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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

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

OMB No 1545-0047

2013

Open to Public Inspection

A For the 2013 calendar year, or tax year beginning 10-01-2013 , 2013, and ending 09-30-2014

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

C Name of organization
TUALITY HEALTHCARE

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
335 SE EIGHTH AVENUE

City or town, state or province, country, and ZIP or foreign postal code
HILLSBORO, OR 97123

D Employer identification number
93-0430029

E Telephone number
(503) 681-1579

G Gross receipts $ 185,649,028

F Name and address of principal officer
Manuel Berman
335 SE 8th Avenue
Hillsboro, OR 97123

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

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

H(c) Group exemption number ▶

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

J Website: ▶ www tuality org

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

L Year of formation 1954

M State of legal domicile OR

Part I Summary

1 Briefly describe the organization's mission or most significant activities
Tuality Healthcare's Mission is to provide health care to the community with respect for human dignity and without regard for the recipient's ability to pay We believe that compassion encourages healing, that knowledge is the foundation of wellness, and that attention to quality and fiscal stability will enable us to continue to service the community

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	8
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	8
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	**5**	1,618
6	Total number of volunteers (estimate if necessary)	**6**	199
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	199,452
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-291,603

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	1,041,737	2,806,982
	9 Program service revenue (Part VIII, line 2g)	175,730,731	182,389,881
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	735,825	452,165
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	0	0
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	177,508,293	185,649,028
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	370,430	174,217
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	98,106,507	104,114,916
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶0		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	81,044,914	84,750,972
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	179,521,851	189,040,105
	19 Revenue less expenses Subtract line 18 from line 12	-2,013,558	-3,391,077

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	136,942,918	143,154,940
	21 Total liabilities (Part X, line 26)	69,669,818	73,908,640
	22 Net assets or fund balances Subtract line 21 from line 20	67,273,100	69,246,300

Part II Signature Block

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

Sign Here

****** | 2015-08-11
Signature of officer | Date

Tim Fleischmann CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Lester L Fordham				P00079631

Firm's name ▶ FORDHAM GOODFELLOW LLP | Firm's EIN ▶ 93-1298398

Firm's address ▶ 233 SE 2ND AVE
HILLSBORO, OR 971234016 | Phone no (503) 648-6651

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

Tuality Healthcare's Mission is to provide health care to the community with respect for human dignity and without regard for the recipient's ability to pay We believe that compassion encourages healing, that knowledge is the foundation of CONTINUED ON SCHEDULE O wellness, and that attention to quality and fiscal stability will enable us to continue to service the community

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

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

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

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses $ 183,268,097 including grants of $ 174,217) (Revenue $ 181,524,754)

The organization's primary exempt purpose is to provide cost-effective comprehensive high quality health care to members of the community Tuality Healthcare is a licensed 215-bed hospital and health services provider operating in Washington County, Oregon The Company operates its hospital at two locations, Tuality Community Hospital in Hillsboro, Oregon and Tuality Forest Grove Hospital in Forest Grove, Oregon In addition to acute care hospital services, the Company provides a wide array of outpatient diagnostic and treatment services throughout western Washington County In fiscal 2014, these facilities provided care CONTINUED ON SCHEDULE O for 20,148 in-patient acute care days, 42,257 emergency room visits, 17,622 urgent care visits, and 13,445 home health visits Please view our Community Benefit report found in the About Us section of our website, www tuality org, for a description of programs and charity care provided by Tuality Healthcare

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

4c (Code) (Expenses $ including grants of $) (Revenue $)

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses** ▶ 183,268,097

Part IV Checklist of Required Schedules

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	186		
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	1,618		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b			No
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 ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	**1a**	8		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O				
b	Enter the number of voting members included in line 1a, above, who are independent	**1b**	8		
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**		Yes	
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**		No
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	**16b**		

Section C. Disclosure

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

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

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

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

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

▶ Tim Fleischmann - Tuality Healthcare 335 SE Eighth Avenue
Hillsboro, OR 97123 (503) 681-1570

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) EUGENE ZURBRUGG SECRETARY OF THE BOARD	4 00	X		X				0	0	0
(2) FRED NACHTIGAL VICE CHAIRMAN OF THE BOARD	4 00	X		X				0	0	0
(3) CHARLES ROSENBLATT BOARD OF DIRECTORS	4 00	X						0	0	0
(4) MIKE FOGLIA BOARD OF DIRECTORS	4 00	X						0	0	0
(5) MARK ROSENBAUM CHAIRMAN OF THE BOARD	4 00	X		X				0	0	0
(6) LEN BERGSTEIN BOARD OF DIRECTORS	4 00	X						0	0	0
(7) DARELL LUMACO BOARD OF DIRECTORS	4 00	X						0	0	0
(8) MIKE HUNDLEY BOARD OF DIRECTORS	4 00	X						0	0	0
(9) RICHARD STENSON CEO, PRESIDENT	40 00			X				600,901	0	52,500
(10) MANUEL BERMAN CEO, PRESIDENT	40 00			X				324,361	0	40,500
(11) TIM FLEISCHMANN CHIEF FINANCIAL OFFICER	40 00			X				219,657	0	40,500
(12) JOHN COLETTI JR VP HEALTH CARE DEVELOPMENT	40 00				X			313,042	0	23,000
(13) EUNICE RECH CHIEF CLINICAL OFFICER	40 00				X			189,208	0	23,000
(14) PANJAK SAPRA CHIEF INFO OFFICER	40 00				X			192,078	0	0
(15) DANIEL JARMAN-MILLER MEDICAL DIRECTOR-CLINICS	40 00				X			188,875	0	0
(16) STUART CURRIE CHIEF MEDICAL OFFICER	40 00				X			345,652	0	0
(17) TODD SADOWSKI PHYSICIAN	40 00					X		523,294	0	0

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) ROBERT SCHMIDT PHYSICIAN	40 00					X		473,033	0	35,000
(19) GREGORY ROSENBLATT PHYSICIAN	40 00					X		485,012	0	35,000
(20) DAVID BUUCK PHYSICIAN	40 00					X		557,530	0	40,500
(21) PETER HAHN PHYSICIAN	40 00					X		488,231	0	0

1b	**Sub-Total**			
c	**Total from continuation sheets to Part VII, Section A**			
d	**Total (add lines 1b and 1c)**	4,900,874	0	290,000

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶99

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
SOUND PHYSICIANS PO BOX 742936 LOS ANGELES CA 90074	CONTRACT HOSPITALISTS	1,234,248
COMPHEALTH PO BOX 972651 DALLAS TX 753972651	RECRUITER	175,171
TUALITY HEALTH ALLIANCE PO BOX 548 HILLSBORO OR 97123	BENEFITS ADMINISTRATOR	109,855

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 ▶3

Part VIII Statement of Revenue

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

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . .	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations . . .	1d	636,400			
	e	Government grants (contributions)	1e	2,170,582			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f				
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f . . . . . ▶		2,806,982			
Program Service Revenue			Business Code				
	2a	NON MCR/MCD HOSP REV	621110	150,922,449	150,922,449		
	b	CAFETERIA	621110	665,675			665,675
	c	MANAGEMENT FEES	541610	199,452		199,452	
	d						
	e						
	f	All other program service revenue		30,602,305	30,602,305		
	g	**Total.** Add lines 2a–2f . . . . . ▶		182,389,881			
	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶		452,121			452,121
	4	Income from investment of tax-exempt bond proceeds . . ▶		44			44
	5	Royalties . . . . . ▶					
			(i) Real	(ii) Personal			
	6a	Gross rents					
	b	Less rental expenses					
	c	Rental income or (loss)					
	d	Net rental income or (loss) . . . . . ▶					
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory					
	b	Less cost or other basis and sales expenses					
	c	Gain or (loss)					
	d	Net gain or (loss) . . . . . ▶					
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from fundraising events . . ▶					
	9a	Gross income from gaming activities See Part IV, line 19 . . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from gaming activities . . ▶					
	10a	Gross sales of inventory, less returns and allowances . a					
	b	Less cost of goods sold . . b					
	c	Net income or (loss) from sales of inventory . . ▶					
		Miscellaneous Revenue	Business Code				
	11a						
	b						
	c						
	d	All other revenue					
	e	**Total.** Add lines 11a–11d . . . . . ▶					
	12	**Total revenue.** See Instructions . . . . . ▶		185,649,028	181,524,754	199,452	1,117,840

Part IX Statement of Functional Expenses

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

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States See Part IV, line 21	174,217	174,217		
2 Grants and other assistance to individuals in the United States See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	2,256,260		2,256,260	
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	79,667,469	79,667,469		
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	4,259,861	4,259,861		
9 Other employee benefits	10,938,937	10,652,054	286,883	
10 Payroll taxes	6,992,389	6,809,007	183,382	
11 Fees for services (non-employees)				
a Management				
b Legal	422,144	313,005	109,139	
c Accounting	1,295,108	1,241,907	53,201	
d Lobbying				
e Professional fundraising services See Part IV, line 17				
f Investment management fees				
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	9,563,963	9,171,087	392,876	
12 Advertising and promotion	609,400	609,400		
13 Office expenses	1,618,659	1,213,036	405,623	
14 Information technology				
15 Royalties				
16 Occupancy	7,385,536	7,385,536		
17 Travel	526,348	492,366	33,982	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	36,492	29	36,463	
20 Interest	1,089,324	1,089,324		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	7,108,200	6,397,380	710,820	
23 Insurance	1,990,537	1,791,483	199,054	
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 SUPPLIES	18,542,582	18,531,666	10,916	
b BAD DEBT EXP - DIRECT W	15,408,004	15,408,004		
c PROVIDER TAX	7,521,934	7,521,934		
d EQUIPMENT RENTAL AND MA	6,856,302	6,814,012	42,290	
e All other expenses	4,776,439	3,725,320	1,051,119	
25 **Total functional expenses.** Add lines 1 through 24e	189,040,105	183,268,097	5,772,008	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 ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

				(A) Beginning of year		(B) End of year
Assets	1	Cash–non-interest-bearing		29,885,339	1	38,078,652
	2	Savings and temporary cash investments			2	
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		28,743,414	4	28,536,233
	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		318,883	7	676,402
	8	Inventories for sale or use		2,629,142	8	2,682,904
	9	Prepaid expenses and deferred charges		1,856,564	9	2,184,677
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 163,003,620			
	b	Less accumulated depreciation	10b 128,687,180	34,538,302	10c	34,316,440
	11	Investments—publicly traded securities			11	
	12	Investments—other securities See Part IV, line 11		19,671,818	12	21,432,594
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		19,299,456	15	15,247,038
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		136,942,918	16	143,154,940
Liabilities	17	Accounts payable and accrued expenses		53,225,250	17	56,943,322
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		15,633,471	20	14,994,144
	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		632,295	23	1,123,275
	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		178,802	25	847,899
	26	**Total liabilities.** Add lines 17 through 25		69,669,818	26	73,908,640
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		67,166,100	27	69,113,700
	28	Temporarily restricted net assets		107,000	28	132,600
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		67,273,100	33	69,246,300
	34	Total liabilities and net assets/fund balances		136,942,918	34	143,154,940

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	185,649,028
2	Total expenses (must equal Part IX, column (A), line 25)	2	189,040,105
3	Revenue less expenses Subtract line 2 from line 1	3	-3,391,077
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	67,273,100
5	Net unrealized gains (losses) on investments	5	1,555,437
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	3,808,840
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	69,246,300

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
TUALITY HEALTHCARE

Employer identification number
93-0430029

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support** (Add lines 7 through 10)						

12 Gross receipts from related activities, etc (see instructions) **12**

13 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** . . . . . ▶☐

Section C. Computation of Public Support Percentage

14 Public support percentage for 2013 (line 6, column (f) divided by line 11, column (f)) **14**

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

16a **33 1/3% support test—2013.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support test—2012.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2013.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

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

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

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

Section A. Public Support

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

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support.** (Add lines 9, 10c, 11, and 12)						

14 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

15	Public support percentage for 2013 (line 8, column (f) divided by line 13, column (f))	15	
16	Public support percentage from 2012 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

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

19a **33 1/3% support tests—2013.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2012.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

20 **Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶☐

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

Facts And Circumstances Test		
Return Reference	Explanation	

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
TUALITY HEALTHCARE

Employer identification number
93-0430029

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

		(a) Current year	(b) Prior year	b (c) Two years back	(d) Three years back	(e) Four years back
1a	Beginning of year balance	5,255,722	4,571,447	4,008,067	4,442,993	4,402,566
b	Contributions	977,540	1,001,098	911,906	948,326	800,425
c	Net investment earnings, gains, and losses	632,924	773,916	688,295	-27,010	255,430
d	Grants or scholarships	14,069	13,609	22,507	23,876	31,410
e	Other expenditures for facilities and programs	1,110,757	1,077,130	1,014,315	1,332,366	984,018
f	Administrative expenses					
g	End of year balance	5,741,360	5,255,722	4,571,446	4,008,067	4,442,993

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

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶ 43 000 %
- c Temporarily restricted endowment ▶ 57 000 %

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

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

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

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land	2,407,626			2,407,626
b Buildings	56,506,437		47,505,755	9,000,682
c Leasehold improvements	6,152,590		876,104	5,276,486
d Equipment	97,670,005		80,305,321	17,364,684
e Other	266,962			266,962
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				34,316,440

