    | <u>15,284</u>  |
| Nonoperating income:  |                  |                |
| Investment income, net of fees  | 49,062           | 29,901         |
| Change in unrealized gains and losses on trading investments  | (4,580)          | 25,232         |
| Other, net  | <u>(1,716)</u>   | <u>(3,157)</u> |
| Total nonoperating income   | <u>42,766</u>    | <u>51,976</u>  |
| Excess of revenues over expenses, carried forward   | <u>\$ 66,163</u> | <u>67,260</u>  |

See accompanying notes to consolidated financial statements.

# **ASANTE HEALTH SYSTEM AND SUBSIDIARIES**

## Consolidated Statements of Operations and Changes in Net Assets

Years ended September 30, 2014 and 2013

(In thousands)

|  | <u>2014</u>              | <u>2013</u>           |
|--|--------------------------|-----------------------|
| Unrestricted net assets:   |                          |                       |
| Excess of revenues over expenses, brought forward  | \$ 66,163                | 67,260                |
| Net assets released from restrictions used for purchases of property, plant, and equipment | 618                      | 598                   |
| Other  | <u>—</u>                 | <u>(21)</u>           |
| Increase in unrestricted net assets  | <u>66,781</u>            | <u>67,837</u>         |
| Temporarily restricted net assets:   |                          |                       |
| Contributions and investment income  | 2,721                    | 2,121                 |
| Restricted assets from AHS affiliation   | —                        | 709                   |
| Net assets released from restrictions  | (1,071)                  | (1,238)               |
| Other  | <u>—</u>                 | <u>28</u>             |
| Increase in temporarily restricted net assets  | <u>1,650</u>             | <u>1,620</u>          |
| Permanently restricted net assets:   |                          |                       |
| Contributions and investment income  | 393                      | 242                   |
| Restricted assets from AHS affiliation   | <u>—</u>                 | <u>727</u>            |
| Increase in permanently restricted net assets  | <u>393</u>               | <u>969</u>            |
| Increase in net assets   | 68,824                   | 70,426                |
| Net assets, beginning of year  | <u>547,343</u>           | <u>476,917</u>        |
| Net assets, end of year  | \$ <u><u>616,167</u></u> | <u><u>547,343</u></u> |

See accompanying notes to consolidated financial statements.

# ASANTE HEALTH SYSTEM AND SUBSIDIARIES

## Consolidated Statements of Cash Flows

Years ended September 30, 2014 and 2013

(In thousands)

|   | <u>2014</u>      | <u>2013</u>     |
|---|------------------|-----------------|
| Cash flows from operating activities  |                  |                 |
| Increase in net assets  | \$ 68,824        | 70,426          |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities  |                  |                 |
| Contribution from AHS affiliation   | —                | (3,262)         |
| Depreciation and amortization   | 40,688           | 34,277          |
| Provision for bad debts   | 15,725           | 13,433          |
| Realized and net change in unrealized gains and losses on marketable securities   | (32,591)         | (41,020)        |
| Equity in earnings on investments in healthcare ventures  | (1,570)          | (698)           |
| Restricted donations and investment income  | (3,114)          | (1,098)         |
| Loss (gain) on sale of assets   | (60)             | 2,214           |
| Change in operating assets and liabilities  |                  |                 |
| Patient accounts receivable, accrued interest, other receivables, and other assets  | 19               | (27,978)        |
| Inventories and prepaid expenses  | (744)            | 272             |
| Accounts payable, accrued payroll, payroll taxes and related benefits, self-insurance liability, estimated reimbursement due to governmental agencies, other current liabilities, and other long-term liabilities | 8,693            | 2,957           |
| Net cash provided by operating activities   | <u>95,870</u>    | <u>49,523</u>   |
| Cash flows from investing activities  |                  |                 |
| Purchases of property, plant, and equipment   | (44,433)         | (62,918)        |
| Sales of marketable securities and assets whose use is limited  | 276,868          | 261,219         |
| Purchases of marketable securities and assets whose use is limited  | (239,885)        | (240,245)       |
| Notes receivable repayments   | 175              | 172             |
| Cash from AHS affiliation   | —                | 205             |
| Distributions from investments in healthcare ventures   | 1,253            | 1,344           |
| Investment in healthcare ventures   | (442)            | (372)           |
| Proceeds on sale of assets  | 38               | 426             |
| Net cash used in investing activities   | <u>(6,426)</u>   | <u>(40,169)</u> |
| Cash flows from financing activities  |                  |                 |
| Principal payments on long-term debt and capital lease obligations  | (61,235)         | (15,992)        |
| Proceeds from restricted donations and investment income  | 3,114            | 1,098           |
| Net cash used in financing activities   | <u>(58,121)</u>  | <u>(14,894)</u> |
| Net (decrease) increase in cash and cash equivalents  | 31,323           | (5,540)         |
| Cash and cash equivalents, beginning of year  | 13,835           | 19,375          |
| Cash and cash equivalents, end of year  | <u>\$ 45,158</u> | <u>13,835</u>   |
| Supplemental disclosures of cash flow information   |                  |                 |
| Cash paid for interest  | \$ 12,301        | 12,368          |
| Capital purchases in accounts payable   | 1,035            | 1,418           |

See accompanying notes to consolidated financial statements

## ASANTE HEALTH SYSTEM AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

September 30, 2014 and 2013

#### (1) Organization

Asante Health System (Asante) is a private, not-for-profit, community-based healthcare organization providing health-related services to the residents of Southern Oregon and Northern California. Asante includes the operations of the following private, not-for-profit operating units and affiliates:

##### *Asante (Parent Company)*

Asante provides various support services to its operating units and other affiliates.

##### *(a) Operating Units (which comprise the Obligated Group)*

Asante has established an Obligated Group to access capital markets. Obligated Group members are jointly and severally liable for the long-term debt outstanding under the Obligated Group's master trust indenture. Asante's operating units, which comprise the Obligated Group, are as follows:

##### **Asante Rogue Regional Medical Center (ARRMC)**

A regional tertiary healthcare facility providing for the healthcare needs of Southern Oregon and Northern California.

##### **Asante Three Rivers Medical Center (ATRMC)**

A community hospital in Josephine County providing inpatient and outpatient healthcare services to the Grants Pass community and surrounding area.

##### **Siskiyou Imaging**

An Oregon LLC providing magnetic resonance imaging services in Ashland. The venture is jointly owned by Asante (33.3%), Asante Ashland Community Hospital (ACH) (33.3%) and a physician group (33.3%). Although Siskiyou Imaging is not an Obligated Group member, it is consolidated into the Obligated Group financial results.

##### *(b) Other Affiliates*

The following are consolidated affiliates of Asante and are not part of the Asante obligated group.

##### **Asante Physician Partners (APP)**

Wholly owned subsidiary that employs and manages physician providers, including primary care, specialists, and mid-level providers.

##### **Asante Ashland Community Hospital (AACH)**

Separate 501(c)(3) corporation of which Asante is the sole corporate member as part of a member substitution transaction finalized August 1, 2013. AACH serves Ashland and the surrounding communities. See detail of the transaction in (c) below.

## ASANTE HEALTH SYSTEM AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

September 30, 2014 and 2013

#### **Asante Foundation (the Foundation)**

The Foundation is a public benefit corporation of Asante, responsible for fund-raising and development.

#### **Southern Oregon Insurance, Inc. (SOII)**

SOII is a single parent direct issue captive, incorporated in the state of Hawaii, providing healthcare professional and commercial general liability insurance and claims management services for Asante.

#### **Southern Oregon Trauma and Emergency Services, LLC (SOTES)**

SOTES is an Oregon LLC that coordinates trauma and emergency medical services provided at ARPMC and ATRMC.

#### **(c) Ashland Healthcare Service Affiliation**

On August 1, 2013, Asante and Ashland Healthcare Services (AHS) effected an Affiliation Agreement (AA), which financially, clinically and operationally integrated the two organizations. Asante became the sole corporate member of AHS. As of that date the members of the Asante Board of Directors became the Board members of AHS. The Affiliation Agreement provides for reversion options for both parties if certain circumstances are met within a given timeframe. Among the requirements of the AA are for Asante to operate AACH as an acute care hospital for a period of time, to spend at least \$10 million on capital expenditures over three years, and to provide funding to the AHS retirement plan. Unidentified liabilities in excess of certain limits create an opportunity for Asante to trigger reversion during that same three-year period ending July 31, 2016.

