

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

2018

Department of the Treasury
Internal Revenue Service

▶ Do not enter social security numbers on this form as it may be made public.
▶ Go to www.irs.gov/Form990 for instructions and the latest information.

Open to Public Inspection

A For the 2018 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 Ridgecrest Regional Hospital Doing business as Number and street (or P.O. box if mail is not delivered to street address) Room/suite 1081 N China Lake Blvd City or town, state or province, country, and ZIP or foreign postal code Ridgecrest, CA 93555 F Name and address of principal officer: James Suver same as C above	D Employer identification number 95-2082686 E Telephone number 760-446-3551 G Gross receipts \$ 126,478,037. 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.rrh.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: 1965		M State of legal domicile: CA

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: Community-based organization that provides and promotes comprehensive quality healthcare for the 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 8 5 Total number of individuals employed in calendar year 2018 (Part V, line 2a) 5 919 6 Total number of volunteers (estimate if necessary) 6 60 7a Total unrelated business revenue from Part VIII, column (C), line 12 7a 233,036. 7b Net unrelated business taxable income from Form 990-T, line 38 7b -4,058.	
Revenue	8 Contributions and grants (Part VIII, line 1h) Prior Year 346,765. Current Year 346,852. 9 Program service revenue (Part VIII, line 2g) 122,564,950. 125,384,690. 10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) 335,574. 449,923. 11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) 252,140. 263,094. 12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12) 123,499,429. 126,444,559.	
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3) 0. 7,115. 14 Benefits paid to or for members (Part IX, column (A), line 4) 0. 0. 15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) 52,816,684. 53,879,355. 16a Professional fundraising fees (Part IX, column (A), line 11e) 0. 0. 16b Total fundraising expenses (Part IX, column (D), line 25) ▶ 0. 17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e) 67,492,815. 68,639,559. 18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25) 120,309,499. 122,526,029. 19 Revenue less expenses. Subtract line 18 from line 12 3,189,930. 3,918,530.	
Net Assets or Fund Balances	20 Total assets (Part X, line 16) Beginning of Current Year 157,317,640. End of Year 166,917,629. 21 Total liabilities (Part X, line 26) 77,600,139. 77,838,557. 22 Net assets or fund balances. Subtract line 21 from line 20 79,717,501. 89,079,072.	

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 James Suver, CEO Type or print name and title	Date
Paid Preparer Use Only	Print/Type preparer's name Kim C. Hunwardson Preparer's signature Kim C. Hunwardson Date 11/08/19 Check if self-employed <input type="checkbox"/> PTIN P00484560 Firm's name ▶ EIDE BAILLY LLP Firm's EIN ▶ 45-0250958 Firm's address ▶ 800 NICOLLET MALL, STE. 1300 MINNEAPOLIS, MN 55402-7033 Phone no. 612-253-6500	

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission: To be a community-based organization that provides and promotes comprehensive quality healthcare for the people of the Southern Sierra Region.

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

4a (Code:) (Expenses \$ 99,707,926. including grants of \$ 7,115.) (Revenue \$ 125,384,690.) Ridgecrest Regional Hospital provides inpatient and outpatient care. Charity care is provided to qualified patients with minimum or no charge. Care accomplishments for the year are as follows:

- Number of Visits 62,671
Number of Patient Days 6,052
Home Health Visits 4,446
Hospice Routine Care Days 2,963
SNF Resident Days 23,717
Rural Health Visits 62,440
Community Care Clinic Visits 34,585

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

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

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

4e Total program service expenses 99,707,926.

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
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	

Part IV Checklist of Required Schedules (continued)

	Yes	No
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?		
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?		
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
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? Note. All Form 990 filers are required to complete Schedule O	X	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

	Yes	No
1a Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable		
b Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable		
c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	X	

Part V Statements Regarding Other IRS Filings and Tax Compliance *(continued)*

		Yes	No
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return		
	2a 919		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	X	
Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)			
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	X	
b	If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O	X	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		X
b	If "Yes," enter the name of the foreign country: See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		X
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	X	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	X	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		X
d	If "Yes," indicate the number of Forms 8282 filed during the year		
	7d		
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		X
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		X
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
8	Sponsoring organizations maintaining donor advised funds. Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?		
9	Sponsoring organizations maintaining donor advised funds.		
a	Did the sponsoring organization make any taxable distributions under section 4966?		
b	Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter:		
a	Initiation fees and capital contributions included on Part VIII, line 12	10a	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b	
11	Section 501(c)(12) organizations. Enter:		
a	Gross income from members or shareholders	11a	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b	
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b	
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
a	Is the organization licensed to issue qualified health plans in more than one state?	13a	
Note. See the instructions for additional information the organization must report on Schedule O.			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b	
c	Enter the amount of reserves on hand	13c	
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a	X
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	14b	
15	Is the organization subject to the section 4960 tax on payment(s) of more than \$1,000,000 in remuneration or excess parachute payment(s) during the year?	15	X
If "Yes," see instructions and file Form 4720, Schedule N.			
16	Is the organization an educational institution subject to the section 4968 excise tax on net investment income?	16	X
If "Yes," complete Form 4720, Schedule O.			

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.	11	
b	Enter the number of voting members included in line 1a, above, who are independent	8	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		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?		
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	
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?		

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 (1024 or 1024-A 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 **Kanner Tillman - 760-499-3040**
1081 North China Lake Blvd., Ridgecrest, CA 93555

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) George Haslam Chairperson	1.20 0.00	X		X				0.	0.	0.
(2) Patricia Mullis Vice Chair	1.20 0.00	X		X				0.	0.	0.
(3) Chris Ellis Secretary	1.20 0.00	X		X				0.	0.	0.
(4) Don Zdeba Treasurer	1.20 0.00	X		X				0.	0.	0.
(5) Dana Lyons Director (Jun-Dec)	1.20 0.00	X						0.	0.	0.
(6) Chris Ellis Director (Jan-May)	1.20 0.00	X						0.	0.	0.
(7) Harriet Luzinas-Smith Director (Jan-May)	1.20 0.10	X						25,446.	0.	596.
(8) Lawrence Cosner, MD Director/Physician	40.00 0.00	X						220,900.	0.	31,465.
(9) Walter Martin Director	1.20 0.00	X						0.	0.	0.
(10) Cornelis Vanderhoek, MD Director/Physician	40.00 0.00	X						45,600.	0.	0.
(11) Margaret Hannon Director	1.20 0.00	X						0.	0.	0.
(12) Anita Read Director	1.20 0.10	X						0.	0.	0.
(13) Paige Sorbo-Netzer Director	1.20 0.00	X						0.	0.	0.
(14) Dave Goppelt Director (Jun-Dec)	1.20 0.00	X						0.	0.	0.
(15) James Suver CEO	50.00 2.00			X				506,346.	0.	23,491.
(16) John Chivers CFO	50.00 0.00			X				272,494.	0.	27,794.
(17) Healthy Desai Physician	40.00 0.00					X		651,521.	0.	47,984.