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A) SECURITIES AND OTHER INVESTMENTS	21,432,594	F
Total. *(Column (b) must equal Form 990, Part X, col (B) line 12)* ▶	21,432,594	

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

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

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

(a) Description	(b) Book value
(1) OTHER ASSETS	14,795,938
(2) INTEREST IN NET ASSETS OF FOUNDATION	132,600
(3) GOODWILL	318,500
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	15,247,038

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

1 (a) Description of liability	(b) Book value
Federal income taxes	
AFFILIATES	847,899
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	847,899

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

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

1	Total revenue, gains, and other support per audited financial statements			1	188,854,300
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	1,555,437		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIII)	2d	1,649,835		
e	Add lines **2a** through **2d**			2e	3,205,272
3	Subtract line **2e** from line **1**			3	185,649,028
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII)	4b			
c	Add lines **4a** and **4b**			4c	0
5	Total revenue Add lines **3** and **4c.** (This must equal Form 990, Part I, line 12)			5	185,649,028

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	185,210,578
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIII)	2d			
e	Add lines **2a** through **2d**			2e	0
3	Subtract line **2e** from line **1**			3	185,210,578
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	3,829,527		
c	Add lines **4a** and **4b**			4c	3,829,527
5	Total expenses Add lines **3** and **4c.** (This must equal Form 990, Part I, line 18)			5	189,040,105

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 XI, Line 2d - Other Adjustments	EQUITY INCOME FROM JOINT VENTURES & SUBSIDIARIES 1,649,844 ROUNDING -9
Part XII, Line 4b - Other Adjustments	DIRECT WRITE-OFF METHOD IN EXCESS OF GAAP BAD DEBT EXPENSE 3,829,527

Part XIII Supplemental Information *(continued)*

Return Reference	Explanation

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
TUALITY HEALTHCARE

Employer identification number
93-0430029

Part I Financial Assistance and Certain Other Community Benefits at Cost

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

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			4,048,064		4,048,064	2 330 %
b Medicaid (from Worksheet 3, column a)			30,990,468	19,836,205	11,154,263	6 420 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			35,038,532	19,836,205	15,202,327	8 750 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			1,870,558		1,870,558	1 080 %
f Health professions education (from Worksheet 5)			376,069		376,069	0 220 %
g Subsidized health services (from Worksheet 6)			196,595	71,437	125,158	0 070 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			492,293		492,293	0 280 %
j **Total.** Other Benefits			2,935,515	71,437	2,864,078	1 650 %
k **Total.** Add lines 7d and 7j			37,974,047	19,907,642	18,066,405	10 400 %

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support						
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy			209,669		209,669	0 120 %
8 Workforce development						
9 Other						
10 **Total**			209,669		209,669	0 120 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2	5,127,898		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit	3			
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	48,663,917		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	67,015,908		
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-18,351,991		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

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

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

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—see instructions)
How many hospital facilities did the organization operate during the tax year? 2

	Name, address, primary website address, and state license number	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
	See Additional Data Table										

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group Tuality Community Hospital

If reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A) 1

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

Part V Facility Information *(continued)*

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

Part V Facility Information *(continued)*

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

- **a** ☑ Notified individuals of the financial assistance policy on admission
- **b** ☑ Notified individuals of the financial assistance policy prior to discharge
- **c** ☑ Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills
- **d** ☑ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- **e** ☐ Other (describe in Section C)

Policy Relating to Emergency Medical Care

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

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

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

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group Tuality Forest Grove Hospital

If reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A) 2

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

Part V Facility Information *(continued)*

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

Part V Facility Information *(continued)*

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

- **a** ☑ Notified individuals of the financial assistance policy on admission
- **b** ☑ Notified individuals of the financial assistance policy prior to discharge
- **c** ☑ Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills
- **d** ☑ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- **e** ☐ Other (describe in Section C)

Policy Relating to Emergency Medical Care

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

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

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

Part V Facility Information *(continued)*

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

Form and Line Reference	Explanation
See Additional Data Table	

Part V Facility Information *(continued)*

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

How many non-hospital health care facilities did the organization operate during the tax year? **17**

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

Part VI Supplemental Information

Provide the following information

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

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

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)

6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served

7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Form and Line Reference	Explanation
Part I, Line 7, Column (f)	The Bad Debt expense included on Form 990, Part IX, Line 25, Column (A), but subtracted for purposes of calculating the percentage in this column is $ 15,408,004

Form and Line Reference	Explanation
Part II, Community Building Activities	The Tuality Health Education Center is a hub for many community activities and organizations in the greater Hillsboro area The facility provides meeting space for a number of community organizations, ranging from the Hillsboro Rotary Club to Washington County Community Action The facility also plays host to dozens of Tuality sponsored classes and healthcare presentations These range from classes on diabetes, yoga and car seat safety to presentations by doctors and other healthcare providers on topics as diverse as COPD, stroke prevention and weight-loss surgery Tuality also provides free or low-cost blood pressure, cholesterol and blood glucose screenings at many community events

Form and Line Reference	Explanation
Part III, Line 4	Accounts receivable are stated at unpaid balances (net of contractual allowances) and are reduced by an allowance for amounts that could become uncollectible in the future Substantially all of the Company's receivables are related to providing healthcare services to its hospitals' patients The Company estimates the allowance for doubtful accounts by reserving a percentage of all self-pay accounts receivable without regard to aging category, based on collection history, adjusted for expected recoveries and, if present, anticipated changes in trends For all other non-self-pay payer categories, the Company reserves 100% of all accounts aging over 365 days from the date of discharge The percentage used to reserve for all self-pay accounts is based on the Company's collection history The Company collects substantially all of its third-party insured receivables, which include receivables from governmental agencies Collections are impacted by the economic ability of patients to pay and the effectiveness of the Company's collection efforts Significant changes in payer mix, business office operations, economic conditions or trends in federal and state governmental healthcare coverage could affect the Company's collection of accounts receivable and the estimates of the collectability of future accounts receivable The process of estimating the allowance for doubtful accounts requires the Company to estimate the collectability of self-pay accounts receivable, which is primarily based on its collection history, adjusted for expected recoveries and, if available, anticipated changes in collection trends The Company also continually reviews its overall reserve adequacy by analyzing current period net revenue and admissions by payer classification, aged accounts receivable by payer, and days revenue outstanding The allowance for uncollectible accounts is decreased by charge-offs (net of recoveries) Accounts receivable are written off after collection efforts have been followed in accordance with the Company's policies

Form and Line Reference	Explanation
Part III, Line 9b	In addition to referencing and accessing our internal Tuality Financial Assistance program (before, during, and after services are rendered), we also recognize other Portland providers' (hospitals, physician, ambulance, DME, etc) financial assistance determination (with written proof)

Form and Line Reference	Explanation
Part VI, Line 2	Tuality Healthcare's leadership interacts with the citizens of western Washington County in a variety of ways Tuality is actively involved as a sponsor in a long list of community events, from the Washington County Airshow, the premier airshow in the Pacific Northwest, to the North Plains Garlic Festival In addition, we engage our residents through our many partnerships with a host of worthwhile organizations like Pacific University, Virginia Garcia Memorial Health Center, Essential Health Clinic, Hospice of Washington County and many others Tuality strives to get feedback from our customers through surveys and questionnaires that tell us how well we are doing with current services, as well as what new and improved services may be needed by the community

Form and Line Reference	Explanation
Part VI, Line 3	Requests for financial assistance may be made at any point before, during, or after the provision of care Information related to eligibility for financial assistance is located in the lobbies of the hospital and available on the Tuality org website Financial assistance requests may be proposed by sources other than the patient, such as the patient's physician, family members, community or religious groups, social services, or hospital personnel Anyone wishing to make application for financial assistance with Tuality Healthcare will be given a Financial Assistance Application, which includes instructions on how to apply All private pay admits are screened for Medicaid/Social Security disability coverage and a hold is placed on the account while we assist the patient and /or their family in applying for government benefits

Form and Line Reference	Explanation
Part VI, Line 4	Tuality Healthcare serves a large geographic area of western Washington County that stretches from the suburban Portland cities of Aloha and Beaverton to the Coast Range The market includes the cities of Hillsboro and Forest Grove, sites of Tuality's two hospitals, plus smaller towns such as Cornelius, Gaston, North Plains and Banks This region is roughly 250,000 people and is one of the fastest growing areas in Oregon In addition, Tuality is one of the region's largest employers with a staff of over 1,600 Tuality provides financial, material and medical assistance to many community partners in the region Tuality Healthcare is designated a "Disproportionate Share Hospital" by the Centers for Medicare and Medicaid Services, due to the larger than normal percentage of care we provide to the low income and indigent population in our area

Form and Line Reference	Explanation
Part VI, Line 5	When it comes to community, everyone has a part to play For us, it's an honor and a duty to help those near us receive the best medical care possible That's why, since our beginnings in 1918, we've worked hard to provide quality, convenient care for people in western Washington County Today, we're the only local, independent, community-governed healthcare system in the area, offering inpatient and outpatient treatment, specialty services, health education, and more Of course, our goal isn't only to treat you when you're sick, but also to help you stay well For that reason, you'll often find us at local events and other public places, offering free or low-cost health screenings and educational courses For those who need it, we even provide transportation to and from medical appointments Many of these services are offered at Tuality Health Education Center and other locations We really are your neighbors! Many of our 1,600 employees live just a short distance from work Our larger facilities include Tuality Community Hospital in Hillsboro and Tuality Forest Grove Hospital In addition, we have numerous other medical centers and outpatient facilities By keeping up with the latest advances in medical science, we've earned a sterling reputation for the quality of our heart, cancer, stroke, and diagnostic imaging services In this way, we are able to offer the best possible medical care to the Tualatin Valley cities and communities in western Washington County, such as Aloha, Beaverton, Hillsboro, Forest Grove, Cornelius, and the smaller communities of the Coastal Range foothills

Form and Line Reference	Explanation
Part VI, Line 6	N/A

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

Additional Data

Software ID:
Software Version:
EIN: 93-0430029
Name: TUALITY HEALTHCARE

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
Tuality Community Hospital	Part V, Section B, Line 3 The Community Health Needs Assessment was conducted as a rigorous process with other health care organizations in the four-county Portland metropolitan areas as part of the Healthy Columbia Willamette Collaborative Community citizens were engaged through focus group participation, stakeholder interviews and advice from content experts Input from over 1,000 community stakeholders has helped establish the community health needs and the subsequent decision making process This input was collected indirectly by the Collaborative through other recently conducted community engagement projects Three phases of the assessment model used the Community Themes and Strengths Assessment, the Local Community Health System Assessment & Forces of Change Assessment, and Community Listening Sessions All engaged the community to help identify health needs in the region In August 2013, content experts from the identified health focus areas (Access to Affordable Health Care, Behavioral Health, and Chronic Disease) were invited to provide information regarding best practices and recommendations for strategies that the Collaborative could consider moving forward with These content experts contributed to the Collaborative's selection of final Health Improvement Teams (Access to Affordable Health, Suicide Prevention, Opiate Prescribing Policy, Breastfeeding Promotion, and Tobacco Prevention/Cessation) Because the Healthy Columbia Willamette Collaborative understands the importance of working with the community to ensure the process yields the most accurate results and is trusted by the public, in years two (June 2013-May 2014) and three (June 2014-May 2015) of the assessment there has been a larger role for the greater community to participate in decisions During year 2, the Collaborative invited community/content stakeholders to participate on each of the Health Improvement Teams to ensure that strategies were developed to maximize benefits to the regional community The Collaborative also worked with community partners to identify data gaps from the Community Health Needs Assessment and explore options on how to fill these gaps for future assessments

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
Tuality Forest Grove Hospital	Part V, Section B, Line 3 The Community Health Needs Assessment was conducted as a rigorous process with other health care organizations in the four-county Portland metropolitan areas as part of the Healthy Columbia Willamette Collaborative Community citizens were engaged through focus group participation, stakeholder interviews and advice from content experts Input from over 1,000 community stakeholders has helped establish the community health needs and the subsequent decision making process This input was collected indirectly by the Collaborative through other recently conducted community engagement projects Three phases of the assessment model used the Community Themes and Strengths Assessment, the Local Community Health System Assessment & Forces of Change Assessment, and Community Listening Sessions All engaged the community to help identify health needs in the region In August 2013, content experts from the identified health focus areas (Access to Affordable Health Care, Behavioral Health, and Chronic Disease) were invited to provide information regarding best practices and recommendations for strategies that the Collaborative could consider moving forward with These content experts contributed to the Collaborative's selection of final Health Improvement Teams (Access to Affordable Health, Suicide Prevention, Opiate Prescribing Policy, Breastfeeding Promotion, and Tobacco Prevention/Cessation) Because the Healthy Columbia Willamette Collaborative understands the importance of working with the community to ensure the process yields the most accurate results and is trusted by the public, in years two (June 2013-May 2014) and three (June 2014-May 2015) of the assessment there has been a larger role for the greater community to participate in decisions During year 2, the Collaborative invited community/content stakeholders to participate on each of the Health Improvement Teams to ensure that strategies were developed to maximize benefits to the regional community The Collaborative also worked with community partners to identify data gaps from the Community Health Needs Assessment and explore options on how to fill these gaps for future assessments