Ashland Healthcare Services, formerly operated as Ashland Community Hospital (ACH) is doing business as Asante Ashland Community Hospital (AACH) and is operating under that name subsequent to the affiliation. The hospital provides surgical, emergency and diagnostic services to the communities in the Southern Rogue Valley and Northern California. The results of the operations of AACH from August 1, 2013 to September 30, 2014 have been included in the consolidated statements herein presented.

This transaction was accounted for as an acquisition under Accounting Standards Codification (ASC 958-805) *Not-for-Profit Entities Business Combinations*. No consideration was paid by Asante to acquire the net assets of AHS. The affiliation resulted in an excess of assets acquired over liabilities assumed of approximately \$3,262,000 with approximately \$1,826,000 reported in other operating revenue.

## ASANTE HEALTH SYSTEM AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

September 30, 2014 and 2013

The following table summarizes the fair value estimates of the AHS assets acquired and liabilities assumed as of August 1, 2013 (in thousands):

|   |          |
|---|----------|
| Cash and investments                      | \$ 3,005 |
| Accounts receivable                       | 6,168    |
| Property, plant and equipment             | 24,438   |
| Other assets                              | 1,176    |
| Interest in assets of ACH Foundation      | 1,046    |
| Accounts payable                          | (849)    |
| Payroll and related benefits liability    | (1,541)  |
| Defined benefit pension obligation        | (18,512) |
| Other liabilities                         | (3,308)  |
| Long-term debt, including current portion | (8,361)  |
|   | <hr/>    |
| Total contribution                        | \$ 3,262 |
|   | <hr/>    |
| Unrestricted contribution                 | \$ 1,826 |
| Temporarily restricted contribution       | 709      |
| Permanently restricted contribution       | 727      |
|   | <hr/>    |
|   | \$ 3,262 |
|   | <hr/>    |

The following are the financial results of AACH for the two months ended September 30, 2013 and are included in the Asante consolidated statement of operations (in thousands).

|                                  |          |
|----------------------------------|----------|
| Total operating revenue          | \$ 7,821 |
| Excess of revenues over expenses | 346      |

The following pro forma combined financials information presents Asante results as if the affiliation had been reported as of the beginning of the Asante fiscal year Oct 1, 2013.

|  | 2013       |           |
|--|------------|-----------|
|  | Actual     | Pro forma |
| Total operating revenues                         | \$ 541,231 | 576,772   |
| Excess of revenues over expenses from operations | 15,284     | 11,512    |
| Excess of revenues over expenses                 | 67,260     | 63,685    |

## (2) Summary of Significant Accounting Policies

### (a) Basis of Consolidation

The accompanying consolidated financial statements include the accounts of Asante and other affiliates. All significant intercompany account balances and transactions have been eliminated.

## ASANTE HEALTH SYSTEM AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

September 30, 2014 and 2013

**(b) Use of Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The significant estimates in Asante's consolidated financial statements include accounts receivable allowances, third-party payor settlement liabilities, valuation of investments, and liabilities related to self-insurance programs and pension obligation.

**(c) Cash and Cash Equivalents**

Cash and cash equivalents include certain investments in highly liquid financial instruments with original maturities of three months or less when purchased. Cash equivalent balances included in cash and cash equivalents in the consolidated balance sheets at September 30, 2014 and 2013 are \$1,574,000 and \$2,235,000, respectively.

Asante maintains cash and cash equivalents on deposit at various institutions, which at times exceed the insured limits by the Federal Deposit Insurance Corporation. This exposes Asante to potential risk of loss in the event the institution becomes insolvent.

**(d) Patient Accounts Receivable**

Accounts receivable are reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered. Credit is granted without collateral to Asante's patients, most of whom are local residents and are insured under third-party payor agreements. Asante manages the receivables by regularly reviewing its accounts and contracts and by providing appropriate allowances for contractual discounts and uncollectible amounts. Asante estimates these allowances based on the aging of accounts receivable, historical collection experience by payor, and other relevant factors. The mix of receivables based on significant third-party payor classifications is as follows:

|             | September 30 |      |
|-------------|--------------|------|
|             | 2014         | 2013 |
| Medicare    | 45%          | 40%  |
| Medicaid    | 18           | 16   |
| Private pay | 3            | 14   |
| Others      | 34           | 30   |
|             | 100%         | 100% |

**(e) Inventories**

Inventories are stated at the lower of average cost, as determined by the first-in, first-out method, or market.



## ASANTE HEALTH SYSTEM AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

September 30, 2014 and 2013

**(f) *Assets Whose Use is Limited***

Assets whose use is limited are carried at fair value and are accounted for as trading securities and primarily include assets subject to donor restrictions, assets held by trustees under indenture agreements, and designated assets set aside by the Board of Trustees (the Board) for certain purposes, over which the Board retains control and may, at its discretion, subsequently use for other purposes. Amounts that will be used to satisfy current liabilities are classified as current assets in the accompanying consolidated balance sheets. Gains and losses on sales of assets whose use is limited are computed on the specific-identification method. Interest income or loss (including realized gains and losses on investments, interest, and dividends) is included in nonoperating income unless the income or loss is restricted by donor or law. Unrealized gains and losses on trading securities are included in nonoperating income in the accompanying consolidated statements of operations.

**(g) *Marketable Securities***

Marketable securities are accounted for as trading securities and consist principally of U.S. government agency obligations, corporate obligations, and equity securities that are stated at fair value. Amounts are classified as noncurrent assets in the accompanying consolidated balance sheets as Asante does not intend that they be used to satisfy current obligations. Gains and losses on sales of marketable securities are computed on the specific-identification method. Interest income or loss (including realized gains and losses on investments, interest, and dividends) is included in nonoperating income. Unrealized gains and losses on trading securities are included in nonoperating income in the accompanying consolidated statements of operations.

**(h) *Property, Plant, and Equipment***

Property, plant, and equipment acquisitions are recorded at cost. Depreciation expense is computed using the straight line method over the following estimated useful lives of the assets:

|                        |                |
|------------------------|----------------|
| Buildings              | 15–50 years    |
| Land improvements      | 8– 20 years    |
| Equipment              | 3–25 years     |
|                        | The shorter of |
|                        | lease term or  |
| Leasehold improvements | useful life    |

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 within depreciation in the accompanying consolidated financial statements.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support, and are excluded from excess of revenues over 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.

## ASANTE HEALTH SYSTEM AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

September 30, 2014 and 2013

Asante assesses potential impairment to its long-lived assets, including land held for future use, when there is evidence that events or changes in circumstances have made recovery of the asset's carrying value unlikely. An impairment loss is recognized when the sum of the expected future undiscounted net cash flows is less than the carrying amount of the asset. No impairment losses have been identified.

**(i) *Financing Costs***

Financing costs incurred in connection with debt agreements are deferred and amortized over the life of the respective debt and are included in other assets in the accompanying consolidated balance sheets.

**(j) *Investments in Healthcare Ventures***

Investments in healthcare-related joint ventures, where Asante does not have a controlling interest, have been accounted for using the equity method and are included in other assets in the accompanying consolidated balance sheets.

**(k) *Self-Insurance***

**Workers' Compensation**

The annual self-insured retention under Asante's workers' compensation program is \$400,000 per claim per year. Asante carries an excess coverage policy for its worker's compensation program. The accrued liability for the self-insured components of the plan includes the unpaid portion of claims that have been reported and estimates for claims that have been incurred but not reported. The actuarially determined total estimated gross liability at September 30, 2014 is \$9,264,000 with \$1,674,000 of this amount insured by excess carriers. The actuarially determined total estimated gross liability at September 30, 2013 is \$9,930,000 with \$2,084,000 of this amount insured by excess carriers. The current portion of the accrued liability for workers' compensation is included in self-insurance liability. The long-term portion of the accrued liability is included in other long-term liabilities.

**Medical**

Asante maintains a self-insured medical plan for its employees. The accrued liability for the self-insured components of the plan includes estimates of the costs for the incurred but not paid claims as well as related claims administration expense.

The actuarially determined estimated liability for Asante is \$3,835,000 and \$2,901,000 at September 30, 2014 and 2013, respectively, and is included in self-insurance liability.

