

Barton Healthcare System

2015 Return of Organization Exempt from Tax (Form 990)

12/31/2015 Year-End

Public Disclosure Copy

STATEMENT THAT THIS IS A TAX RETURN NOT A FINANCIAL STATEMENT

The accompanying federal income tax return does **NOT** constitute a financial statement. We have not audited, reviewed or compiled the accompanying income tax return and, accordingly, do not express an opinion or any other form of assurance on it.

An income tax return is not intended to constitute financial statements prepared in accordance with generally accepted accounting principles. Accordingly, it does not necessarily include all financial information or disclosures required by generally accepted accounting principles. If the omitted financial information or disclosures were included with the tax return, they might influence the users' conclusions about the taxpayer's financial position, results of operations and cash flows. Accordingly, this income tax return is not designed to be used in lieu of financial statements.

RECORD RETENTION

Copies of your tax returns are enclosed for your files. It is your responsibility to retain copies of your tax information. We recommend the following guidelines:

- Tax returns – keep indefinitely.
- Supporting documentation – keep for 8 years.
- Records supporting your tax basis in personal, investment and business assets and gift documentation – keep indefinitely.

Please note: Eide Bailly retains copies of tax returns, workpapers and other tax information for a period of eight years. After that, we dispose of all records. If you have questions regarding retention of tax records, please contact us.

Form **990**

Return of Organization Exempt From Income Tax
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

OMB No. 1545-0047

2015
Open to Public Inspection

Department of the Treasury
Internal Revenue Service

▶ Do not enter social security numbers on this form as it may be made public.
▶ Information about Form 990 and its instructions is at www.irs.gov/form990.

A For the 2015 calendar year, or tax year beginning and ending

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization Barton Healthcare System Doing business as Number and street (or P.O. box if mail is not delivered to street address) Room/suite PO Box 9578 City or town, state or province, country, and ZIP or foreign postal code South Lake Tahoe, CA 96158 F Name and address of principal officer: Clinton Purvance, MD same as C above	D Employer identification number 94-6050274 E Telephone number 530-541-3420 G Gross receipts \$ 179,835,094. H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions) H(c) Group exemption number ▶
I Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () ◀ (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		
J Website: ▶ www.bartonhealth.org		
K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		
L Year of formation: 1960		M State of legal domicile: CA

Part I Summary

1	Briefly describe the organization's mission or most significant activities: Barton Health delivers safe, high quality care and engages the community in the improvement of		
2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
3	Number of voting members of the governing body (Part VI, line 1a)	3	11
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	9
5	Total number of individuals employed in calendar year 2015 (Part V, line 2a)	5	986
6	Total number of volunteers (estimate if necessary)	6	167
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	98,055.
7b	Net unrelated business taxable income from Form 990-T, line 34	7b	0.
8	Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
9	Program service revenue (Part VIII, line 2g)	1,050,925.	5,690,935.
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	155,797,710.	171,756,658.
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	1,914,489.	2,150,599.
12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	3,667,287.	107,820.
13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	162,430,411.	179,706,012.
14	Benefits paid to or for members (Part IX, column (A), line 4)	534,562.	497,167.
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	0.	0.
16a	Professional fundraising fees (Part IX, column (A), line 11e)	68,522,029.	72,248,773.
16b	Total fundraising expenses (Part IX, column (D), line 25) ▶ 304,511.	0.	0.
17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	73,692,615.	79,318,156.
18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	142,749,206.	152,064,096.
19	Revenue less expenses. Subtract line 18 from line 12	19,681,205.	27,641,916.
20	Total assets (Part X, line 16)	Beginning of Current Year	End of Year
21	Total liabilities (Part X, line 26)	208,722,128.	245,770,545.
22	Net assets or fund balances. Subtract line 21 from line 20	56,916,290.	70,130,128.
		151,805,838.	175,640,417.

Part II Signature Block

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

Sign Here	Signature of officer Richard Derby, CFO Type or print name and title	Date _____			
Paid Preparer Use Only	Print/Type preparer's name Kim Hunwardsen	Preparer's signature Kim Hunwardsen	Date 11/15/16	Check <input type="checkbox"/> if self-employed	PTIN P00484560
	Firm's name ▶ EIDE BAILLY LLP	Firm's EIN ▶ 45-0250958			
	Firm's address ▶ 4310 17TH AVE S PO BOX 2545 FARGO, ND 58108-2545		Phone no. 701-239-8500		

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 [X]

1 Briefly describe the organization's mission: Barton Health delivers safe, high quality care and engages the community in the improvement of health and wellness. Barton Health is the community health leader known for compassion and chosen for quality.

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 [X] No

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? [] Yes [X] No

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 \$ 103,508,476. including grants of \$ 497,167.) (Revenue \$ 166,673,776.) Barton Health is a 501(c)(3) nonprofit health system that includes a licensed 63-bed, general acute care hospital. Barton Health also offers outpatient clinics serving residents on the south shore of Lake Tahoe in addition to transient-based patients. Barton Health provides exceptional medical care regardless of an individual's ability to pay. The following programs are community outreach programs that benefit the health of the Barton Health, Lake Tahoe South Shore Community.

Community Health Events: Barton Health provides free or discounted services at community health events including community health fairs, lab draws, mammograms, EKG tests, family health day, and vaccination clinics; cancer wellness program, and community event medical coverage.

4b (Code:) (Expenses \$ 4,395,836. including grants of \$) (Revenue \$ 5,082,882.) Barton Community Health Center: The Barton Community Health Center provides routine medical and urgent care to Medicare and Medi-Cal beneficiaries, those with insurance but very high deductibles or those who are uninsured. Urgent medical needs can usually be seen "same day" which improves medical outcomes. The Barton Community Health Center combines the efforts of numerous skilled professionals including, nurse practitioners, physician assistants, medical assistants, nurses, other medical support staff, and contracts with family and specialty physicians. Specialty physicians who see patients at the clinic include orthopedics, high risk obstetrics, gynecology, child psychiatry, adult telemedicine psychiatry, ADHD treatment, urology, ENT, rheumatology, endocrinology, and neurology.

4c (Code:) (Expenses \$ 4,180,596. including grants of \$) (Revenue \$) Barton Health Financial Assistance (Helping Hands Program): The program assists patients of Barton Memorial Hospital with their medical bills. It matches the patient's ability to pay according to their unique circumstance. Patients are asked to complete an application and provide financial information about their income and assets to determine their ability to pay. The amount of discount the patient receives toward their medical bill depends on their adjusted income compared with the U.S. Department of Health & Human Services poverty income guidelines. The program is designed for those patients who cannot afford their medical bills. Barton Health provides discounts for those with incomes up to 450 percent of the most recent poverty income guidelines and/or under special circumstances.

4d Other program services (Describe in Schedule O.) (Expenses \$ including grants of \$) (Revenue \$)

4e Total program service expenses 112,084,908.

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)? <i>If "Yes," complete Schedule A</i>	X	
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> ?	X	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>		X
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? <i>If "Yes," complete Schedule C, Part II</i>	X	
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? <i>If "Yes," complete Schedule C, Part III</i>		X
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? <i>If "Yes," complete Schedule D, Part I</i>		X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>		X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>	X	
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? <i>If "Yes," complete Schedule D, Part IV</i>		X
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i>	X	
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? <i>If "Yes," complete Schedule D, Part VI</i>	X	
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? <i>If "Yes," complete Schedule D, Part VII</i>		X
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? <i>If "Yes," complete Schedule D, Part VIII</i>	X	
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? <i>If "Yes," complete Schedule D, Part IX</i>		X
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>	X	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i>	X	
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i>		X
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i>	X	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		X
14a Did the organization maintain an office, employees, or agents outside of the United States?		X
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? <i>If "Yes," complete Schedule F, Parts I and IV</i>		X
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? <i>If "Yes," complete Schedule F, Parts II and IV</i>		X
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? <i>If "Yes," complete Schedule F, Parts III and IV</i>		X
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? <i>If "Yes," complete Schedule G, Part I</i>		X
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>		X
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>		X

Part IV Checklist of Required Schedules (continued)

	Yes	No
20a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>	X	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	X	
21 Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	X	
22 Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	X	
23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	X	
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i>	X	
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		X
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?		X
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		X
25a Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>		X
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>		X
26 Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If "Yes," complete Schedule L, Part II</i>		X
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>		X
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
a A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		X
b A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	X	
c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	X	
29 Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	X	
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>		X
31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>		X
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>		X
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>		X
34 Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	X	
35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?	X	
b If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	X	
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>		X
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>		X
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19?	X	

Note. All Form 990 filers are required to complete Schedule O

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

Input box for Schedule O

Main table with columns for question numbers (1a-14b), Yes/No checkboxes, and numerical input fields (e.g., 204, 0, 986).

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 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 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.		
	1a 11		
b	Enter the number of voting members included in line 1a, above, who are independent		
	1b 9		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	X	
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?		X
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		X
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		X
6	Did the organization have members or stockholders?	X	
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?	X	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	X	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
a	The governing body?	X	
b	Each committee with authority to act on behalf of the governing body?		X
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		X

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?		X
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?	X	
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	X	
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	X	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	X	
12c		X	
13	Did the organization have a written whistleblower policy?	X	
14	Did the organization have a written document retention and destruction policy?	X	
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	X	
b	Other officers or key employees of the organization	X	
	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?	X	
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?	X	
16b		X	

Section C. Disclosure

- 17** List the states with which a copy of this Form 990 is required to be filed **CA**
- 18** Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 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, address, and telephone number of the person who possesses the organization's books and records: **Richard Derby - 530-541-3420**
PO Box 9578, South Lake Tahoe, CA 96150

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, and 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 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) Kirk Ledbetter Chairperson	1.00 0.00	X		X				9,870.	0.	0.
(2) Charles Scharer Vice-Chairperson	1.00 0.00	X		X				15,548.	0.	0.
(3) John Cefalu Sec/Treas (Jan-Jun) / Dir (Jun-Dec)	1.00 0.00	X		X				7,355.	0.	0.
(4) Abby Killebrew Dir (Jan-Jun) / Sec/Treas (Jun-Dec)	1.00 1.00	X		X				0.	0.	0.
(5) Greg Bergner, MD Trustee (Retired 2015)	1.00 0.00	X						31,185.	0.	0.
(6) Michael Bradford Trustee	1.00 0.00	X						8,233.	0.	0.
(7) Jeff Tillman Trustee	1.00 0.00	X						0.	0.	0.
(8) Paul Fry II, MD Trustee (Deceased 2015)	1.00 0.00	X						0.	0.	0.
(9) Rhonda McFarlane Trustee	1.00 0.00	X						0.	0.	0.
(10) Terrence Orr, MD Trustee	1.00 0.00	X						9,149.	0.	0.
(11) Paul Rork, MD Trustee (Retired 2015)	1.00 0.00	X						0.	0.	0.
(12) Dena Schwarte Trustee	1.00 0.00	X						0.	0.	0.
(13) Keith Swanson Trustee	1.00 0.00	X						82,000.	0.	0.
(14) Baghdassar (Pat) Baghkikian, MD Trustee	1.00 0.00	X						96,700.	0.	0.
(15) John Williams CEO (Jan-Oct)	39.50 0.50			X				672,044.	0.	41,674.
(16) Richard Derby CFO (Mar-Dec)	39.50 0.50			X				265,706.	0.	26,483.
(17) Stephen Neff CFO (Jan-Mar)	39.50 0.50			X				74,364.	0.	4,645.

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 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) M Rhonda Sneeringer, MD CMO (Nov-Dec)	40.00 0.00			X				129,582.	0.	0.
(19) Clint Purvance, MD CMO (Jan-Oct)/CEO (Nov-Dec)	39.00 0.50			X				513,741.	0.	30,670.
(20) Susan Fairley VP - Nursing	40.00 0.00				X			205,677.	0.	28,164.
(21) Leanne Kankel VP - Human Resources	40.00 0.00				X			279,700.	0.	47,084.
(22) Michele Stalter Dir Surgical Services	40.00 0.00				X			167,690.	0.	28,328.
(23) Tiffany Anderson Director of Nursing	40.00 0.00				X			155,091.	0.	13,516.
(24) Richard Belli Dir of Facilities	40.00 0.00					X		172,700.	0.	23,380.
(25) TerriAnn Cherry Dir of Pharmacy	40.00 0.00					X		189,752.	0.	27,829.
(26) Christopher Proctor Dir of Tahoe Center	39.50 0.50					X		166,557.	0.	23,920.
1b Sub-total								3,252,644.	0.	295,693.
c Total from continuation sheets to Part VII, Section A								308,298.	0.	36,425.
d Total (add lines 1b and 1c)								3,560,942.	0.	332,118.

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 **120**

	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	X
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	X
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	X

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
Tahoe Carson Valley Medical Group Inc, 2155 South Ave, Ste 24, South Lake Tahoe,	Physician Services	9,995,000.
Carter Kelly Inc PO Box 1477, Placerville, CA 95667	Construction Contractor	7,265,445.
Lake Tahoe Orthopaedic Institute, Inc PO Box 11889, Zephyr Cove, NV 89448	Physician Services	4,434,615.
Neenan Company LLLP 2607 Midpoint Dr, Fort Collins, CO 80525	Construction Contractor	3,349,763.
Renown Health 1155 Mill Street, Reno, NV 89520	Software Services	1,673,285.

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 **35**

See Part VII, Section A Continuation sheets

Part VIII Statement of Revenue

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

			(A)	(B)	(C)	(D)	
			Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512 - 514	
Contributions, Gifts, Grants and Other Similar Amounts	1 a Federated campaigns	1a					
	b Membership dues	1b					
	c Fundraising events	1c					
	d Related organizations	1d	5,149,699.				
	e Government grants (contributions)	1e					
	f All other contributions, gifts, grants, and similar amounts not included above	1f	541,236.				
	g Noncash contributions included in lines 1a-1f: \$		442,075.				
	h Total. Add lines 1a-1f		5,690,935.				
	Program Service Revenue	2 a Patient Revenue	Business Code	621990	167,121,511.	167,121,511.	
b Supporting Revenue			621990	2,163,587.	2,139,962.	23,625.	
c Investment in Washoe Barton Medic			621990	1,990,138.	1,990,138.		
d Cafeteria			722210	481,422.	481,422.		
e							
f All other program service revenue							
g Total. Add lines 2a-2f				171,756,658.			
Other Revenue		3 Investment income (including dividends, interest, and other similar amounts)			2,165,872.		74,430.
	4 Income from investment of tax-exempt bond proceeds						
	5 Royalties						
	6 a Gross rents	(i) Real	54,430.				
		(ii) Personal					
		b Less: rental expenses	9,059.				
		c Rental income or (loss)	45,371.				
	d Net rental income or (loss)			45,371.		45,371.	
	7 a Gross amount from sales of assets other than inventory	(i) Securities					
		(ii) Other	550.				
		b Less: cost or other basis and sales expenses	15,823.				
		c Gain or (loss)	-15,273.				
	d Net gain or (loss)			-15,273.		-15,273.	
	8 a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18	a					
		b Less: direct expenses					
c Net income or (loss) from fundraising events							
9 a Gross income from gaming activities. See Part IV, line 19	a						
	b Less: direct expenses						
	c Net income or (loss) from gaming activities						
10 a Gross sales of inventory, less returns and allowances	a	166,649.					
	b Less: cost of goods sold	104,200.					
	c Net income or (loss) from sales of inventory			62,449.		62,449.	
Miscellaneous Revenue		Business Code					
11 a _____							
	b _____						
	c _____						
	d All other revenue						
	e Total. Add lines 11a-11d						
12 Total revenue. See instructions.			179,706,012.	171,733,033.	98,055.	2,183,989.	