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) Luigi Cendana Physician	40.00 0.00					X		357,263.	0.	17,189.
(19) Hope Zissos Physician	40.00 0.00					X		260,972.	0.	50,004.
(20) Aisha Rollins Physician	40.00 0.00					X		258,060.	0.	19,590.
(21) Brenda Diel Administrator of Quality	50.00 0.00					X		205,595.	0.	34,418.
1b Sub-total								2,804,197.	0.	252,531.
c Total from continuation sheets to Part VII, Section A								0.	0.	0.
d Total (add lines 1b and 1c)								2,804,197.	0.	252,531.

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 **88**

	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
James E Thompson dba JTS Construction P.O. Box 41765, Bakersfield, CA 93384	Construction	2,578,708.
CHG Companies Inc P.O. Box 972651, Dallas, TX 75397	Medical	1,368,244.
Medical Referral Network International dba 72-877 Dinah Shore Dr., Ste. 103 #232, Ranc	Medical	728,330.
Ghassan A Mohsen 400 Montefino Dr., Ridgecrest, CA 93555	Medical	724,384.
Ali R Lashgari MD A Prof Med Corp 4741 Keswick Ct., San Diego, CA 92130	Medical	632,004.

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 **64**

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						
	e Government grants (contributions)	1e	56,619.					
	f All other contributions, gifts, grants, and similar amounts not included above	1f	290,233.					
	g Noncash contributions included in lines 1a-1f: \$							
	h Total. Add lines 1a-1f			346,852.				
Program Service Revenue	2 a Net Patient Service Rev	Business Code	622000	122,827,278.	122,827,278.			
	b Pharmacy Revenue		446110	1,400,245.	1,167,209.	233,036.		
	c EHR Revenue		622000	655,280.	655,280.			
	d							
	e							
	f All other program service revenue		900099	501,887.	501,887.			
	g Total. Add lines 2a-2f			125,384,690.				
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)			454,816.			454,816.	
	4 Income from investment of tax-exempt bond proceeds							
	5 Royalties							
	6 a Gross rents	(i) Real		291,479.				
		(ii) Personal						
		b Less: rental expenses		28,385.				
	c Rental income or (loss)		263,094.					
	d Net rental income or (loss)			263,094.			263,094.	
	7 a Gross amount from sales of assets other than inventory	(i) Securities						
		(ii) Other		200.				
		b Less: cost or other basis and sales expenses		5,093.				
		c Gain or (loss)		-4,893.				
	d Net gain or (loss)			-4,893.			-4,893.	
	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							
	b Less: cost of goods sold							
	c Net income or (loss) from sales of inventory							
Miscellaneous Revenue			Business Code					
11 a _____								
	b _____							
	c _____							
	d All other revenue							
e Total. Add lines 11a-11d								
12 Total revenue. See instructions				126,444,559.	125,151,654.	233,036.	713,017.	

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	7,115.	7,115.		
2 Grants and other assistance to domestic individuals. See Part IV, line 22				
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	1,145,212.	324,126.	821,086.	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	59,483.	59,483.		
7 Other salaries and wages	41,149,187.	33,117,347.	8,031,840.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	923,825.	726,699.	197,126.	
9 Other employee benefits	6,214,550.	4,887,357.	1,327,193.	
10 Payroll taxes	4,387,098.	3,435,605.	951,493.	
11 Fees for services (non-employees):				
a Management				
b Legal	553,565.	33,755.	519,810.	
c Accounting	109,742.		109,742.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)	29,780,570.	26,121,930.	3,658,640.	
12 Advertising and promotion				
13 Office expenses	4,218,270.	3,746,752.	471,518.	
14 Information technology				
15 Royalties				
16 Occupancy	2,066,063.	1,753,455.	312,608.	
17 Travel	450,176.	276,207.	173,969.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	242,765.	101,121.	141,644.	
20 Interest	2,343,031.	2,142,586.	200,445.	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	7,241,283.	5,983,592.	1,257,691.	
23 Insurance	2,137,641.	760,807.	1,376,834.	
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	8,526,670.	8,526,670.		
b Repair and Maintenance	4,056,629.	2,156,988.	1,899,641.	
c Provision for Bad Debts	2,237,007.	2,237,007.		
d Pharmacy Expenses	991,377.	991,377.		
e All other expenses	3,684,770.	2,317,947.	1,366,823.	
25 Total functional expenses. Add lines 1 through 24e	122,526,029.	99,707,926.	22,818,103.	0.
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation.				

Check here if following SOP 98-2 (ASC 958-720)

Part X Balance Sheet

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

		(A)		(B)
		Beginning of year		End of year
Assets	1 Cash - non-interest-bearing		1	
	2 Savings and temporary cash investments	12,167,733.	2	20,465,260.
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net	20,772,256.	4	20,285,913.
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L	3,150.	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	10,696.	7	9,087.
	8 Inventories for sale or use	2,316,090.	8	2,159,842.
	9 Prepaid expenses and deferred charges	4,540,505.	9	4,302,715.
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 162,289,764.		
	b Less: accumulated depreciation	10b 78,395,495.	10c	83,894,269.
	11 Investments - publicly traded securities	84,934,058.	11	33,339,486.
	12 Investments - other securities. See Part IV, line 11	32,493,947.	12	
	13 Investments - program-related. See Part IV, line 11		13	
	14 Intangible assets		14	
	15 Other assets. See Part IV, line 11	79,205.	15	2,461,057.
16 Total assets. Add lines 1 through 15 (must equal line 34)	157,317,640.	16	166,917,629.	
Liabilities	17 Accounts payable and accrued expenses	13,212,847.	17	15,768,721.
	18 Grants payable		18	
	19 Deferred revenue	21,167.	19	22,567.
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability. Complete Part IV of Schedule D	12,600.	21	30,208.
	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	60,099,411.	23	57,184,397.
	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	4,254,114.	25	4,832,664.
	26 Total liabilities. Add lines 17 through 25	77,600,139.	26	77,838,557.
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	79,717,501.	27	89,079,072.
	28 Temporarily restricted net assets		28	
	29 Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building, or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
33 Total net assets or fund balances	79,717,501.	33	89,079,072.	
34 Total liabilities and net assets/fund balances	157,317,640.	34	166,917,629.	

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	126,444,559.
2	Total expenses (must equal Part IX, column (A), line 25)	2	122,526,029.
3	Revenue less expenses. Subtract line 2 from line 1	3	3,918,530.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	79,717,501.
5	Net unrealized gains (losses) on investments	5	8,637.
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	5,434,404.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	89,079,072.