**Professional Liability**

Asante is self-insured for professional liability exposures through SOII. SOII provides coverage for Asante's claims up to \$1 million per claim with a \$5 million annual aggregate for the years ended September 30, 2014 and 2013. Asante has purchased insurance with third-party carriers for claims in excess of the \$1 million amount per claim or \$5 million aggregate. The coverage provided by SOII and the third-party carriers is in the form of claims-made insurance policies. Should the claims-made

## ASANTE HEALTH SYSTEM AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

September 30, 2014 and 2013

policies not be renewed or replaced, claims related to occurrences during the terms of the policies but reported subsequent to their termination may be uninsured. Asante, including SOIL, records actuarially estimated liabilities for reported claims as well as an estimated tail liability for claims that have been incurred but not reported.

The total expected value, undiscounted estimated gross liability for Asante, excluding AACH, at September 30, 2014 is \$20,552,000 with \$4,316,000 of this amount insured by excess carriers. The total expected value, undiscounted estimated gross liability for Asante, excluding AACH, at September 30, 2013 is \$17,552,000 with \$5,450,000 of this amount insured by excess carriers. The current portion of the liability is \$3,318,000 and is recorded in self-insurance liability. The long-term portion is \$17,234,000 and is included in other long-term liabilities. The receivable for insurance recoveries is included in other assets.

AACH has purchased claims-made professional liability insurance coverage for claims up to \$1 million per occurrence with a \$3 million aggregate, with a \$25,000 per claim deductible. AACH is responsible for estimated obligations up to the deductible amount and a tail liability for claims that have been incurred but not yet reported. The AACH net estimated self insurance obligation for professional liability at the expected value, undiscounted, is \$212,000 at September 30, 2014, which is included in self insurance liability.

Management is not aware of any potential professional liability claims whose settlement would be in excess of amounts provided or would otherwise have a material adverse effect on Asante's consolidated financial position.

#### ***(l) Oregon State Provider Tax***

The State of Oregon operates a provider tax program related to certain patient service revenues at certain qualifying hospitals. Asante recorded provider tax expenses of approximately \$28,160,000 and \$23,190,000 for the years ended September 30, 2014 and 2013, respectively. Asante recorded provider tax liabilities of \$7,076,000 and \$6,356,000 at September 30, 2014 and 2013, respectively, which are included in other current liabilities in the accompanying consolidated balance sheets. In addition, Asante has entered into an agreement with the Oregon Association of Hospitals and Health Systems (OAHHS), which provides that all payments to Asante related to beneficiaries of the Oregon Medical Assistance Program are to be remitted directly to OAHHS. OAHHS aggregates these payments, returning a portion to Asante. The remaining funds are pooled by OAHHS with like amounts received on behalf of other hospitals subject to the provider tax, and OAHHS redistributes such funds to the qualifying hospitals. Asante estimates the amounts from OAHHS for the years ended September 30, 2014 and 2013 are \$28,160,000 and \$23,190,000, respectively, which are reflected as a component of net patient service revenue in the accompanying consolidated statements of operations. Asante recorded receivables of \$7,053,000 and \$6,335,000 at September 30, 2014 and 2013, respectively, which are included in patient accounts receivable in the accompanying consolidated balance sheets.

# ASANTE HEALTH SYSTEM AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

September 30, 2014 and 2013

### (m) Net Assets

#### Unrestricted

All net assets that are not restricted by donors are included in unrestricted net assets.

#### Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by Asante 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 Asante in perpetuity. Based on Asante's policy, income earned on permanently restricted funds is transferred to temporarily restricted net assets and used to support specific programs with either a restricted or unrestricted purpose. Spending, for entities other than AACH, may not exceed 5% of the corpus in any fiscal year, based on Asante's endowment spending policy. AACH allows 100% of earnings on investments to be spent for the restricted purpose of the permanent fund.

Unconditional promises to give cash and other assets to Asante 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 restricted funds to be used for operations are expended for their restricted purposes, these amounts are reflected in unrestricted net assets as net assets released from restrictions for operations and are included in other income. When restricted funds are expended for the acquisition of property, plant, and equipment, these amounts are reported as released from restriction for capital in the consolidated statements of changes in net assets.

Temporarily restricted and permanently restricted net assets are maintained for the following purposes as stipulated by donors at September 30 (in thousands):

|   | <u>2014</u>     | <u>2013</u>  |
|---|-----------------|--------------|
| Temporarily restricted:                       |                 |              |
| Capital                                       | \$ —            | 90           |
| Child and infant health (capital)             | 1,868           | 760          |
| Restricted for specific purpose at AACH       | 750             | 737          |
| Others  | 1,761           | 1,142        |
|   | <u>\$ 4,379</u> | <u>2,729</u> |
| Permanently restricted:                       |                 |              |
| Education                                     | \$ 618          | 580          |
| Francis Cheney Family Place/TRCH Family House | 2,292           | 2,094        |
| Restricted for specific purpose at AACH       | 830             | 727          |
| Others  | 865             | 811          |
|   | <u>\$ 4,605</u> | <u>4,212</u> |

# ASANTE HEALTH SYSTEM AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

September 30, 2014 and 2013

**(n) Net Patient Service Revenue**

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. Estimated settlements under third-party reimbursement agreements are accrued in the period the related services are rendered and adjusted in future periods, primarily as a result of final settlements.

**(o) Charity Care**

Asante provides care to patients who meet poverty guidelines under its charity care policy. Asante does not pursue collection of amounts determined to qualify as charity care; therefore, they are not reported as revenue.

**(p) Nonoperating Income**

Nonoperating income includes certain items that management deems to be outside the scope of its primary business. Items consist primarily of investment income, net results of the Foundation, and other income. Investment income consists of investment income from marketable securities and assets whose use is limited, offset by investment management fees, and unrealized gains (losses).

**(q) Net Contributions from the Foundation**

Asante reports the net results of the Foundation activities as part of nonoperating income under the "other, net" classification. Net results from the Foundation for the years ended September 30 (in thousands) are as follows:

|   | 2014     | 2013  |
|---|----------|-------|
| Other operating revenue                     | \$ 1,977 | 1,003 |
| Total operating revenue                     | 1,977    | 1,003 |
| Salaries and benefits                       | 814      | 716   |
| Supplies                                    | 224      | 88    |
| Purchased services                          | 279      | 170   |
| Rent and utilities                          | 19       | 36    |
| Other                                       | 152      | 116   |
| Total operating expenses                    | 1,488    | 1,126 |
| Operating gain (loss)                       | 489      | (123) |
| Net unrealized gains on trading investments | 458      | 1,149 |
| Excess of revenues over expenses            | \$ 947   | 1,026 |

## ASANTE HEALTH SYSTEM AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

September 30, 2014 and 2013

**(r) *Excess of Revenues over Expenses***

The consolidated statements of operations report the excess of revenues over expenses and other changes in unrestricted net assets. Changes in unrestricted net assets, which are excluded from excess of revenues over expenses, consistent with industry practice, include transfers of assets to and from unconsolidated affiliates for other than goods and services, and contributions of long-lived assets (including assets acquired using contributions that by donor restriction were to be used for the purposes of acquiring such assets).

**(s) *Federal and State Income Taxes***

Asante has received a determination letter from the Internal Revenue Service stating that it is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except for unrelated business income. Management believes Asante is operated in a manner that qualifies it for tax-exempt status. Income taxes are provided for the tax effects of transactions unrelated to Asante's tax-exempt purpose reported in the consolidated financial statements; however, such activities are not significant to the consolidated financial statements. Asante does not believe that it has adopted any uncertain tax positions as defined by Financial Accounting Standards Board (FASB) ASC Subtopic 740-10, *Income Taxes – Overall*.

AACH has received a Determination Letter from the District Director of the IRS stating it is exempt from federal income taxes under 501(c)(3) of the Internal Revenue Code. AACH has not undertaken any transactions that are unrelated to its exempt purpose, thus has no unrelated business income. Management also believes that AACH has not undertaken or adopted any uncertain tax positions.

**(t) *Reclassifications***

Certain 2013 amounts have been reclassified to conform to the 2014 presentation.