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 X

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 domestic organizations and domestic governments. See Part IV, line 21	484,504.	484,504.		
2 Grants and other assistance to domestic individuals. See Part IV, line 22	12,663.	12,663.		
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	2,984,469.		2,984,469.	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	152,655.	152,655.		
7 Other salaries and wages	53,059,492.	37,979,410.	14,921,840.	158,242.
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	1,744,274.	1,293,252.	449,283.	1,739.
9 Other employee benefits	10,081,452.	6,970,366.	3,078,671.	32,415.
10 Payroll taxes	4,226,431.	2,883,070.	1,331,945.	11,416.
11 Fees for services (non-employees):				
a Management				
b Legal	415,257.		415,257.	
c Accounting	130,739.		130,739.	
d Lobbying	58,508.		58,508.	
e Professional fundraising services. See Part IV, line 17				
f Investment management fees	258,569.		258,569.	
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)	25,218,632.	17,249,544.	7,969,088.	
12 Advertising and promotion	347,793.	237,040.	109,510.	1,243.
13 Office expenses	3,673,962.	2,505,792.	1,157,647.	10,523.
14 Information technology	238,334.	163,020.	75,314.	
15 Royalties				
16 Occupancy	4,328,317.	2,944,652.	1,364,580.	19,085.
17 Travel	503,717.	343,185.	158,547.	1,985.
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	228,041.	155,912.	72,029.	100.
20 Interest	1,111,194.		1,111,194.	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	6,259,360.	4,281,402.	1,977,958.	
23 Insurance	1,171,262.		1,171,262.	
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a Medical Supplies	14,637,197.	14,637,197.		
b Bad Debt Expense	12,950,410.	12,950,410.		
c Repairs & Maintenance	4,939,774.	4,939,774.		
d Recruiting	765,745.	523,770.	241,975.	
e All other expenses	2,081,345.	1,377,290.	636,292.	67,763.
25 Total functional expenses. Add lines 1 through 24e	152,064,096.	112,084,908.	39,674,677.	304,511.
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	15,052,192.	1	16,857,203.
	2 Savings and temporary cash investments	2,266,127.	2	
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net	26,192,202.	4	27,420,332.
	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 instr). Complete Part II of Sch L		6	
	7 Notes and loans receivable, net	1,512,028.	7	
	8 Inventories for sale or use	3,190,488.	8	2,749,200.
	9 Prepaid expenses and deferred charges	2,649,898.	9	2,082,100.
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 160,143,848.		
	b Less: accumulated depreciation	10b 85,110,541.		
	11 Investments - publicly traded securities	58,446,441.	10c	75,033,307.
	12 Investments - other securities. See Part IV, line 11	54,175,907.	11	92,985,581.
	13 Investments - program-related. See Part IV, line 11	16,749,147.	12	189,418.
	14 Intangible assets	19,813,396.	13	21,803,533.
	15 Other assets. See Part IV, line 11	423,609.	14	
16 Total assets. Add lines 1 through 15 (must equal line 34)	8,250,693.	15	6,649,871.	
	208,722,128.	16	245,770,545.	
Liabilities	17 Accounts payable and accrued expenses	20,411,337.	17	16,487,206.
	18 Grants payable		18	
	19 Deferred revenue		19	
	20 Tax-exempt bond liabilities	23,683,318.	20	38,956,576.
	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	9,572,341.	23	1,863,850.
	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	3,249,294.	25	12,822,496.
	26 Total liabilities. Add lines 17 through 25	56,916,290.	26	70,130,128.
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	151,787,473.	27	170,640,417.
	28 Temporarily restricted net assets		28	5,000,000.
	29 Permanently restricted net assets	18,365.	29	0.
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building, or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
	33 Total net assets or fund balances	151,805,838.	33	175,640,417.
	34 Total liabilities and net assets/fund balances	208,722,128.	34	245,770,545.

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	179,706,012.
2	Total expenses (must equal Part IX, column (A), line 25)	2	152,064,096.
3	Revenue less expenses. Subtract line 2 from line 1	3	27,641,916.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	151,805,838.
5	Net unrealized gains (losses) on investments	5	-3,805,056.
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	-2,281.
9	Other changes in net assets or fund balances (explain in Schedule O)	9	0.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	175,640,417.

Part XII Financial Statements and Reporting

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

		Yes	No
1	Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? _____ If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		X
2b	Were the organization's financial statements audited by an independent accountant? _____ If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	X	
2c	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? _____ If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.	X	
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? _____		X
3b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits _____		

SCHEDULE A
(Form 990 or 990-EZ)

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.

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

OMB No. 1545-0047

2015

Open to Public Inspection

Name of the organization **Barton Healthcare System** Employer identification number **94-6050274**

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 (Form 990 or 990-EZ).)
- 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 in lines 11a through 11d that describes the type of supporting organization and complete lines 11e, 11f, and 11g.
 - a **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. **You must complete Part IV, Sections A and B.**
 - b **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s). **You must complete Part IV, Sections A and C.**
 - c **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions). **You must complete Part IV, Sections A, D, and E.**
 - d **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated. The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions). **You must complete Part IV, Sections A and D, and Part V.**
 - e Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization.
 - f Enter the number of supported organizations
 - g 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 (see instructions))	(iv) Is the organization listed in your governing document?		(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
			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) 2011	(b) 2012	(c) 2013	(d) 2014	(e) 2015	(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) 2011	(b) 2012	(c) 2013	(d) 2014	(e) 2015	(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 VI.)						
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 section 501(c)(3) organization, check this box and stop here						<input type="checkbox"/>

Section C. Computation of Public Support Percentage

14 Public support percentage for 2015 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage from 2014 Schedule A, Part II, line 14	15	%
16a 33 1/3% support test - 2015. 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		<input type="checkbox"/>
b 33 1/3% support test - 2014. 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		<input type="checkbox"/>
17a 10% -facts-and-circumstances test - 2015. 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 VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
b 10% -facts-and-circumstances test - 2014. 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 VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
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		<input type="checkbox"/>

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) 2011	(b) 2012	(c) 2013	(d) 2014	(e) 2015	(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) 2011	(b) 2012	(c) 2013	(d) 2014	(e) 2015	(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 VI.)						
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 section 501(c)(3) organization, check this box and **stop here**

Section C. Computation of Public Support Percentage

15 Public support percentage for 2015 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2014 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2015 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2014 Schedule A, Part III, line 17	18	%

19a 33 1/3% support tests - 2015. 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 - 2014. 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 Supporting Organizations

(Complete only if you checked a box in line 11 on Part I. If you checked 11a of Part I, complete Sections A and B. If you checked 11b of Part I, complete Sections A and C. If you checked 11c of Part I, complete Sections A, D, and E. If you checked 11d of Part I, complete Sections A and D, and complete Part V.)

Section A. All Supporting Organizations

	Yes	No
1 Are all of the organization's supported organizations listed by name in the organization's governing documents? <i>If "No" describe in Part VI how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.</i>		
2 Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? <i>If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).</i>		
3a Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? <i>If "Yes," answer (b) and (c) below.</i>		
b Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? <i>If "Yes," describe in Part VI when and how the organization made the determination.</i>		
c Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? <i>If "Yes," explain in Part VI what controls the organization put in place to ensure such use.</i>		
4a Was any supported organization not organized in the United States ("foreign supported organization")? <i>If "Yes," and if you checked 11a or 11b in Part I, answer (b) and (c) below.</i>		
b Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? <i>If "Yes," describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.</i>		
c Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? <i>If "Yes," explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.</i>		
5a Did the organization add, substitute, or remove any supported organizations during the tax year? <i>If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in Part VI, including (i) the names and EIN numbers of the supported organizations added, substituted, or removed; (ii) the reasons for each such action; (iii) the authority under the organization's organizing document authorizing such action; and (iv) how the action was accomplished (such as by amendment to the organizing document).</i>		
b Type I or Type II only. Was any added or substituted supported organization part of a class already designated in the organization's organizing document?		
c Substitutions only. Was the substitution the result of an event beyond the organization's control?		
6 Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? <i>If "Yes," provide detail in Part VI.</i>		
7 Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (defined in section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? <i>If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).</i>		
8 Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? <i>If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).</i>		
9a Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? <i>If "Yes," provide detail in Part VI.</i>		
b Did one or more disqualified persons (as defined in line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? <i>If "Yes," provide detail in Part VI.</i>		
c Did a disqualified person (as defined in line 9a) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? <i>If "Yes," provide detail in Part VI.</i>		
10a Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? <i>If "Yes," answer 10b below.</i>		
b Did the organization have any excess business holdings in the tax year? <i>(Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)</i>		

Part IV Supporting Organizations (continued)

	Yes	No
11 Has the organization accepted a gift or contribution from any of the following persons?		
a A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization?		
b A family member of a person described in (a) above?		
c A 35% controlled entity of a person described in (a) or (b) above? If "Yes" to a, b, or c, provide detail in Part VI .		

Section B. Type I Supporting Organizations

	Yes	No
1 Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? If "No," describe in Part VI how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.		
2 Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? If "Yes," explain in Part VI how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised, or controlled the supporting organization.		

Section C. Type II Supporting Organizations

	Yes	No
1 Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? If "No," describe in Part VI how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).		

Section D. All Type III Supporting Organizations

	Yes	No
1 Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (i) a written notice describing the type and amount of support provided during the prior tax year, (ii) a copy of the Form 990 that was most recently filed as of the date of notification, and (iii) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?		
2 Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? If "No," explain in Part VI how the organization maintained a close and continuous working relationship with the supported organization(s).		
3 By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? If "Yes," describe in Part VI the role the organization's supported organizations played in this regard.		

Section E. Type III Functionally-Integrated Supporting Organizations

1 Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions):		
a <input type="checkbox"/> The organization satisfied the Activities Test. Complete line 2 below.		
b <input type="checkbox"/> The organization is the parent of each of its supported organizations. Complete line 3 below.		
c <input type="checkbox"/> The organization supported a governmental entity. Describe in Part VI how you supported a government entity (see instructions).		
2 Activities Test. Answer (a) and (b) below.		
a Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? If "Yes," then in Part VI identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.	Yes	No
b Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? If "Yes," explain in Part VI the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.		
3 Parent of Supported Organizations. Answer (a) and (b) below.		
a Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? Provide details in Part VI .		
b Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? If "Yes," describe in Part VI the role played by the organization in this regard.		

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations

1 Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970. **See instructions.** All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

Section A - Adjusted Net Income		(A) Prior Year	(B) Current Year (optional)
1	Net short-term capital gain	1	
2	Recoveries of prior-year distributions	2	
3	Other gross income (see instructions)	3	
4	Add lines 1 through 3	4	
5	Depreciation and depletion	5	
6	Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6	
7	Other expenses (see instructions)	7	
8	Adjusted Net Income (subtract lines 5, 6 and 7 from line 4)	8	

Section B - Minimum Asset Amount		(A) Prior Year	(B) Current Year (optional)
1	Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):		
a	Average monthly value of securities	1a	
b	Average monthly cash balances	1b	
c	Fair market value of other non-exempt-use assets	1c	
d	Total (add lines 1a, 1b, and 1c)	1d	
e	Discount claimed for blockage or other factors (explain in detail in Part VI):		
2	Acquisition indebtedness applicable to non-exempt-use assets	2	
3	Subtract line 2 from line 1d	3	
4	Cash deemed held for exempt use. Enter 1-1/2% of line 3 (for greater amount, see instructions).	4	
5	Net value of non-exempt-use assets (subtract line 4 from line 3)	5	
6	Multiply line 5 by .035	6	
7	Recoveries of prior-year distributions	7	
8	Minimum Asset Amount (add line 7 to line 6)	8	

Section C - Distributable Amount			Current Year
1	Adjusted net income for prior year (from Section A, line 8, Column A)	1	
2	Enter 85% of line 1	2	
3	Minimum asset amount for prior year (from Section B, line 8, Column A)	3	
4	Enter greater of line 2 or line 3	4	
5	Income tax imposed in prior year	5	
6	Distributable Amount. Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions)	6	
7	<input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally-integrated Type III supporting organization (see instructions).		

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations (continued)

Section D - Distributions	Current Year
1 Amounts paid to supported organizations to accomplish exempt purposes	
2 Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	
3 Administrative expenses paid to accomplish exempt purposes of supported organizations	
4 Amounts paid to acquire exempt-use assets	
5 Qualified set-aside amounts (prior IRS approval required)	
6 Other distributions (describe in Part VI). See instructions.	
7 Total annual distributions. Add lines 1 through 6.	
8 Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI). See instructions.	
9 Distributable amount for 2015 from Section C, line 6	
10 Line 8 amount divided by Line 9 amount	

Section E - Distribution Allocations (see instructions)	(i) Excess Distributions	(ii) Underdistributions Pre-2015	(iii) Distributable Amount for 2015
1 Distributable amount for 2015 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2015 (reasonable cause required-see instructions)			
3 Excess distributions carryover, if any, to 2015:			
a			
b			
c			
d From 2013			
e From 2014			
f Total of lines 3a through e			
g Applied to underdistributions of prior years			
h Applied to 2015 distributable amount			
i Carryover from 2010 not applied (see instructions)			
j Remainder. Subtract lines 3g, 3h, and 3i from 3f.			
4 Distributions for 2015 from Section D, line 7: \$			
a Applied to underdistributions of prior years			
b Applied to 2015 distributable amount			
c Remainder. Subtract lines 4a and 4b from 4.			
5 Remaining underdistributions for years prior to 2015, if any. Subtract lines 3g and 4a from line 2 (if amount greater than zero, see instructions).			
6 Remaining underdistributions for 2015. Subtract lines 3h and 4b from line 1 (if amount greater than zero, see instructions).			
7 Excess distributions carryover to 2016. Add lines 3j and 4c.			
8 Breakdown of line 7:			
a			
b			
c Excess from 2013			
d Excess from 2014			
e Excess from 2015			

Schedule B

(Form 990, 990-EZ, or 990-PF)

Department of the Treasury
Internal Revenue Service

Schedule of Contributors

▶ Attach to Form 990, Form 990-EZ, or Form 990-PF.
▶ Information about Schedule B (Form 990, 990-EZ, or 990-PF) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2015

Name of the organization

Barton Healthcare System

Employer identification number

94-6050274

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

501(c)(3) (enter number) organization

4947(a)(1) nonexempt charitable trust **not** treated as a private foundation

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

4947(a)(1) nonexempt charitable trust treated as a private foundation

501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

Note. Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, contributions totaling \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II. See instructions for determining a contributor's total contributions.

Special Rules

For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990 or 990-EZ), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1. Complete Parts I and II.

For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 *exclusively* for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Complete Parts I, II, and III.

For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc., purposes, but no such contributions totaled more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions totaling \$5,000 or more during the year ▶ \$ _____

Caution. An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990, 990-EZ, or 990-PF. Schedule B (Form 990, 990-EZ, or 990-PF) (2015)

Name of organization Barton Healthcare System	Employer identification number 94-6050274
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Part I Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	<hr/> <hr/> <hr/>	\$ 32,608.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
2	<hr/> <hr/> <hr/>	\$ 44,053.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
3	<hr/> <hr/> <hr/>	\$ 15,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
4	<hr/> <hr/> <hr/>	\$ 7,500.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
5	<hr/> <hr/> <hr/>	\$ 5,149,699.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
	<hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization Barton Healthcare System	Employer identification number 94-6050274
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Part II Noncash Property (see instructions). Use duplicate copies of Part II if additional space is needed.