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?		X
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			
b	Were the organization's financial statements audited by an independent accountant?	X	
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 checked="" type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis			
c	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?	X	
If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	X	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	X	

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.
▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2018

Open to Public Inspection

Name of the organization Ridgecrest Regional Hospital	Employer identification number 95-2082686
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Part I	Reason for Public Charity Status (All organizations must complete this part.) See instructions.
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The organization is not a private foundation because it is: (For lines 1 through 12, 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 agricultural research organization described in **section 170(b)(1)(A)(ix)** operated in conjunction with a land-grant college or university or a non-land-grant college of agriculture (see instructions). Enter the name, city, and state of the college or university: _____
- 10** 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.)
- 11** An organization organized and operated exclusively to test for public safety. See **section 509(a)(4).**
- 12** 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 12a through 12d that describes the type of supporting organization and complete lines 12e, 12f, and 12g.
 - 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 1-10 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) 2014	(b) 2015	(c) 2016	(d) 2017	(e) 2018	(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) 2014	(b) 2015	(c) 2016	(d) 2017	(e) 2018	(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 2018 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage from 2017 Schedule A, Part II, line 14	15	%
16a 33 1/3% support test - 2018. 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 - 2017. 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 - 2018. 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 - 2017. 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 10 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) 2014	(b) 2015	(c) 2016	(d) 2017	(e) 2018	(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) 2014	(b) 2015	(c) 2016	(d) 2017	(e) 2018	(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 2018 (line 8, column (f), divided by line 13, column (f))	15	%
16 Public support percentage from 2017 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2018 (line 10c, column (f), divided by line 13, column (f))	17	%
18 Investment income percentage from 2017 Schedule A, Part III, line 17	18	%

19a 33 1/3% support tests - 2018. 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 - 2017. 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 12 on Part I. If you checked 12a of Part I, complete Sections A and B. If you checked 12b of Part I, complete Sections A and C. If you checked 12c of Part I, complete Sections A, D, and E. If you checked 12d 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 12a or 12b 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 (as 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.		Yes	No
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.			
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 (explain in Part VI.) **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 2018 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-2018	(iii) Distributable Amount for 2018
1 Distributable amount for 2018 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2018 (reasonable cause required- explain in Part VI). See instructions.			
3 Excess distributions carryover, if any, to 2018			
a From 2013			
b From 2014			
c From 2015			
d From 2016			
e From 2017			
f Total of lines 3a through e			
g Applied to underdistributions of prior years			
h Applied to 2018 distributable amount			
i Carryover from 2013 not applied (see instructions)			
j Remainder. Subtract lines 3g, 3h, and 3i from 3f.			
4 Distributions for 2018 from Section D, line 7: \$			
a Applied to underdistributions of prior years			
b Applied to 2018 distributable amount			
c Remainder. Subtract lines 4a and 4b from 4.			
5 Remaining underdistributions for years prior to 2018, if any. Subtract lines 3g and 4a from line 2. For result greater than zero, explain in Part VI . See instructions.			
6 Remaining underdistributions for 2018. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in Part VI . See instructions.			
7 Excess distributions carryover to 2019. Add lines 3j and 4c.			
8 Breakdown of line 7:			
a Excess from 2014			
b Excess from 2015			
c Excess from 2016			
d Excess from 2017			
e Excess from 2018			

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.
▶ Go to www.irs.gov/Form990 for the latest information.

OMB No. 1545-0047

2018

Name of the organization

Ridgecrest Regional Hospital

Employer identification number

95-2082686

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 (entering "N/A" in column (b) instead of the contributor name and address), 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. Don't 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 isn't covered by the General Rule and/or the Special Rules doesn't 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 doesn't meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

Name of organization Ridgecrest Regional Hospital	Employer identification number 95-2082686
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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	Ardelle M Mollerstuen Estate PO Box 1268 Ocean Park, WA 98640	\$ 177,310.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
2	Jack Shrader Trust c/o Edward Jones Trust Company 12555 Manchester Road St. Louis, MO 63131	\$ 104,089.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
	_____ _____ _____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
	_____ _____ _____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
	_____ _____ _____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
	_____ _____ _____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization Ridgecrest Regional Hospital	Employer identification number 95-2082686
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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 Ridgecrest Regional Hospital	Employer identification number 95-2082686
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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

2018

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.**
 ▶ **Go to www.irs.gov/Form990 for instructions and the latest information.**

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 Ridgecrest Regional Hospital	Employer identification number 95-2082686
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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 campaign activity expenditures ▶ \$ _____
- 3 Volunteer hours for political campaign activities _____

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

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

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

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

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

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

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

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing organization's totals	(b) Affiliated group totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)														
b Total lobbying expenditures to influence a legislative body (direct lobbying)														
c Total lobbying expenditures (add lines 1a and 1b)														
d Other exempt purpose expenditures														
e Total exempt purpose expenditures (add lines 1c and 1d)														
f Lobbying nontaxable amount. Enter the amount from the following table in both columns.														
<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) 2015	(b) 2016	(c) 2017	(d) 2018	(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		5,865.
j Total. Add lines 1c through 1i			5,865.
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 campaign activity 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:

Lobbying portion of Hospital Association dues.

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.**

▶ **Go to www.irs.gov/Form990 for instructions and the latest information.**

OMB No. 1545-0047

2018

Open to Public Inspection

Name of the organization Ridgecrest Regional Hospital **Employer identification number** 95-2082686

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 7/25/06, and not on a historic structure listed in the National Register	2d

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

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

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

Yes No

6 Staff and volunteer hours devoted to monitoring, inspecting, 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)?

Yes No

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

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" 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					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

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

- a Board designated or quasi-endowment %
- b Permanent endowment %
- c Temporarily restricted endowment %

The percentages 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:

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

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		3,212,289.		3,212,289.
b Buildings		112,867,634.	47,400,164.	65,467,470.
c Leasehold improvements				
d Equipment		39,024,777.	30,465,983.	8,558,794.
e Other		7,185,064.	529,348.	6,655,716.
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.)				83,894,269.

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)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 13.) ▶		

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) Estimated Third Party Payor	
(3) Settlements	4,393,303.
(4) Malpractice Insurance Payable	439,361.
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶	4,832,664.

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	123,246,082.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:			
a	Net unrealized gains (losses) on investments	2a	8,637.	
b	Donated services and use of facilities	2b		
c	Recoveries of prior year grants	2c		
d	Other (Describe in Part XIII.)	2d	-3,235,499.	
e	Add lines 2a through 2d	2e		-3,226,862.
3	Subtract line 2e from line 1		3	126,472,944.
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	-28,385.	
c	Add lines 4a and 4b	4c		-28,385.
5	Total revenue. Add lines 3 and 4c . (This must equal Form 990, Part I, line 12.)		5	126,444,559.

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	119,318,915.
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	28,385.	
e	Add lines 2a through 2d	2e		28,385.
3	Subtract line 2e from line 1		3	119,290,530.
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:			
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a		
b	Other (Describe in Part XIII.)	4b	3,235,499.	
c	Add lines 4a and 4b	4c		3,235,499.
5	Total expenses. Add lines 3 and 4c . (This must equal Form 990, Part I, line 18.)		5	122,526,029.