# ASANTE HEALTH SYSTEM AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

September 30, 2014 and 2013

### (3) Marketable Securities and Assets Whose Use is Limited

The composition of marketable securities and assets whose use is limited at fair value at September 30 is as follows (in thousands):

|   | <u>2014</u>       | <u>2013</u>    |
|---|-------------------|----------------|
| Corporate equity securities                         | \$ 208,127        | 224,946        |
| Mutual funds  | 75,663            | 80,174         |
| Corporate bonds                                     | 61,856            | 56,575         |
| Exchange traded international index funds           | 96,640            | 70,381         |
| U.S. government agency obligations                  | 52,198            | 24,049         |
| U.S. government obligations                         | 7,149             | 11,435         |
| Cash and cash equivalents                           | 3,807             | 44,744         |
| Collateralized mortgage obligations                 | 13,655            | 6,874          |
| Municipal bonds                                     | —                 | 672            |
| Convertible preferred securities                    | 1,727             | 4,060          |
| Certificates of deposit                             | 529               | 505            |
| Convertible bonds                                   | 942               | 2,270          |
|   | <u>522,293</u>    | <u>526,685</u> |
| Add:  |                   |                |
| Assets held by ACH Foundation                       | 1,431             | 1,074          |
| Less:   |                   |                |
| Assets whose use is limited, current portion        | 10,173            | 9,942          |
| Assets whose use is limited, net of current portion | 25,059            | 21,635         |
| Marketable securities                               | <u>\$ 488,492</u> | <u>496,182</u> |

Investment income for the years ended September 30 comprised the following elements (in thousands):

|                        | <u>2014</u>      | <u>2013</u>   |
|------------------------|------------------|---------------|
| Interest and dividends | \$ 14,369        | 15,915        |
| Realized gains, net    | 37,157           | 15,794        |
|                        | 51,526           | 31,709        |
| Less:                  |                  |               |
| Investment fees        | (2,464)          | (1,808)       |
|                        | <u>\$ 49,062</u> | <u>29,901</u> |

## **ASANTE HEALTH SYSTEM AND SUBSIDIARIES**

### **Notes to Consolidated Financial Statements**

September 30, 2014 and 2013

In accordance with ASC 820, financial assets and financial liabilities measured at fair value are grouped in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to estimate fair value. These levels are:

- Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
- Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Level 2 valuations are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
- Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.



# ASANTE HEALTH SYSTEM AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

September 30, 2014 and 2013

The following table presents the balances of assets measured at fair value on a recurring basis at September 30, 2014 (in thousands):

|   | <u>Level 1</u>    | <u>Level 2</u> | <u>Level 3</u> | <u>Fair value</u> |
|---|-------------------|----------------|----------------|-------------------|
| Assets                                    |                   |                |                |                   |
| Corporate equity securities               |                   |                |                |                   |
| Large cap value                           | \$ 66,195         | —              | —              | 66,195            |
| Small/mid cap growth                      | 77,593            | —              | —              | 77,593            |
| Large cap growth                          | 64,339            | —              | —              | 64,339            |
| Total                                     | <u>208,127</u>    | <u>—</u>       | <u>—</u>       | <u>208,127</u>    |
| Mutual funds                              |                   |                |                |                   |
| Money market                              | 59,641            | —              | —              | 59,641            |
| Small cap equity fund                     | 16,022            | —              | —              | 16,022            |
| Total                                     | <u>75,663</u>     | <u>—</u>       | <u>—</u>       | <u>75,663</u>     |
| Corporate bonds                           | —                 | 61,856         | —              | 61,856            |
| Exchange traded international index funds | 96,640            | —              | —              | 96,640            |
| U S government agency obligations         | —                 | 52,198         | —              | 52,198            |
| U S government obligations                | —                 | 7,149          | —              | 7,149             |
| Cash and cash equivalents                 | 3,807             | —              | —              | 3,807             |
| Collateralized mortgage obligations       | —                 | 13,655         | —              | 13,655            |
| Municipal bonds                           | —                 | —              | —              | —                 |
| Convertible preferred securities          | —                 | 1,727          | —              | 1,727             |
| Certificates of deposit                   | —                 | 529            | —              | 529               |
| Convertible bonds                         | —                 | 942            | —              | 942               |
| Total                                     | <u>\$ 384,237</u> | <u>138,056</u> | <u>—</u>       | <u>522,293</u>    |

# ASANTE HEALTH SYSTEM AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

September 30, 2014 and 2013

The following table presents the balances of assets measured at fair value on a recurring basis at September 30, 2013 (in thousands):

|   | <u>Level 1</u>    | <u>Level 2</u> | <u>Level 3</u> | <u>Fair value</u> |
|---|-------------------|----------------|----------------|-------------------|
| Assets                                    |                   |                |                |                   |
| Corporate equity securities               |                   |                |                |                   |
| Large cap value                           | \$ 70,142         | —              | —              | 70,142            |
| Small/mid cap growth                      | 89,749            | —              | —              | 89,749            |
| Large cap growth                          | 65,055            | —              | —              | 65,055            |
| Total                                     | <u>224,946</u>    | <u>—</u>       | <u>—</u>       | <u>224,946</u>    |
| Mutual funds                              |                   |                |                |                   |
| Money market                              | 63,548            | —              | —              | 63,548            |
| Small cap equity fund                     | 16,626            | —              | —              | 16,626            |
| Total                                     | <u>80,174</u>     | <u>—</u>       | <u>—</u>       | <u>80,174</u>     |
| Corporate bonds                           | —                 | 56,575         | —              | 56,575            |
| Exchange traded international index funds | 70,381            | —              | —              | 70,381            |
| U S government agency obligations         | —                 | 24,049         | —              | 24,049            |
| U S government obligations                | —                 | 11,435         | —              | 11,435            |
| Cash and cash equivalents                 | 44,744            | —              | —              | 44,744            |
| Collateralized mortgage obligations       | —                 | 6,874          | —              | 6,874             |
| Municipal bonds                           | —                 | 672            | —              | 672               |
| Convertible preferred securities          | —                 | 4,060          | —              | 4,060             |
| Certificates of deposit                   | —                 | 505            | —              | 505               |
| Convertible bonds                         | —                 | 2,270          | —              | 2,270             |
| Total                                     | <u>\$ 420,245</u> | <u>106,440</u> | <u>—</u>       | <u>526,685</u>    |

All investments held at September 30, 2014 and 2013 are able to be redeemed or liquidated on a daily basis with one or two days' notice.

# ASANTE HEALTH SYSTEM AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

September 30, 2014 and 2013

### (4) Property, Plant, and Equipment

Property, plant, and equipment, net as of September 30 consist of the following (in thousands):

|                                 | <b>2014</b>       | <b>2013</b>      |
|---------------------------------|-------------------|------------------|
| Land and land improvements      | \$ 20,526         | 20,192           |
| Buildings                       | 343,601           | 306,417          |
| Equipment and furniture         | 369,807           | 341,181          |
| Leasehold improvements          | 1,596             | 1,596            |
| Buildings under capital leases  | 4,602             | 4,602            |
|                                 | <u>740,132</u>    | <u>673,988</u>   |
| Less allowance for depreciation | <u>(433,418)</u>  | <u>(394,878)</u> |
|                                 | 306,714           | 279,110          |
| Construction in progress        | <u>15,603</u>     | <u>36,724</u>    |
|                                 | <u>\$ 322,317</u> | <u>315,834</u>   |

Depreciation expense, including depreciation expense on rental properties classified as nonoperating, for the years ended September 30, 2014 and 2013 was \$38,579,000 and \$33,608,000, respectively. Accumulated amortization for assets under capital lease obligations was \$3,685,000 and \$3,352,000 at September 30, 2014 and 2013, respectively.