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
Tuality Community Hospital	Part V, Section B, Line 4 Adventist Medical Center, Clackamas County Public Health Division, Clark County Public Health Department, FamilyCare, Health Share of Oregon, Kaiser Sunnyside Hospital, Kaiser Westside Medical Center, Legacy Emanuel Medical Center, Legacy Good Samaritan Medical Center, Legacy Meridian Park Medical Center, Legacy Mount Hood Medical Center, Legacy Salmon Creek, Multnomah County Health Department, Oregon Health & Science University, PeaceHealth Southwest Medical Center, Providence Milwaukie, Providence Portland, Providence St Vincent, Providence Willamette Falls, Tuality Healthcare/Tuality Community Hospital and Washington County Public Health Division

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
Tuality Forest Grove Hospital	Part V, Section B, Line 4 Adventist Medical Center, Clackamas County Public Health Division, Clark County Public Health Department, FamilyCare, Health Share of Oregon, Kaiser Sunnyside Hospital, Kaiser Westside Medical Center, Legacy Emanuel Medical Center, Legacy Good Samaritan Medical Center, Legacy Meridian Park Medical Center, Legacy Mount Hood Medical Center, Legacy Salmon Creek, Multnomah County Health Department, Oregon Health & Science University, PeaceHealth Southwest Medical Center, Providence Milwaukie, Providence Portland, Providence St Vincent, Providence Willamette Falls, Tuality Healthcare/Tuality Community Hospital and Washington County Public Health Division

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
Tuality Community Hospital	Part V, Section B, Line 20d Average of all negotiated commercial insurance rates

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
Tuality Forest Grove Hospital	Part V, Section B, Line 20d Average rate of all negotiated commerial insurance rates

Form 990 Schedule H, Part V Section D. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

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

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

Name and address	Type of Facility (describe)
Tuality Urgent Care at Reedville 7545 SE Tualatin Valley Hwy Hillsboro, OR 97123	Urgent Care
Tuality Healthplace 1200 NE 48th Ave Ste 7000 Hillsboro, OR 97123	Urgent Care
TualityOHSU Cancer Center 299 SE 9th Ave Hillsboro, OR 97123	Urgent Care
Tuality Home Health 3201 19th Ave Ste F Forest Grove, OR 97116	Urgent Care
Orenco Station Medical Plaza 6355 NE Cornell Rd Hillsboro, OR 97123	Urgent Care
Tuality 8th Avenue Medical Plaza 364 SE 8th Ave Hillsboro, OR 97123	Urgent Care
Tuality 7th Avenue Medical Plaza 333 SE 7th Ave Hillsboro, OR 97123	Urgent Care
Tuality Forest Grove Medical Plaza 3201 19th Ave Forest Grove, OR 97116	Urgent Care
Hillsboro Internal Medicine 364 SE 8th Ave Ste 301 Hillsboro, OR 97123	Urgent Care
North Plains Medical Clinic 10245 NW Glencoe Rd North Plains, OR 97133	Urgent Care
Tuality Obstetrics & Gynecology 364 SE 8th Ave Ste 205 Hillsboro, OR 97123	Urgent Care
Westside Medical Clinic 21255 NW Jacobson Re Ste 500 Hillsboro, OR 97124	Urgent Care
Tuality Hillsboro Hematology & Oncology 364 SE 8th Ave Ste 105 Hillsboro, OR 97123	Urgent Care
Sunset Medical Clinic 10395 NW Glencoe Rd Suite 200 North Plains, OR 97133	Urgent Care
THP Orthopedic Sports Spine & Rehab 1200 NE 48th Ave Ste 1100 Hillsboro, OR 97124	Urgent Care

Form 990 Schedule H, Part V Section D. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

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

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

Name and address	Type of Facility (describe)
THP Neurosurgery 1200 NE 48th Ave Ste 1100 Hillsboro, OR 97124	Urgent Care
Westside Neurology 364 SE 8th Ave Ste 101 Hillsboro, OR 97123	Urgent Care

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
TUALITY HEALTHCARE

Employer identification number
93-0430029

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
See Additional Data Table							

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . ▶ 9

3 Enter total number of other organizations listed in the line 1 table . . . ▶ 1

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

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

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

Return Reference	Explanation
Part I, Line 2	Internal records document the award of grants or assistance and the intended use

Additional Data

Software ID:
Software Version:
EIN: 93-0430029
Name: TUALITY HEALTHCARE

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
Centro Cultural de Condad 1110 N Adair Cornelius,OR 97113	93-0606729	501 C (3)	10,000				VARIOUS COMMUNITY AND HEALTH ENRICHMENT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
City of Hillsboro P&R 4400 NW 229th Hillsboro, OR 97124	93-0978514	501 C (3)	5,000				VARIOUS COMMUNITY AND HEALTH ENRICHMENT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
Community Action Organization 1001 SW Baseline Hillsboro, OR 97124	93-0554941	501 C (3)	10,000				VARIOUS COMMUNITY AND HEALTH ENRICHMENT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
Hillsboro Tuesday Marketplace 400 E Main St Suite 140 Hillsboro, OR 97123	93-1249105	501 C (4)	7,500				VARIOUS COMMUNITY AND HEALTH ENRICHMENT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
Library Foundation of Hillsboro 2850 NE Brookwood Parkway Hillsboro,OR 97124	94-3107840	501 C (3)	5,000				VARIOUS COMMUNITY AND HEALTH ENRICHMENT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
Oregon International Airshow PO Box 37 Hillsboro,OR 97123	30-0143892	501 C (3)	6,900				VARIOUS COMMUNITY AND HEALTH ENRICHMENT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
Project Access Now PO Box 10953 Portland,OR 97296	20-8928388	501 C (3)	13,772				VARIOUS COMMUNITY AND HEALTH ENRICHMENT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
Southwest Community Health Center 7754 SW Capitol Hwy Portland, OR 97219	74-3050497	501 C (3)	20,000				VARIOUS COMMUNITY AND HEALTH ENRICHMENT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
Virginia Garcia Clinic PO Box 486 Cornelius,OR 97113	93-0717997	501 C (3)	68,750				VARIOUS COMMUNITY AND HEALTH ENRICHMENT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
Washington County Fairgrounds 1400 SW Walnut Hillsboro, OR 97123	93-0764165	501 C (3)	5,000				VARIOUS COMMUNITY AND HEALTH ENRICHMENT

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
TUALITY HEALTHCARE

Employer identification number
93-0430029

Part I Questions Regarding Compensation

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

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

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

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

(A) Name and Title	**(B)** Breakdown of W-2 and/or 1099-MISC compensation			**(C)** Retirement and other deferred compensation	**(D)** Nontaxable benefits	**(E)** Total of columns (B)(i)-(D)	**(F)** Compensation reported as deferred in prior Form 990
	(i) Base compensation	**(ii)** Bonus & incentive compensation	**(iii)** Other reportable compensation				
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, Line 4b	Richard Stenson - $534,223 paid in the fiscal year ended 9/30/2014 Part I, Line 4b Under the plan, Tuality Healthcare is obligated to contribute vested accrued benefits to the participant's plan account Contributions to the participant's plan account are made on a monthly basis at an amount equal to two thousand dollars per month

Additional Data

Software ID:
Software Version:
EIN: 93-0430029
Name: TUALITY HEALTHCARE

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				
RICHARD STENSON CEO, PRESIDENT	(I) (II)	78,678 0	0 0	522,223 0	52,500 0	0 0	653,401 0	522,223 0
MANUEL BERMAN CEO, PRESIDENT	(I) (II)	324,361 0	0 0	0 0	40,500 0	0 0	364,861 0	0 0
TIM FLEISCHMANN CHIEF FINANCIAL OFFICER	(I) (II)	219,657 0	0 0	0 0	40,500 0	0 0	260,157 0	0 0
JOHN COLETTI JR VP HEALTH CARE DEVELOPMENT	(I) (II)	313,042 0	0 0	0 0	23,000 0	0 0	336,042 0	0 0
EUNICE RECH CHIEF CLINICAL OFFICER	(I) (II)	189,208 0	0 0	0 0	23,000 0	0 0	212,208 0	0 0
PANJAK SAPRA CHIEF INFO OFFICER	(I) (II)	192,078 0	0 0	0 0	0 0	0 0	192,078 0	0 0
DANIEL JARMAN-MILLER MEDICAL DIRECTOR-CLINICS	(I) (II)	188,875 0	0 0	0 0	0 0	0 0	188,875 0	0 0
STUART CURRIE CHIEF MEDICAL OFFICER	(I) (II)	345,652 0	0 0	0 0	0 0	0 0	345,652 0	0 0
TODD SADOWSKI PHYSICIAN	(I) (II)	523,294 0	0 0	0 0	0 0	0 0	523,294 0	0 0
ROBERT SCHMIDT PHYSICIAN	(I) (II)	473,033 0	0 0	0 0	35,000 0	0 0	508,033 0	0 0
GREGORY ROSENBLATT PHYSICIAN	(I) (II)	485,012 0	0 0	0 0	35,000 0	0 0	520,012 0	0 0
DAVID BUUCK PHYSICIAN	(I) (II)	557,530 0	0 0	0 0	40,500 0	0 0	598,030 0	0 0
PETER HAHN PHYSICIAN	(I) (II)	488,231 0	0 0	0 0	0 0	0 0	488,231 0	0 0

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

▶ Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.
▶ Information about Schedule L (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
TUALITY HEALTHCARE

Employer identification number
93-0430029

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) Gregory Rosenblatt	Highly Compensated Employee Family Member of Director	471,236	Compensation for Physician Services		No

Part V Supplemental Information

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

Return Reference	Explanation

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.
▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
TUALITY HEALTHCARE

Employer identification number
93-0430029

990 Schedule O, Supplemental Information

Return Reference	Explanation
Form 990, Part VI, Section A, line 2	Gregory Rosenblatt snd Charles Rosenblatt have a family relationship
Form 990, Part VI, Section B, line 11	A copy of the 990 is reviewed by Tuality Healthcare's Chief Financial Officer It is then presented to the Tuality Healthcare Board of Directors for review, prior to being filed
Form 990, Part VI, Section B, line 12c	The organization regularly and consistently monitors and enforces compliance with the conf lict of interest policy by making it part of the employee's annual review Board members a re also required to review the policy annually All afore said parties are required to cer tify that they have read the conflict of interest policy, have disclosed any potential con flicts of interest, and agree to immediately notify the Compliance Officer if a conflict s hould arise Corrective actions are to be taken immediately to address any conflicts of in terest
Form 990, Part VI, Section B, line 15	The Executive group's compensation is periodically reviewed every 3-5 yrs by an independen t party, at the direction of the board of directors The Tuality Healthcare HR department annually reviews compensation for all others
Form 990, Part VI, Section C, line 19	The organization's tax returns are made available for public inspection on the follow ing w ebsite Guidestar org Governing documents are made available upon written request to the Chief Financial Officer of Tuality Healthcare
Form 990, Part XI, line 9	CHANGE IN INTEREST IN NET ASSETS UNDER FAS 136 25,600 DIRECT WRITE OFF METHOD IN EXCESS O F GAAP METHOD OF BAD DEBT EXPENSE 3,829,527 ROUNDING -58 EQUITY INCOME NET OF DISTRIBUTI ONS OF JT VENTURES 1,649,844 CHANGE IN MINIMUM PENSION LIABILITY UNDER FAS 158 -1,696,073

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
TUALITY HEALTHCARE

Employer identification number
93-0430029

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	(g) No
(1) Tuality Healthcare Foundation 334 SE 8th Avenue Hillsboro, OR 97123 93-0751507	Charitable Foundation	OR	501(C)(3)	7	Tuality Healthcare		No
(2) Tuality Property Management PO Box 309 Hillsboro, OR 97123 93-0840810	Exempt Organization Property Management	OR	501(C)(2)	N/A	Tuality Healthcare		No

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
(1) Tuality Management Systems Inc 335 SE 8th Avenue Hillsboro, OR 97123 93-0840778	Other Medical Services	OR	Tuality Healthcare	C		1,350,223	100 000 %		No

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

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

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

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) Tuality Management Systems Inc	L	199,452	Actual Cost
(2) Tuality Property Management	L	440,328	Actual Cost
(3) Tuality Healthcare Foundation	C	636,400	Cash
(4) Tuality Healthcare Foundation	O	353,634	Actual Cost
(5) Tuality Healthcare Foundation	Q	417,371	Cash

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

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

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

Part VII Supplemental Information

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

Return Reference	Explanation

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Form **4562**
Department of the Treasury
Internal Revenue Service (99)

Depreciation and Amortization
(Including Information on Listed Property)

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

OMB No 1545-0172

2013

Attachment Sequence No **179**

Name(s) shown on return	Business or activity to which this form relates	**Identifying number**
TUALITY HEALTHCARE	Form 990 Page 10	93-0430029

Part I **Election To Expense Certain Property Under Section 179**

Note: *If you have any listed property, complete Part V before you complete Part I.*

1	Maximum amount (see instructions)	1	500,000
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,000,000
4	Reduction in limitation Subtract line 3 from line 2 If zero or less, enter -0-	4	
5	Dollar limitation for tax year Subtract line 4 from line 1 If zero or less, enter -0- If married filing separately, see instructions	5	

6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost

7	Listed property Enter the amount from line 29	7	
8	Total elected cost of section 179 property Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2012 Form 4562	10	
11	Business income limitation Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2014 Add lines 9 and 10, less line 12 ▶	13	

Note: *Do not use Part II or Part III below for listed property. Instead, use Part V.*

Part II **Special Depreciation Allowance and Other Depreciation (Do not include listed property)** (See instructions)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III **MACRS Depreciation (Do not include listed property.)** (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2013	17	6,016,244
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ ☐		

Section B—Assets Placed in Service During 2013 Tax Year Using the General Depreciation System

	(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a	3-year property						
b	5-year property		2,066,902	5 0	MM	S/L	263,393
c	7-year property		1,790,608	7 0	MM	S/L	52,240
d	10-year property		1,022,871	10 0	MM	S/L	61,013
e	15-year property		9,617	15 0	MM	S/L	160
f	20-year property		144,417	20 0	MM	S/L	4,330
g	25-year property			25 yrs		S/L	
h	Residential rental property			27 5 yrs	MM	S/L	
				27 5 yrs	MM	S/L	
i	Nonresidential real property			39 yrs	MM	S/L	
					MM	S/L	

Section C—Assets Placed in Service During 2013 Tax Year Using the Alternative Depreciation System

20a	Class life				S/L	
b	12-year			12 yrs	S/L	
c	40-year			40 yrs	MM	S/L

Part IV **Summary** (see instructions.)