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
	_____	\$ _____	_____
	_____	\$ _____	_____
	_____	\$ _____	_____
	_____	\$ _____	_____
	_____	\$ _____	_____
	_____	\$ _____	_____
	_____	\$ _____	_____
	_____	\$ _____	_____

Name of organization Barton Healthcare System	Employer identification number 94-6050274
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Part III Exclusively religious, charitable, etc., contributions to organizations described in section 501(c)(7), (8), or (10) that total more than \$1,000 for the year from any one contributor. Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of exclusively religious, charitable, etc., contributions of \$1,000 or less for the year. (Enter this info. once.) ▶ \$ _____
Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	

SCHEDULE C
(Form 990 or 990-EZ)

Political Campaign and Lobbying Activities

OMB No. 1545-0047

2015

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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

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

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

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

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

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

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

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

Name of organization Barton Healthcare System	Employer identification number 94-6050274
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Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

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

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

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

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

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

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

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ. Schedule C (Form 990 or 990-EZ) 2015

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

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

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing organization's totals	(b) Affiliated group totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)														
b Total lobbying expenditures to influence a legislative body (direct lobbying)														
c Total lobbying expenditures (add lines 1a and 1b)														
d Other exempt purpose expenditures														
e Total exempt purpose expenditures (add lines 1c and 1d)														
f Lobbying nontaxable amount. Enter the amount from the following table in both columns.														
<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:35%;">If the amount on line 1e, column (a) or (b) is:</th> <th style="width:65%;">The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 1e.</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000.</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000.</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000.</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000.</td> </tr> </tbody> </table>	If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e.	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.	Over \$17,000,000	\$1,000,000.		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:													
Not over \$500,000	20% of the amount on line 1e.													
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.													
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.													
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.													
Over \$17,000,000	\$1,000,000.													
g Grassroots nontaxable amount (enter 25% of line 1f)														
h Subtract line 1g from line 1a. If zero or less, enter -0-														
i Subtract line 1f from line 1c. If zero or less, enter -0-														
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?	<input type="checkbox"/> Yes	<input type="checkbox"/> No												

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2012	(b) 2013	(c) 2014	(d) 2015	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

For each "Yes," response on lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.	(a)		(b)
	Yes	No	Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:			
a Volunteers?		X	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)? ..		X	
c Media advertisements?		X	
d Mailings to members, legislators, or the public?		X	
e Publications, or published or broadcast statements?		X	
f Grants to other organizations for lobbying purposes?		X	
g Direct contact with legislators, their staffs, government officials, or a legislative body?		X	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		X	
i Other activities?	X		66,059.
j Total. Add lines 1c through 1i			66,059.
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		X	
b If "Yes," enter the amount of any tax incurred under section 4912			
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Part II-B, Line 1, Lobbying Activities:

-Assessment from California Hospital Assn for a ballot initiative protecting the hospital fee program in California.

- A portion of Barton Healthcare System's membership dues paid to California Hospital Association was used for lobbying expenditures.

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ **Complete if the organization answered "Yes" on Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.**
▶ **Attach to Form 990.**

▶ **Information about Schedule D (Form 990) and its instructions is at www.irs.gov/form990.**

OMB No. 1545-0047

2015

Open to Public Inspection

Name of the organization Barton Healthcare System **Employer identification number** 94-6050274

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

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate value of contributions to (during year)		
3 Aggregate value of 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?		<input type="checkbox"/> Yes <input type="checkbox"/> 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?		<input type="checkbox"/> Yes <input type="checkbox"/> No

Part II Conservation Easements. Complete if the organization answered "Yes" on 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 a 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 Tax 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?

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

7 Amount of expenses incurred in monitoring, inspecting, handling of violations, 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)?

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" on 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) Revenue included on 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 Revenue included on 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" on 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, for escrow or custodial account liability? Yes No

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

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

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance	3,242,915.	2,991,642.	2,780,832.	2,642,050.	2,684,372.
b Contributions	148,348.	251,273.	210,810.	138,782.	
c Net investment earnings, gains, and losses					
d Grants or scholarships					42,322.
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance	3,391,263.	3,242,915.	2,991,642.	2,780,832.	2,642,050.

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 100.00 %
- c Temporarily restricted endowment _____ %

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

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

- (i) unrelated organizations
- (ii) related organizations

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

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

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" on 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	9,000,000.	3,704,146.		12,704,146.
b Buildings		58,433,407.	33,304,308.	25,129,099.
c Leasehold improvements		3,458,786.	2,451,092.	1,007,694.
d Equipment		62,841,544.	47,636,288.	15,205,256.
e Other	90,517.	22,615,448.	1,718,853.	20,987,112.
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.)				75,033,307.

Part VII Investments - Other Securities.

Complete if the organization answered "Yes" on 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)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 12.) ▶		

Part VIII Investments - Program Related.

Complete if the organization answered "Yes" on 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
(1) Investment in Washoe		
(2) Barton Medical Clinic	21,803,533.	Cost
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 13.) ▶	21,803,533.	

Part IX Other Assets.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.) ▶	

Part X Other Liabilities.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) Third Party Payors	3,144,076.
(3) Claims Reserve	9,389,521.
(4) Other Long Term Obligations	288,899.
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶	12,822,496.

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" on Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements	1	159,337,139.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:		
a	Net unrealized gains (losses) on investments	2a	-3,805,056.
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIII.)	2d	-11,677,076.
e	Add lines 2a through 2d	2e	-15,482,132.
3	Subtract line 2e from line 1	3	174,819,271.
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	4,886,741.
c	Add lines 4a and 4b	4c	4,886,741.
5	Total revenue. Add lines 3 and 4c . (This must equal Form 990, Part I, line 12.)	5	179,706,012.

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

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

1	Total expenses and losses per audited financial statements	1	139,483,485.
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	369,799.
e	Add lines 2a through 2d	2e	369,799.
3	Subtract line 2e from line 1	3	139,113,686.
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	12,950,410.
c	Add lines 4a and 4b	4c	12,950,410.
5	Total expenses. Add lines 3 and 4c . (This must equal Form 990, Part I, line 18.)	5	152,064,096.

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.

Part III, line 4:

General photographs, paintings, etc. on display for our patients and guests.

Part V, line 4:

Barton Memorial Hospital Foundation, Inc., a related 501(c)(3) entity, holds an endowment fund in which the earnings are used to support Barton Healthcare System.

Part X, Line 2:

The Healthcare System is organized as a California nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt

Part XIII Supplemental Information (continued)

from federal income taxes under Internal Revenue Code Section 501(c)(3).

The Healthcare System is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, The Healthcare System is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purpose. The Healthcare System has determined they are not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990T) with the IRS.

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

Part XI, Line 2d - Other Adjustments:

Foundation Revenue Reported on Separately Filed Form 990	1,693,163.
Bad Debt Expense Reported in Expenses on Form 990	-12,950,410.
Eliminating Entry in Consolidated Financial Statements	-419,829.
Total to Schedule D, Part XI, Line 2d	-11,677,076.

Part XI, Line 4b - Other Adjustments:

Rental Expense Reported in Expenses on Financials	-9,059.
COGS Reported in Expenses on Financials	-104,200.
Contribution Reported in Fund Balance on Financial Statements	5,000,000.

Part XIII Supplemental Information *(continued)*

Total to Schedule D, Part XI, Line 4b 4,886,741.

Part XII, Line 2d - Other Adjustments:

Foundation Expense Reported on Separately Filed Form 990 676,369.

Rental Expense Reported in Revenue on Form 990 9,059.

COGS Reported in Revenue on Form 990 104,200.

Eliminating Entry in Consolidated Financial Statements -419,829.

Total to Schedule D, Part XII, Line 2d 369,799.

Part XII, Line 4b - Other Adjustments:

Bad Debt Expense Reported in Revenue on Financials 12,950,410.

**SCHEDULE H
(Form 990)**

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No. 1545-0047

2015

Open to Public Inspection

Name of the organization **Barton Healthcare System** Employer identification number **94-6050274**

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	<input checked="" type="checkbox"/>	
b If "Yes," was it a written policy?	<input checked="" type="checkbox"/>	
2 If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year. <input checked="" type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities		
3 Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year.		
a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care: <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input checked="" type="checkbox"/> Other <u>250</u> %	<input checked="" type="checkbox"/>	
b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care: <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input checked="" type="checkbox"/> Other <u>450</u> %	<input checked="" type="checkbox"/>	
c If the organization used factors other than FPG in determining eligibility, describe in Part VI the criteria used 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"?	<input checked="" type="checkbox"/>	
5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	<input checked="" type="checkbox"/>	
b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?		<input checked="" type="checkbox"/>
c If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?		
6a Did the organization prepare a community benefit report during the tax year?	<input checked="" type="checkbox"/>	
b If "Yes," did the organization make it available to the public?	<input checked="" type="checkbox"/>	

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

	(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
Financial Assistance and Means-Tested Government Programs						
a Financial Assistance at cost (from Worksheet 1)			1594000.		1594000.	1.15%
b Medicaid (from Worksheet 3, column a)						
c Costs of other means-tested government programs (from Worksheet 3, column b)			19,917.	7,999.	11,918.	.01%
d Total Financial Assistance and Means-Tested Government Programs			1613917.	7,999.	1605918.	1.16%
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			153,561.		153,561.	.11%
f Health professions education (from Worksheet 5)			630,821.	294,455.	336,366.	.24%
g Subsidized health services (from Worksheet 6)			4921597.	2797710.	2123887.	1.53%
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			77,338.	33,700.	43,638.	.03%
j Total. Other Benefits			5783317.	3125865.	2657452.	1.91%
k Total. Add lines 7d and 7j			7397234.	3133864.	4263370.	3.07%

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 letter of facility reporting group Barton Memorial Hospital

Line number of hospital facility, or line numbers of hospital facilities in a facility reporting group (from Part V, Section A): 1

	Yes	No
Community Health Needs Assessment		
1 Was the hospital facility first licensed, registered, or similarly recognized by a state as a hospital facility in the current tax year or the immediately preceding tax year?	1	X
2 Was the hospital facility acquired or placed into service as a tax-exempt hospital in the current tax year or the immediately preceding tax year? If "Yes," provide details of the acquisition in Section C	2	X
3 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 12	3	X
If "Yes," indicate what the CHNA report describes (check all that apply):		
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The significant health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input type="checkbox"/> Other (describe in Section C)		
4 Indicate the tax year the hospital facility last conducted a CHNA: 20 <u>15</u>		
5 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 Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	5	X
6a Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C	6a	X
b Was the hospital facility's CHNA conducted with one or more organizations other than hospital facilities? If "Yes," list the other organizations in Section C	6b	X
7 Did the hospital facility make its CHNA report widely available to the public?	7	X
If "Yes," indicate how the CHNA report was made widely available (check all that apply):		
a <input checked="" type="checkbox"/> Hospital facility's website (list url): <u>See Line 7d Statement</u>		
b <input type="checkbox"/> Other website (list url): _____		
c <input checked="" type="checkbox"/> Made a paper copy available for public inspection without charge at the hospital facility		
d <input checked="" type="checkbox"/> Other (describe in Section C)		
8 Did the hospital facility adopt an implementation strategy to meet the significant community health needs identified through its most recently conducted CHNA? If "No," skip to line 11	8	X
9 Indicate the tax year the hospital facility last adopted an implementation strategy: 20 <u>15</u>		
10 Is the hospital facility's most recently adopted implementation strategy posted on a website?	10	X
a If "Yes," (list url): <u>www.bartonhealth.org/tahoe/community-health.aspx</u>		
b If "No," is the hospital facility's most recently adopted implementation strategy attached to this return?	10b	X
11 Describe in Section C how the hospital facility is addressing the significant needs identified in its most recently conducted CHNA and any such needs that are not being addressed together with the reasons why such needs are not being addressed.		
12a 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)?	12a	X
b If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax?	12b	
c If "Yes" to line 12b, 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 (FAP)

Name of hospital facility or letter of facility reporting group Barton Memorial Hospital

	Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:		
13 Explained eligibility criteria for financial assistance, and whether such assistance included free or discounted care?	X	
If "Yes," indicate the eligibility criteria explained in the FAP:		
a <input checked="" type="checkbox"/> Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of <u>250</u> % and FPG family income limit for eligibility for discounted care of <u>450</u> %		
b <input checked="" type="checkbox"/> Income level other than FPG (describe in Section C)		
c <input checked="" type="checkbox"/> Asset level		
d <input checked="" type="checkbox"/> Medical indigency		
e <input checked="" type="checkbox"/> Insurance status		
f <input checked="" type="checkbox"/> Underinsurance status		
g <input checked="" type="checkbox"/> Residency		
h <input type="checkbox"/> Other (describe in Section C)		
14 Explained the basis for calculating amounts charged to patients?	X	
15 Explained the method for applying for financial assistance?	X	
If "Yes," indicate how the hospital facility's FAP or FAP application form (including accompanying instructions) explained the method for applying for financial assistance (check all that apply):		
a <input checked="" type="checkbox"/> Described the information the hospital facility may require an individual to provide as part of his or her application		
b <input checked="" type="checkbox"/> Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application		
c <input checked="" type="checkbox"/> Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process		
d <input type="checkbox"/> Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications		
e <input type="checkbox"/> Other (describe in Section C)		
16 Included measures to publicize the policy within the community served by the hospital facility?	X	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply):		
a <input checked="" type="checkbox"/> The FAP was widely available on a website (list url): <u>www.bartonhealth.org/tahoe/financial-aid.aspx</u>		
b <input checked="" type="checkbox"/> The FAP application form was widely available on a website (list url): <u>See Part V, Page 7</u>		
c <input checked="" type="checkbox"/> A plain language summary of the FAP was widely available on a website (list url): <u>See Part V, Page 7</u>		
d <input checked="" type="checkbox"/> The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
e <input checked="" type="checkbox"/> The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail)		
f <input checked="" type="checkbox"/> A plain language summary of the FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
g <input checked="" type="checkbox"/> Notice of availability of the FAP was conspicuously displayed throughout the hospital facility		
h <input checked="" type="checkbox"/> Notified members of the community who are most likely to require financial assistance about availability of the FAP		
i <input type="checkbox"/> Other (describe in Section C)		

Billing and Collections

17 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 all of the actions the hospital facility or other authorized party may take upon non-payment?	X	
18 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP:		
a <input type="checkbox"/> Reporting to credit agency(ies)		
b <input type="checkbox"/> Selling an individual's debt to another party		
c <input type="checkbox"/> Actions that require a legal or judicial process		
d <input type="checkbox"/> Other similar actions (describe in Section C)		
e <input checked="" type="checkbox"/> None of these actions or other similar actions were permitted		

Part V Facility Information (continued)

Name of hospital facility or letter of facility reporting group Barton Memorial Hospital

		Yes	No
19	Did the hospital facility or other authorized 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?		X
If "Yes," check all actions in which the hospital facility or a third party engaged:			
a	<input type="checkbox"/> Reporting to credit agency(ies)		
b	<input type="checkbox"/> Selling an individual's debt to another party		
c	<input type="checkbox"/> Actions that require a legal or judicial process		
d	<input type="checkbox"/> Other similar actions (describe in Section C)		
20	Indicate which efforts the hospital facility or other authorized party made before initiating any of the actions listed (whether or not checked) in line 19 (check all that apply):		
a	<input checked="" type="checkbox"/> Notified individuals of the financial assistance policy on admission		
b	<input checked="" type="checkbox"/> Notified individuals of the financial assistance policy prior to discharge		
c	<input checked="" type="checkbox"/> Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills		
d	<input checked="" type="checkbox"/> Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy		
e	<input type="checkbox"/> Other (describe in Section C)		
f	<input type="checkbox"/> None of these efforts were made		

Policy Relating to Emergency Medical Care

21	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that required 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?	X	
If "No," indicate why:			
a	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility's policy was not in writing		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C)		
d	<input type="checkbox"/> Other (describe in Section C)		

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

22	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.		
a	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input type="checkbox"/> The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	<input checked="" type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input type="checkbox"/> Other (describe in Section C)		
23	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?		X
If "Yes," explain in Section C.			
24	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?		X
If "Yes," explain in Section C.			

Part V Facility Information *(continued)*

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16i, 18d, 19d, 20e, 21c, 21d, 22d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2" "B, 3," etc.) and name of hospital facility.

Barton Memorial Hospital:

Part V, Section B, Line 5: PRC, a third party research firm, sent an email survey out to approximately 100 community stakeholders including representatives from the police department, school district, county, mental health services, transportation district, community college, First 5 Eldorado, Elevate Wellness, City of SLT, Tahoe Chamber, emergency physicians, primary care physicians, psychologists, Tahoe Turning Point, public health, Family Resource Center, etc. The results of this survey were compiled with community responders from a phone survey along with public health information to determine the results of the assessment.

Barton Memorial Hospital:

Part V, Section B, Line 7d: Barton Healthcare System makes our CHNA available via our website at www.bartonhealth.org/tahoe/community-health.aspx.