### (5) Other Assets

Other assets at September 30 consist of the following (in thousands):

|                                    | <b>2014</b>      | <b>2013</b>   |
|------------------------------------|------------------|---------------|
| Unamortized bond issue costs       | \$ 8,626         | 10,744        |
| Investments in healthcare ventures | 3,751            | 3,114         |
| Insurance recoverable              | 5,990            | 7,534         |
| Other                              | 7,222            | 6,712         |
|                                    | <u>\$ 25,589</u> | <u>28,104</u> |

# **ASANTE HEALTH SYSTEM AND SUBSIDIARIES**

## Notes to Consolidated Financial Statements

September 30, 2014 and 2013

### **(6) Long-Term Debt and Capital Lease Obligations**

Long-term debt and capital lease obligations at September 30 consist of the following (in thousands):

|  | <u>2014</u>       | <u>2013</u>    |
|--|-------------------|----------------|
| The Hospital Facilities Authority of the City of Medford,<br>Oregon Revenue Bonds Series 2002-B maturing in<br>varying annual amounts, due 2034  | \$ 33,200         | 84,525         |
| The Hospital Facilities Authority of the City of Medford,<br>Oregon Revenue Bonds Series 2005-A, (net of unamortized<br>discount of \$1,366 and \$1,419, respectively) maturing in<br>varying annual amounts, due 2040 | 68,334            | 68,281         |
| The Hospital Facilities Authority of the City of Medford,<br>Oregon Revenue Bonds Series 2010, (net of unamortized<br>premium of \$2,419 and \$2,513, respectively) maturing in<br>varying annual amounts, due 2040    | 155,990           | 159,888        |
| Oregon Hospital Authority Direct Placement, maturing in<br>varying annual amounts, due 2019 (2011 loan)  | 18,694            | 22,874         |
| AACH bank loan maturing in varying annual<br>amounts, due in 2016  | 7,730             | 8,031          |
| Capital lease obligations  | <u>4,507</u>      | <u>6,131</u>   |
| Total long-term debt and capital lease obligations   | 288,455           | 349,730        |
| Less current portion   | <u>(10,173)</u>   | <u>(9,942)</u> |
| Total long-term debt and capital lease obligations,<br>net of current portion  | <u>\$ 278,282</u> | <u>339,788</u> |

# ASANTE HEALTH SYSTEM AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

September 30, 2014 and 2013

Annual maturities of long-term debt and the future minimum capital lease obligations, excluding net bond premium of \$1,053, are as follows as of September 30, 2014 (in thousands):

|  | <b>Long-term<br/>debt</b> | <b>Capital lease<br/>obligations</b> |
|--|---------------------------|--------------------------------------|
| 2015   | \$ 8,508                  | 1,835                                |
| 2016   | 16,354                    | 1,517                                |
| 2017   | 9,199                     | 537                                  |
| 2018   | 9,515                     | 466                                  |
| 2019   | 6,783                     | 64                                   |
| Thereafter   | 232,536                   | 904                                  |
|  | 282,895                   | 5,323                                |
| Less amounts representing interest – 4% and 8%     | —                         | 816                                  |
| Net present value                                  | 282,895                   | 4,507                                |
| Less current portion                               | (8,508)                   | (1,665)                              |
| Total long-term debt and capital lease obligations | \$ 274,387                | 2,842                                |

A summary of interest cost is as follows (in thousands):

|                                     | <b>2014</b> | <b>2013</b> |
|-------------------------------------|-------------|-------------|
| Bond interest and amortization cost | \$ 11,768   | 12,033      |
| Other interest                      | 1,031       | 986         |
|                                     | \$ 12,799   | 13,019      |

### (a) 2002 Series B Bonds

The Series B Bonds were issued in February 2002. The bonds are currently issued as seven-day auction rate bonds. Conversion to a different maturity period or to a fixed rate is available at Asante's option.

The interest on these bonds is reset every seven days by the auction process. Should current bondholders desire to sell more bonds than bids are received to purchase them, this would result in a failed auction. Failed auctions result in a reset of the interest rate for that issue at the failed auction rate (a calculated rate not to exceed 15.0% for 2002 Series B Bonds). A failed auction on these bonds does not result in a default or failure, but could result in higher interest costs.

The 2002 Series B Bond auctions failed in 2008, and for each weekly auction thereafter through September 30, 2014. The average rate paid by Asante for the failed auction interest rate during the year ended September 30, 2014 was 0.084%. The rates for those failed auctions ranged between 0.180% and 0.015%.

## ASANTE HEALTH SYSTEM AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

September 30, 2014 and 2013

In May 2014, Asante repurchased \$51,325,000 of these bonds at a discount of 6.5% resulting in a gross gain of \$3,340,000. After adjusting for write-off of unamortized issue costs and transaction expenses, the net gain on repurchase was \$1,588,000. These bonds have not been retired and are being held for possible future reissue. These bonds can be retired at Asante's discretion.

**(b) 2005 Series A Bonds**

The Series A Bonds were issued in November 2005. The bonds were converted from seven-day auction rate bonds to fixed-rate bonds in February 2010. The bonds bear interest at a rate of 5.0%.

**(c) 2010 Series Bonds**

The 2010 Bonds were issued in February 2010. The bonds were issued as fixed-rate securities, with maturities beginning in 2012 and final maturity in 2040. The bonds bear interest ranging from 3.0% to 5.5%.

**(d) 2011 Loan**

The 2011 loan was issued during the year ending September 30, 2012 as a direct placement to fund a portion of information system installation and implementation costs. The loan has a fixed-rate with an effective interest rate of 1.92%. The loan is repaid monthly and matures in 2019.

**(e) AACH Bank Loan**

The loan originated in 2004 with a regional bank was used to remodel the surgical section of AACH. The loan has a fixed rate of 4.0% and the maturity date is September 2016. Currently Asante guarantees the payments.

**(f) Line of Credit and Guarantees**

Asante has a \$5,000,000 revolving line-of-credit arrangement with a commercial bank. The line of credit has as an interest rate of the daily LIBOR plus 0.90% (1.05% at September 30, 2014). No amounts were drawn on this line of credit as of September 30, 2014. The line of credit expires on August 15, 2015.

Asante guarantees a loan for CVI Real Property, LLC, which owns a building on the ARRCM campus. The amount of this loan was \$3,586,000 and \$3,718,000 at September 30, 2014 and 2013, respectively.

Asante has a 25% guarantee of indebtedness for CVISO Management Company, LLC. This guarantee is for an operating line of credit in an amount up to \$500,000. There was no balance outstanding on the line of credit at September 30, 2014.

Asante guarantees a loan for The Women's Center, LLC which owns a building adjacent to the ATRMC campus. The amount of this loan was \$5,584,000 at September 30, 2014.

**(g) Debt Covenants**

The bond indentures and other loan agreements contain, among other things, provisions placing restrictions on additional borrowings and leases and requiring the maintenance of debt service

## ASANTE HEALTH SYSTEM AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

September 30, 2014 and 2013

coverage and other ratios. Management believes that Asante is in compliance with these covenants as of September 30, 2014.

#### **(7) Retirement Plan**

Asante sponsors the Asante Retirement Plan and Trust, a defined-contribution plan, which has two components, the Matching Plan and the Basic Plan. In the Matching Plan, Asante matches the employee's pretax contributions with \$0.50 for each dollar, capped at 3% of salary. Under the Basic Plan, Asante contributes 3% of the employee's salary to a tax deferred account. All eligible employees receive this contribution, whether or not they contribute to a tax deferred account. To be eligible for both the Basic and Matching Plans, employees must work at least one year and maintain a work level of at least 1,000 hours per year. Contributions are funded every two weeks and are fully and immediately vested. Costs related to these defined-contribution plans by Asante totaled approximately \$11,864,000 and \$10,653,714 for the years ended September 30, 2014 and 2013, respectively.

#### **(8) Defined Benefit Pension Plan**

As of August 1, 2013 Asante sponsors a noncontributory defined benefit pension plan (the Plan), covering certain AACH employees and retirees who meet requirements as specified in the Plan. The assets of the Plan are available to pay the benefits of all eligible employees of the Plan. The Plan was frozen effective December 31, 2006. No new participants have been admitted to the Plan after this date. That event did not terminate the Plan. Benefits earned before the plan was frozen will continue to be paid as participants qualify to receive the benefits.