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 IV, line 2b:

Skilled nursing facility resident private monies maintained as a drawing account as required by Title 22 of the California Code of Regulations.

Part X, Line 2:

The Hospital is organized as a California nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The Hospital is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Hospital is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Hospital will file an Exempt

Part XIII Supplemental Information (continued)

Organization Business Income Tax Return (Form 990-T) with the IRS for its retail pharmacy.

The Hospital believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Hospital 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:

Provision for Bad Debts Included in Expenses on Form 990	-2,237,007.
Pharmacy Expenses Reported in Expenses on Form 990	-991,377.
Grant Expense Reported in Expense on Form 990	-7,115.
Total to Schedule D, Part XI, Line 2d	-3,235,499.

Part XI, Line 4b - Other Adjustments:

Rental Expenses Included in Expenses for Financials	-28,385.
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Part XII, Line 2d - Other Adjustments:

Rental Expenses Included in Revenue on Form 990	28,385.
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Part XII, Line 4b - Other Adjustments:

Provision for Bad Debts Included in Revenue in Financials	2,237,007.
Pharmacy Expenses Reported in Revenue for Financials	991,377.
Grant Expense Reported in Revenue for Financials	7,115.
Total to Schedule D, Part XII, Line 4b	3,235,499.

**SCHEDULE H
(Form 990)**

Hospitals

OMB No. 1545-0047

2018

Department of the Treasury
Internal Revenue Service

- ▶ Complete if the organization answered "Yes" on Form 990, Part IV, question 20.
- ▶ Attach to Form 990.
- ▶ Go to www.irs.gov/Form990 for instructions and the latest information.

Open to Public Inspection

Name of the organization **Ridgecrest Regional Hospital** Employer identification number **95-2082686**

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 checked="" type="checkbox"/>	
<input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input checked="" type="checkbox"/> Other <u>300</u> %		
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 checked="" type="checkbox"/>	
<input type="checkbox"/> 200% <input type="checkbox"/> 250% <input checked="" type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ %		
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?		<input checked="" type="checkbox"/>
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?		

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)			91,000.		91,000.	.08%
b Medicaid (from Worksheet 3, column a)			6215053.	5209140.	1005913.	.84%
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total. Financial Assistance and Means-Tested Government Programs			6306053.	5209140.	1096913.	.92%
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			221,309.	70,281.	151,028.	.13%
f Health professions education (from Worksheet 5)			4,715.		4,715.	.00%
g Subsidized health services (from Worksheet 6)			2328797.	1006160.	1322637.	1.10%
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			19,000.		19,000.	.02%
j Total. Other Benefits			2573821.	1076441.	1497380.	1.25%
k Total. Add lines 7d and 7j			8879874.	6285581.	2594293.	2.17%

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 Ridgecrest Regional 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?		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		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	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"/> The impact of any actions taken to address the significant health needs identified in the hospital facility's prior CHNA(s)		
j <input type="checkbox"/> Other (describe in Section C)		
4 Indicate the tax year the hospital facility last conducted a CHNA: 20 <u>16</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	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		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		X
7 Did the hospital facility make its CHNA report widely available to the public?	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 Section C, Line 7d</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	X	
9 Indicate the tax year the hospital facility last adopted an implementation strategy: 20 <u>16</u>		
10 Is the hospital facility's most recently adopted implementation strategy posted on a website?	X	
a If "Yes," (list url): <u>See Section C, Line 7d</u>		
b If "No," is the hospital facility's most recently adopted implementation strategy attached to this return?		
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)?		X
b If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax?		
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 Ridgecrest Regional 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>300</u> % and FPG family income limit for eligibility for discounted care of <u>300</u> %		
b	<input type="checkbox"/> Income level other than FPG (describe in Section C)		
c	<input checked="" type="checkbox"/> Asset level		
d	<input type="checkbox"/> Medical indigency		
e	<input checked="" type="checkbox"/> Insurance status		
f	<input checked="" type="checkbox"/> Underinsurance status		
g	<input type="checkbox"/> Residency		
h	<input checked="" 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	Was widely publicized 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>See Part V, Page 8</u>		
b	<input checked="" type="checkbox"/> The FAP application form was widely available on a website (list url): <u>See Part V, Page 8</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 8</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"/> Individuals were notified about the FAP by being offered a paper copy of the plain language summary of the FAP, by receiving a conspicuous written notice about the FAP on their billing statements, and via conspicuous public displays or other measures reasonably calculated to attract patients' attention		
h	<input type="checkbox"/> Notified members of the community who are most likely to require financial assistance about availability of the FAP		
i	<input type="checkbox"/> The FAP, FAP application form, and plain language summary of the FAP were translated into the primary language(s) spoken by Limited English Proficiency (LEP) populations		
j	<input checked="" type="checkbox"/> Other (describe in Section C)		

Part V Facility Information (continued)

Billing and Collections

Name of hospital facility or letter of facility reporting group Ridgecrest Regional Hospital

	Yes	No
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 nonpayment?	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"/> Deferring, denying, or requiring a payment before providing medically necessary care due to nonpayment of a previous bill for care covered under the hospital facility's FAP		
d <input type="checkbox"/> Actions that require a legal or judicial process		
e <input type="checkbox"/> Other similar actions (describe in Section C)		
f <input checked="" type="checkbox"/> None of these actions or other similar actions were permitted		
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"/> Deferring, denying, or requiring a payment before providing medically necessary care due to nonpayment of a previous bill for care covered under the hospital facility's FAP		
d <input type="checkbox"/> Actions that require a legal or judicial process		
e <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"/> Provided a written notice about upcoming ECAs (Extraordinary Collection Action) and a plain language summary of the FAP at least 30 days before initiating those ECAs (if not, describe in Section C)		
b <input checked="" type="checkbox"/> Made a reasonable effort to orally notify individuals about the FAP and FAP application process (if not, describe in Section C)		
c <input checked="" type="checkbox"/> Processed incomplete and complete FAP applications (if not, describe in Section C)		
d <input checked="" type="checkbox"/> Made presumptive eligibility determinations (if not, describe in Section C)		
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)		

Part V Facility Information *(continued)*

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

Name of hospital facility or letter of facility reporting group Ridgecrest Regional Hospital

	Yes	No
<p>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.</p> <p>a <input checked="" type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicare fee-for-service during a prior 12-month period</p> <p>b <input type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a prior 12-month period</p> <p>c <input type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicaid, either alone or in combination with Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a prior 12-month period</p> <p>d <input type="checkbox"/> The hospital facility used a prospective Medicare or Medicaid method</p>		
<p>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?</p> <p>If "Yes," explain in Section C.</p>	23	X
<p>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?</p> <p>If "Yes," explain in Section C.</p>	24	X

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, 16j, 18e, 19e, 20a, 20b, 20c, 20d, 20e, 21c, 21d, 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.