In addition to our website and upon request we presented the CHNA results to various community groups including the South Lake Tahoe City Council, Lake Tahoe Collaborative and Douglas County Partnership describing the results of the assessment and also giving the web link for further information. The video from the city council presentation was posted on our social networking site, FaceBook. As various health issues were discussed in news articles or on social media, we would link to the CHNA web link. Finally, the website was published in numerous newsletters and reports including Barton Health's Community Benefit Report; Barton's Health and Life Magazine; and PRC's Magazine Community Health Connection.

Part V Facility Information *(continued)*

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16i, 18d, 19d, 20e, 21c, 21d, 22d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2" "B, 3," etc.) and name of hospital facility.

Additionally, news articles were written in local media focusing on some of the major health gaps identified.

Barton Memorial Hospital:

Part V, Section B, Line 11: Barton Health is a member of numerous community collaboratives working to address the health needs in our community. We attend the monthly Lake Tahoe collaborative, focusing on collaborations for youth; we fill the healthcare seat on our community's drug-free community coalition; and finally, we attend a monthly human health and social well-being committee focusing on nutrition.

The implementation strategy lays out how we are addressing 11 different needs, but the top three have been prioritized as mental health, substance abuse and access.

Mental Health: The Hospital will maintain/expand mental health services, spearhead community collaboration/engagement with South Lake Tahoe Mental health Cooperative and the Community Health Advisory Committee to improve care flow system, and build awareness through education and prevention campaigns. One community collaborative group that Barton leads is the Mental Health Cooperative (MHC). The goal of the group is to increase access for our community members suffering with behavioral and mental health issues to mental health services and resources.

Sustance Abuse: The Hospital will have continued efforts with South Tahoe Drug Free Coalition, support community prevention programs, conduct

Part V Facility Information *(continued)*

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16i, 18d, 19d, 20e, 21c, 21d, 22d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2" "B, 3," etc.) and name of hospital facility.

outreach and education on the effects of alcohol and drug abuse and
enhance internal protocols reducing abuse of prescription drugs.

Access to Care: The Hospital will continue to improve access to care at
Barton Community Health Center, increase insurance coverage for community
members, expand depth & breadth of medical services for community, and
improve care coordination between inpatient, outpatient and specialty
services.

While Barton may not directly work to resolve all health issues
identified, Barton is committed to working collaboratively with our
community partners whenever possible to help address health needs as they
occur.

Barton Memorial Hospital

Part V, line 16b, FAP Application website:

www.bartonhealth.org/tahoe/financial-aid.aspx

Barton Memorial Hospital

Part V, line 16c, FAP Plain Language Summary website:

www.bartonhealth.org/tahoe/financial-aid.aspx

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? 21

Name and address	Type of Facility (describe)
1 Tahoe Orthopedic & Sports Medicine 212 Elks Point Road, Ste 200 Zephyr Cove, NV 89448	Orthopedic Clinic
2 Tahoe Orthopedic & Sports Medicine 935 Mica Drive Bldg C, Ste 13 14 Carson City, NV 89705	Orthopedic Clinic
3 Tahoe Orthopedic & Sports Medicine 925 Tahoe Blvd, Units 105-106 Incline Village, NV 89451	Orthopedic Clinic
4 Tahoe Orthopedic & Sports Medicine 1139 Third Avenue South Lake Tahoe, CA 96150	Orthopedic Clinic
5 Lake Tahoe Surgery Center 212 Elks Point Road, Ste 201 Zephyr Cove, NV 89448	Outpatient Surgery Center
6 Barton Home Health/Hospice 2092 Lake Tahoe Blvd, Suite 500 South Lake Tahoe, CA 96150	Outpatient Home Health & Hospice Services
7 Barton Home Health/Hospice 155 Highway 50 Stateline, NV 89449	Outpatient Home Health & Hospice Services
8 Barton Urgent Care & Family Practice 155 Highway 50 Stateline, NV 89449	Urgent Care/Family Practice/Occupational Medicine Clinic/Rheumatology
9 Barton Family Medicine 1090 Third Street South Lake Tahoe, CA 96150	Family Practice Clinic
10 Barton Women's Health 2175 South Avenue South Lake Tahoe, CA 96150	OB/GYN Clinic

Schedule H (Form 990) 2015

Part V Facility Information *(continued)***Section D. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility**

(list in order of size, from largest to smallest)

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

Name and address	Type of Facility (describe)
11 Barton Community Health Center 2201 South Avenue South Lake Tahoe, CA 96150	Rural Family Health Clinic
12 Barton General Surgery 1090 Third Street South Lake Tahoe, CA 96150	General Surgery Phys Clinic
13 Barton Internal Medicine 2175 South Avenue South Lake Tahoe, CA 96150	Internal Medicine
14 Barton Pediatrics 155 Highway 50 Stateline, NV 89449	Pediatric Clinic
15 Barton Ear Nose & Throat 2169 South Ave South Lake Tahoe, CA 96150	Ent/Audiology Clinic
16 Barton Urology 2169 South Ave South Lake Tahoe, CA 96150	Urology Clinic
17 Barton Psychiatry 155 Highway 50 Stateline, NV 89449	Psychiatric Clinic
18 Barton Medical Clinic at Heavenly Mtn 3860 Saddle Road South Lake Tahoe, CA 96150	Medical Ski Clinic
19 Barton Medical Clinic Kirkwood Mtn 1501 Kirkwood Meadows Drive Kirkwood, CA 95646	Medical Ski Clinic
20 Barton Memorial Clinic at Sierr-At-Ta 1111 Sierra-At-Tahoe Road Twin Bridges, CA 95735	Medical Ski Clinic

Schedule H (Form 990) 2015

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.

Part I, Line 7:

The costing methodology used the overall cost to charge ratio obtained for each patient segment and applied against gross charges from the 2015 cost report. This ratio was used for lines 7a, 7c and 7g. The cost per visit from the 2015 cost report was utilized for calculating the home health and hospice department subsidized health services, while the urgent care department included in this line used the actual facility costs and applying the overall cost to ratio. Actual expenses were used to calculate lines 7e, 7f and 7i.

Part I, Ln 7 Col(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 \$12,950,410.

Part II, Community Building Activities:

Community Support:

Emergency Management Preparedness: Barton Health chairs and hosts the

Part VI Supplemental Information (Continuation)

emergency management community council. This council meets every other month with area agencies to discuss emergency preparedness and education to the South Lake Tahoe Community. Exercise drills, emergency preparedness materials and other programs come out of this group. The group was designed with the health and safety of our community in mind. The group includes representatives from Barton Health, Red Cross, El Dorado County Health and Human Services, Area Fire Departments, Police, Sheriff, Ham Radio, School Districts, Public Utilities and other representatives who would have a response capability in our community. The purpose is to protect the health of our community by being prepared for disasters, and knowing our emergency partners in the event of an emergency to better form a cohesive response in the South Lake Tahoe area, which will assist in getting the community back on its feet after a disaster.

Impact: Coordination amongst local emergency providers to ensure emergency readiness for the next local disaster.

Part III, Line 2:

The Organization utilizes the reserve method when estimating bad debt expense. These estimates are based on historical experience and incorporate nearly 100% of self-pay accounts. Costing methodology: The Organization utilizes a cost to charge ratio as determined by the annual cost report filed.

The Organization offers an insured patient discount at the time of billing among other applicable discounts. All discounts and payments are posted to the patient account prior to the account being written off to bad debt. When subsequent payments are received on previously charged off accounts,

Part VI Supplemental Information (Continuation)

these amounts are recognized as an increase to net revenue when received.

Part III, Line 3:

The Organization has a provision within its financial assistance policy for uncooperative and noncompliant patients. This provision provides that an account that is unwilling to disclose financial information necessary for qualification for Medicaid and/or Charity Care will not be processed. For financial assistance and standard accounts receivable, follow-up will continue. Noncompliant patients are those that are unable to furnish all required documentation in which their account may still be processed for a charity care write-off adjustment.

The Organization believes that a portion of accounts charged off to bad debt expense may have qualified for charity care if the patient had requested financial assistance and provided the required documentation to determine eligibility. Due to self-pay accounts becoming a larger portion of the organization's payer mix, it is assumed that a portion of these accounts originally written off to bad debt may have qualified for charity care.

The charity care portion of bad debt appears to be derived by looking at total self-pay accounts transferred to bad debt during 2015, and of those accounts, which ones might have qualified for charity care had they applied. Based on prior experience, nearly all of these accounts would qualify. The \$6,887,040 represents approximately 90% of all self-pay accounts transferred to bad debt during 2015.

Part III, Line 4:

Part VI Supplemental Information (Continuation)

The footnote to the organization's financial statements that describes bad debt expenses is located in Footnote 1 on page eight and nine of the attached financial statements.

Part III, Line 8:

The Organization provides a broad range of services to its Medicare patients without regard to revenue realized from the services provided. The Organization is a rural hospital with the nearest additional hospital approximately 50 miles away. Costs excluded from the organization's Medicare cost report include costs associated with physician clinics, the auxiliary, community relations, and other non-reimbursable costs. The Organization utilizes the cost to charge ratio as provided in its annual cost report.

Physician clinics not included in 2015 cost report:

Medicare Gross Charges:	\$9,396,696
Est Medicare Net Revenue:	\$3,231,408
Est Medicare Clinic Costs:	\$7,077,095
Est Net Medicare Shortfall:	(\$3,845,687)

Services are provided to patients under the Medicare program knowing that not all costs associated with providing these services will be recovered. Providing these services is essential to these patients and the community and increases their access to healthcare services. Therefore, the entire Medicare shortfall is considered a community benefit.

Part III, Line 9b:

The Organization follows all charity and collection guidelines as outlined

Part VI Supplemental Information (Continuation)

in SB774, the California Health and Safety Code Section 127425, and CMS Medicare Guidelines.

Part VI, Line 2:

Barton Health is a member of numerous community collaboratives working to address the health needs in our community. We attend the monthly Lake Tahoe collaborative, focusing on collaborations for youth; we fill the healthcare seat on our community's drug-free community coalition; and finally, we attend a monthly human health and social well-being committee focusing on nutrition.

Part VI, Line 3:

Every self-pay patient is screened for eligibility under our financial assistance policy which begins at admission or when otherwise feasible. In addition, reference to our financial assistance program is posted at the emergency room and admitting departments, disclosed on our website, referenced to in the patient handbook, and on patient billing statements.

Part VI, Line 4:

The primary service area for Barton Memorial Hospital sits within the Sierra Nevada Mountains on the border between California and Nevada. This area encompasses the South Lake Tahoe Basin from Tahoma, CA on the west through Glenbrook, NV on the east. The demographics for this area are as follows: approximately 54% male, 46% female, 38% aged 18-39, 48% aged 40-64 and 14% are over 65, 75% are Caucasian and 17% are Hispanic, 20% of the community is low income, making less than 200% of the federal poverty level.

Part VI Supplemental Information (Continuation)

Part VI, Line 5:

As described in the Community Benefit section of the 990, Barton Health contributes to our community's health in a variety of ways: Our governing body is represented by individuals of our community. Surplus funds are used to maintain a high level of patient care through reinvestment. Barton Health has an open medical staff with privileges available to all qualified physicians in the area. Our laboratory offers discounted lab draws; our medical imaging department offers discounted EKGs; numerous physicians and employees participate in our free community wellness lectures; our emergency department participates in youth education programs like every 15 minutes and the drug store project; many of our nurses and practitioners participate in offering medical coverage for special events throughout the community; Barton Family Medicine and Tahoe Center for Orthopedics offer free student sports physicals; Barton Health donates to and sponsors youth programs and local non-profit organizations; staff from various departments like Barton University, Family Birthing Center, Barton Rehabilitation participate in community events and have information and educational booths for the community; as requested we offer flu, pneumonia and other health screenings for the community.

Part VI, Line 7, List of States Receiving Community Benefit Report:

CA

**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" on 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

2015

**Open to Public
Inspection**

Name of the organization **Barton Healthcare System** Employer identification number **94-6050274**

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 Domestic Organizations and Domestic Governments. Complete if the organization answered "Yes" on 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.

1 (a) Name and address of organization or government	(b) EIN	(c) IRC 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
Barton Memorial Hospital Foundation - 2092 Lake Tahoe Blvd Suite 600 - South Lake Tahoe, CA 96150	88-0268799	501(c)(3)	419,829.	0.			General Overhead Expenses

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

3 Enter total number of other organizations listed in the line 1 table 0.

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

Schedule I (Form 990) (2015)

Part III Grants and Other Assistance to Domestic Individuals. Complete if the organization answered "Yes" on 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
Athletic Sponsorships	2	2,000.	0.		
Patient Assistance	61	10,663.	0.		Medications, transportation, etc.

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

Part I, Line 2:

The Organization pays the general overhead expenses of BMH Foundation (a related 501(c)(3)). For 2015, the total amount funded was \$419,829. The Organization provides assistance to various patients in need including prescription medication, taxi fare, lodging, etc. Total patient assistance provided during 2015 totaled \$10,663. Additionally, funds donated to various community groups totaled \$66,675.

**SCHEDULE J
(Form 990)**

Compensation Information

OMB No. 1545-0047

2015

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

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 23.

▶ Attach to Form 990.

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

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization

Barton Healthcare System

Employer identification number

94-6050274

Part I Questions Regarding Compensation

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

- | | |
|--|--|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input checked="" type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef) |

b If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain

2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked in line 1a?

3 Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.

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

4 During the year, did any person listed on Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:

- a** Receive a severance payment or change-of-control payment?
- b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?
- c** Participate in, or receive payment from, an equity-based compensation arrangement?
- If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.

Only section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.

5 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:

- a** The organization?
- b** Any related organization?
- If "Yes" to line 5a or 5b, describe in Part III.

6 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:

- a** The organization?
- b** Any related organization?
- If "Yes" on line 6a or 6b, describe in Part III.

7 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described on lines 5 and 6? If "Yes," describe in Part III

8 Were any amounts reported on Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III

9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
1b	X	
2	X	
4a		X
4b	X	
4c		X
5a		X
5b		X
6a		X
6b		X
7		X
8		X
9		

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

Schedule J (Form 990) 2015

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 on 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 in column (B) reported as deferred on prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) John Williams CEO (Jan-Oct)	(i)	470,044.	163,656.	38,344.	28,689.	12,995.	713,728.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(2) Richard Derby CFO (Mar-Dec)	(i)	261,596.	1,500.	2,610.	13,456.	13,027.	292,189.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(3) Clint Purvance, MD CMO (Jan-Oct)/CEO (Nov-Dec)	(i)	412,573.	98,425.	2,743.	15,038.	15,642.	544,421.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(4) Susan Fairley VP - Nursing	(i)	202,631.	1,500.	1,546.	10,351.	17,823.	233,851.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(5) Leanne Kankel VP - Human Resources	(i)	215,998.	62,030.	1,672.	26,881.	20,213.	326,794.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(6) Michele Stalter Dir Surgical Services	(i)	164,584.	2,000.	1,106.	8,576.	19,752.	196,018.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(7) Tiffany Anderson Director of Nursing	(i)	153,907.	0.	1,184.	349.	13,177.	168,617.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(8) Richard Belli Dir of Facilities	(i)	169,434.	2,000.	1,266.	9,043.	14,347.	196,090.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(9) TerriAnn Cherry Dir of Pharmacy	(i)	183,235.	2,000.	4,517.	9,577.	18,262.	217,591.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(10) Christopher Proctor Dir of Tahoe Center	(i)	162,502.	500.	3,555.	6,168.	17,752.	190,477.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(11) Christine O'Farrell Dir of Quality Mgmt	(i)	154,274.	0.	1,102.	7,875.	13,195.	176,446.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(12) Deborah McCarthy Outpatient Clinical Director	(i)	151,746.	0.	1,176.	6,610.	8,755.	168,287.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							

Part III Supplemental Information

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

Part I, Line 1a:

Companion travel provided by the organization is included in the wages of the team member and is taxed accordingly.

Part I, Line 4b:

John Williams, CEO \$15,439

Leanne Kankel, VP Human Resources \$12,298

This program has been in place since 2013 for the Chief Executive Officer and since 2014 for the Vice President of Human Resources. In both cases, the 457F compensation was offered to provide a competitive compensation package based upon duties assigned, and to provide incentive to stay employed for an agreed upon term to receive vested benefits.