21	Listed property Enter amount from line 28	21	
22	**Total.** Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21 Enter here and on the appropriate lines of your return Partnerships and S corporations—see instructions	22	6,397,380
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V **Listed Property** (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)

Note: *For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete* ***only*** *24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.*

Section A—Depreciation and Other Information (Caution: *See the instructions for limits for passenger automobiles.***)**

24a Do you have evidence to support the business/investment use claimed? ☑ Yes ☐ No | **24b** If "Yes," is the evidence written? ☑ Yes ☐ No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation/ deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)						**25**		
26 Property used more than 50% in a qualified business use								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use								
		%				S/L -		
		%				S/L -		
		%				S/L -		
28 Add amounts in column (h), lines 25 through 27 Enter here and on line 21, page 1						**28**		
29 Add amounts in column (i), line 26 Enter here and on line 7, page 1							**29**	

Section B—Information on Use of Vehicles

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

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
30 Total business/investment miles driven during the year (**do not** include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal(noncommuting) miles driven												
33 Total miles driven during the year Add lines 30 through 32												
	Yes	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

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

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

	Yes	**No**
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions)		

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles

Part VI **Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2013 tax year (see instructions)					
43 Amortization of costs that began before your 2013 tax year				**43**	
44 Total. Add amounts in column (f) See the instructions for where to report				**44**	

Financial Statements

TUALITY HEALTHCARE

SEPTEMBER 30, 2014 and 2013

TUALITY HEALTHCARE

September 30, 2014

BOARD OF DIRECTORS

Mr. Len Bergstein
Mr. Mike Foglia
Mr. Michael Hundley
Dr. Darell Lumaco
Mr. Fred Nachtigal
Mr. Mark Rosenbaum
Dr. Charles Rosenblatt
Dr. Fred Williams (Ex-Officio)
Mr. Eugene Zurbrugg

OFFICERS

Mr. Mark Rosenbaum	Chairperson
Mr. Fred Nachtigal	Vice-Chairperson
Mr. Michael Hundley	Secretary/Treasurer

TUALITY HEALTHCARE

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FORDHAM GOODFELLOW

Certified Public Accountants • Technology Advisors

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Tuality Healthcare
Hillsboro, Oregon

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 audits 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 Tuality Healthcare as of September 30, 2014 and 2013 and the results of its operations, changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 39 through 41 and Tuality Healthcare Foundation, Inc. Summary of Operations and Changes in Net Assets on page 42 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits 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.

Gorthan Goodfellow, LLP

January 19, 2015
Hillsboro, Oregon

TUALITY HEALTHCARE

CONSOLIDATED BALANCE SHEETS
As of September 30, 2014 and 2013

	2014	2013
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 15,928,000	$ 12,313,000
Short-term investments	25,924,700	25,456,500
Patient accounts receivable, net of allowance for uncollectible accounts of $6,717,800 and $10,552,300	22,963,800	23,112,500
Other receivables	4,545,400	4,514,300
Inventory of supplies	3,091,600	2,963,900
Prepaid expenses and other	2,199,300	1,859,700
Current portion of assets whose use is limited	892,800	879,000
Total current assets	75,545,600	71,098,900
ASSETS WHOSE USE IS LIMITED		
Board designated funds	18,844,500	17,282,100
Under bond indenture agreement - held by Trustee	2,169,400	2,155,500
Donor restricted - specific purpose	3,173,100	2,666,100
Donor restricted - endowment	2,537,600	2,535,200
Required for current liabilities	(892,800)	(879,000)
Total assets whose use is limited	25,831,800	23,759,900
PROPERTY AND EQUIPMENT		
Property and equipment net of accumulated depreciation and amortization	39,377,300	39,811,000
OTHER ASSETS		
Other receivables - noncurrent	1,129,300	1,272,800
Investments	2,962,700	3,118,500
Held by Trustee - deferred compensation plan	-	234,300
Cash value of life insurance	418,700	-
Deferred costs and other	701,400	726,000
Intangible assets	2,044,400	1,970,000
Goodwill	318,500	100,000
Total other assets	7,575,000	7,421,600
	$ 148,329,700	$ 142,091,400

The accompanying notes are an integral part of these financial statements.

TUALITY HEALTHCARE

CONSOLIDATED BALANCE SHEETS (CONTINUED)
As of September 30, 2014 and 2013

	2014	2013
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 11,429,100	$ 10,787,500
Accrued payroll and employee benefits	10,617,100	8,794,200
Estimated liabilities for Medicare and Medicaid settlements	(106,900)	512,900
Long-term debt due within one year	1,122,200	1,267,500
Accrued bond interest payable	382,800	394,000
Total current liabilities	23,444,300	21,756,100
LONG-TERM LIABILITIES		
Long-term debt, net of amount due within one year	14,995,300	14,998,300
Liability for pension benefits	33,076,700	30,837,800
Other long-term liabilities	2,043,900	2,236,000
Total long-term liabilities	50,115,900	48,072,100
TOTAL LIABILITIES	73,560,200	69,828,200
NET ASSETS		
Unrestricted	69,028,100	67,007,500
Temporarily restricted by donors	3,203,800	2,720,500
Permanently restricted by donors	2,537,600	2,535,200
Total net assets	74,769,500	72,263,200
	$ 148,329,700	$ 142,091,400

The accompanying notes are an integral part of these financial statements.

TUALITY HEALTHCARE

CONSOLIDATED STATEMENTS OF OPERATIONS
For the years ended September 30, 2014 and 2013

	2014	2013
NET PATIENT SERVICE REVENUE		
Patient service revenue (net of contractual allowances and discounts)	$ 171,988,700	$ 167,204,100
Provision for bad debts	(11,587,000)	(16,294,600)
Total net patient service revenue	160,401,700	150,909,500
OTHER REVENUE	14,273,000	10,951,800
Total revenue	174,674,700	161,861,300
OPERATING EXPENSES		
Salaries and wages	82,031,400	77,339,100
Employee benefits	22,479,400	21,185,100
Supplies and other expenses	57,627,700	53,712,500
Professional fees	3,064,400	3,059,300
Depreciation	7,555,100	8,013,600
Interest	1,089,300	1,130,600
Total operating expenses	173,847,300	164,440,200
INCOME FROM OPERATIONS	827,400	(2,578,900)
OTHER INCOME		
Realized income on investments whose use is limited by board designation	526,000	1,054,800
Gain (loss) on investments in affiliated companies	752,900	1,114,200
Gain (loss) on disposal of property and equipment	14,200	(2,000)
Total other income	1,293,100	2,167,000
REVENUE IN EXCESS OF EXPENSES	2,120,500	(411,900)
Contributions for property and equipment acquisition	320,900	279,500
Change in net unrealized gain (loss) on other than trading securities	1,275,300	545,900
Pension-related changes	(1,696,100)	780,300
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ 2,020,600	$ 1,193,800

The accompanying notes are an integral part of these financial statements.

TUALITY HEALTHCARE

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
For the years ended September 30, 2014 and 2013

	2014	2013
UNRESTRICTED NET ASSETS		
Revenue in excess of expenses	$ 2,120,500	$ (411,900)
Contributions for property and equipment acquisition	320,900	279,500
Change in net unrealized gain (loss) on other than trading securities	1,275,300	545,900
Pension-related changes	(1,696,100)	780,300
Increase (decrease) in unrestricted net assets	2,020,600	1,193,800
TEMPORARILY RESTRICTED NET ASSETS		
Gifts, grants and bequests	975,200	992,300
Investment income (loss)	632,900	760,300
Net assets released from restrictions	(1,124,800)	(2,334,000)
Increase (decrease) in temporarily restricted net assets	483,300	(581,400)
PERMANENTLY RESTRICTED NET ASSETS		
Contributions for endowment funds	2,400	8,800
Increase (decrease) in permanently restricted net assets	2,400	8,800
INCREASE (DECREASE) IN NET ASSETS	2,506,300	621,200
NET ASSETS, beginning of year	72,263,200	71,642,000
NET ASSETS, end of year	$ 74,769,500	$ 72,263,200

The accompanying notes are an integral part of these financial statements.

TUALITY HEALTHCARE

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended September 30, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES AND GAINS AND LOSSES		
Change in net assets	$ 2,506,300	$ 621,200
Adjustments to reconcile change in net assets to net cash provided by operating activities and gains and losses:		
Depreciation and amortization	7,555,000	8,013,600
Amortization of finance costs	16,000	15,400
Provision for bad debts	11,587,000	16,294,600
Net realized and unrealized gain on investments	(2,148,400)	(2,192,800)
Gain on investment in affiliated companies	(878,100)	(1,114,200)
(Gain) loss on sale of assets	(14,200)	2,000
Restricted contributions and investment income received	(1,755,000)	(1,761,400)
Changes in:		
Accounts receivable	(11,325,900)	(17,327,600)
Inventories	(127,700)	(52,600)
Prepaid expenses and other	(315,000)	246,700
Accounts payable	449,500	279,700
Accrued payroll and employee benefits	4,061,800	(2,553,900)
Estimated liabilities for Medicare and Medicaid settlements	(619,800)	661,100
Accrued bond interest	(11,200)	(73,200)
Net cash provided by operating activities and gains and losses	8,980,300	1,058,600
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(6,299,000)	(6,701,700)
Proceeds from sales of property and equipment	15,000	20,700
Purchases of securities	(1,317,700)	(780,000)
Proceeds from sales of securities	1,146,500	5,363,100
Net investment in cash value life insurance	(418,700)	-
Cash received from corporate joint venture (net of investments)	1,033,900	914,500
Net cash used by investing activities	(5,840,000)	(1,183,400)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from restricted contributions and investment income	1,755,000	1,761,400
Principal payments on long-term debt	(1,280,300)	(5,051,700)
Net cash used by financing activities	474,700	(3,290,300)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,615,000	(3,415,100)
CASH AND CASH EQUIVALENTS, beginning of year	12,313,000	15,728,100
CASH AND CASH EQUIVALENTS, end of year	$ 15,928,000	$ 12,313,000

The accompanying notes are an integral part of these financial statements.

TUALITY HEALTHCARE

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
For the years ended September 30, 2014 and 2013

	2014	2013
SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 1,526,900	$ 1,147,300
SUPPLEMENTARY SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Property and equipment acquired through capital lease	$ 1,116,000	$ -

The accompanying notes are an integral part of these financial statements.

NOTE 1: SUMMARY OF ORGANIZATION AND ACCOUNTING POLICIES

Tuality Healthcare is a licensed 215-bed hospital and health services provider operating in Washington County, Oregon. The Company operates hospitals at two locations, Tuality Community Hospital in Hillsboro, Oregon, and Tuality Forest Grove Hospital in Forest Grove, Oregon. In addition to acute care hospital services, the Company provides a wide array of outpatient diagnostic and treatment services throughout western Washington County.

Tuality Healthcare is the parent company and sole member or stockholder of the following companies:

Tuality Management Systems, Inc. (TMSI), which owns taxable affiliated corporations and corporate joint ventures, including Tuality Medical Equipment Supply (TMES) that sells and rents medical durable goods.

Tuality Property Management, Inc., holding title to certain hospital-related real estate and property acquired for future hospital expansion or investment.

Tuality Healthcare Foundation, Inc., a foundation established for charitable and educational purposes for the benefit of the Tuality Healthcare health care system.

The organizations are non-profit corporations under the laws of the State of Oregon, maintaining tax-exempt status, except for Tuality Management Systems, Inc., which is a for-profit, taxable corporation.

Principles of consolidation:

The accompanying consolidated financial statements include the accounts of the Company and all majority-owned subsidiary companies. Subsidiaries in which the Company has less than a majority interest are generally accounted for by the equity method, which approximates the Company's equity in their underlying net book value. All significant intercompany accounts and transactions have been eliminated.

Use of estimates:

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

Subsequent events:

Management has evaluated subsequent events through January 19, 2015, the date the financial statements were available to be issued.

Accounts receivable:

Accounts receivable are stated at unpaid balances (net of contractual allowances) and are reduced by an allowance for amounts that could become uncollectible in the future. Substantially all of the Company's receivables are related to providing healthcare services to its hospitals' patients.