Ridgecrest Regional Hospital:

Part V, Section B, Line 5: Input from the community was gathered through online and telephone interviews in March 2016. Individuals consulted consisted of 2 physicians, a psychologist, a public health nurse, other healthcare professionals, and a director of community outreach

Ridgecrest Regional Hospital:

Part V, Section B, Line 7d: CHNA and Implementation Strategy:

<https://www.rrh.org/about-us/community-benefit/community-health-needs-assessment-survey/>

Ridgecrest Regional Hospital:

Part V, Section B, Line 11: The Hospital addressed needs identified in the 2016 CHNA in 2016, 2017, and 2018. The following needs have been identified and will be addressed as follows:

1) Substance & Alcohol Abuse: provided assistance with opening a Mental Health Crisis Stabilization Unit in October 2017, which has the capability to take patients in crisis for a 23 hour period with onsite psychiatric nurses and a telepsychiatrist

2) Cancer: Affiliation with UC Davis Cancer Center; New oncology, including chemotherapy, services in Outpatient Pavilion and cancer clinic opened November 2017; Recruitment of onsite oncologist

3) Mental Health: provided assistance with opening a Mental Health Crisis Stabilization Unit in October 2017, which has the capability to take

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, 16j, 18e, 19e, 20a, 20b, 20c, 20d, 20e, 21c, 21d, 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.

patients in crisis for a 23 hour period with onsite psychiatric nurses and a telepsychiatrist; Continued Recruitment of onsite psychiatrist including pediatric psychiatry

4) Heart Disease: Onsite non-invasive cardiologist - started in 2016

5) Obesity & Nutrition: Senior exercise classes; Silver Sneakers; Chair Yoga; Diabetes classes; Healthy Eating classes

6) Senior Health Services Including Dementia - expanded senior services in 2016 and 2017 with additional off-site location

7) Women's Health Services - added three OB/GYN physicians (one in 2016, one in 2017, and one in 2018)

8) Access to Specialists: Continued recruitment efforts in the areas of mental health, dentistry, podiatry, and pediatrics, including the additions of a podiatrist and a dentist in 2017 and a pediatrician in 2018

9) Medical Provider Recruitment: Recruited four physicians in 2016, four physicians in 2017, and three physicians in 2018 - encompassing the fields of pediatrics, OB/GYN, cardiology, family practice, dentistry, and podiatry

10) Services for Low Income/Medi-Cal: Expanded pediatric, OB/GYN, and dental services offered to low-income and Medi-Cal patients, including the addition of one pediatrician and one dentist in 2017 and one pediatrician and one OB/GYN physician in 2018

11) Asthma/Respiratory Disease: RRH offers a Better Breathers Club that provides support and information for those with lung disease, including COPD, asthma, lung cancer, and fibrosis

12) Smoking/Tobacco Use: RRH offers the Freedom From Smoking program, an 8-week smoking cessation class for adults to overcome tobacco addiction

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, 16j, 18e, 19e, 20a, 20b, 20c, 20d, 20e, 21c, 21d, 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.

Ridgecrest Regional Hospital:

Part V, Section B, Line 13h: Uninsured, self-pay patients with incomes at or below 300% of the federal poverty level are offered free care. Insured patients with high medical costs (annual expenses exceed 10% of income) and incomes at or below 300% of the federal poverty level are eligible for discounted care. Monetary assets are considered in connection with eligibility for charity care, but not for discounted care.

Ridgecrest Regional Hospital:

Part V, Section B, Line 16j: In addition to financial packets being provided to each self-pay patient in is also provided in the following methods: a website reference to the policy, an onsite financial counselor made available to patients, and posting of the policy in all patient access areas.

Schedule H, Part V, Line 16a-c:

Financial assistance policy:

[https://www.rrh.org/documents/Financial-Assistance-Program-Policy-V7.12865_1\).pdf](https://www.rrh.org/documents/Financial-Assistance-Program-Policy-V7.12865_1).pdf)

Financial assistance application:

<https://www.rrh.org/documents/Financial-Assistance-Application.pdf>

Plain language summary:

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, 16j, 18e, 19e, 20a, 20b, 20c, 20d, 20e, 21c, 21d, 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.

[https://www.rrh.org/documents/Financial-Assistance-Plain-Language-](https://www.rrh.org/documents/Financial-Assistance-Plain-Language-Summary.pdf)

[Summary.pdf](https://www.rrh.org/documents/Financial-Assistance-Plain-Language-Summary.pdf)

Multiple horizontal lines for providing supplemental information.

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? 18

Name and address	Type of Facility (describe)
1 Bella Serra Skilled Nursing Facility 1131 N China Lake Blvd Ridgecrest, CA 93555-3131	Skilled Nursing Facility
2 Ridgecrest Regional Hospital Rural He 1111 N China Lake Blvd Ridgecrest, CA 93555	Rural Health Clinic
3 China Lake Community Care Clinic 1041 N China Lake Blvd Ridgecrest, CA 93555	Community Care Clinic
4 Ridgecrest Regional Hospital Urgent C 1111 N China Lake Blvd Ridgecrest, CA 93555	Urgent Care
5 Center Professional Pharmacy 1109 N China Lake Blvd Ridgecrest, CA 93555	Center Professional Pharmacy
6 RRH Cancer Center 1011 N China Lake Blvd Ridgecrest, CA 93555	Cancer Center
7 Stemmer Clinic 900 Heritage Dr., Suite A Ridgecrest, CA 93555	Stemmer Clinic
8 Ridgecrest Regional Hospital Home Hea 1653 N Triangle Dr Ridgecrest, CA 93555	Home Health
9 China Lake Surgical Clinic 1041 N China Lake Blvd Ridgecrest, CA 93555	Surgical Clinic
10 Ridgecrest Regional Hospital Orthoped 1041 N China Lake Blvd Ridgecrest, CA 93555	Orthopedic Clinic

Schedule H (Form 990) 2018

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? 18

Name and address	Type of Facility (describe)
11 China Lake Dermatology 1011 N China Lake Blvd Ridgecrest, CA 93555	Dermatology Clinic
12 Ridgecrest Regional Hospital Hospice 1653 N Triangle Dr Ridgecrest, CA 93555	Hospice
13 Ridgecrest Regionl Hosp Internist Cli 1041 N China Lake Blvd Ridgecrest, CA 93555	Internist Clinic
14 China Lake Gastroenterology 1011 N China Lake Blvd Ridgecrest, CA 93555	Gastroenterology Clinic
15 Ridgecrest Regional Hosp Living Assis 1653 N Triangle Dr Ridgecrest, CA 93555	Living Assistance Program
16 Ridgecrest Regional Hosp Occup Health 409 Drummond Ave Ridgecrest, CA 93555	Occupational Health
17 Ridgecrest Regional Hosp Senior Servi 417 Drummond Ave Ridgecrest, CA 93555	Senior Services
18 Trona Rural Health Clinic 82820 Trona Rd Trona, CA 93562	Rural Health Clinic

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 3c:

Uninsured, self-pay patients with incomes at or below 300% of federal poverty level are offered free care. Insured patients with high medical costs (annual expenses exceed 10% of income) and incomes at or below 300% of the federal poverty level are eligible for discounted care. Monetary assets are considered in connection with eligibility for charity care, but not for discounted care.