Supplemental Information on Tax-Exempt Bonds

▶ **Complete if the organization answered "Yes" on Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.**

▶ **Attach to Form 990.** ▶ **Information about Schedule K (Form 990) and its instructions is at www.irs.gov/form990.**

Name of the organization **Barton Healthcare System** Employer identification number **94-6050274**

Part I Bond Issues											
See Part VI for Column (f) Continuations											
(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pooled financing	
						Yes	No	Yes	No	Yes	No
A City of South Lake Tahoe, California	94-1610868	None	06/08/12	11771002.	Equip & Capital Improvements; Ref		X		X		X
B City of South Lake Tahoe	94-1610868	None	11/03/15	20000000.	Equip & Capital Improvements		X		X		X
C The City of South Lake Tahoe, California	94-1610868	None	06/12/14	18000000.	Equipment		X		X		X
D											

Part II Proceeds										
	A		B		C		D			
1 Amount of bonds retired	9,119,062.		225,419.		1,469,945.					
2 Amount of bonds legally defeased										
3 Total proceeds of issue	11,771,002.		20,000,000.		18,000,000.					
4 Gross proceeds in reserve funds										
5 Capitalized interest from proceeds										
6 Proceeds in refunding escrows										
7 Issuance costs from proceeds	132,100.		182,408.		249,697.					
8 Credit enhancement from proceeds										
9 Working capital expenditures from proceeds										
10 Capital expenditures from proceeds	5,000,000.		19,817,592.		17,750,303.					
11 Other spent proceeds	6,638,902.									
12 Other unspent proceeds										
13 Year of substantial completion	2013									
	Yes	No	Yes	No	Yes	No	Yes	No		
14 Were the bonds issued as part of a current refunding issue?	X			X		X				
15 Were the bonds issued as part of an advance refunding issue?		X		X		X				
16 Has the final allocation of proceeds been made?	X			X		X				
17 Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X					

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

Part III Private Business Use (Continued)

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
3a Are there any management or service contracts that may result in private business use of bond-financed property?		X		X		X		
b If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		
d If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4 Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government00 %		.00 %		.00 %		%
5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government00 %		.00 %		.00 %		%
6 Total of lines 4 and 500 %		.00 %		.00 %		%
7 Does the bond issue meet the private security or payment test?		X		X		X		
8a Has there been a sale or disposition of any of the bond-financed property to a non-governmental person other than a 501(c)(3) organization since the bonds were issued?		X		X		X		
b If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of		%		%		%		%
c If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?								
9 Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?	X		X		X			

Part IV Arbitrage

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

Part IV Arbitrage (Continued)

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

Part V Procedures To Undertake Corrective Action

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

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

Schedule K, Part I, Bond Issues:

(a) Issuer Name: City of South Lake Tahoe, California

(f) Description of Purpose:

Equip & Capital Improvements; Refunded Bond Dated 8/1/2009

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
Tahoe Carson Valley Medical	In aggregate more than 35% owned by Gregory Bergner, MD and Paul Rork	9,995,000.	Physician Services		X
Kindle Craig	Family member of Board Director, Dena Schwarte	152,655.	Compensated Employee		X

Part V Supplemental Information

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

Sch L, Part IV, Business Transactions Involving Interested Persons:

(a) Name of Person: Tahoe Carson Valley Medical Group

(b) Relationship Between Interested Person and Organization:

In aggregate more than 35% owned by Gregory Bergner, MD and Paul Rork

(d) Description of Transaction: Physician Services

(a) Name of Person: Kindle Craig

(b) Relationship Between Interested Person and Organization:

Family member of Board Director, Dena Schwarte

(d) Description of Transaction: Compensated Employee

**SCHEDULE M
(Form 990)**

Noncash Contributions

OMB No. 1545-0047

2015

Open To Public Inspection

Department of the Treasury
Internal Revenue Service

- ▶ Complete if the organizations answered "Yes" on Form 990, Part IV, lines 29 or 30.
- ▶ Attach to Form 990.
- ▶ Information about Schedule M (Form 990) and its instructions is at www.irs.gov/form990.

Name of the organization **Barton Healthcare System** Employer identification number **94-6050274**

Part I Types of Property

	(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining noncash contribution amounts
1 Art - Works of art				
2 Art - Historical treasures				
3 Art - Fractional interests				
4 Books and publications				
5 Clothing and household goods	X		442,075.	Thrift Shop Value
6 Cars and other vehicles				
7 Boats and planes				
8 Intellectual property				
9 Securities - Publicly traded				
10 Securities - Closely held stock				
11 Securities - Partnership, LLC, or trust interests				
12 Securities - Miscellaneous				
13 Qualified conservation contribution - Historic structures				
14 Qualified conservation contribution - Other				
15 Real estate - Residential				
16 Real estate - Commercial				
17 Real estate - Other				
18 Collectibles				
19 Food inventory				
20 Drugs and medical supplies				
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
25 Other ()				
26 Other ()				
27 Other ()				
28 Other ()				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement **29** **0**

	Yes	No
30a During the year, did the organization receive by contribution any property reported in Part I, lines 1 through 28, that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?		X
b If "Yes," describe the arrangement in Part II.		
31 Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?	X	
32a Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions?		X
b If "Yes," describe in Part II.		
33 If the organization did not report an amount in column (c) for a type of property for which column (a) is checked, describe in Part II.		

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

Schedule M (Form 990) (2015)

Part II **Supplemental Information.** Provide the information required by Part I, lines 30b, 32b, and 33, and whether the organization is reporting in Part I, column (b), the number of contributions, the number of items received, or a combination of both. Also complete this part for any additional information.

Schedule M, Line 32b:

The Organization receives donations of clothing and household goods at their thrift store. The Organization has rarely received offers of nonstandard contributions and when offered have been reviewed by the appropriate personnel and eventually declined.

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 990-EZ 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

2015

Open to Public
Inspection

Name of the organization

Barton Healthcare System

Employer identification number

94-6050274

Form 990, Part I, Line 1, Description of Organization Mission:

health and wellness. Barton Health is the community health leader known
for compassion and chosen for quality.

Form 990, Part III, Line 4a, Program Service Accomplishments:

Youth Programs: Barton Health promotes health within youth populations
through programs that educate about the ramifications of drug and
alcohol use; drunk driving; the sponsorship of youth activities that
promote health; free sports physicals; sports injury prevention; and
health career promotion activities.

Community Health Education Programs: mailed community newsletter; free
online e-newsletters and health library; free childbirth education
classes; free child/infant CPR and first-aid; new mom's support
program; free senior health and fitness day; and free community health
lecture series.

Support Groups: mom's morning out; grief support groups; and
children's bereavement camp

Collaboration: Access el dorado involving public and private agencies
to create healthier communities especially within our vulnerable
populations; telehealth for Tahoe that brings additional specialty
health accessible through telemedicine; and emergency management
community council (Barton Health hosts and chairs) that meets with

Name of the organization

Barton Healthcare System

Employer identification number

94-6050274

areas agencies that meets every other month to discuss emergency preparedness and education within our community. Barton additionally partnered with Covered California and began a certified enrollment entity that assisted nearly 600 residents enroll for health coverage.

Form 990, Part III, Line 4b, Program Service Accomplishments:

More than 60 percent of the clinic's patients are women and children. The remaining 40 percent are teen and adult males. Approximately 43 percent of the patients use English as a second language. Patients are often undocumented migrant workers not eligible for Medi-Cal or are insured low income patients with very high deductibles. Underinsured and uninsured private pay patients are charged on a sliding scale based on income and services provided. Barton's Community Health Center serves as a gateway for patients in need of health care including those seeking family planning services, pre-conception information and referrals for sterilization, level 1 infertility services, STD treatment, referrals for HIV services and screening for DES (diethylstilbestrol) exposure. The Health Center is one of few medical facilities which accepts Medi-Cal or uninsured patients.

Form 990, Part VI, Section A, line 2:

Terrence Orr, MD, Trustee and Keith Swanson, MD, trustee have a business relationship at Lake Tahoe Orthopedic Institute, Inc.

Greg Bergner, MD, and Paul Rork, MD, have a business relationship at Tahoe Carson Valley Medical Group.

Name of the organization Barton Healthcare System	Employer identification number 94-6050274
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Form 990, Part VI, Section A, line 6:

There are two classes of members in the Organization: voting members and associate members. Class I voting members are those who have contributed \$200 or more prior to July 11, 1986. Each class I voting member has the right to cast 1 vote, but not more than 5 votes for each \$200 contribution. Class II voting members are those individuals admitted after July 10, 1986 who have contributed \$1,500 or more. Each class II voting member has the right to cast 1 vote, but not more than 5 votes, for each \$1,500 contribution. Associate members do not have voting rights. Members do not have the right to approve significant decisions nor receive distributions upon dissolution.

Form 990, Part VI, Section A, line 7a:

The President/Chairman of the organization shall appoint a committee of not more than 5 or less than 3 members to serve as a nominating committee in the election of the Board of Directors. Members representing the lesser of 2% of the membership or 100 members may also nominate candidates for Director. If more people are nominated for the board than can be elected, members are permitted to vote and the candidates receiving the highest number of votes shall be elected.

Form 990, Part VI, Section A, line 7b:

Bylaw amendments are subject to approval by the voting members.

Form 990, Part VI, Section A, line 8b:

There are no committees that have the authority to act on behalf of the governing board.

Name of the organization

Barton Healthcare System

Employer identification number

94-6050274

Form 990, Part VI, Section B, line 11:

Each member of the governing board of directors and officers are provided with an electronic copy of the Form 990 for review prior to filing with the Internal Revenue Service.

Form 990, Part VI, Section B, Line 12c:

The governing board members are required to complete an annual conflict of interest questionnaire pursuant to written policy, the board members are precluded from participating in debate and voting on any issue in which the member(s) (or a family member) may have a personal or business interest. Employees are provided with a copy of the conflict of interest policy within their employee handbook and are monitored by their immediate supervisors.

Employees are required to be familiar with the policy at all times. They do not formally review the policy annually but are required to still disclose any potential conflicts that may arise.

Form 990, Part VI, Section B, Line 15:

The organization engaged an independent firm to conduct an executive compensation survey. The independent firm issued a certification of reasonableness upon comparing executive compensation with similar organizations. The compensation committee consisting of board members reviews the CEO compensation and approves changes to the executive team's contracts. The committee substantiates this process in their minutes.

The CEO approves the compensation for the remaining executive team using data obtained from annual surveys performed by the California Healthcare

Name of the organization

Barton Healthcare System

Employer identification number

94-6050274

Association as well as comparisons of specific compensation of executives from similar-sized hospitals in California located in the same geographic area. Barton Healthcare System includes a 63-bed full-service hospital with a 24-hour emergency room, 48-bed skilled nursing facility, state of the art operating rooms and rehabilitation departments, home health and hospice services, 50% ownership in Carson Valley Medical Center (a full-service hospital located in the Carson Valley), Barton University (providing clinical and community health education), and Barton Memorial Hospital Foundation (501(c)(3) supporting organization). The system further includes over 25 outpatient physician clinics which encompass orthopedic clinics, OB/GYN clinics, pediatrics, internal medicine, rehabilitation, general surgery, urgent care clinics, family care clinics, low-income community clinic, and satellite lab facilities.

Form 990, Part VI, Section C, Line 19:

Documents requiring public disclosure are available upon request and are posted on the organization's website: www.bartonhealth.org. Organization contact Mindi Befu 530-543-5601.

Form 990, Part IX, Line 11g, Other Fees:

Consulting:

Program service expenses	539,927.
Management and general expenses	249,440.
Fundraising expenses	0.
Total expenses	789,367.

Other Purchased Services:

Program service expenses	1,870,553.
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Name of the organization Barton Healthcare System	Employer identification number 94-6050274
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Management and general expenses	864,174.
Fundraising expenses	0.
Total expenses	2,734,727.

Medical Purchased Services:

Program service expenses	13,671,136.
Management and general expenses	6,315,905.
Fundraising expenses	0.
Total expenses	19,987,041.

Temporary Personnel:

Program service expenses	1,167,928.
Management and general expenses	539,569.
Fundraising expenses	0.
Total expenses	1,707,497.

Total Other Fees on Form 990, Part IX, line 11g, Col A	25,218,632.
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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.

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

OMB No. 1545-0047

2015

Open to Public Inspection

Name of the organization **Barton Healthcare System** Employer identification number **94-6050274**

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
Barton Memorial Hospital Foundation, Inc - 88-0268799, 2092 Lake Tahoe Blvd, Ste 600, South Lake Tahoe, CA 96150	Supporting Organization	Nevada	501(c)(3)	Line 7	Barton Healthcare System	X	

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

Schedule R (Form 990) 2015

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

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

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

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) BMH Foundation Inc	B	419,829.	Book Value/Actual
(2) BMH Foundation Inc	C	5,149,699.	Book Value/Actual
(3) BMH Foundation Inc	Q	150,818.	Book Value/Actual
(4)			
(5)			
(6)			

Electronic Filing PDF Attachment



Consolidated Financial Statements
December 31, 2015 and 2014

Barton Healthcare System

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Independent Auditor's Report

The Board of Directors
Barton Healthcare System
South Lake Tahoe, California

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Barton Healthcare System (Healthcare System), which comprise the consolidated balance sheet as of December 31, 2015, and the related consolidated statements of operations, changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's 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 Barton Healthcare System as of December 31, 2015, and the results of their operations, changes in net assets, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter – Change in Accounting Principle

As discussed in Note 16 to the financial statements, management has elected to early adopt the guidance contained in Accounting Standards Update 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)* in 2015, which requires that investments for which fair value is measured using the net asset value practical expedient be removed from the fair value hierarchy. Our opinion is not modified with respect to that matter.

Correction of Error in Prior Period Financial Statements

The financial statements of Barton Healthcare System as of December 31, 2014, were audited by other auditors, whose report dated March 31, 2015, expressed an unmodified opinion on those statements. As discussed in Note 17 to the financial statements, management discovered an understatement of the workers' compensation claims reserves and related receivable in the 2014 financial statements during the current year and, accordingly, management has restated the 2014 financial statements during the current year to correct the error. The other auditors reported on the 2014 financial statements before the restatement.

In conjunction with our audit of the 2015 financial statements, we also audited the adjustments described in Note 17 that were applied to restate the 2014 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the 2014 financial statements of the Healthcare System other than with respect to the adjustments and, accordingly, we not express an opinion or any other form of assurance on the 2014 financial statements as a whole.

A handwritten signature in black ink that reads "Erik Sully LLP". The signature is written in a cursive, flowing style.