# ASANTE HEALTH SYSTEM AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

September 30, 2014 and 2013

The following table sets forth disclosures related to the Plan in accordance with FASB ASC 715-20-65, *Employers Accounting for Defined Benefit Pension and Other Postretirement Plans*, as of September 30, 2014 (in thousands):

|   | <u>2014</u>      | <u>2013</u>   |
|---|------------------|---------------|
| Change in projected benefit obligation:                           |                  |               |
| Projected benefit obligation (PBO) at beginning of the year       | \$ 35,860        | 36,128        |
| Interest cost   | 1,635            | 274           |
| Prior service cost  | 725              | —             |
| Actuarial loss (gain) on PBO, net                                 | 1,597            | (542)         |
| Projected benefit obligation at year-end                          | <u>\$ 39,817</u> | <u>35,860</u> |
| Change in fair value of plan assets:                              |                  |               |
| Fair value of assets at beginning of the year                     | \$ 17,348        | 17,312        |
| Actual return on plan assets                                      | 1,111            | 179           |
| Actuarial loss on assets  | (206)            | —             |
| Benefits paid   | (1,131)          | (143)         |
| Fair value of assets at end of the year                           | <u>\$ 17,122</u> | <u>17,348</u> |
| Reconciliation of funded status:                                  |                  |               |
| Funded status   | \$ 22,695        | 18,512        |
| Net amount recognized   | <u>\$ 22,695</u> | <u>18,512</u> |
| Amounts recognized in the consolidated balance sheets consist of: |                  |               |
| Accrued current portion of pension benefit obligation             | \$ 3,491         | 1,772         |
| Accrued noncurrent portion of pension benefit obligation          | 19,204           | 16,740        |
| Accumulated change in net assets                                  | 22,695           | 18,512        |

The accumulated benefit obligation for the Plan is the same as the projected benefit obligation at September 30, 2014 and 2013, respectively.

Net periodic benefit cost includes the following components and is included in salaries and benefits in the accompanying consolidated statements of operations and changes in net assets:

|                                | <u>2014</u>     | <u>2013</u> |
|--------------------------------|-----------------|-------------|
| Interest cost                  | \$ 1,635        | 274         |
| Expected return on plan assets | (1,111)         | (179)       |
| Prior service cost             | 725             | —           |
| Recognized actuarial loss      | 2,934           | —           |
| Net periodic pension cost      | <u>\$ 4,183</u> | <u>95</u>   |



# ASANTE HEALTH SYSTEM AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

September 30, 2014 and 2013

### (a) Assumptions

The Company used the following actuarial assumptions to determine its benefit obligations at September 30, 2014 and 2013.

|               | <u>2014</u> | <u>2013</u> |
|---------------|-------------|-------------|
| Discount rate | 4.16%       | 4.70%       |

The Company used the following actuarial assumptions to determine its net periodic benefit cost for the years ended September 30, 2014 and 2013.

|   | <u>2014</u> | <u>2013</u> |
|---|-------------|-------------|
| Discount rate                                       | 4.16%       | 4.70%       |
| Expected long-term rate of return<br>on plan assets | 6.25        | 6.25        |

The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns of individual assets categories.

Pension plan assets are managed according to an investment policy adopted by the plan's trustees. Professional investment managers are retained to manage specific asset classes and professional consulting is utilized for investment performance reporting. The primary objective of the Plan's trustees is to achieve the highest possible total return commensurate with safety and preservation of capital in real, inflation-adjusted terms. The objective includes having funds invested in the long term, which protect the principal and produce returns sufficient to meet future benefit obligations. The investment policy includes an asset allocation that includes equity securities, debt securities and cash/other investments. The target allocations are:

| <u>Asset class</u>                | <u>Minimum</u> | <u>Maximum</u> | <u>Target</u> |
|-----------------------------------|----------------|----------------|---------------|
| U.S. equities-large cap           | —%             | 40%            | 26%           |
| U.S. equities-mid cap             | —              | 15             | 3             |
| U.S. equities small cap           | —              | 10             | 3             |
| International developed countries | —              | 25             | 17            |
| Emerging markets                  | —              | 10             | 3             |
| U.S. core bonds                   | 15             | 35             | 18            |
| High yield bonds                  | —              | 6              | 4             |
| International bonds               | —              | 15             | 2             |
| Alternative investments           | —              | 25             | 16            |
| Cash and cash equivalents         | 5              | 20             | 8             |

Assets are rebalanced annually when balances fall outside of the approved range for each asset class unless unusual circumstances warrant more immediate action.

## ASANTE HEALTH SYSTEM AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

September 30, 2014 and 2013

Following is a description of the valuation methodologies used for plan assets measured at fair value.

- Mutual Funds: valued based on published values
- Insurance Contract: valued by trustee based on published values or valuations of similar assets with comparable inputs, maturities and rates of return

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. In accordance with FASB ASC 820, financial assets and financial liabilities measured at fair value are grouped in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to estimate fair value. See note 3 for the definitions of the three levels within the fair value hierarchy.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of September 30, 2014 (in thousands).

| Assets                          | Level 1   | Level 2 | Level 3 | Total fair value |
|---------------------------------|-----------|---------|---------|------------------|
| Cash and equivalents            | \$ 357    | —       | —       | 357              |
| Mutual funds:                   |           |         |         |                  |
| Large cap                       | 3,741     | —       | —       | 3,741            |
| Mid cap                         | 402       | —       | —       | 402              |
| Small cap                       | 406       | —       | —       | 406              |
| International                   | 2,803     | —       | —       | 2,803            |
| Fixed income                    | 3,214     | —       | —       | 3,214            |
| Alternative                     | 1,818     | —       | —       | 1,818            |
| Real estate                     | 388       | —       | —       | 388              |
| Insurance contract              | —         | 3,993   | —       | 3,993            |
| Total plan assets at fair value | \$ 13,129 | 3,993   | —       | 17,122           |

# ASANTE HEALTH SYSTEM AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

September 30, 2014 and 2013

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of September 30, 2013 (in thousands)

| Assets                          | Level 1   | Level 2 | Level 3 | Total fair value |
|---------------------------------|-----------|---------|---------|------------------|
| Cash and equivalents            | \$ 1,786  | —       | —       | 1,786            |
| Mutual funds:                   |           |         |         |                  |
| Large cap                       | 1,854     | —       | —       | 1,854            |
| Mid cap                         | 1,920     | —       | —       | 1,920            |
| Small cap                       | 1,401     | —       | —       | 1,401            |
| International                   | 3,564     | —       | —       | 3,564            |
| Alternative                     | 1,721     | —       | —       | 1,721            |
| Real estate                     | 418       | —       | —       | 418              |
| Commodities                     | 117       | —       | —       | 117              |
| Precious metals                 | 103       | —       | —       | 103              |
| Insurance contract              | —         | 4,464   | —       | 4,464            |
| Total plan assets at fair value | \$ 12,884 | 4,464   | —       | 17,348           |

### (b) Cash Flows

The Corporation's policy with respect to funding the Plan is to fund at least the minimum required by the Employee Retirement Income Security Act of 1974, as amended, plus such additional amounts deemed appropriate. In fiscal 2015, Asante expects to contribute approximately \$3,600 to the Plan.

Benefit payments are expected to be paid as follows in future years (in thousands):

|           | Pension benefits |
|-----------|------------------|
| 2015      | \$ 1,327         |
| 2016      | 1,423            |
| 2017      | 1,583            |
| 2018      | 1,674            |
| 2019      | 1,765            |
| 2020      | 1,851            |
| 2021–2025 | 10,370           |

Expected benefit payments presented above are based on actuarial estimates. Actual benefit payments may vary significantly from these estimates. Management is not aware of any settlements or curtailments that would require additional recognition during 2014.

## ASANTE HEALTH SYSTEM AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

September 30, 2014 and 2013

#### (9) Net Patient Service Revenue

Asante has agreements with Medicare and Medicaid programs and various other payors, which provide for payments to Asante at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

*Medicare/Medicaid* – Inpatient acute care services rendered to these program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to patient classification systems that are based on clinical, diagnostic, and other factors. Medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. The majority of Medicare outpatient services are reimbursed based on the prospective payment system known as Ambulatory Payment Classification. Asante is reimbursed for cost reimbursable items at a tentative rate, with final settlement determined after submission of annual cost reports by Asante and audits thereof by the third-party payors.

Adjustments from finalization and adjustment of prior years' cost reports and other third-party settlement estimates resulted in an increase (decrease) in net patient service revenues of approximately \$1,661,000 and \$(1,334,000) for the years ended September 30, 2014 and 2013, respectively.