NOTE 1: SUMMARY OF ORGANIZATION AND ACCOUNTING POLICIES (Continued)

The Company estimates the allowance for doubtful accounts by reserving a percentage of all self-pay accounts receivable without regard to aging category, based on collection history, adjusted for expected recoveries and, if present, anticipated changes in trends. For all other non-self-pay payer categories, the Company reserves 100% of all accounts aging over 365 days from the date of discharge. The percentage used to reserve for all self-pay accounts is based on the Company's collection history. The Company collects substantially all of its third-party insured receivables, which include receivables from governmental agencies.

Collections are impacted by the economic ability of patients to pay and the effectiveness of the Company's collection efforts. Significant changes in payer mix, business office operations, economic conditions or trends in federal and state governmental healthcare coverage could affect the Company's collection of accounts receivable and the estimates of the collectability of future accounts receivable. The process of estimating the allowance for doubtful accounts requires the Company to estimate the collectability of self-pay accounts receivable, which is primarily based on its collection history, adjusted for expected recoveries and, if available, anticipated changes in collection trends. The Company also continually reviews its overall reserve adequacy by analyzing current period net revenue and admissions by payer classification, aged accounts receivable by payer, and days revenue outstanding.

The allowance for uncollectible accounts is decreased by charge-offs (net of recoveries). Accounts receivable are written off after collection efforts have been followed in accordance with the Company's policies.

Net patient service revenue:

Net patient service revenue is reported as the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Investments:

Gifts of investment property are reported at fair value at the date of receipt.

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheet.

The Company's investments in affiliated companies are reported on the equity method of accounting that approximates the Company's equity in the underlying net book value of affiliated companies. Short-term investments are stated at cost, which approximates market value.

Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in the excess of revenue over expenses unless the income or loss is restricted by donor or law. Investment income (loss) on investments of donor-restricted funds are added to (deducted from) the appropriate restricted fund balance. Unrealized gains and losses on investments are excluded from the performance indicator unless the investments are trading securities.

NOTE 1: SUMMARY OF ORGANIZATION AND ACCOUNTING POLICIES (Continued)

Statement of revenue and expenses:

For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as revenues and expenses. Peripheral or incidental transactions are reported as gains and losses.

Inventories:

Inventories, consisting of supplies, are valued at the lower of cost (first-in, first-out) or market.

Property and equipment:

Property and equipment are carried at cost. Any purchases of land, buildings, and equipment that have an expected useful life greater than one year and a cost greater than $5,000 are capitalized. Refurbishments or improvements that extend the useful life of an existing asset are also capitalized subject to the same cost materiality threshold of $5,000. Donated assets are carried at fair market value at date of donation. Leased assets under capital leases are carried at the present value of future lease payments. The carrying amounts of assets sold, retired, or otherwise disposed of and the related allowances for depreciation are eliminated from the accounts, and any resulting gain or loss is included in non-operating income or expense. Depreciation of property and equipment is provided by annual charges to expense on a straight-line basis over the expected useful lives of the assets. 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. The range of annual lives used in computing depreciation is as follows:

Buildings	10 - 50 years
Fixed equipment	15 - 20 years
Movable equipment	3 - 20 years

Intangible assets:

Intangible assets are recorded at cost and are amortized on a straight-line basis over the estimated useful life of the asset.

Goodwill:

Goodwill is not subject to amortization. Management tests goodwill for impairment on an annual basis. No adjustment for impairment was made for the years ended September 30, 2014 and 2013.

Federal and state income taxes:

The Company is a non-profit corporation and it is management's opinion that substantially none of its activities are subject to unrelated business income taxes. Certain subsidiaries, however, are subject to income taxes, although no significant amounts have been incurred to date.

NOTE 1: SUMMARY OF ORGANIZATION AND ACCOUNTING POLICIES (Continued)

Cash and cash equivalents:

For purposes of the statement of cash flows, the Company considers all highly liquid short-term investments with maturities of three months or less, at date of purchase or acquisition, to be cash equivalents except for assets whose use is limited.

Estimated malpractice claims:

The Company purchases professional and general liability insurance to cover medical malpractice claims. There are known claims and incidents that may result in the assertion of additional claims, as well as claims from unknown incidents that may be asserted arising from services provided to patients. The Company accrues an estimate of the ultimate costs for both reported claims and claims incurred but not reported as well as an estimate of expected insurance reimbursements.

Temporarily and permanently restricted net assets:

Temporarily restricted net assets are those whose use by the Company 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 the Company in perpetuity.

Donor-restricted funds:

Unconditional promises to give cash and other assets to the Company 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 a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying financial statements.

Income from operations:

Income from operations includes income from provision of patient services as well as other revenue consisting primarily of management fees, rental income, and realized investment income on other than board designated assets. Income from operations excludes certain items that the Company deems to be outside the scope of its primary business.

Excess of revenues over expenses:

This statement of operations includes excess of revenues over expenses. Changes in unrestricted net assets which are excluded from excess of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, permanent transfers of assets to and from affiliates for other than goods and services, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets)

NOTE 1: SUMMARY OF ORGANIZATION AND ACCOUNTING POLICIES (Continued)

Unamortized bond issue costs:

Costs totaling $885,000 associated with Hospital Revenue Bonds, Series 2001 have been capitalized and are amortized over the bond redemption period.

Other deferred costs are being amortized on a straight-line basis over their estimated useful lives.

Advertising:

The Company follows the policy of charging the cost of advertising to expense as incurred. Advertising expense was $609,400 and $338,400 for the years ended September 30, 2014 and 2013, respectively.

Reclassifications:

Certain amounts reported in the prior year financial statements have been changed to conform to the 2014 presentation.

NOTE 2: INVESTMENTS

Assets whose use is limited:

The Board of Directors has limited the use of certain assets by designation for the specific purpose of facilities expansion, renovation and equipment acquisitions. Other assets are held in Trust under bond indenture agreements. The use of certain assets is restricted by donors for specific purposes or permanent endowment. The composition of assets whose use is limited at September 30, 2014 and 2013, is set forth in the following table. Investments are shown at estimated fair value at September 30 of each year.

	2014	2013
Board Designated Funds		
Cash and short-term investments	$ 226,900	$ 183,300
Marketable equity securities	7,510,200	7,441,100
Interest in limited partnerships	11,107,400	9,657,700
	$ 18,844,500	$ 17,282,100
Under Bond Indenture Agreement		
Cash and short-term investments	$ 2,169,400	$ 2,155,500

NOTE 2: INVESTMENTS (Continued)

Assets whose use is limited (continued):

	2014	2013
Donor Restricted - Specific Purpose		
Common trust funds	$ 3,173,100	$ 2,666,100
Donor Restricted - Endowment		
Common trust funds	$ 2,537,600	$ 2,535,200

Other investments:

Short-term investments consist of the following at September 30,

	2014	2013
Mutual funds	$ 24,779,700	$ 24,522,600
Common trust funds - unrestricted	1,145,000	933,900
	$ 25,924,700	$ 25,456,500

Donor restricted and unrestricted funds include investments in common trust funds. Common trust fund investments consisted of the following at September 30,

	2014	2013
Long-term investment pool (includes endowment funds)		
Cash and cash equivalents	$ 249,800	$ 45,500
Equity securities	4,146,000	3,815,900
Fixed income securities	2,459,900	2,273,800
	$ 6,855,700	$ 6,135,200

Non-current investments consist of the following at September 30,

	2014	2013
Equity interest in Tuality/OHSU Cancer Center	$ 1,423,600	$ 1,466,300
Tuality Health Alliance, at cost	250,000	250,000
Minority and other interests in partnerships	1,289,100	1,402,200
	$ 2,962,700	$ 3,118,500

NOTE 2: INVESTMENTS (Continued)

Other equity investments recorded using the equity method of accounting include the following:

	2014		2013	
	% of Ownership	Investments	% of Ownership	Investments
Raines Dialysis Center	20.0%	$ 297,900	20.0%	$ 388,600
Northwest Hospital Partnership, Inc.	50.0%	208,200	50.0%	261,900
Mountain States Healthcare	5.0%	310,200	5.0%	310,200
Noble Woods	22.0%	467,800	22.0%	436,500
West Coast Sourcing	1.3%	5,000	1.3%	5,000
		$ 1,289,100		$ 1,402,200

Tuality/OHSU Cancer Center – The Company owns a 50% equity interest in Tuality/OHSU Cancer Center (TOCC), an Oregon Limited Liability Company operating a radiation treatment center. The Company made this investment in February 2001, and accounts for the investment under the equity method.

Tuality Healthcare charged TOCC management fees of $789,200 and $662,000 for 2014 and 2013, respectively.

TOCC leases its building from the Company under an agreement expiring in March 2016. Monthly rent payments are $10,700. Total rents received on this property amounted to $128,400 and $114,700 for the years ended September 30, 2014 and 2013, respectively.

Summarized financial information from the unaudited financial statements of TOCC is below, as of and for the years ending September 30, 2014 and 2013:

	Tuality/OHSU Cancer Center	
	2014	2013
Current assets	$ 1,329,400	$ 794,600
Non-current assets	2,548,100	2,441,500
Current liabilities	123,300	85,200
Non-current liabilities	907,300	218,300
Partners' equity	2,847,200	2,932,600
Revenues	$ 2,160,400	$ 1,922,100
Net income (loss)	(85,400)	373,700

NOTE 2: INVESTMENTS (Continued)

Tuality Health Alliance - The Company contributed initial capital of $250,000 to Tuality Health Alliance (the Alliance), an Oregon taxable, not-for-profit corporation organized to create an association of hospitals and physicians to coordinate the delivery of comprehensive, affordable, quality integrated healthcare services to communities served by the incorporator's hospital and physician members as well as other corporate purposes. Tuality Healthcare has a 33-1/3% representation on the board of the Alliance and is carrying their contribution as an investment at $250,000 (the cost of the initial capital contribution).

Tuality Healthcare charged the Alliance management fees of $3,499,400 and $2,274,800 for 2014 and 2013, respectively. Management fees receivable were $28,400 and $23,700 at September 30, 2014 and 2013, respectively.

The Alliance members provide medical care under the Oregon Health Plan (OHP) to certain patients who qualify under criteria established by the State of Oregon. The agreement under which these services are provided requires the Alliance to maintain certain levels of net worth. Based on interim financial statements for the nine months ended September 30, 2014, management believes the net worth requirements have been met.

The following table summarizes investment income and gains and losses for assets limited as to use, cash equivalents and other investments for the year ending September 30, 2014:

	Unrestricted	Temporarily Restricted	Total
Interest and dividend income	$ 470,200	$ 112,300	$ 582,500
Net realized and unrealized gains (losses)	352,500	520,700	873,200
Gain (loss) on investments in affiliated companies	752,900	-	752,900
Total investment income	1,575,600	633,000	2,208,600
Other changes in unrestricted net assets:			
Change in net unrealized gain (loss) on other than trading securities	1,275,300	-	1,275,300

NOTE 2: INVESTMENTS (Continued)

The following table summarizes investment income and gains and losses for assets limited as to use, cash equivalents and other investments for the year ending September 30, 2013:

	Unrestricted	Temporarily Restricted	Total
Interest and dividend income	$ 758,100	$ 113,300	$ 871,400
Net realized and unrealized gains (losses)	1,000,000	647,000	1,647,000
Gain (loss) on investments in affiliated companies	1,114,200	-	1,114,200
Total investment income	2,872,300	760,300	3,632,600
Other changes in unrestricted net assets:			
Change in net unrealized gain (loss) on other than trading securities	545,900	-	545,900

Investment income on board designated funds is included in non-operating activities on the statement of operations. All other investment income is included in operating activities.

Investment expenses were $66,800 and $53,000 for the years ending September 30, 2014 and 2013, respectively.

Investments made by the Tuality Healthcare Foundation shall be managed in accordance with the laws of the State of Oregon, and in ways that maximize overall return on investment with minimal risk to the investment, while promoting stability, flexibility, diversification, and liquidity. The Foundation is the recipient of many donor-restricted gifts, the expenditure of which occurs over time for a variety of charitable purposes. These funds, in addition to miscellaneous unrestricted funds, shall not be pooled with the endowed funds for investment purposes, as the investment objectives for these funds differ from the long-term objective of the endowed funds. These funds will be individually accounted for and will accrue pro-rata investment income until the principal amounts are distributed for their specific purposes. Non-endowed funds shall be invested in a combination of bonds and cash, with the goal of exposing the funds to very low risk. For non-endowed funds, any bonds held will be subject to limited maturity (three years). It is the Foundation's intention to hold these bonds to maturity whenever possible.

The Foundation will spend up to six percent of a three-year moving average of the total market value of the endowment assets annually to support community education programs and specific scholarships as designated by the various endowments. For purposes of determining the amount available to spend, the average will be calculated from the market value of the endowments on June 30 of each year.

NOTE 3: FAIR VALUE MEASUREMENTS

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Company has the ability to access.

- Level 2 inputs are inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly.

- Level 3 are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets.