Fargo, North Dakota
April 14, 2016

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	2015	2014
	(In Thousands)	
		(restated)
Assets		
Current Assets		
Cash and cash equivalents	\$ 17,038	\$ 20,654
Receivables		
Patient, net of estimated uncollectibles of \$6,307 in 2015 and \$7,364 in 2014	26,806	26,192
Estimated third-party payor settlements	-	755
California hospital fee program receivable	2,292	5,500
Other	5,684	6,729
Supplies	2,749	3,190
Prepaid expenses and other	2,081	2,651
Total current assets	<u>56,650</u>	<u>65,671</u>
Assets Limited as to Use		
Board-designated for capital improvements and other	71,000	61,748
Held in trust under indenture agreements	27,778	15,586
Held in trust for workers' compensation claims and other	1,090	1,064
Total assets limited as to use	<u>99,868</u>	<u>78,398</u>
Property and Equipment, Net	<u>66,033</u>	<u>49,356</u>
Other Assets		
Investment in Washoe Barton Medical Clinic	21,804	19,813
Land held for investment	9,000	9,000
Other	4,548	4,074
Total other assets	<u>35,352</u>	<u>32,887</u>
Total assets	<u>\$ 257,903</u>	<u>\$ 226,312</u>

See Notes to Consolidated Financial Statements

Barton Healthcare System
Consolidated Balance Sheets
December 31, 2015 and 2014

	2015	2014
	(In Thousands)	
		(restated)
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt	\$ 5,788	\$ 3,780
Accounts payable and accrued liabilities	9,770	5,794
Accrued payroll and payroll-related liabilities	6,219	6,419
Estimated third-party payor settlements	3,144	3,249
Other current liabilities	604	840
Current portion of claims reserves	2,078	2,262
	27,603	22,344
Total current liabilities		
Long-Term Liabilities		
Claims reserves, less current portion	7,312	6,416
Long-term debt, less current maturities	35,033	29,476
Other long-term obligations	289	264
	70,237	58,500
Total liabilities		
Net Assets		
Unrestricted	172,273	153,695
Temporarily restricted	12,000	10,873
Permanently restricted	3,393	3,244
	187,666	167,812
Total net assets		
Total liabilities and net assets	\$ 257,903	\$ 226,312

Barton Healthcare System
Consolidated Statements of Operations
Years Ended December 31, 2015 and 2014

	2015	2014
	(In Thousands)	
		(restated)
Unrestricted Revenues, Gains, and Other Support		
Net patient service revenue	\$ 167,122	\$ 156,783
Provision for bad debts	(12,950)	(12,529)
Net patient service revenue less provision for bad debts	154,172	144,254
Other income	3,503	3,590
Total revenues, gains, and other support	157,675	147,844
Expenses		
Salaries and wages	56,445	53,579
Employee benefits	16,131	15,338
Medical fees	19,931	18,730
Supplies	18,132	15,366
Purchased services and other	21,187	21,173
Depreciation and amortization	6,367	6,163
Interest	1,291	1,142
Total expenses	139,484	131,491
Operating Income	18,191	16,353
Other Income		
Investment income	2,404	2,153
Other nonoperating income	2,029	968
Other income, net	4,433	3,121
Revenues in Excess of Expenses	22,624	19,474
Change in Unrealized Gains and Losses on Investments	(4,214)	(240)
Net Assets Released from Restrictions	168	308
Change in Unrestricted Net Assets	\$ 18,578	\$ 19,542

Barton Healthcare System
Consolidated Statements of Changes in Net Assets
Years Ended December 31, 2015 and 2014

	2015	2014
	(In Thousands)	
		(restated)
Unrestricted Net Assets		
Revenues in excess of expenses	\$ 22,624	\$ 19,474
Changes in unrealized gains (losses) on investments	(4,214)	(240)
Net assets released from restrictions	168	308
Increase in unrestricted net assets	18,578	19,542
Temporarily Restricted Net Assets		
Contributions	1,295	10,475
Net assets released from restrictions	(168)	(308)
Increase in temporarily restricted net assets	1,127	10,167
Permanently Restricted Net Assets		
Contributions	149	251
Increase in Net Assets	19,854	29,960
Net Assets, Beginning of Year	167,812	137,852
Net Assets, End of Year	\$ 187,666	\$ 167,812

Barton Healthcare System
Consolidated Statements of Cash Flows
Years Ended December 31, 2015 and 2014

	2015	2014
	(In Thousands)	
		(restated)
Operating Activities		
Change in net assets	\$ 19,854	\$ 29,960
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	6,367	6,163
Provision for bad debts	12,950	12,529
Restricted contributions	(1,444)	(10,726)
Net unrealized gains and losses on investments	4,214	240
Equity interest in earnings of WBMC	(1,991)	(1,357)
Changes in assets and liabilities		
Patient accounts receivable	(13,564)	(15,352)
California hospital fee program receivable	3,208	(4,649)
Other accounts receivable	1,045	(5,218)
Supplies	441	(494)
Prepaid expenses and other	570	(183)
Other assets	(551)	207
Accounts payable and accrued liabilities	3,976	1,663
Accrued payroll and payroll-related liabilities	(200)	64
Estimated third-party settlements, net	650	(1,384)
Other current liabilities	(236)	447
Other long-term liabilities	25	46
Claims reserves	712	(195)
Net Cash from Operating Activities	36,026	11,761
Investing Activities		
Purchase of property and equipment	(23,517)	(6,562)
Proceeds from the sale of property and equipment	550	25
Sale of assets limited as to use	12,237	2,261
Purchases of assets limited as to use	(37,921)	(26,483)
Net Cash used for Investing Activities	(48,651)	(30,759)
Financing Activities		
Donor-restricted contributions	1,444	10,726
Proceeds from the issuance of long-term debt	20,000	18,000
Payment on long-term debt obligations	(12,435)	(3,700)
Net Cash from Financing Activities	9,009	25,026
Net Increase (Decrease) in Cash and Cash Equivalents	(3,616)	6,028
Cash and Cash Equivalents, Beginning of Year	20,654	14,626
Cash and Cash Equivalents, End of Year	\$ 17,038	\$ 20,654
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	\$ 1,291	\$ 1,114

Note 1 - Organization and Significant Accounting Policies

Organization

Barton Healthcare System (Healthcare System) is a California nonprofit corporation. Included in these consolidated financial statements are the accounts for the following entities:

Barton Healthcare System includes **Barton Memorial Hospital (Hospital)**, a 111-bed acute-care hospital, including a 48-bed skilled nursing facility, located in South Lake Tahoe, California. The Hospital provides, among other services, primarily inpatient, outpatient, and emergency care services for the residents of the South Lake Tahoe Basin. The Hospital has an **Auxiliary**, which functions as a separate department of the Hospital. The Auxiliary operates a secondhand store and sponsors various fundraisers for the Hospital's equipment purchases and expansion needs. For the year ended December 31, 2014, the Auxiliary contributed \$65 to the Hospital for capital purchases. During 2015, the Auxiliary did not make any contributions to the Hospital.

Barton Memorial Hospital Foundation, Inc. (Foundation) is a Nevada nonprofit corporation and was formed in 1990 to expand the community awareness of the Hospital and to raise and manage donor funds for programs, activities, and capital construction. The Foundation is included as a consolidated subsidiary of the Healthcare System. The Hospital funds the operating expenses of the Foundation. For the years ended December 31, 2015 and 2014, the Foundation contributed \$150 and \$308 for support of the Hospital.

Washoe Barton Medical Clinic d/b/a Carson Valley Medical Center (WBMC) is a Nevada nonprofit corporation which was formed in November 2000 (see Note 5). It is accounted for under the equity method. The Healthcare System holds a 50% membership interest in the entity, which operates a full services hospital and numerous physician clinics. The change in the value of the investment is recorded in other income.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Barton Healthcare System (Healthcare System) and its subsidiaries. All material intercompany accounts and transactions have been eliminated.

Income Taxes

The Healthcare System and Foundation are organized as California nonprofit corporations and have been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The Healthcare System and Foundation are annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Healthcare System and Foundation are subject to income tax on net income that is derived from business activities that are unrelated to their exempt purpose. The Healthcare System and Foundation have determined they are not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990T) with the IRS.

The Healthcare System and Foundation believe that they have appropriate support for any tax positions taken affecting their annual filing requirements, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. The Healthcare System and Foundation would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements

The Healthcare System has determined the fair value of certain assets and liabilities in accordance with generally accepted accounting principles, which provides a framework for measuring fair value.

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

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

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less, excluding assets limited as to use.

Patient Receivables

Patient receivables are uncollateralized patient and third-party payor obligations. The Healthcare System does not have a policy to charge interest on past due accounts. Payments of patient receivables are allocated to the specific claims identified in the remittance advice or, if unspecified, are applied to the earliest unpaid claim.

Patient accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Healthcare System analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts.

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

The Healthcare System's process for calculating the allowance for doubtful accounts for self-pay patients has not significantly changed from December 31, 2014 to December 31, 2015. The Healthcare System has not significantly changed its charity care or uninsured discount policies during fiscal years 2015 or 2014.

Contributions Receivable

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received and are included in other receivables in the accompanying consolidated financial statements.

Contributions receivable that are expected to be collected in less than one year are reported at net realizable value.

During 2014, the Foundation received a \$10,000 pledge from a donor to encourage and enhance the expansion of the Hospital by constructing a building on land owned by the Healthcare System. \$5,000 of the pledge was received in July 2014, and \$5,000 will be disbursed when the building project is at least 50% completed. The Healthcare System will pay the remaining costs to complete the project which is expected to be completed during 2017.

Supplies

Supplies are stated at cost, which is determined on the first-in, first-out method of accounting.

Investments and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in revenues in excess of expenses unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are excluded from revenues in excess of expenses unless the investments are trading securities. Investment income on funds held under indenture agreements is recorded as other operating revenue while all other investment income is recorded as other income in the consolidated statements of operations.

Assets Limited as to Use

Assets limited as to use include assets designated by the Board of Directors for capital improvements, over which the Board retains control and may, at its discretion, subsequently use for other purposes, and assets held by a trustee under an indenture agreement and for workers' compensation claims and other. Amounts required to meet current liabilities of the Healthcare System have been classified as current assets.

Property and Equipment

Property and equipment acquisitions in excess of \$5,000 (not in thousands) are capitalized and recorded at cost. Depreciation is provided over the estimated useful life of each depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Amortization is included in depreciation and amortization in the consolidated financial statements. The estimated useful lives of property and equipment are as follows:

Land improvements	15 years
Buildings	20-40 years
Equipment	3-10 years

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

Investment in Washoe Barton Medical Clinic

The investment in the Washoe Barton Medical Clinic is recorded under the equity method of accounting. Under the equity method, the initial investment is recorded at cost and adjusted periodically to recognize the Healthcare System's share of earnings and losses of that entity, net of any additional investments or distributions. The Healthcare System's share of net earnings or losses of Washoe Barton Medical Clinic is included in other nonoperating income in the accompanying consolidated statements of operations.

Land Held for Investment

The asset is a vacant parcel of land that the Healthcare System is holding for a potential sale at a later date. This land held for investment was originally recorded at cost. In 2008 and 2010, an impairment was recorded on this land to bring the value to \$9,000. No impairment was recorded for the years ended December 31, 2015 and 2014.

Impairment of Long-Lived Assets

The Healthcare System considers whether indicators of impairment are present and preforms the necessary analysis to determine if the carrying values of assets are appropriate. No impairment was identified for the years ended December 31, 2015 and 2014.

Deferred Financing Costs

Deferred financing costs are amortized over the life of the related debt using the straight-line method. Deferred financing costs are included in Other Assets in the accompanying consolidated balance sheets. Amortization of deferred financing costs is included in depreciation and amortization in the accompanying consolidated statements of operations.

Self-Insurance Reserves

The Healthcare System provides for self-insurance reserves for estimated incurred but not reported claims for its employee health plan, professional liability insurance program, and workers' compensation insurance program. These reserves, which are included in current liabilities and long-term liabilities in the consolidated balance sheets, are estimated based upon historical submission and payment data, cost trends, utilization history, and other relevant factors. Adjustments to reserves are reflected in the operating results in the period in which the change in estimate is identified.

Temporarily and Permanently Restricted Net Assets

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

Net Patient Service Revenue

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

The Healthcare System recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered, as noted above. For uninsured patients that do not qualify for charity care, the Healthcare System recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the Healthcare System's uninsured and other self-pay patients will be unable or unwilling to pay for the services provided. Thus, the Healthcare System records a significant provision for bad debts related to uninsured and other self-pay patients in the period the services are provided.

Net patient service revenue, but before the provision for bad debts, recognized for the years ended December 31, 2015 and 2014 from these major payor sources, is as follows:

	<u>2015</u>	<u>2014</u>
Net patient service revenue		
Third-party payors	\$ 157,208	\$ 145,483
Self-pay	9,914	11,300
	<u> </u>	<u> </u>
Total all payors	<u>\$ 167,122</u>	<u>\$ 156,783</u>

California Hospital Fee Program

In November 2009, the first California Hospital Fee Program (Program) was signed into California state law. The Program provides supplemental Med-Cal payments to certain California hospitals. The Program is funded by a quality assurance fee paid by participating hospitals and by matching federal funds. Hospitals receive supplemental payments from either the California Department of Health Care Services (DHCS), managed care plans, or a combination of both.

The fourth part (Part Four), created by Senate Bill 239 (signed into law on October 8, 2013), extended the Program to cover the period beginning January 1, 2014 through December 31, 2016. The Healthcare System recognized net patient service revenue of \$5,596 and \$5,500 for Part Four of the Program in 2015 and 2014. These revenues are recorded as part of net patient service revenues for 2015 and 2014.

Revenues in Excess of Expenses

Revenues in excess of expenses excludes unrealized gains and losses on investments other than trading securities, transfers of assets to and from related parties for other than goods and services, and contributions of long-lived assets, including assets acquired using contributions which were restricted by donors.

Charity Care

The Healthcare System provides health care services to patients who meet certain criteria under its charity care policy without charge or at amounts less than established rates. Since the Healthcare System does not pursue collection of these amounts, they are not reported as patient service revenue. The estimated cost of providing these services was \$1,594 and \$3,185 for the years ended December 31, 2015 and 2014, calculated by multiplying the ratio of cost to gross charges for the Healthcare System by the gross uncompensated charges associated with providing charity care to its patients.

Donor-Restricted Gifts

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

Advertising Costs

Advertising costs are expensed as incurred. The Healthcare System incurred \$312 and \$339 for advertising costs for the years ended December 31, 2015 and 2014.

Reclassifications

Reclassifications have been made to the December 31, 2014 financial information to make it conform to the current year presentation. The reclassifications had no effect on previously reported operating results or changes in net assets.

Note 2 - Net Patient Service Revenue

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

Medicare. Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system based on clinical, diagnostic, and other factors. Medicare reimburses the Healthcare System for covered outpatient services rendered to Medicare beneficiaries by way of an outpatient prospective payment system based on ambulatory payment classifications (APCs). The Healthcare System's classification of patients under the Medicare program and the appropriateness of their admissions are subject to an independent review.

Inpatient nonacute services, certain outpatient services, medical education costs, and defined capital costs related to Medicare beneficiaries are paid based, in part, on a cost reimbursement methodology. The Healthcare System is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports and audits thereof by the Medicare fiscal intermediary. The estimated amounts due to or from the program are reviewed and adjusted annually based on the status of such audits and any subsequent appeals. Differences between final settlements and amounts accrued in previous years are reported as adjustments to net revenue in the year examination is substantially completed. The Healthcare System's Medicare cost reports have been audited by their fiscal intermediary through 2012. The Healthcare System does not believe there are significant credit risks associated with this government agency.

Medi-Cal. Inpatient services rendered to Medi-Cal program beneficiaries are paid at prospectively determined rates. Outpatient services are paid at prospectively determined rates per procedure determined by the State of California. The Healthcare System's Medi-Cal cost reports have been reviewed and/or audited by their fiscal intermediary through 2013. The Healthcare System does not believe there are significant credit risks associated with the State of California who administers this program.

The State of California ruled that amounts relating to a billing dispute with Medi-Cal on Skilled Nursing Facility charges have to be repaid as a percentage of claims over approximately 10 years. As there is an estimable future cash flow stream, management elected to discount this liability as a future annuity stream, using a 6.75% discount rate. Accordingly, revenue of \$775,000 was recognized within net patient service revenue, and the liability was reduced to \$1,971,000, within estimated third-party payor settlements as of December 31, 2015 and 2014. See Note 18 for discussion of legislative action taken subsequent to year end.

Other. The Healthcare System has also entered into payment agreements with certain commercial insurance carriers. The basis for payment to the Healthcare System under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Revenue from the Medicare and Medi-Cal programs accounted for approximately 31% and 28% of the Healthcare System's net patient service revenue for the year ended December 31, 2015 and 31% and 27% for the year ended December 31, 2014. Laws and regulations governing the Medicare, Medi-Cal, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Net patient service revenue for the years ended December 31, 2015 and 2014 increased approximately \$278 and \$1,494 due to removal of allowances previously estimated that are no longer necessary as a result of final settlements for years that are no longer likely subject to audits, reviews, and investigations.