The composition of significant third-party payors for the years ended September 30, as a percentage of gross patient service revenues, is as follows:

|                                | <b>2014</b> | <b>2013</b> |
|--------------------------------|-------------|-------------|
| Medicare                       | 54%         | 55%         |
| Commercial and other insurance | 24          | 22          |
| Medicaid                       | 20          | 17          |
| Self-pay                       | 2           | 6           |
|                                | <u>100%</u> | <u>100%</u> |

Accounts receivable are reduced by allowances for contractually obligated deductions and for doubtful accounts. Allowances are calculated based on recent historical trends for every payor-source category. Management reviews and updates these calculations monthly. The difference between the standard rates and the amounts actually collected on patient accounts is charged off against these contractual allowances and allowances for doubtful accounts.

# ASANTE HEALTH SYSTEM AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

September 30, 2014 and 2013

### (10) Charity and Community Benefit

Asante provides services without charge, or at amounts less than its established rates, to patients who meet the criteria of its charity care policy. Asante also provides services to patients covered under government programs that pay less than established costs. The estimated cost of charges foregone is determined by multiplying forgone charges by the ratio of gross operating expenses divided by gross operating revenue. The estimated cost of charges foregone for these programs, plus other educational and community programs provided at no cost at September 30, are summarized in the chart below (in thousands):

|   | <u>2014</u>      | <u>2013</u>   |
|---|------------------|---------------|
| Cost of charges foregone:               |                  |               |
| Charity care services                   | \$ 12,372        | 21,432        |
| Medicaid services, net of reimbursement | 41,678           | 34,324        |
| Other public services                   | <u>3,497</u>     | <u>3,337</u>  |
| Total charity and government programs   | <u>57,547</u>    | <u>59,093</u> |
| Cost of other programs:                 |                  |               |
| Sponsorships and donations              | 235              | 98            |
| Community education and other           | <u>15,960</u>    | <u>15,303</u> |
| Total direct community programs         | <u>16,195</u>    | <u>15,401</u> |
| Total community benefit                 | <u>\$ 73,742</u> | <u>74,494</u> |

In addition to the community benefit summarized above, Asante provides services to Medicare patients for which reimbursement is estimated by management to be less than cost by approximately \$54,179,000 and \$60,128,000 for the years ended September 30, 2014 and 2013, respectively.

Asante prides itself on providing high quality, accessible, and cost-effective care in all areas, thus allowing it to achieve its mission, which includes offering a broad range of health programs and services to the community. In some cases, the revenues from these needed programs do not cover the costs of the program. These programs are offered due to community need, and so reflect additional support provided by Asante to the community. Among these services are Behavioral Health programs, Obstetrics, Maternal Fetal Medicine, and Lab Outreach programs.

Sponsorships and donations include funds donated to social service and community agencies for healthcare and community related activities.

Community education includes programs offered by Asante to support and improve the quality of healthcare programs and services available to the residents of Southern Oregon and Northern California. The programs are low cost or free to participants. Examples include health programs for women and children, senior wellness services, health screenings, and immunizations.

# ASANTE HEALTH SYSTEM AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

September 30, 2014 and 2013

### (11) Functional Classification of Operating Expenses

The following is a summary of management's functional classification of operating expenses for the years ended September 30 (in thousands):

|   |    | <b>2014</b>    | <b>2013</b>    |
|---|----|----------------|----------------|
| Patient care services                     | \$ | 475,463        | 403,402        |
| Support services and administrative costs |    | 142,317        | 122,545        |
|   | \$ | <u>617,780</u> | <u>525,947</u> |

### (12) Fair Value Measurements

The estimated fair value of certain assets and liabilities is reflected in the accompanying consolidated balance sheets in the following manner: the carrying amount of cash and cash equivalents, accounts receivable, inventory, accounts payable, accrued payroll, payroll taxes and related benefits, other current liabilities, and estimated reimbursement due to governmental agencies approximates fair value of these instruments due to short-term maturities. Fair values of marketable securities and assets whose use is limited are based on quoted market prices, if available, or estimated using quoted market prices for similar securities, as described in note 3.

The estimated fair value of long-term debt is shown below (in thousands):

|  |    | <b>2014</b>            |                   | <b>2013</b>            |                   |
|--|----|------------------------|-------------------|------------------------|-------------------|
|  |    | <b>Carrying amount</b> | <b>Fair value</b> | <b>Carrying amount</b> | <b>Fair value</b> |
| Long-term debt and capital lease obligations | \$ | 288,455                | 299,311           | 349,730                | 339,879           |

### (13) Investments in Healthcare Ventures

Asante has the following investments in healthcare ventures at September 30 (in thousands):

|  | <b>Ownership</b> |    | <b>2014</b>  | <b>2013</b>  |
|--|------------------|----|--------------|--------------|
| CVI Real Property, LLC                 | 25%              | \$ | 416          | 450          |
| CVISO Management Company, LLC          | 25               |    | 207          | 213          |
| Grants Pass Surgery Center, LLC        | 35               |    | —            | 87           |
| Population Health Alliance of Oregon   | 14               |    | 666          | —            |
| Southern Oregon Linen Services         | 39               |    | 770          | 667          |
| Surgery Center of Southern Oregon, LLC | 20               |    | 1,090        | 880          |
| The Women's Center LLC                 | 50               |    | 406          | 471          |
| Others                                 | varies           |    | 196          | 346          |
|  |                  | \$ | <u>3,751</u> | <u>3,114</u> |

## ASANTE HEALTH SYSTEM AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

September 30, 2014 and 2013

The investments in these ventures are accounted for on the equity method and are included in other assets, net, in the accompanying consolidated balance sheets. Income (net) from the equity investments in joint ventures, which was \$1,570,000 and \$698,000 for the years ended September 30, 2014 and 2013, respectively, is included in other operating revenue in the accompanying consolidated statements of operations.

#### **(14) Commitments and Contingencies**

##### **(a) Operating Leases**

Asante leases various buildings, office space, and equipment under noncancelable operating leases. These leases expire at various times and have various renewal options. Rent expense related to these leases was \$4,242,000 and \$3,950,000 for the years ended September 30, 2014 and 2013, respectively. Future minimum lease commitments at September 30, 2014 under noncancelable operating leases with initial terms of one year or more are as follows (in thousands):

|            |    |       |
|------------|----|-------|
| 2015       | \$ | 3,716 |
| 2016       |    | 2,577 |
| 2017       |    | 2,239 |
| 2018       |    | 2,058 |
| 2019       |    | 1,569 |
| Thereafter |    | 6,999 |

##### **(b) Litigation**

Asante is involved in litigation and other routine regulatory investigations arising in the ordinary course of business. In management's opinion, after consultation with legal counsel, these matters will be resolved without material adverse effect on Asante's consolidated financial position or results from operations.

##### **(c) Regulatory Environment**

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government agencies are actively conducting investigations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs, along with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that Asante is in compliance with the fraud and abuse regulations as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

## **ASANTE HEALTH SYSTEM AND SUBSIDIARIES**

### **Notes to Consolidated Financial Statements**

September 30, 2014 and 2013

**(d) *Collective Bargaining Agreements***

Approximately 17% of Asante's employees are covered by a collective bargaining agreement. All are bedside nurses with the Oregon Nurses Association. One contract covers all of the employees in this bargaining unit, and the current contract expires June 30, 2017.

**(e) *Purchase Commitments***

Asante has committed to various construction and information technology purchases, including a new electronic medical records system. As of September 30, 2014, the future commitments for these projects total approximately \$9,053,000.

**(15) Subsequent Events**

Asante has evaluated the impact of subsequent events through January 2, 2015, the date on which the consolidated financial statements were issued, and has determined that all subsequent events have been appropriately reflected in the accompanying consolidated financial statements.