NOTE 3: FAIR VALUE MEASUREMENTS (Continued)

Fair values of assets measured on a recurring basis at September 30, 2014 are as follows:

		Fair Value Measurements at Reporting Date Using		
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Short-term investments				
Cash and cash equivalents	$ 41,700	$ 41,700	$ -	$ -
Equity securities	692,400	692,400	-	-
Fixed income securities	17,737,000	17,737,000	-	-
Municipal income securities	7,453,500	7,453,500	-	-
Assets whose use is limited				
Board designated funds				
Cash and cash equivalents	226,900	226,900	-	-
Equity securities	7,510,200	7,510,200	-	-
Interest in limited partnership	11,107,400	-	11,107,400	-
Under bond indenture				
Cash and cash equivalents	2,169,400	2,169,400	-	-
Donor restricted				
Cash and cash equivalents	208,100	208,100	-	-
Equity securities	3,453,500	3,453,500	-	-
Fixed income securities	2,049,100	-	2,049,100	-
	$ 52,649,200	$ 39,492,700	$ 13,156,500	$ -

NOTE 3: FAIR VALUE MEASUREMENTS (Continued)

Fair values of assets measured on a recurring basis at September 30, 2013 are as follows:

		Fair Value Measurements at Reporting Date Using		
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Short-term investments				
Cash and cash equivalents	$ 6,900	$ 6,900	$ -	$ -
Equity securities	580,800	580,800	-	-
Fixed income securities	17,461,600	17,461,600	-	-
Municipal income securities	7,407,200	7,407,200	-	-
Assets whose use is limited				
Board designated funds				
Cash and cash equivalents	183,300	183,300	-	-
Equity securities	7,441,100	7,441,100	-	-
Fixed income securities	-	-	-	-
Interest in limited partnership	9,657,700	-	9,657,700	-
Under bond indenture				
Cash and cash equivalents	2,155,500	2,155,500	-	-
Donor restricted				
Cash and cash equivalents	38,600	38,600	-	-
Equity securities	3,235,000	3,235,000	-	-
Fixed income securities	1,947,700	-	1,947,700	-
Held by employee benefit trust				
Cash and cash equivalents	-		-	-
Equity securities	182,100	182,100	-	-
Fixed income securities	52,200	52,200	-	-
	$ 50,349,700	$ 38,744,300	$ 11,605,400	$ -

For long-term debt, the fair value is estimated based on the discounted value of the future cash flows using the estimates of the Company's borrowing rates. The carrying value and fair value of long-term debt was $16,117,500 and $17,996,500, respectively, as of September 30, 2014 and $16,265,800 and $17,000,800, respectively, as of September 30, 2013.

The carrying amount of other financial instruments approximates fair value because these items mature in less than one year.

NOTE 4: COMMUNITY BENEFITS

The Company's mission is to provide quality health care services and leadership in promoting health improvement to all persons in its service area on a non-discriminatory basis and without regard to ability to pay. The Company recognizes that not all individuals possess the ability to purchase essential medical services and that its mission includes serving the community with respect to providing health care service and health care education. In keeping with its commitment to serve all members of its community, the following are considered in the context of the individual's ability to pay and/or community need:

- free and /or subsidized care,
- care provided to persons covered by governmental programs at below charges, and
- health activities and programs to support the community

These activities include wellness programs, community education programs, health screenings, special programs for the elderly, handicapped, medically underserved, and a wide variety of broad community support activities.

Through its hospitals, the Company provides care to patients covered by governmental programs, such as Medicare and Medicaid, which reimburse at levels below the actual cost to provide this care. The amount of unpaid cost due to inadequate reimbursement under these programs was approximately $36,195,100 and $30,521,400 during the years ended September 30, 2014 and 2013, respectively. The Company also provides additional free care under its charity care policy. The cost of care provided under the Company's charity policy were estimated to be $4,318,000 and $5,321,800 during the years ended September 30, 2014 and 2013, respectively. The cost of charity care provided is based on the Company's relationship of cost to charge.

The Company reclassified $850,500 from bad debt to charity care during 2013.

NOTE 5: NET PATIENT SERVICE REVENUE AND PATIENT RECEIVABLES

The Company's patient service revenue before provision for doubtful accounts by payer for the years ending September 30, 2014 and 2013 was as follows:

	2014	2013
Medicare	$ 60,449,400	$ 64,262,900
Medicaid	20,038,300	15,828,800
HMOs, PPOs, and other private insurers	78,757,000	85,740,000
Self-pay	1,157,000	1,372,400
Patient service revenue	160,401,700	167,204,100

NOTE 5: NET PATIENT SERVICE REVENUE AND PATIENT RECEIVABLES (Continued)

The Company has agreements with third-party payers that provide for payments to the Company at amounts different from their established rates. A summary of the payment arrangements with major third-party payers follows:

Medicare:

Inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient nonacute services, and defined capital costs related to beneficiaries are paid based on a cost reimbursement methodology. The Company is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Company and audits thereof by the Medicare fiscal intermediary. The Company's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Company. The Company's Medicare cost reports have been audited by the Medicare fiscal intermediary through September 30, 2012.

Medicaid:

Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Company is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Company and audits thereof by the Medicaid fiscal intermediary.

The Company's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through September 30, 2011

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

There was no effect on 2014 or 2013 net patient service revenue due to changes in estimated settlements of previous years.

Other:

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

NOTE 5: NET PATIENT SERVICE REVENUE AND PATIENT RECEIVABLES (Continued)

Patient receivables are summarized as follows at September 30,

	2014	2013
Gross patient receivables	$ 63,857,500	$ 61,930,300
Less contractual allowances:		
Medicare and Medicare managed care	(16,034,700)	(14,965,500)
Medicaid and Medicaid managed care	(13,173,100)	(6,741,100)
Managed care plans	(4,310,000)	(5,933,500)
Workers compensation	(658,100)	(625,400)
	(34,175,900)	(28,265,500)
Patient receivables net of contractual allowances	29,681,600	33,664,800
Allowance for uncollectible accounts	(6,717,800)	(10,552,300)
Net patient accounts receivable	$ 22,963,800	$ 23,112,500

As of September 30, 2014 and 2013, the allowance for uncollectable accounts, plus certain contractual allowances related to self-pay patients, as a percentage of self-pay receivables was 79.7% and 81.8%, respectively.

NOTE 6: PROPERTY AND EQUIPMENT

A summary of property and equipment at September 30, 2014 and 2013 follows:

	2014	2013
Land and land improvements	$ 8,306,500	$ 8,306,500
Buildings and fixed equipment	86,743,900	86,127,000
Movable equipment	73,949,500	70,829,800
Equipment under capital leases	8,961,800	7,845,900
	177,961,700	173,109,200
Less accumulated depreciation and amortization	(143,865,100)	(136,398,000)
	34,096,600	36,711,200
Construction in progress	5,280,700	3,099,800
Property and equipment, net	$ 39,377,300	$ 39,811,000

Depreciation expense was $7,468,900 and $7,952,900 during the years ending December 31, 2014 and 2013, respectively.

NOTE 7: INTANGIBLE ASSETS AND GOODWILL

During the year ended September 30, 2009, the Company exchanged a parcel of land for parking rights in that same location over the course of 50 years. The value of the license of $1,928,700 is based on the estimated fair value of the transferred land plus cash that was paid as part of the transaction. A gain of $1,724,200 was recognized on the transaction. The Company began amortizing the license over the 50-year period once the parking spaces became available in August 2010.

During the year ended September 30, 2010, the Company purchased an oncology practice, resulting in the acquisition of goodwill of $100,000 and other intangible assets of $220,000. The goodwill is not amortized. The intangible assets are amortized over ten years.

During the year ended September 30, 2014, the Company purchased an orthopedic surgery practice and a neurosurgery practice, resulting in the acquisition of goodwill of $218,500 and other intangible assets of $160,500. The goodwill is not amortized. The intangible assets are amortized over the estimated useful lives of the assets, ranging from 2-10 years.

Intangibles and accumulated amortization at September 30, 2014 and 2013 are as follows:

	2014	2013
Parking license	$ 1,928,700	$ 1,928,700
Non-compete covenant and other	380,500	220,000
	2,309,200	2,148,700
Less accumulated amortization	(264,800)	(178,700)
	$ 2,044,400	$ 1,970,000

Amortization expense related to intangible assets was $86,200 and $60,600 for the years ended September 30, 2014 and 2013, respectively.

Estimated aggregate amortization expense for the next five fiscal years is as follows:

2015	$ 94,700
2016	$ 77,800
2017	$ 72,200
2018	$ 72,200
2019	$ 72,200

NOTE 8: LONG-TERM DEBT

Hospital Revenue Bonds, Series 2001, amounting to $15,000,000 were issued by the Company Facility Authority of Hillsboro, Oregon (the Authority) to fund the irrevocable trust, bond issue costs, financing for construction, and remodeling of hospital buildings and for the acquisition of equipment.

Under the terms of the loan agreements created pursuant to these issuances, Tuality Healthcare (The Obligated Group) agreed to provide funds sufficient to pay the principal and interest on the bonds as they become due and to pay any expenses of the Trustee. The Obligated Group recorded liabilities in the amount of the bonds payable to reflect these agreements. In order to secure the bonds, The Obligated Group granted security interests in the gross revenues from operations, equipment owned or leased located in the Company facilities, and mortgages on the Company real property.

The Obligated Group makes periodic payments to the Authority to satisfy the annual debt service requirements under the bond obligations.

Under the Original Master Indenture, as amended, the Obligor agreed to a number of covenants and conditions. Certain significant covenants, which have been met, are described, as follows:

Annual debt service coverage - Under the Master Indenture, the Obligor is to earn Net Income Available for Debt Service sufficient to achieve an Annual Debt Coverage Ratio of at least 1.20.

Reserve requirement - Under this provision, the Obligor is required to maintain a reserve account with the Bond Trustee, in an amount equal to the least of:

(a) 10% of the proceeds of the bonds,
(b) maximum annual bond service with respect to all outstanding bonds, or
(c) 125% of average annual bond service with respect to all outstanding bonds.

Liquidity - This provision requires the Obligor to maintain 60 days of cash on hand. Essentially, this is calculated as the total of unrestricted cash and investments divided by daily operating expenses reduced for depreciation. This test is performed April 1 and October 1 each year.

NOTE 8: LONG-TERM DEBT (Continued)

Long-term debt at September 30, consisted of the following:

	2014	2013
2001 Series bonds, annual interest payments of $788,100 at 4.65% until October 2012; variable annual payments, including principal and interest, from $1,271,600 to $1,276,400, until October 2031 at rates ranging from 4.65 % to 5.47 %.	$ 14,382,000	$ 14,851,000
Present value of net minimum capital lease obligations	1,735,500	1,414,800
Total debt	16,117,500	16,265,800
Less amounts due within one year	(1,122,200)	(1,267,500)
Long-term debt, due after one year	$ 14,995,300	$ 14,998,300

Long-term debt maturing in the next five years consists of:

Fiscal years ending	Long-term Debt	Capital Leases	Total
2015	$ 510,000	$ 612,200	$ 1,122,200
2016	519,600	403,000	922,600
2017	544,600	270,700	815,300
2018	569,600	229,400	799,000
2019	599,600	220,200	819,800
Thereafter	11,638,600	-	11,638,600
	$ 14,382,000	$ 1,735,500	$ 16,117,500

A summary of interest expense for the years ended September 30, is shown below.

	2014	2013
Interest expense:		
Interest costs	$ 1,030,700	$ 1,074,100
Amortization of deferred finance costs	58,600	56,500
Net interest expense incurred	$ 1,089,300	$ 1,130,600

NOTE 9: LONG-TERM LEASES

All non-cancelable leases have been categorized as capital or operating leases. The Company leases equipment and buildings under non-cancelable operating leases which expire at various dates between November 2014 and 2028.

The Company has operating leases for several office buildings expiring on five-year terms with various options to renew. The Company also has capital leases which consist of the following:

On August 29, 2008, the Company entered into a 60-month capital lease for equipment and furnishing costing $1,388,615.

On December 1, 2008, the Company entered into a 60-month capital lease for equipment costing $211,674.

On December 31, 2008, the Company entered into a 60-month capital lease for equipment costing $99,585.

On January 5, 2009, the Company entered into a 63-month capital lease for ultrasound equipment costing $546,605.

On July 29, 2009, the Company entered into a 60-month capital lease for hematology equipment costing $85,500.

On August 29, 2009, the Company entered into a 60-month capital lease for diagnostic laboratory equipment costing $596,000.

On December 5, 2011, the Company entered into a 60-month capital lease for digital mammography equipment costing $878,688.

On April 1, 2012, the Company entered into a 36-month capital lease for CT equipment costing $884,921.

On July 18, 2014 the Company entered into a 60-month lease for imaging equipment costing $1,115,923.

Property and equipment accounts include the following amounts for equipment leases that have been capitalized:

	2014	2013
Leased equipment	$ 8,961,800	$ 7,845,900
Less accumulated amortization (1)	(6,805,100)	(5,970,800)
	$ 2,156,700	$ 1,875,100

(1) Amortization is included in depreciation expense.

NOTE 9: LONG-TERM LEASES (Continued)

Minimum future obligations on leases in effect at September 30, 2014, are:

Fiscal years ending	Capital Leases	Operating Leases
2015	$ 651,200	$ 3,718,700
2016	427,900	3,585,800
2017	285,600	3,551,400
2018	238,100	3,439,500
2019	223,000	3,471,000
Thereafter	-	18,968,500
Total minimum lease payments	1,825,800	$ 36,734,900
Less amounts representing interest	(90,300)	
Present value of net minimum lease payments	$ 1,735,500	

Interest expense on the outstanding obligations under capital leases was $41,800 and $92,000 for the years ended September 30, 2014 and 2013, respectively. Rental expense under non-cancelable operating leases with initial terms of one year or greater was $3,614,900 and $3,483,600 for the years ended September 30, 2014 and 2013, respectively.