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

A summary of patient service revenue and contractual adjustments for the years ended December 31, 2015 and 2014 is as follows:

	2015	2014
Total patient service revenue	\$ 396,349	\$ 346,213
Total contractual adjustments	(229,227)	(189,430)
Net patient service revenue	167,122	156,783
Less provision for bad debts	(12,950)	(12,529)
Net patient service revenue less provision for bad debt	\$ 154,172	\$ 144,254

Note 3 - Investments and Investment Income

Assets Limited as to Use

The composition of assets limited as to use at December 31, 2015 and 2014 is shown in the following table. Cash and cash equivalents, money markets and certificates of deposit, and contributions receivable are stated at historical cost plus accrued interest. Equity securities, government agency bonds, corporate bonds, and other fixed income securities are stated at fair value. Limited partnerships and hedge funds are stated at net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital.

	2015	2014
By Board for capital improvements and other		
Cash and cash equivalents	\$ 4,372	\$ 4,866
Money markets and certificates of deposit	1,006	2
Equity securities	27,354	22,704
Bonds - government agencies	15,563	12,751
Bond funds - corporate	7,297	5,704
Fixed income - other	3,402	3,810
Limited partnerships	1,818	11,911
Hedge funds	10,188	-
	\$ 71,000	\$ 61,748
Under indenture agreements - held by trustee		
Money markets and certificates of deposit	\$ 27,778	\$ 15,586
For workers' compensation and other - held by trustee		
Money markets and certificates of deposit	\$ 1,001	\$ 1,000
Equity securities	86	-
Cash and cash equivalents	3	-
Hedge funds	-	64
	\$ 1,090	\$ 1,064

Investment Income

Investment income and gains and losses on assets limited as to use consist of the following for the years ended December 31, 2015 and 2014.

	2015	2014
Other income		
Interest and dividend income	\$ 1,502	\$ 1,217
Realized gains and losses on investments, net	902	936
	\$ 2,404	\$ 2,153
Other changes in unrestricted net assets		
Change in unrealized gains and losses on investments	\$ (4,214)	\$ (240)

Investments in an Unrealized Loss Position

The duration of the investments in an unrealized loss position at December 31, 2015 are shown in the following table:

	Greater Than 12 Months		Less Than 12 Months	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Equity securities	\$ 7,563	\$ (881)	\$ 5,087	\$ (583)
Government agencies	14,086	(208)	1,477	(23)
Corporate bonds	2,984	(347)	4,170	(401)
Fixed income - other	2,153	(584)	-	-
Hedge funds	-	-	10,188	(312)
	\$ 26,786	\$ (2,020)	\$ 20,922	\$ (1,319)

The duration of the investments in an unrealized loss position at December 31, 2014 are shown in the following table:

	Greater Than 12 Months		Less Than 12 Months	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Government agencies	\$ 12,722	\$ (13)	\$ -	\$ -
Corporate bonds	1,173	(48)	5,097	(345)
Fixed income - other	883	(146)	5,730	(241)
	\$ 14,778	\$ (207)	\$ 10,827	\$ (586)

The unrealized losses on the Healthcare System's investments in equity securities, government agencies, corporate bonds, fixed income – other funds, and hedge funds were primarily a result of recent market declines consistent with the cyclical nature of the financial markets. The Healthcare System has a diversified portfolio. The Healthcare System's investments in an unrealized loss position consist of 56 investments from various market sectors. Based on that evaluation and the Healthcare System's ability and intent to hold those investments for a reasonable period of time sufficient for a forecasted recovery of fair value, the Healthcare System does not consider these investments to be other-than-temporarily impaired at December 31, 2015.

Note 4 - Property and Equipment

Property and equipment consisted of the following at December 31, 2015 and 2014:

	2015		2014	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land	\$ 3,704	\$ -	\$ 3,435	\$ -
Land improvements	2,700	1,720	2,700	1,562
Buildings	61,892	35,755	60,733	33,231
Equipment	62,842	47,636	59,138	44,652
Construction in progress	20,006	-	2,795	-
	<u>\$ 151,144</u>	<u>\$ 85,111</u>	<u>\$ 128,801</u>	<u>\$ 79,445</u>
Net property and equipment		<u>\$ 66,033</u>		<u>\$ 49,356</u>

Construction in progress at December 31, 2015 represents cost for various projects. The estimated cost to complete these projects is \$14,879 as of December 31, 2015, which will be financed with notes payable from a finance company and general operating funds.

Note 5 - Investment in Washoe Barton Medical Clinic

The investment in WBMC is being recorded on the equity method. The Healthcare System has a 50% ownership interest in WBMC. The net gain on this investments, totaling \$1,991 in 2015 and \$1,357 in 2014, is included in other nonoperating income.

Barton Healthcare System
 Notes to Consolidated Financial Statements
 December 31, 2015 and 2014
 Dollars in Thousands

Summary financial statement information on equity method investments is as follows:

	2015	2014
Current assets	\$ 26,311	\$ 25,610
Noncurrent assets	32,489	31,191
Total assets	\$ 58,800	\$ 56,801
Current liabilities	\$ 4,258	\$ 5,230
Noncurrent liabilities	10,765	11,777
Net assets	43,777	39,794
Total liabilities and net assets	\$ 58,800	\$ 56,801
Revenue	\$ 48,062	\$ 44,344
Expenses	(44,495)	(41,618)
Operating income	3,567	2,726
Other income and changes in net assets	416	309
Change in net assets	\$ 3,983	\$ 3,035

In addition, the Healthcare System provides certain support services to WBMC including information technology, purchasing, and billing services. During the years ended December 31, 2015 and 2014, WBMC paid the Healthcare System approximately \$622 and \$962 for these services. As of December 31, 2015, the Healthcare System has a receivable from WBMC for \$116 for these services.

Note 6 - Leases

The Healthcare System leases various equipment and facilities under noncancelable long-term lease agreements. These leases have been recorded as operating leases. Total lease expense for the years ended December 31, 2015 and 2014 for all operating leases was \$3,206 and \$2,803.

Minimum future lease payments for the operating leases are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2016	\$ 1,860
2017	1,752
2018	560
2019	271
2020	83
	<hr/>
Total minimum lease payments	<u>\$ 4,526</u>

Note 7 - Long-Term Debt

Long-term debt consists of:

	<u>2015</u>	<u>2014</u>
2.89% note payable to finance company, due in monthly installments of \$123 including interest, to June 2029, collateralized by certain real property	\$ 16,531	\$ 17,517
1.57% note payable to finance company, due in monthly installments of \$252 including interest, to November 2022, collateralized by certain real property	19,774	-
1.92% note payable to finance company, due in monthly installments of \$65 including interest, to June 2019, collateralized by certain real property	2,652	3,377
1.61% note payable to finance company, due in monthly installments of \$135 including interest, to September 2016, collateralized by certain real property	1,205	2,789
7.21% note payable to finance company, due in monthly installments of \$12 including interest, to September 2021, collateralized by certain real property	659	750
4.55% note payable	-	8,823
	<hr/>	<hr/>
	40,821	33,256
Less current maturities	(5,788)	(3,780)
	<hr/>	<hr/>
Long term debt, less current maturities	<u>\$ 35,033</u>	<u>\$ 29,476</u>

Long-term debt maturities are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2016	\$ 5,788
2017	4,676
2018	4,773
2019	4,478
2020	4,175
Thereafter	<u>16,931</u>
Total	<u>\$ 40,821</u>

Under the terms of the notes payables, the Healthcare System is required to satisfy certain measures of financial performance and has limitations on the incurrence of additional borrowings.

Note 8 - Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Wellness Center	\$ 11,000	\$ 10,000
Events	453	399
Community Care Clinic	198	200
Hospice	136	13
Equipment	114	85
Other	<u>99</u>	<u>176</u>
Temporarily restricted net assets	<u>\$ 12,000</u>	<u>\$ 10,873</u>

Permanently restricted net assets at December 31, 2015 and 2014 are restricted to:

	<u>2015</u>	<u>2014</u>
Investments to be held in perpetuity, the income which is expendable to support various health care services	<u>\$ 3,393</u>	<u>\$ 3,244</u>

In 2015 and 2014, net assets were released from donor restrictions by incurring expenditures satisfying the restricted purposes in the amounts of \$168 and \$308. These amounts are included in net assets released from restrictions in the accompanying consolidated financial statements.

Note 9 - Endowment Funds

The Healthcare System’s endowment (Endowment) consists of funds established by donors to provide annual funding for specific activities and general operations. As a result of this interpretation, we classify as permanently restricted net assets (a) the original value of gifts donated, (b) the original value of subsequent gifts, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. The remaining portion of the donor-restricted endowment is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Healthcare System in a manner consistent with the standard of prudence prescribed by UPMIFA. The Healthcare System considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund.
- The purposes of the Healthcare System and the donor-restricted endowment fund.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the Healthcare System.
- The investment policies of the Healthcare System.

At December 31, 2015 and 2014, the Healthcare System had the following endowment net asset composition by type of fund:

	Permanently Restricted
December 31, 2015	
Donor-restricted for permanent endowment	\$ 3,393
December 31, 2014	
Donor-restricted for permanent endowment	\$ 3,244

Investment and Spending Policies

The Healthcare System has adopted investment and spending policies for the Endowment that attempt to preserve and enhance the purchasing power of the Healthcare System’s assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the Endowment investments. To satisfy this objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A significant portion of the funds are invested to seek growth of principal over time.

Changes in Endowment net assets for the year ending December 31, 2015 are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Balance as of December 31, 2013	\$ -	\$ 2,993	\$ 2,993
Investment income	136	-	136
Restricted contributions	-	251	251
Board appropriated	(136)	-	(136)
Balance as of December 31, 2014	-	3,244	3,244
Investment income	130	-	130
Restricted contribution	-	149	149
Board appropriated	(130)	-	(130)
Balance as of December 31, 2015	\$ -	\$ 3,393	\$ 3,393

Note 10 - Employee Retirement Plan

The Healthcare System has a 403(b) tax deferred compensation plan covering substantially all employees. Employees working at least 1,000 hours per year become eligible upon completion of one year of service and attainment of age 18. Under this plan, eligible participating employees may elect to contribute 5% of their annual gross income to a trust to be invested in flexible premium deferred annuity contracts issued by Lincoln National Life Insurance Company (3% of their annual gross income in 2014). The elected percentages of annual gross income cannot exceed Internal Revenue Code limits. The Healthcare System matches up to 5% of participant contributions (3% in 2014) with vested contributions after one year of service. The Healthcare System's contributions to the plan totaled \$1,764 in 2015 and \$1,028 in 2014.

Note 11 - Concentrations of Credit Risk

The Healthcare System grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. The mix of receivables from third-party payors and patients at December 31, 2015 and 2014 was as follows:

	2015	2014
Commercial insurance and other	52%	42%
Medi-Cal	21%	24%
Medicare	20%	21%
Self pay	7%	13%
	100%	100%

The Healthcare System's cash balances are maintained in various bank deposit accounts. At various times during the year, the balance of these deposits may be in excess of federally insured limits.

Note 12 - Related Party Transactions

Two members of the Healthcare System’s Board of Directors are orthopedic surgeons and shareholders of Lake Tahoe Orthopedic Institute (LTOI) that contracts with the Healthcare System for physician services. During 2015 and 2014, one of these surgeons was also paid \$82 and \$60 as a medical director for the Healthcare System’s fellowship program. The Healthcare System provides clinical management services to LTOI. Amounts paid to LTOI during 2015 and 2014 totaled approximately \$4,215 and \$3,976. Additionally, a member of the Healthcare System’s Board of Directors is the President, employee, and sole shareholder of Tahoe Carson Valley Medical Group, Inc. (TCVMG), a group that provides physician services to the Healthcare System. Amounts paid to TCVMG during 2015 and 2014 were approximately \$10,027 and \$9,295. As of December 31, 2015, the Healthcare System owed TCVMG approximately \$416 for these services.

Note 13 - Functional Expenses

The Healthcare System provides health care services to residents within its geographic location. Expenses related to providing these services by functional class for the years ended December 31, 2015 and 2014 are as follows:

	2015	2014
Patient and resident health care services	\$ 98,039	\$ 91,839
General and administrative	41,445	39,652
	\$ 139,484	\$ 131,491

Note 14 - Fair Value Measurements

Assets limited as to use and assets measured at fair value on a recurring basis and the related fair values of these assets at December 31, 2015 and 2014 are as follows:

	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
December 31, 2015				
Bonds - government agencies	\$ 15,563	\$ -	\$ 15,563	\$ -
Bond funds - corporate	7,297	7,297	-	-
Fixed income - other	3,402	3,402	-	-
Equity securities - domestic	13,959	2,244	11,715	-
Equity securities - foreign	13,481	2,243	11,238	-
	<u>53,702</u>	<u>\$ 15,186</u>	<u>\$ 38,516</u>	<u>\$ -</u>
Limited partnerships - domestic (at NAV)	1,114			
Limited partnerships - foreign (at NAV)	704			
Hedge fund (at NAV)	10,188			
Cash and cash equivalents (at cost)	4,375			
Money market funds and certificates of deposit (at cost)	29,785			
Contributions receivable (included in other receivables)	5,069			
	<u>\$ 104,937</u>			
December 31, 2014				
Bonds - government agencies	\$ 12,751	\$ -	\$ 12,751	\$ -
Bond funds - corporate	5,768	5,768	-	-
Fixed income - other	3,810	3,810	-	-
Equity securities - domestic	12,368	-	12,368	-
Equity securities - foreign	10,336	-	10,336	-
	<u>45,033</u>	<u>\$ 9,578</u>	<u>\$ 35,455</u>	<u>\$ -</u>
Limited partnerships - domestic (at NAV)	7,190			
Limited partnerships - foreign (at NAV)	4,721			
Cash and cash equivalents (at cost)	4,866			
Money market funds and certificates of deposit (at cost)	16,588			
Contributions receivable (included in other receivables)	10,219			
	<u>\$ 88,617</u>			

Cash and cash equivalents, money market funds, and certificates of deposit are stated at historical cost plus accrued interest. Pledges receivable are recorded at fair value at the date of the contribution. The fair values for corporate bond funds, fixed income securities, and equity securities are determined by reference to quoted market prices. The fair values for bonds are determined using a variety of techniques including quoted market prices of similar items, broker/deal quotes, or models using interest rates or yield curves and are included in level two investments. The Healthcare System uses Net Asset Value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, to estimate the fair values of hedge funds and limited partnerships which do not have readily determinable fair values.

Fair Value of Financial Instruments Not Required To Be Reported at Fair Value

The carrying amounts of cash and cash equivalents, receivables, accounts payable, accrued expenses and other liabilities, and notes payable approximate fair value due to the short-term nature of the items. The carrying amount of contributions receivable due in more than one year is based on the discounted net present value of the expected future cash receipts, and approximates fair value. The fair values of notes payable are based on a combination of the stated or implied interest rates and the unsecured borrowing rate available to the Healthcare System at the measurement dates, and approximate their carrying amounts.

Note 15 - Contingencies

Malpractice Insurance

The Healthcare System has malpractice insurance coverage to provide protection in cooperation with certain hospitals in California through the California Hospital Insurance Company, Inc. for professional liability losses on a claims-made basis subject to a limit of \$5 million per claim and an annual aggregate limit of \$15 million with a \$25,000 (not in thousands) deductible per claim. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be uninsured. Management's estimate of the Healthcare System's liability for expected losses from reported and unreported incidents is based on information obtained from the Healthcare System's actuary and claims managers. The liability is discounted to present value at an assumed discount rate of 6% at December 31, 2015 and 2014 and is shown as an other noncurrent liability.

Workers' Compensation Claims

The Healthcare System is insured for workers' compensation claims with a self-insured retention of \$250,000 (not in thousands) per claim for claims during 2015 and 2014. An actuarial estimate of losses from reported and unreported incidents has been used by management to record a liability and receivable. The claims reserve of \$7,312 and \$6,416 as of December 31, 2015 and 2014 is recorded under claims reserves, net of current portion in the consolidated balance sheets. Related insurance receivables are recorded under other assets. The estimate is subject to a significant degree of inherent variability. The Healthcare System has one standby letter of credit as of December 31, 2015 of \$900,000 (not in thousands) securing workers' compensation claims. No amounts were drawn against the letter of credit as of December 31, 2015.