Part I, Line 7:

Lines 7a, 7b, 7g were converted to cost based on an average ratio of costs to gross charges according to costs allocated to the relevant costs centers on the Medicare Cost Report.

Lines 7e, 7f, and 7i were based on actual expenses.

Part I, Line 7, Column (f):

The Bad Debt expense included on Form 990, Part IX, Line 25(A), but subtracted for purposes of calculating the percentage in

Part VI Supplemental Information (Continuation)

this column is \$ 2,237,007.

Part II, Community Building Activities:

Activities include: Provide free office space for health and economic-development organizations within the community, community collaboration through community health improvement advocacy, physician recruitment to ensure basic care is available locally, sponsor annual health fair with free and low cost health screening, collaborate with other emergency services on disaster and emergency preparedness, provide wellness fairs for the Navy Base and Water District, and donate funds to reopen the aquatic center, as well as helmets for the local police department.

Part III, Line 2:

Patient A/R consists of amounts owed by various governmental agencies, insurance companies and private patients. The Hospital manages its receivables by regularly reviewing the accounts, inquiring with respective payors as to collectability and providing for allowances on their accounting records for estimated contractual adjustments and uncollectible accounts. Bad debt is reported at charges per the audited financials.

Part III, Line 4:

The footnote to the organization's financial statements that describes bad debt expenses is located in footnote 1 on page 8 and 9 of the attached financial statements.

Part III, Line 8:

One hundred percent of any shortfall should be treated as community

Part VI Supplemental Information (Continuation)

benefit. A facility must be able to recover its costs in order to continue to provide quality care to Medicare patients and the community as a whole.

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 increase their access to healthcare services. Therefore, the entire Medicare shortfall is considered a community benefit.

Medicare allowable costs of care are based on the Medicare cost report. The Medicare cost report is completed based on the rules and regulations set forth by Centers for Medicare and Medicaid Services.

Part III, Line 9b:

RRH will make reasonable efforts to provide patients with information about its financial assistance policy before it or its agency representatives take extraordinary actions to collect a patient's bill. RRH shall not knowingly assign an account to a collection agency if the patient has a pending application for a County, State, or Federal health assistance program. For a patient who lacks insurance coverage or a patient who provides information that he or she may be a patient with high medical costs, neither RRH, nor any assignee of the hospital or other owner of the patient debt, including a collection agency, shall report adverse information to a credit reporting bureau or engage in extraordinary debt collection activities at any time prior to 150 days after the first billing, and only after providing a thirty-day notice of the extraordinary debt collection activities that will be commenced.

Part VI Supplemental Information (Continuation)

Part VI, Line 2:

In addition to the community health needs assessment Ridgecrest uses patient satisfaction surveys to assess the health care needs of the community, along with conducting blood draws at health fairs. The HR administrator serves on the local Rotary as well to network with other community leaders.

Part VI, Line 3:

Signs are posted in registration areas informing patients of assistance with their bills and includes citing a phone number to call for assistance in this area. Self pay patients are sent a packet of information regarding financial assistance programs.

Part VI, Line 4:

Rural California Desert Community located in Kern County; more than 50 miles from next nearest hospital. The population is approximately 38,000 and approximately 6.8% of that population is uninsured.

Part VI, Line 5:

Ridgecrest Regional Hospital's governing body is comprised of persons who reside in the Organization's primary service area. The Hospital applies any surplus funds to improve the Facility and equipment to improve patient care. The Hospital also extends medical staff privileges to other qualified physicians in the community.

Ridgecrest Regional Hospital holds an annual health fair for the community, wherein vendors offer information and services related to health and wellness, along with free and reduced-priced blood screenings.

Part VI Supplemental Information (Continuation)

A health fair at China Lake Naval Base is also held, wherein information on health and nutrition are provided. Ridgecrest Regional Hospital offers veteran benefit information for Veteran's Standdown, an event held to provide benefits and services to veterans. Ridgecrest Regional Hospital offers 16 weekly classes to seniors within the community, free of charge, that promote exercise, as well as senior group services catered to finding joy and happiness in life while socializing and building support systems. Ridgecrest Regional Hospital also offers 6 Rock Steady Boxing exercise classes per week for those with Parkinson's Disease, free of charge. Ridgecrest Regional Hospital offers the Diabetes Education Empowerment Program™ workshops four times a year. The following support groups are offered free of charge to the community: Grief, Caregiver, Alzheimer's Caregiver, Better Breathers, and Diabetes. The Wellness Resource Center provides free access to information on health and nutrition, including videos and books. In addition, the Wellness Resource Center provides nutrition programs, cooking classes and presentations to schools, churches, businesses, parents, and other organizations. Hospital tours are provided to students and other groups within the community. An annual publication, mailed to all homes within the community and available at Ridgecrest Regional Hospital, lists all services and providers at Ridgecrest Regional Hospital. A brochure provides information for local mental health services. Connected, a quarterly publication, focuses on Ridgecrest Regional Hospital's services, along with health tips and information.

Part VI, Line 6:

N/A

**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.
▶ Go to www.irs.gov/Form990 for the latest information.

OMB No. 1545-0047

2018

**Open to Public
Inspection**

Name of the organization **Ridgecrest Regional Hospital** Employer identification number **95-2082686**

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 noncash assistance	(h) Purpose of grant or assistance
RRH Development Foundation 1081 N China Lake Blvd Ridgecrest, CA 93555	46-4181603	501(c)(3)	7,115.	0.			General Operating

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.

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 noncash assistance

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:

Ridgecrest Regional Hospital has two board members that overlap with the RRH Development Foundation board, a related organization. The RRH Development Foundation is formed to support Ridgecrest Regional Hospital.

**SCHEDULE J
(Form 990)**

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990.

▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2018

Open to Public Inspection

Name of the organization

Ridgecrest Regional Hospital

Employer identification number

95-2082686

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

4 During the year, did any person listed 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" on 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 nonfixed 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" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
1b		
2		
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) 2018

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 aren't 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) Lawrence Cosner, MD Director/Physician	(i)	219,019.	1,300.	581.	0.	31,525.	252,425.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(2) James Suver CEO	(i)	315,771.	176,949.	13,626.	11,000.	12,551.	529,897.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(3) John Chivers CFO	(i)	224,558.	38,000.	9,936.	2,168.	25,686.	300,348.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(4) Healthy Desai Physician	(i)	651,429.	0.	92.	11,000.	37,044.	699,565.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(5) Luigi Cendana Physician	(i)	306,911.	50,275.	77.	7,280.	9,970.	374,513.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(6) Hope Zissos Physician	(i)	260,748.	0.	224.	10,920.	39,144.	311,036.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(7) Aisha Rollins Physician	(i)	257,970.	0.	90.	7,581.	12,069.	277,710.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(8) Brenda Diel Administrator of Quality	(i)	177,535.	9,843.	18,217.	0.	34,478.	240,073.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							

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.

▶ Go to www.irs.gov/Form990 for the latest information.

OMB No. 1545-0047

2018

Open to Public
Inspection

Name of the organization

Ridgecrest Regional Hospital

Employer identification number

95-2082686

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

people of the Southern Sierra Region.

Form 990, Part III, Line 2, New Program Services:

A mobile rural health clinic was established and related services began
on 08/07/18.

The OB clinic began providing services as a rural health OB clinic in
2018.

Form 990, Part VI, Section A, line 6:

There is one class of members, Corporate Members and an honorary nonvoting
group of individuals called Emeritus Members who are appointed by the Board
of Directors and have limited rights.

Corporate Membership is limited to thirty (30) persons, who must reside in
the Hospital service area (as such service area is determined by the Board
of Directors) who are elected to membership by a vote of the Corporate
Members present or represented at a meeting of Corporate Members.

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

The Corporate Members have the right to elect the members of the Board of
Directors.

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

Under the bylaws, the Corporate Members have the right to: elect the

Name of the organization

Ridgecrest Regional Hospital

Employer identification number

95-2082686

members of the Board of Directors; fill a vacancy on the Board of Directors; and ratify the bylaws that have been approved by the Board of Directors. In addition, members have certain rights granted pursuant to the California Nonprofit Public Benefit Corporation Act including the right to: remove a director; approve most amendments to the Articles of Incorporation; approve a sale of assets not in the usual and regular course of its business; merge with another entity; and dissolve.

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

The organization does not have any committee with the authority to act on behalf of the governing body.

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

The Form 990 is provided to the Board of Directors via electronic distribution prior to filing with the IRS.

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

There is annual disclosure on conflict of interest policy for directors, officers, medical staff officers, and administrative employees, and corporate members. Compliance with conflict of interest policy is monitored by the CEO. Any noted conflicts are reviewed and discussed by the Board of Directors. The individual with the potential conflict must abstain from the discussion and vote on the potential conflict.

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

Compensation for the CEO was determined by a compensation committee of the Board of Directors using compensation comparison provided by HASC.

Name of the organization

Ridgecrest Regional Hospital

Employer identification number

95-2082686

For other officers, the HASC salary survey is used to comply with prohibition from direct solicitation of salary information due to anti-trust regulations.

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

All public documents are made available upon request.

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

Other Purchased Services:

Program service expenses	9,613,033.
Management and general expenses	3,161,964.
Fundraising expenses	0.
Total expenses	12,774,997.

Professional Fees:

Program service expenses	15,816,119.
Management and general expenses	3,600.
Fundraising expenses	0.
Total expenses	15,819,719.

Other Fees:

Program service expenses	692,778.
Management and general expenses	493,076.
Fundraising expenses	0.
Total expenses	1,185,854.
Total Other Fees on Form 990, Part IX, line 11g, Col A	29,780,570.

Form 990, Part XI, line 9, Changes in Net Assets:

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.

▶ Go to www.irs.gov/Form990 for instructions and the latest information.

Name of the organization **Ridgecrest Regional Hospital** Employer identification number **95-2082686**

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
RRH Development Foundation - 46-4181603 1081 N China Lake Blvd Ridgecrest, CA 93555	Raising Hospital Capital Equipment Funds	California	501(c)(3)	Line 7	Ridgecrest Regional Hospital	X	

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

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

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

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

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

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

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

	Yes	No
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)			
(2)			
(3)			
(4)			
(5)			
(6)			

TAX RETURN FILING INSTRUCTIONS

FORM 990-T

FOR THE YEAR ENDING
December 31, 2018

Prepared for	Ridgecrest Regional Hospital 1081 N China Lake Blvd Ridgecrest, CA 93555
Prepared by	EIDE BAILLY LLP 800 NICOLLET MALL, STE. 1300 MINNEAPOLIS, MN 55402-7033
Amount due or refund	No amount is due.
Make check payable to	No amount is due.
Mail tax return and check (if applicable) to	Department of the Treasury Internal Revenue Service Center Ogden, UT 84201-0027
Return must be mailed on or before	November 15, 2019
Special Instructions	The return should be signed and dated.

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

2018

For calendar year 2018 or other tax year beginning _____, and ending _____

▶ Go to www.irs.gov/Form990T for instructions and the latest information.

▶ Do not enter SSN numbers on this form as it may be made public if your organization is a 501(c)(3).

Department of the Treasury
Internal Revenue Service

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

<p>A <input type="checkbox"/> Check box if address changed</p> <p>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)</p>	Print or Type	<p>Name of organization (<input type="checkbox"/> Check box if name changed and see instructions.) Ridgecrest Regional Hospital</p> <p>Number, street, and room or suite no. If a P.O. box, see instructions. 1081 N China Lake Blvd</p> <p>City or town, state or province, country, and ZIP or foreign postal code Ridgecrest, CA 93555</p>	<p>D Employer identification number (Employees' trust, see instructions.) 95-2082686</p> <p>E Unrelated business activity code (See instructions.) 446110</p>
--	---------------------	--	---

<p>C Book value of all assets at end of year 166,917,629.</p>	<p>F Group exemption number (See instructions.) ▶</p> <p>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</p>
--	--

H Enter the number of the organization's unrelated trades or businesses. ▶ 1 Describe the only (or first) unrelated trade or business here ▶ **Retail Pharmacy**. If only one, complete Parts I-V. If more than one, describe the first in the blank space at the end of the previous sentence, complete Parts I and II, complete a Schedule M for each additional trade or business, then complete Parts III-V.

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 ▶ **Kanner Tillman** Telephone number ▶ **760-499-3040**

Part I Unrelated Trade or Business Income		(A) Income	(B) Expenses	(C) Net
1 a	Gross receipts or sales <u>973,652.</u>			
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		233,036.
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 a partnership or an S corporation (attach statement)	5		
6	Rent income (Schedule C)	6		
7	Unrelated debt-financed income (Schedule E)	7		
8	Interest, annuities, royalties, and rents from a controlled organization (Schedule 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)	12		
13	Total. Combine lines 3 through 12	13	233,036.	233,036.