NOTE 10: PENSION PLAN COSTS

The Company has a defined benefit pension plan covering substantially all of its employees. The Company makes contributions to the plan in amounts sufficient to fund the plan's current service cost and the actuarially computed past service costs over a period of ten years. In August of 2012, the Board of Directors approved an amendment to freeze the defined benefit pension plan effective August 31, 2012. In conjunction with the freeze, the plan is now closed to new entrants and compensation no longer accrues. Current participants who are not yet vested will continue to accrue retirement benefits according to accumulated years of service for hours worked to become vested if they continue working for the Company.

Effective September 1, 2012, the Company established a cash balance retirement plan that covers substantially all of its employees. The plan benefits are based on compensation and years of service. The Company makes annual contributions and provides a defined interest credit to each employee's account.

The defined benefit pension plan and the cash balance retirement plan are collectively "the defined benefit plans".

In addition, during 1994 the Company established the Tuality Healthcare Performance Retirement Plan under which eligible employees may defer a portion of their annual compensation pursuant to Sections 403(b) and 401(k) of the Internal Revenue Code. The Company matches a portion of employee contributions on a discretionary basis. The Company accrued for contributions of $732,900 and $0 for the years ended September 30, 2014 and 2013, respectively.

NOTE 10: PENSION PLAN COSTS (Continued)

The following table sets forth the funded status of the defined benefit plans and amounts recognized in the Company's consolidated balance sheet as of September 30,

	2014	2013
Change in benefit obligation:		
Projected benefit obligation at October 1,	$ 88,547,224	$ 84,539,905
Service cost	2,702,325	2,605,737
Interest cost	4,217,569	3,952,478
Amendments	-	-
Actuarial (gain) loss	3,760,167	182,091
Expenses paid	(385,491)	(458,506)
Benefits paid	(2,750,175)	(2,274,481)
Projected benefit obligation at September 30,	$ 96,091,619	$ 88,547,224

	2014	2013
Change in plan assets:		
Fair value of assets at October 1,	$ 57,709,385	$ 52,036,960
Actual return on plan assets	4,557,224	2,875,411
Employer contribution	3,884,000	5,530,001
Expenses paid	(385,491)	(458,506)
Benefits paid	(2,750,175)	(2,274,481)
Fair value of assets at September 30,	$ 63,014,943	$ 57,709,385
Funded status	$ (33,076,676)	$ (30,837,839)

Amounts recognized in the consolidated balance sheet as of September 30 consisted of:

	2014	2013
Long-term liabilities	$ 33,076,700	$ 30,837,800

Amounts recognized as changes in unrestricted net assets but not yet included in net periodic pension cost as of September 30 consisted of:

	2014	2013
Net loss	$ 40,220,577	$ 39,621,905
Prior service cost	(8,790,777)	(9,888,178)
Total	$ 31,429,800	$ 29,733,727

NOTE 10: PENSION PLAN COSTS (Continued)

The accumulated benefit obligation for the defined benefit plans was $95,821,543 and $88,384,365 at September 30, 2014 and 2013, respectively.

	2014	2013
Components of net periodic benefit cost:		
Service cost	$ 2,702,325	$ 2,702,181
Interest cost	4,217,569	4,052,152
Expected return on plan assets	(4,379,769)	(4,143,706)
Amortization of prior service cost	(1,097,401)	(1,097,401)
Amortization of net transition obligation (asset)	-	-
Amortization of net actuarial (gain) loss	2,984,039	3,196,404
Net periodic pension cost	$ 4,426,763	$ 4,709,630

Functional classification of net periodic pension cost was as follows:

	2014	2013
Health care services	$ 4,259,861	$ 4,482,817
General and admininstrative	166,902	226,813
Total	$ 4,426,763	$ 4,709,630

The estimated net loss and prior service cost that will be amortized from changes in unrestricted net assets into net periodic pension cost over the next fiscal year are $3,058,477 and ($1,098,847), respectively.

NOTE 10: PENSION PLAN COSTS (Continued)

Assumptions:

	2014	2013
Weighted-average assumptions used to determine benefit obligations at September 30:		
Discount rate	4.60%	4.85%
Rate of compensation increase	n/a *	n/a
Weighted-average assumptions used to determine net periodic benefit cost for years ended September 30:		
Discount rate	4.85%	4.75%
Expected long-term return on plan assets	7.50%	7.50%
Rate of compensation increase	n/a *	n/a

*The rate of compensation increase used to determine net periodic benefit cost for the cash balance retirement plan is 4.00%. The annual compensation increase assumption used to determine benefit obligations for the cash balance retirement plan is 5.00% for 2014, 3.50% for 2015, and 3.00% for 2016 and thereafter.

The expected long-term rate of return on plan assets reflected the weighted-average expected return for the broad categories of investments currently held in the defined benefit plans (adjusted for expected changes), based on historical rates of return for each broad category, as well as factors that may constrain or enhance returns in the broad categories in the future.

Plan assets:

The composition of plan assets at September 30, 2014 and 2013 is as follows:

	2014	2013
Asset category		
Non-traded alternative	2.20%	2.30%
Cash	8.60%	11.40%
Equity	46.00%	47.80%
Equity income	7.30%	6.80%
Fixed	20.90%	20.10%
Hedged	15.00%	11.60%
Total	100.00%	100.00%

NOTE 10: PENSION PLAN COSTS (Continued)

The Company's investment policy is to manage the defined benefit plans with long-term (five years and more) objectives; with little concern for high current income or the need to maintain ready-cash reserves; and with the intent to achieve the highest practicable long-term rate of return without taking excessive risk that could jeopardize the funding policy or cause undue funding volatility. In consideration of this policy, the defined benefit plans will invest in a variety of asset classes (including short-term money-market securities, large-company common stocks, smaller-company common stocks, international common stocks and fixed income securities) and will diversify sufficiently within each asset class or may invest in index funds to minimize the risk of large losses.

Target allocation percentages for each major category of plan assets are as follows:

Non-traded alternative	0.00%
Cash	8.00%
Equity	40.00%
Equity income	7.00%
Fixed	20.00%
Hedged	25.00%
Total	100.00%

Cash flows:

The Company expects to contribute $4,900,000 to its pension plan in 2015.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

2015	$ 3,700,000
2016	4,200,000
2017	4,700,000
2018	5,000,000
2019	5,400,000
Following five years	31,000,000

NOTE 10: PENSION PLAN COSTS (Continued)

The following table presents the Company's pension plan assets measured at fair market value at September 30, 2014.

		Fair Value Measurements at Report Date Using:		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Interest-bearing cash	$ 1,855,919	$ 1,855,919	$ -	$ -
Equity securities:				
Fixed income	859,393	859,393	-	-
Large cap	1,924,291	1,924,291	-	-
Mid cap	677,648	677,648	-	-
Small cap	2,477,725	2,477,725	-	-
Investment contract with insurance company	3,893,953	-	-	3,893,953
Corporate bonds and debentures	1,138,686	-	1,138,686	-
Municipal bonds	177,127	-	177,127	-
U.S. Government securities	12,115	12,115	-	-
Alternative investments	1,324,185	579,830	-	744,355
Registered investment companies:				
Fixed income	16,043,225	16,043,225	-	-
Large cap	22,678,024	22,678,024	-	-
Mid cap	5,997,630	5,997,630	-	-
Small cap	3,955,022	3,955,022	-	-
Total	$ 63,014,943	$ 57,060,822	$ 1,315,813	$ 4,638,308

NOTE 10: PENSION PLAN COSTS (Continued)

The following table presents the Company's pension plan assets measured at fair market value at September 30, 2013.

		Fair Value Measurements at Report Date Using:		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Interest-bearing cash	$ 2,998,472	$ 2,998,472	$ -	$ -
Equity securities:				
Fixed income	809,864	809,864	-	-
Large cap	3,966,026	3,966,026	-	-
Mid cap	731,256	731,256	-	-
Small cap	2,020,009	2,020,009	-	-
Investment contract with insurance company	4,410,182	-	-	4,410,182
Corporate bonds and debentures	1,022,644	-	1,022,644	-
U.S. Government securities	22,190	22,190	-	-
Alternative investments	1,664,018	893,897	-	770,121
Registered investment companies:				
Fixed income	13,590,878	13,590,878	-	-
Large cap	16,642,227	16,642,227	-	-
Mid cap	5,401,173	5,401,173	-	-
Small cap	4,430,446	4,430,446	-	-
Total	$ 57,709,385	$ 51,506,438	$ 1,022,644	$ 5,180,303

NOTE 10: PENSION PLAN COSTS (Continued)

Level 1 Fair Value Measurements:

The fair value of pooled separate accounts, investments with registered investment companies, and equity securities is based on quoted market prices.

Level 2 Fair Value Measurements:

The fair value of corporate bonds and debentures for which quoted market prices are not available is valued based on yields currently available on comparable securities of issuers with similar credit ratings.

Level 3 Fair Value Measurements:

The fair value of the investment contract is based on a unit value basis, which approximates fair value. Prices are generally obtained directly from the fund house or other investment provider. The contract value of the funds held in the Guaranteed Deposit Account, which approximates fair value, generally represents principal plus accrued interest. The fair value of alternative investments is based on a net asset value per share. Net asset value per share was obtained directly from the financial statements of the issuer.

The following table reconciles the beginning and ending balances of fair value measurements using significant unobservable inputs for the years ending September 30, 2014 and 2013.

	Investment Contract with Insurance Company	Alternative Investments	Total
Balance at October 1, 2012	$ 4,494,434	$ 2,353,467	$ 6,847,901
Total gains or losses (realized and unrealized) included in income	(345,962)	(54,772)	(400,734)
Purchases	6,280,001	250,000	6,530,001
Sales	(6,018,291)	(1,778,574)	(7,796,865)
Balance at September 30, 2013	4,410,182	770,121	5,180,303
Total gains or losses (realized and unrealized) included in income	183,374	(25,766)	157,608
Purchases	2,928,969	-	2,928,969
Sales	(3,628,572)	-	(3,628,572)
Balance at September 30, 2014	$ 3,893,953	$ 744,355	$ 4,638,308

NOTE 11: FUNCTIONAL EXPENSES

Tuality Healthcare provides general health care services to residents within its geographic location. Expenses related to providing these services are as follows for the years ended September 30.

	2014	2013
Health care services	$ 168,075,300	$ 158,778,300
General and administrative	5,772,000	5,661,900
	$ 173,847,300	$ 164,440,200

Fundraising expense for the years ending September 30, 2014 and 2013 was $216,700 and $219,200, respectively.

NOTE 12: CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Company to concentrations of credit risk consist of the following:

Cash:

The Company maintains its cash balances at several financial institutions located in Washington County, Oregon. As of September 30, 2014, accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000. At September 30, 2014, the Company's uninsured cash balances totaled $13,597,600.

Patient receivables:

The mix of patient receivables was as follows at September 30,

	2014	2013
Medicare and medicare managed care	39.50%	38.00%
Medicaid and medicaid managed care	29.60%	15.60%
Managed care plans	19.80%	27.90%
Workers compensation	2.00%	2.10%
Other	9.10%	16.40%
	100.00%	100.00%

Promises to give receivable:

Credit risk for promises to give is concentrated because substantially all of the balances are receivable from individuals located within the same geographic location as the Company. The receivable for promises to give at September 30, 2014, was $30,700.

NOTE 13: COMMITMENTS AND CONTINGENCIES

During the normal course of its operations the Company becomes involved in litigation and regulatory investigations.

Effective August 1, 2004 through August 30, 2010, Tuality Healthcare, with four other Oregon hospitals, was part of a captive insurance arrangement in Nevada organized by Health Futures, LLC (HFIE). Each of the members of the HFIE Risk Retention Group were self-insured up to $100,000 per occurrence. The HFIE Risk Retention Group was directly responsible for costs per claim between $100,000 and $500,000 and had purchased an excess liability (reinsurance) policy for costs over $500,000 per occurrence to $250,000,000 in aggregate. The insurance was on a claims-made basis.

Effective September 1, 2010, Tuality Healthcare transitioned its status as a subscriber and insured under HFIE, and entered into a different captive insurance arrangement with Mountain States Healthcare Reciprocal Retention Group (MSH) along with other member hospitals. Tuality Healthcare's commitment is for a period to be no less than 5 years. All claims under the MSH policy are subject to a $25,000 deductible indemnity payment per claim. The limits provided in the primary policy issued by MSH shall be $1,000,000 per claim and $3,000,000 annual aggregate for general and hospital professional liability, and $1,000,000 per claim and $3,000,000 annual aggregate for physician professional liability. An excess/umbrella insurance program exists for general and hospital professional liability and provides limits in 4 separate layers and is reinsured by CNA (first excess layer), Zurich (next two excess layers), and Chartis (last excess layer) insurance companies. Each layer provides limits of $5,000,000 per claim and $5,000,000 annual aggregate per hospital and $15,000,000 annual aggregate for all hospitals participating in that layer. Total limits for the hospitals that participate in all four layers are $20,000,000 per claim, $20,000,000 annual aggregate per hospital and $60,000,000 annual aggregate for all hospitals combined. During the initial period of Tuality Healthcare's participation, September 1, 2010 through December 31, 2010, only the first three layers apply to Tuality Healthcare. After January 1, 2011 all four excess layers apply. The insurance is on a claims-made basis.