Employee Health Benefits Claims

The Healthcare System is insured for employee health claims with a self-insured retention of \$175,000 (not in thousands) per insured individual per year. The accrual for these costs includes the unpaid portion of claims that have been reported and estimates of amounts incurred for claims that have been incurred but not reported. An actuarial estimate of losses from reported and unreported incidents has been used by management to record the liability. The claims reserve of \$2,078 and \$2,262 as of December 31, 2015 and 2014 is recorded under claims reserves, net of current portion in the consolidated balance sheets. Related insurance receivables are recorded within other assets.

Litigation, Claims, and Disputes

The Healthcare System is subject to the usual contingencies in the normal course of operations relating to the performance of its tasks under its various programs. In the opinion of management, the ultimate settlement of any litigation, claims, and disputes in process will not be material to the financial position, operations, or cash flows of the Healthcare System.

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

The California Hospital Facilities Safety Act (SB 1953) specifies certain requirements that must be met at various dates in order to increase the probability that the Healthcare System could maintain uninterrupted operations following major earthquakes. By January 1, 2030, all general acute care inpatient buildings must be operational after an earthquake. The Healthcare System believes it is currently in compliance with the 2030 requirements.

Note 16 - Change in Accounting Principle

Management has elected to early adopt the guidance contained in Accounting Standards Update 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)* in 2015, which requires that investments for which fair value is measured using the net asset value practical expedient be removed from the fair value hierarchy.

Note 17 - Correction of an Error

During 2015, the Healthcare System discovered an error in accounting for its workers' compensation claims reserve that related to the year ended December 31, 2014. Management corrected this error in 2015 by increasing the workers' compensation claims reserve and related receivable by \$1,466.

Following is a summary of the effects of the correction of an error in the Healthcare System's December 31, 2014 financial statements.

	<u>Amounts as Previously Reported</u>	<u>Correction of an Error</u>	<u>Amounts as Restated</u>
Balance Sheet			
Assets			
Other assets			
Other	\$ 2,608	\$ 1,466	\$ 4,074
Total other assets	31,421	1,466	32,887
Total assets	224,846	1,466	226,312
Liabilities			
Long-term liabilities			
Claims reserves, less current portion	4,950	1,466	6,416
Total liabilities	57,034	1,466	58,500
Total liabilities and net assets	224,846	1,466	226,312

Note 18 - Subsequent Events

In March 2016, the California legislature passed legislation which will reverse retroactive Medi-Cal payment cuts to hospital based skilled nursing facilities. The Healthcare System will recognize a reduction in the related estimated liability in 2016.

The Healthcare System has evaluated subsequent events through April 14, 2016, the date which the consolidated financial statements were available to be issued.

Exempt Organization Business Income Tax Return
(and proxy tax under section 6033(e))

2015

Department of the Treasury
Internal Revenue Service

For calendar year 2015 or other tax year beginning _____, and ending _____

▶ Information about Form 990-T and its instructions is available at www.irs.gov/form990t.
▶ Do not enter SSN numbers on this form as it may be made public if your organization is a 501(c)(3).

Open to Public Inspection for
501(c)(3) Organizations Only

A <input type="checkbox"/> Check box if address changed		Name of organization (<input type="checkbox"/> Check box if name changed and see instructions.) Barton Healthcare System	D Employer identification number (Employees' trust, see instructions.) 94-6050274
B Exempt under section <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 408(e) <input type="checkbox"/> 220(e) <input type="checkbox"/> 408A <input type="checkbox"/> 530(a) <input type="checkbox"/> 529(a)	Print or Type Number, street, and room or suite no. If a P.O. box, see instructions. PO Box 9578 City or town, state or province, country, and ZIP or foreign postal code South Lake Tahoe, CA 96158	E Unrelated business activity codes (See instructions.) 561000	

C Book value of all assets at end of year 245770545.	F Group exemption number (See instructions.)	G Check organization type ▶ <input checked="" type="checkbox"/> 501(c) corporation <input type="checkbox"/> 501(c) trust <input type="checkbox"/> 401(a) trust <input type="checkbox"/> Other trust
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H Describe the organization's primary unrelated business activity. ▶ **Administrative Support Services**

I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? ▶ Yes No
If "Yes," enter the name and identifying number of the parent corporation. ▶

J The books are in care of ▶ **Richard Derby** Telephone number ▶ **530-541-3420**

Part I Unrelated Trade or Business Income	(A) Income	(B) Expenses	(C) Net
1 a Gross receipts or sales			
b Less returns and allowances			
c Balance	1c		
2 Cost of goods sold (Schedule A, line 7)	2		
3 Gross profit. Subtract line 2 from line 1c	3		
4 a Capital gain net income (attach Schedule D)	4a		
b Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)	4b		
c Capital loss deduction for trusts	4c		
5 Income (loss) from partnerships and S corporations (attach statement)	5 74,430.	Stmt 2	74,430.
6 Rent income (Schedule C)	6		
7 Unrelated debt-financed income (Schedule E)	7		
8 Interest, annuities, royalties, and rents from controlled organizations (Sch. F)...	8		
9 Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)	9		
10 Exploited exempt activity income (Schedule I)	10		
11 Advertising income (Schedule J)	11		
12 Other income (See instructions; attach schedule) Statement 3	12 23,625.		23,625.
13 Total. Combine lines 3 through 12	13 98,055.		98,055.

Part II Deductions Not Taken Elsewhere (See instructions for limitations on deductions.)
(Except for contributions, deductions must be directly connected with the unrelated business income.)

14 Compensation of officers, directors, and trustees (Schedule K)	14	
15 Salaries and wages	15	
16 Repairs and maintenance	16	
17 Bad debts	17	
18 Interest (attach schedule)	18	
19 Taxes and licenses	19	
20 Charitable contributions (See instructions for limitation rules)	20	
21 Depreciation (attach Form 4562)	21	
22 Less depreciation claimed on Schedule A and elsewhere on return	22a	22b
23 Depletion	23	
24 Contributions to deferred compensation plans	24	
25 Employee benefit programs	25	
26 Excess exempt expenses (Schedule I)	26	
27 Excess readership costs (Schedule J)	27	
28 Other deductions (attach schedule) See Statement 4	28	20,089.
29 Total deductions. Add lines 14 through 28	29	20,089.
30 Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13	30	77,966.
31 Net operating loss deduction (limited to the amount on line 30) See Statement 5	31	77,966.
32 Unrelated business taxable income before specific deduction. Subtract line 31 from line 30	32	0.
33 Specific deduction (Generally \$1,000, but see line 33 instructions for exceptions)	33	1,000.
34 Unrelated business taxable income. Subtract line 33 from line 32. If line 33 is greater than line 32, enter the smaller of zero or line 32	34	0.

Part III Tax Computation

35 Organizations Taxable as Corporations. See instructions for tax computation. Controlled group members (sections 1561 and 1563) check here <input type="checkbox"/> See instructions and:		
a Enter your share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order): (1) \$ _____ (2) \$ _____ (3) \$ _____		
b Enter organization's share of: (1) Additional 5% tax (not more than \$11,750) \$ _____ (2) Additional 3% tax (not more than \$100,000) \$ _____		
c Income tax on the amount on line 34		35c 0.
36 Trusts Taxable at Trust Rates. See instructions for tax computation. Income tax on the amount on line 34 from: <input type="checkbox"/> Tax rate schedule or <input type="checkbox"/> Schedule D (Form 1041)		36
37 Proxy tax. See instructions		37
38 Alternative minimum tax		38
39 Total. Add lines 37 and 38 to line 35c or 36, whichever applies		39 0.

Part IV Tax and Payments

40a Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116)	40a	
b Other credits (see instructions)	40b	
c General business credit. Attach Form 3800	40c	
d Credit for prior year minimum tax (attach Form 8801 or 8827)	40d	
e Total credits. Add lines 40a through 40d	40e	
41 Subtract line 40e from line 39	41	0.
42 Other taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697 <input type="checkbox"/> Form 8866 <input type="checkbox"/> Other (attach schedule)	42	
43 Total tax. Add lines 41 and 42	43	0.
44a Payments: A 2014 overpayment credited to 2015	44a	
b 2015 estimated tax payments	44b	
c Tax deposited with Form 8868	44c	
d Foreign organizations: Tax paid or withheld at source (see instructions)	44d	
e Backup withholding (see instructions)	44e	
f Credit for small employer health insurance premiums (Attach Form 8941)	44f	
g Other credits and payments: <input type="checkbox"/> Form 2439 <input type="checkbox"/> Form 4136 <input type="checkbox"/> Other _____ Total	44g	
45 Total payments. Add lines 44a through 44g	45	
46 Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/>	46	
47 Tax due. If line 45 is less than the total of lines 43 and 46, enter amount owed	47	0.
48 Overpayment. If line 45 is larger than the total of lines 43 and 46, enter amount overpaid	48	0.
49 Enter the amount of line 48 you want: Credited to 2016 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>	49	

Part V Statements Regarding Certain Activities and Other Information (see instructions)

1 At any time during the 2015 calendar year, did the organization have an interest in or a signature or other authority over a financial account (bank, securities, or other) in a foreign country? If YES, the organization may have to file FinCEN Form 114, Report of Foreign Bank and Financial Accounts. If YES, enter the name of the foreign country here	Yes	No
2 During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If YES, see instructions for other forms the organization may have to file.		X
3 Enter the amount of tax-exempt interest received or accrued during the tax year \$		X

Schedule A - Cost of Goods Sold. Enter method of inventory valuation **N/A**

1 Inventory at beginning of year	1		6 Inventory at end of year	6	
2 Purchases	2		7 Cost of goods sold. Subtract line 6 from line 5. Enter here and in Part I, line 2	7	
3 Cost of labor	3		8 Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization?	Yes	No
4a Additional section 263A costs (att. schedule)	4a				
b Other costs (attach schedule)	4b				
5 Total. Add lines 1 through 4b	5				

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 taxpayer) is based on all information of which preparer has any knowledge.

Sign Here Signature of officer _____ Date _____ CFO _____ Title _____

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

Paid Preparer Use Only

Print/Type preparer's name: Kim Hunwardsen
 Preparer's signature: Kim Hunwardsen
 Date: 11/15/16
 Check if self-employed
 PTIN: P00484560
 Firm's name: EIDE BAILLY LLP
 Firm's EIN: 45-0250958
 Firm's address: 4310 17TH AVE S PO BOX 2545 FARGO, ND 58108-2545
 Phone no.: 701-239-8500

Schedule C - Rent Income (From Real Property and Personal Property Leased With Real Property)(see instructions)

1. Description of property

(1)
(2)
(3)
(4)

2. Rent received or accrued		3(a) Deductions directly connected with the income in columns 2(a) and 2(b) (attach schedule)
(a) From personal property (if the percentage of rent for personal property is more than 10% but not more than 50%)	(b) From real and personal property (if the percentage of rent for personal property exceeds 50% or if the rent is based on profit or income)	
(1)		
(2)		
(3)		
(4)		
Total	0.	Total 0.
(c) Total income. Add totals of columns 2(a) and 2(b). Enter here and on page 1, Part I, line 6, column (A) 0.		(b) Total deductions. Enter here and on page 1, Part I, line 6, column (B) 0.

Schedule E - Unrelated Debt-Financed Income (see instructions)

1. Description of debt-financed property	2. Gross income from or allocable to debt-financed property	3. Deductions directly connected with or allocable to debt-financed property		
		(a) Straight line depreciation (attach schedule)	(b) Other deductions (attach schedule)	
(1)				
(2)				
(3)				
(4)				
4. Amount of average acquisition debt on or allocable to debt-financed property (attach schedule)	5. Average adjusted basis of or allocable to debt-financed property (attach schedule)	6. Column 4 divided by column 5	7. Gross income reportable (column 2 x column 6)	8. Allocable deductions (column 6 x total of columns 3(a) and 3(b))
(1)		%		
(2)		%		
(3)		%		
(4)		%		
Totals			Enter here and on page 1, Part I, line 7, column (A). 0.	Enter here and on page 1, Part I, line 7, column (B). 0.
Total dividends-received deductions included in column 8			0.	0.

Schedule F - Interest, Annuities, Royalties, and Rents From Controlled Organizations (see instructions)

1. Name of controlled organization	2. Employer identification number	Exempt Controlled Organizations			
		3. Net unrelated income (loss) (see instructions)	4. Total of specified payments made	5. Part of column 4 that is included in the controlling organization's gross income	6. Deductions directly connected with income in column 5
(1)					
(2)					
(3)					
(4)					

Nonexempt Controlled Organizations

7. Taxable income	8. Net unrelated income (loss) (see instructions)	9. Total of specified payments made	10. Part of column 9 that is included in the controlling organization's gross income	11. Deductions directly connected with income in column 10
(1)				
(2)				
(3)				
(4)				
Totals			Add columns 5 and 10. Enter here and on page 1, Part I, line 8, column (A). 0.	Add columns 6 and 11. Enter here and on page 1, Part I, line 8, column (B). 0.

Schedule G - Investment Income of a Section 501(c)(7), (9), or (17) Organization

(see instructions)

1. Description of income	2. Amount of income	3. Deductions directly connected (attach schedule)	4. Set-asides (attach schedule)	5. Total deductions and set-asides (col. 3 plus col. 4)
(1)				
(2)				
(3)				
(4)				
Totals		Enter here and on page 1, Part I, line 9, column (A). 0.		Enter here and on page 1, Part I, line 9, column (B). 0.

Schedule I - Exploited Exempt Activity Income, Other Than Advertising Income

(see instructions)

1. Description of exploited activity	2. Gross unrelated business income from trade or business	3. Expenses directly connected with production of unrelated business income	4. Net income (loss) from unrelated trade or business (column 2 minus column 3). If a gain, compute cols. 5 through 7.	5. Gross income from activity that is not unrelated business income	6. Expenses attributable to column 5	7. Excess exempt expenses (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Totals		Enter here and on page 1, Part I, line 10, col. (A). 0.	Enter here and on page 1, Part I, line 10, col. (B). 0.			Enter here and on page 1, Part II, line 26. 0.

Schedule J - Advertising Income (see instructions)

Part I Income From Periodicals Reported on a Consolidated Basis

1. Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7.	5. Circulation income	6. Readership costs	7. Excess readership costs (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Totals (carry to Part II, line (5))		0.	0.			0.

Part II Income From Periodicals Reported on a Separate Basis (For each periodical listed in Part II, fill in columns 2 through 7 on a line-by-line basis.)

1. Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7.	5. Circulation income	6. Readership costs	7. Excess readership costs (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Totals from Part I		0.	0.			0.
Totals, Part II (lines 1-5)		Enter here and on page 1, Part I, line 11, col. (A). 0.	Enter here and on page 1, Part I, line 11, col. (B). 0.			Enter here and on page 1, Part II, line 27. 0.

Schedule K - Compensation of Officers, Directors, and Trustees (see instructions)

1. Name	2. Title	3. Percent of time devoted to business	4. Compensation attributable to unrelated business
(1)		%	
(2)		%	
(3)		%	
(4)		%	
Total. Enter here and on page 1, Part II, line 14			0.

Footnotes

Statement 1

Section 1.263(a)-1(f) De Minimis Safe Harbor Election

The organization is making the de minimis safe harbor election under Reg. Sec. 1.263(a)-1(f).

Form 990-T	Income (Loss) from Partnerships and S Corporations	Statement	2
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Description	Amount
Makena Liquid Endowment Splitter X, L.P.K-1	74,430.
Total to Form 990-T, Page 1, line 5	74,430.

Form 990-T	Other Income	Statement	3
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Description	Amount
Billing Services	23,625.
Total to Form 990-T, Page 1, line 12	23,625.

Form 990-T	Other Deductions	Statement	4
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Description	Amount
Overhead Allocation	20,089.
Total to Form 990-T, Page 1, line 28	20,089.

Form 990-T	Net Operating Loss Deduction	Statement	5
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Tax Year	Loss Sustained	Loss Previously Applied	Loss Remaining	Available This Year
12/31/12	48,047.	0.	48,047.	48,047.
12/31/13	19,659.	0.	19,659.	19,659.
12/31/14	17,176.	0.	17,176.	17,176.
NOL Carryover Available This Year			84,882.	84,882.