**ASANTE HEALTH SYSTEM AND SUBSIDIARIES**

Consolidating Schedule – Balance Sheet Information

September 30, 2014

(In thousands)

| <b>Assets</b>                                       | <b>Asante<br/>obligated<br/>group</b> | <b>Other<br/>affiliates</b> | <b>Eliminations</b> | <b>Consolidated<br/>total</b> |
|---|---------------------------------------|-----------------------------|---------------------|-------------------------------|
| Current assets                                      |                                       |                             |                     |                               |
| Cash and cash equivalents                           | \$ 43,506                             | 1,652                       | —                   | 45,158                        |
| Assets whose use is limited, current<br>portion     | 10,173                                | —                           | —                   | 10,173                        |
| Patient accounts receivable, net                    | 77,201                                | 9,515                       | —                   | 86,716                        |
| Accrued interest and other receivables              | 1,246                                 | 715                         | —                   | 1,961                         |
| Inventories   | 5,677                                 | 326                         | —                   | 6,003                         |
| Prepaid expenses                                    | 5,513                                 | 356                         | —                   | 5,869                         |
| Total current assets                                | <u>143,316</u>                        | <u>12,564</u>               | <u>—</u>            | <u>155,880</u>                |
| Intercompany receivable (payable)                   | (2,297)                               | 2,297                       | —                   | —                             |
| Assets whose use is limited                         |                                       |                             |                     |                               |
| Restricted by donors                                | —                                     | 7,552                       | —                   | 7,552                         |
| Held by ACH Foundation                              | —                                     | 1,431                       | —                   | 1,431                         |
| Board-designated assets                             | 10,173                                | 16,076                      | —                   | 26,249                        |
| Less amount required to meet current<br>obligations | <u>10,173</u>                         | <u>—</u>                    | <u>—</u>            | <u>10,173</u>                 |
|   | —                                     | 25,059                      | —                   | 25,059                        |
| Marketable securities                               | 469,130                               | 19,362                      | —                   | 488,492                       |
| Property, plant, and equipment, net                 | 292,546                               | 29,771                      | —                   | 322,317                       |
| Land held for future use                            | 12,960                                | —                           | —                   | 12,960                        |
| Beneficial interest in Foundation                   | 23,498                                | —                           | (23,498)            | —                             |
| Other assets, net                                   | <u>25,056</u>                         | <u>533</u>                  | <u>—</u>            | <u>25,589</u>                 |
| Total assets  | <u>\$ 964,209</u>                     | <u>89,586</u>               | <u>(23,498)</u>     | <u>1,030,297</u>              |

**ASANTE HEALTH SYSTEM AND SUBSIDIARIES**

Consolidating Schedule – Balance Sheet Information

September 30, 2014

(In thousands)

| <b>Liabilities and Net Assets</b>                                       | <b>Asante<br/>obligated<br/>group</b> | <b>Other<br/>affiliates</b> | <b>Eliminations</b> | <b>Consolidated<br/>total</b> |
|---|---------------------------------------|-----------------------------|---------------------|-------------------------------|
| Current liabilities   |                                       |                             |                     |                               |
| Accounts payable  | \$ 13,160                             | 4,088                       | —                   | 17,248                        |
| Payroll, payroll taxes, and related benefits                            | 25,518                                | 1,536                       | —                   | 27,054                        |
| Self-insurance liability, current portion                               | 7,620                                 | 2,759                       | —                   | 10,379                        |
| Estimated reimbursement due to<br>governmental agencies, net            | 526                                   | 940                         | —                   | 1,466                         |
| Current portion of pension benefit<br>obligation                        | —                                     | 3,491                       | —                   | 3,491                         |
| Other current liabilities   | 18,282                                | 1,610                       | —                   | 19,892                        |
| Current portion of long-term and capital<br>lease obligations           | 9,781                                 | 392                         | —                   | 10,173                        |
| <b>Total current liabilities</b>  | <b>74,887</b>                         | <b>14,816</b>               | <b>—</b>            | <b>89,703</b>                 |
| Long-term debt and capital lease obligations,<br>net of current portion | 270,778                               | 7,504                       | —                   | 278,282                       |
| Pension benefit obligation  | —                                     | 19,204                      | —                   | 19,204                        |
| Other long-term liabilities   | 19,891                                | 7,050                       | —                   | 26,941                        |
| <b>Total liabilities</b>  | <b>365,556</b>                        | <b>48,574</b>               | <b>—</b>            | <b>414,130</b>                |
| Net assets  |                                       |                             |                     |                               |
| Unrestricted  | 591,250                               | 32,028                      | (16,095)            | 607,183                       |
| Temporarily restricted  | 3,628                                 | 4,379                       | (3,628)             | 4,379                         |
| Permanently restricted  | 3,775                                 | 4,605                       | (3,775)             | 4,605                         |
| <b>Total net assets</b>   | <b>598,653</b>                        | <b>41,012</b>               | <b>(23,498)</b>     | <b>616,167</b>                |
| <b>Total liabilities and net assets</b>                                 | <b>\$ 964,209</b>                     | <b>89,586</b>               | <b>(23,498)</b>     | <b>1,030,297</b>              |

See accompanying independent auditors' report

**ASANTE HEALTH SYSTEM AND SUBSIDIARIES**

Consolidating Schedule – Operations and Changes in Net Assets Information

Year ended September 30, 2014

(In thousands)

|  | <b>Asante<br/>obligated<br/>group</b> | <b>Other<br/>affiliates</b> | <b>Eliminations</b> | <b>Consolidated<br/>total</b> |
|--|---------------------------------------|-----------------------------|---------------------|-------------------------------|
| Unrestricted revenues, gains, and other support  |                                       |                             |                     |                               |
| Net patient service revenue  | \$ 558,219                            | 71,145                      | —                   | 629,364                       |
| Other operating revenue  | 11,698                                | 2,430                       | (2,315)             | 11,813                        |
| Total revenues, gains, and other support   | 569,917                               | 73,575                      | (2,315)             | 641,177                       |
| Operating expenses   |                                       |                             |                     |                               |
| Salaries and benefits  | 268,311                               | 67,518                      | —                   | 335,829                       |
| Supplies   | 108,108                               | 9,815                       | —                   | 117,923                       |
| Purchased services   | 24,070                                | 8,431                       | —                   | 32,501                        |
| Professional fees  | 6,496                                 | 3,615                       | —                   | 10,111                        |
| Repairs and maintenance  | 15,036                                | 1,043                       | —                   | 16,079                        |
| Insurance  | 3,769                                 | 5,373                       | (1,478)             | 7,664                         |
| Rent and utilities   | 7,860                                 | 2,482                       | —                   | 10,342                        |
| Interest   | 12,341                                | 458                         | —                   | 12,799                        |
| Depreciation   | 35,668                                | 1,869                       | —                   | 37,537                        |
| Provider tax expense   | 28,160                                | —                           | —                   | 28,160                        |
| Other  | 7,097                                 | 1,738                       | —                   | 8,835                         |
| Total operating expenses   | 516,916                               | 102,342                     | (1,478)             | 617,780                       |
| Operating income (loss)  | 53,001                                | (28,767)                    | (837)               | 23,397                        |
| Nonoperating income  | 40,652                                | 2,224                       | (110)               | 42,766                        |
| Excess (deficit) of revenues over expenses   | 93,653                                | (26,543)                    | (947)               | 66,163                        |
| Net asset transfer   | (19,079)                              | 19,079                      | —                   | —                             |
| Net assets released from restrictions used for purchases<br>of property, plant, and equipment, and other | 377                                   | 241                         | —                   | 618                           |
| Increase (decrease) in<br>unrestricted net assets  | 74,951                                | (7,223)                     | (947)               | 66,781                        |
| Temporarily restricted net assets  |                                       |                             |                     |                               |
| Contributions and investment income  | 2,467                                 | 2,721                       | (2,467)             | 2,721                         |
| Net assets released from restrictions  | (829)                                 | (1,064)                     | 822                 | (1,071)                       |
| Increase (decrease) in temporarily<br>restricted net assets  | 1,638                                 | 1,657                       | (1,645)             | 1,650                         |
| Permanently restricted net assets  |                                       |                             |                     |                               |
| Contributions and investment income  | 290                                   | 392                         | (289)               | 393                           |
| Increase (decrease) in permanently<br>restricted net assets  | 290                                   | 392                         | (289)               | 393                           |
| Increase (decrease) in net assets  | 76,879                                | (5,174)                     | (2,881)             | 68,824                        |
| Net assets, beginning of year  |                                       |                             |                     |                               |
| Unrestricted net assets  | 514,833                               | 39,245                      | (13,676)            | 540,402                       |
| Temporarily and permanently restricted net assets  | 6,941                                 | 6,941                       | (6,941)             | 6,941                         |
| Net assets, end of year  | \$ 598,653                            | 41,012                      | (23,498)            | 616,167                       |

See accompanying independent auditors' report