General and professional liability costs, as well as related expected insurance recoveries, have been accrued based on actuarial determination and have been discounted using a rate of 1.25%. The amount accrued at December 31, 2014 and 2013 for general and professional liability risks was $3,930,500 and $4,300,000, respectively. The related insurance receivable recorded at December 31, 2014 and 2013 was $2,125,500 and $2,402,500, respectively. After consultation with its legal counsel, management believes that these matters will be resolved without material adverse effect on the Company's future financial position.

Tuality Healthcare has an employee medical benefit plan to self-insure claims up to $150,000 per year for each individual covered, with an individual lifetime maximum benefit of $2,000,000. This self-insured medical benefit plan operates on a calendar year basis and is administered by a third party administrator. Claims above $150,000 per individual are covered by an excess medical indemnity (reinsurance) policy. Tuality Healthcare and its covered employee dependents contribute to the fund to pay medical claims and reinsurance premiums. At September 30, 2014, management has made provisions which it believes to be sufficient to cover estimated claims, including claims incurred but not yet reported.

NOTE 13: COMMITMENTS AND CONTINGENCIES (Continued)

Guarantee of debt:

The Company, jointly with OHSU, is a guarantor of debt and lease obligations of TOCC. The Company's guaranteed portion of TOCC's debt and lease obligations totaled approximately $453,700 at September 30, 2014 and $109,100 at September 30, 2013. The guarantees are scheduled to expire November 2018. Examples of events that would require the Company to provide a cash payment pursuant to the guarantees include a loan default, which would result from TOCC's failure to service its debt when due or noncompliance with financial covenants. There is currently no recorded liability for potential losses under these guarantees, nor is there any liability for the Company's obligation to *stand ready* to fund such guarantees.

NOTE 14: PROMISES TO GIVE

At September 30, 2014, there were no conditional promises to give. Unconditional promises to give at September 30 are as follows:

	2014	2013
Receivable in less than one year	$ 7,200	$ 32,500
Receivable in one to five years	27,500	26,500
Total unconditional promises to give	34,700	59,000
Less discounts to net present value	(4,000)	(4,600)
Net unconditional promises to give	$ 30,700	$ 54,400

SUPPLEMENTARY INFORMATION

TUALITY HEALTHCARE

CONSOLIDATING BALANCE SHEETS
As of September 30, 2014

ASSETS	Tuality Healthcare	TMSI/ TMES	Tuality Property Management Co	Tuality Healthcare Foundation	Total	Intercompany Eliminations	Consolidated September 30, 2014	Consolidated September 30, 2013
CURRENT ASSETS								
Cash and cash equivalents	$ 13,299,000	$ 542,900	$ 1,996,200	$ 89,900	$ 15,928,000	$ -	$ 15,928,000	$ 12,313,000
Short-term investments	24,779,700	-	-	1,145,000	25,924,700	-	25,924,700	25,456,500
Patient accounts receivable	29,595,300	86,300	-	-	29,681,600	-	29,681,600	33,664,800
Allowance for uncollectible accounts	(6,702,800)	(15,000)	-	-	(6,717,800)	-	(6,717,800)	(10,552,300)
Other receivables	5,306,500	-	200	7,100	5,313,800	-	5,313,800	5,231,500
Allowance for uncollectible accounts	(768,000)	-	-	(400)	(768,400)	-	(768,400)	(717,200)
Inventory of supplies	2,682,900	408,700	-	-	3,091,600	-	3,091,600	2,963,900
Prepaid expenses and other	2,184,700	4,500	10,100	-	2,199,300	-	2,199,300	1,859,700
Assets whose use is limited								
Required for current liabilities	892,800	-	-	-	892,800	-	892,800	879,000
Due from subsidiaries	676,400	81,100	774,400	600	1,532,500	(1,532,500)	-	-
Total current assets	71,946,500	1,108,500	2,780,900	1,242,200	77,078,100	(1,532,500)	75,545,600	71,098,900
ASSETS WHOSE USE IS LIMITED								
Board designated funds	18,844,500	-	-	-	18,844,500	-	18,844,500	17,282,100
Under bond indenture agreement - held by Trustee	2,169,400	-	-	-	2,169,400	-	2,169,400	2,155,500
Donor restricted - specific purpose	-	-	-	3,173,100	3,173,100	-	3,173,100	2,666,100
Donor restricted - endowment	-	-	-	2,537,600	2,537,600	-	2,537,600	2,535,200
Less amount required for current liabilities	(892,800)	-	-	-	(892,800)	-	(892,800)	(879,000)
Total assets whose use is limited	20,121,100	-	-	5,710,700	25,831,800	-	25,831,800	23,759,900
PROPERTY AND EQUIPMENT								
Property and equipment	162,736,700	399,600	20,106,200	-	183,242,500	-	183,242,500	176,209,000
Accumulated depreciation	(128,687,200)	(366,100)	(14,811,900)	-	(143,865,200)	-	(143,865,200)	(136,398,000)
Total property and equipment	34,049,500	33,500	5,294,300	-	39,377,300	-	39,377,300	39,811,000
OTHER ASSETS								
Other receivables - noncurrent	1,105,300	-	-	24,000	1,129,300	-	1,129,300	1,272,800
Investments in subsidiaries	11,340,100	-	-	-	11,340,100	(11,340,100)	-	-
Investments	2,754,500	208,200	-	-	2,962,700	-	2,962,700	3,118,500
Held by Trustee - deferred compensation plan	-	-	-	-	-	-	-	234,300
Cash value of life insurance	418,700	-	-	-	418,700	-	418,700	-
Deferred costs and other	701,400	-	-	-	701,400	-	701,400	726,000
Intangible assets	267,000	-	1,777,400	-	2,044,400	-	2,044,400	1,970,000
Goodwill	318,500	-	-	-	318,500	-	318,500	100,000
Total other assets	16,905,500	208,200	1,777,400	24,000	18,915,100	(11,340,100)	7,575,000	7,421,600
	$ 143,022,600	$ 1,350,200	$ 9,852,600	$ 6,976,900	$ 161,202,300	$ (12,872,600)	$ 148,329,700	$ 142,091,400

TUALITY HEALTHCARE

CONSOLIDATING BALANCE SHEETS (CONTINUED)
As of September 30, 2014

LIABILITIES AND NET ASSETS	Tuality Healthcare	TMSI/ TMES	Tuality Property Management Co	Tuality Healthcare Foundation	Total	Intercompany Eliminations	Consolidated September 30, 2014	Consolidated September 30, 2013
CURRENT LIABILITIES								
Accounts payable	$ 11,085,300	$ 181,200	$ 162,400	$ 200	$ 11,429,100	$ -	$ 11,429,100	$ 10,787,500
Accrued payroll and employee benefits	10,461,800	155,300	-	-	10,617,100	-	10,617,100	8,794,200
Estimated liabilities for Medicare and Medicaid settlements	(106,900)	-	-	-	(106,900)	-	(106,900)	512,900
Long-term debt due within one year	1,122,200	-	-	-	1,122,200	-	1,122,200	1,267,500
Accrued bond interest payable	382,800	-	-	-	382,800	-	382,800	394,000
Due to subsidiaries	847,800	50,200	187,500	447,000	1,532,500	(1,532,500)	-	-
Total current liabilities	23,793,000	386,700	349,900	447,200	24,976,800	(1,532,500)	23,444,300	21,756,100
LONG-TERM LIABILITIES								
Long-term debt, net of amount due within one year	14,995,300	-	-	-	14,995,300	-	14,995,300	14,998,300
Liability for pension benefits	33,076,700	-	-	-	33,076,700	-	33,076,700	30,837,800
Other long-term liabilites	2,043,900	-	-	-	2,043,900	-	2,043,900	2,236,000
Total long-term liabilities	50,115,900	-	-	-	50,115,900	-	50,115,900	48,072,100
TOTAL LIABILITIES	73,908,900	386,700	349,900	447,200	75,092,700	(1,532,500)	73,560,200	69,828,200
NET ASSETS								
Unrestricted	69,113,700	963,500	9,502,700	788,300	80,368,200	(11,340,100)	69,028,100	67,007,500
Temporarily restricted by donors	-	-	-	3,203,800	3,203,800	-	3,203,800	2,720,500
Permanently restricted by donors	-	-	-	2,537,600	2,537,600	-	2,537,600	2,535,200
Total net assets	69,113,700	963,500	9,502,700	6,529,700	86,109,600	(11,340,100)	74,769,500	72,263,200
	$ 143,022,600	$ 1,350,200	$ 9,852,600	$ 6,976,900	$ 161,202,300	$ (12,872,600)	$ 148,329,700	$ 142,091,400

TUALITY HEALTHCARE

CONSOLIDATING SCHEDULE OF OPERATIONS
For the year ended September 30, 2014

	Tuality Healthcare	TMSI/ TMES	Tuality Property Management Co	Tuality Healthcare Foundation	Total	Intercompany Eliminations	Consolidated September 30, 2014	Consolidated September 30, 2013
NET PATIENT SERVICE REVENUE								
Patient service revenue (net of contractual allowances and discounts)	$ 170,757,700	$ 1,231,000	$ -	$ -	$ 171,988,700	$ -	$ 171,988,700	$ 167,204,100
Provision for bad debts	(11,578,500)	(8,500)	-	-	(11,587,000)	-	(11,587,000)	(16,294,600)
Total net patient service revenue	159,179,200	1,222,500	-	-	160,401,700	-	160,401,700	150,909,500
OTHER REVENUE	14,396,900	125,800	2,497,500	162,800	17,183,000	(2,910,000)	14,273,000	10,951,800
Total Revenue	173,576,100	1,348,300	2,497,500	162,800	177,584,700	(2,910,000)	174,674,700	161,861,300
OPERATING EXPENSES								
Salaries and wages	81,756,800	274,600	-	-	82,031,400	-	82,031,400	77,339,100
Employee benefits	22,358,100	121,300	-	-	22,479,400	-	22,479,400	21,185,100
Supplies and other expenses	58,257,500	784,200	694,100	162,100	59,897,900	(2,270,200)	57,627,700	53,712,500
Professional fees	3,062,200	-	2,200	-	3,064,400	-	3,064,400	3,059,300
Management fees	-	199,500	440,300	-	639,800	(639,800)	-	-
Depreciation and amortization	7,108,200	22,000	424,900	-	7,555,100	-	7,555,100	8,013,600
Interest	1,089,300	-	-	-	1,089,300	-	1,089,300	1,130,600
Total operating expenses	173,632,100	1,401,600	1,561,500	162,100	176,757,300	(2,910,000)	173,847,300	164,440,200
INCOME FROM OPERATIONS	(56,000)	(53,300)	936,000	700	827,400	-	827,400	(2,578,900)
OTHER INCOME								
Realized income on investments whose use is limited by board designation	526,000	-	-	-	526,000	-	526,000	1,054,800
Gain (loss) on investments in affiliated companies	1,637,000	(53,800)	-	-	1,583,200	(830,300)	752,900	1,114,200
Gain (loss) on disposal of property and equipment	12,800	(800)	2,200	-	14,200	-	14,200	(2,000)
Total other income	2,175,800	(54,600)	2,200	-	2,123,400	(830,300)	1,293,100	2,167,000
REVENUE IN EXCESS OF EXPENSES	2,119,800	(107,900)	938,200	700	2,950,800	(830,300)	2,120,500	(411,900)
Contributions for property and equipment acquisition	320,900	-	-	-	320,900	-	320,900	279,500
Change in net unrealized gain (loss) on other than trading securities	1,203,000	-	-	72,300	1,275,300	-	1,275,300	545,900
Pension-related changes	(1,696,100)	-	-	-	(1,696,100)	-	(1,696,100)	780,300
Transfer (to) from affiliates	-		-	-	-	-	-	-
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ 1,947,600	$ (107,900)	$ 938,200	$ 73,000	$ 2,850,900	$ (830,300)	$ 2,020,600	$ 1,193,800

TUALITY HEALTHCARE FOUNDATION, INC.

SUMMARY OF OPERATIONS AND CHANGES IN NET ASSETS
For the year ended September 30, 2014

	General Funds	Donor Restricted: Specific Purpose Funds	Donor Restricted: Endowment Funds	Total
REVENUES AND ADDITIONS				
Contributions	$ 160,400	$ 975,200	$ 2,400	$ 1,138,000
Investment income	87,500	633,000	-	720,500
Net assets released from restrictions used for operations	(12,800)	12,800	-	-
	235,100	1,621,000	2,400	1,858,500
EXPENSES AND DEDUCTIONS				
Operating expenses and deductions	162,100	501,200	-	663,300
Net assets released from restrictions	-	-	-	-
	73,000	1,119,800	2,400	1,195,200
TRANSFERS				
To Tuality Community Hospital	-	636,400	-	636,400
CHANGE IN NET ASSETS	73,000	483,400	2,400	558,800
NET ASSETS AT BEGINNING OF YEAR	715,300	2,720,400	2,535,200	5,970,900
NET ASSETS AT END OF YEAR	$ 788,300	$ 3,203,800	$ 2,537,600	$ 6,529,700