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		174,852.
16	Repairs and maintenance	16		
17	Bad debts	17		
18	Interest (attach schedule) (see instructions)	18		
19	Taxes and licenses	19		279.
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		
23	Depletion	23		
24	Contributions to deferred compensation plans	24		
25	Employee benefit programs	25		46,336.
26	Excess exempt expenses (Schedule I)	26		
27	Excess readership costs (Schedule J)	27		
28	Other deductions (attach schedule) See Statement 2	28		15,627.
29	Total deductions. Add lines 14 through 28	29	237,094.	
30	Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13	30	-4,058.	
31	Deduction for net operating loss arising in tax years beginning on or after January 1, 2018 (see instructions)	31		
32	Unrelated business taxable income. Subtract line 31 from line 30	32	-4,058.	

Part III Total Unrelated Business Taxable Income			
33	Total of unrelated business taxable income computed from all unrelated trades or businesses (see instructions)	33	-4,058.
34	Amounts paid for disallowed fringes	34	
35	Deduction for net operating loss arising in tax years beginning before January 1, 2018 (see instructions) Stmt 3	35	0.
36	Total of unrelated business taxable income before specific deduction. Subtract line 35 from the sum of lines 33 and 34	36	-4,058.
37	Specific deduction (Generally \$1,000, but see line 37 instructions for exceptions)	37	1,000.
38	Unrelated business taxable income. Subtract line 37 from line 36. If line 37 is greater than line 36, enter the smaller of zero or line 36	38	-4,058.

Part IV Tax Computation			
39	Organizations Taxable as Corporations. Multiply line 38 by 21% (0.21)	39	0.
40	Trusts Taxable at Trust Rates. See instructions for tax computation. Income tax on the amount on line 38 from: <input type="checkbox"/> Tax rate schedule or <input type="checkbox"/> Schedule D (Form 1041)	40	
41	Proxy tax. See instructions	41	
42	Alternative minimum tax (trusts only)	42	
43	Tax on Noncompliant Facility Income. See instructions	43	
44	Total. Add lines 41, 42, and 43 to line 39 or 40, whichever applies	44	0.

Part V Tax and Payments			
45a	Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116)	45a	
b	Other credits (see instructions)	45b	
c	General business credit. Attach Form 3800	45c	
d	Credit for prior year minimum tax (attach Form 8801 or 8827)	45d	
e	Total credits. Add lines 45a through 45d	45e	
46	Subtract line 45e from line 44	46	0.
47	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)	47	
48	Total tax. Add lines 46 and 47 (see instructions)	48	0.
49	2018 net 965 tax liability paid from Form 965-A or Form 965-B, Part II, column (k), line 2	49	0.
50a	Payments: A 2017 overpayment credited to 2018	50a	
b	2018 estimated tax payments	50b	
c	Tax deposited with Form 8868	50c	
d	Foreign organizations: Tax paid or withheld at source (see instructions)	50d	
e	Backup withholding (see instructions)	50e	
f	Credit for small employer health insurance premiums (attach Form 8941)	50f	
g	Other credits, adjustments, and payments: <input type="checkbox"/> Form 2439 <input type="checkbox"/> Form 4136 <input type="checkbox"/> Other Total	50g	
51	Total payments. Add lines 50a through 50g	51	
52	Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/>	52	
53	Tax due. If line 51 is less than the total of lines 48, 49, and 52, enter amount owed	53	
54	Overpayment. If line 51 is larger than the total of lines 48, 49, and 52, enter amount overpaid	54	
55	Enter the amount of line 54 you want: Credited to 2019 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>	55	

Part VI Statements Regarding Certain Activities and Other Information (see instructions)		Yes	No
56	At any time during the 2018 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		X
57	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
58	Enter the amount of tax-exempt interest received or accrued during the tax year \$		

Sign Here 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.

Signature of officer _____ Date _____ CEO _____ 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	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Kim C. Hunwardesen	Kim C. Hunwardesen	11/08/19		P00484560
	Firm's name EIDE BAILLY LLP	Firm's EIN 45-0250958		Firm's address 800 NICOLLET MALL, STE. 1300 MINNEAPOLIS, MN 55402-7033	
				Phone no. 612-253-6500	

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

1	Inventory at beginning of year	1	0.	6	Inventory at end of year	6	0.
2	Purchases	2	740,616.	7	Cost of goods sold. Subtract line 6 from line 5. Enter here and in Part I, line 2	7	740,616.
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 (attach schedule)	4a					
b	Other costs (attach schedule)	4b					
5	Total. Add lines 1 through 4b	5	740,616.				X

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

(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)	3(a) Deductions directly connected with the income in columns 2(a) and 2(b) (attach schedule)
(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.

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	Other Deductions	Statement	2
<u>Description</u>		<u>Amount</u>	
	Consulting Fees		15,669.
	Miscellaneous		-42.
Total to Form 990-T, Page 1, line 28			15,627.

Form 990-T	Net Operating Loss Deduction			Statement	3
Tax Year	Loss Sustained	Loss Previously Applied	Loss Remaining	Available This Year	
12/31/17	239,494.	0.	239,494.	239,494.	
NOL Carryover Available This Year			239,494.	239,494.	

Application for Automatic Extension of Time To File an Exempt Organization Return

Department of the Treasury
Internal Revenue Service

▶ **File a separate application for each return.**
▶ **Go to www.irs.gov/Form8868 for the latest information.**

Electronic filing (e-file). You can electronically file Form 8868 to request a 6-month automatic extension of time to file any of the forms listed below with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, for which an extension request must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit www.irs.gov/e-file-providers/e-file-for-charities-and-non-profits.

Automatic 6-Month Extension of Time. Only submit original (no copies needed).

All corporations required to file an income tax return other than Form 990-T (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

	Enter filer's identifying number	
Type or print	Name of exempt organization or other filer, see instructions. Ridgecrest Regional Hospital	Employer identification number (EIN) or 95-2082686
File by the due date for filing your return. See instructions.	Number, street, and room or suite no. If a P.O. box, see instructions. 1081 N China Lake Blvd	Social security number (SSN)
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. Ridgecrest, CA 93555	

Enter the Return Code for the return that this application is for (file a separate application for each return) 0 | 1

Application Is For	Return Code	Application Is For	Return Code
Form 990 or Form 990-EZ	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 4720 (individual)	03	Form 4720 (other than individual)	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

Kanner Tillman

- The books are in the care of ▶ **1081 North China Lake Blvd. - Ridgecrest, CA 93555**
Telephone No. ▶ **760-499-3040** Fax No. ▶ _____
- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____. If this is for the whole group, check this box . If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension is for.

1 I request an automatic 6-month extension of time until **November 15, 2019**, to file the exempt organization return for the organization named above. The extension is for the organization's return for:
▶ calendar year **2018** or
▶ tax year beginning _____, and ending _____.

2 If the tax year entered in line 1 is for less than 12 months, check reason: Initial return Final return
 Change in accounting period

3a If this application is for Forms 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	3a	\$	0.
b If this application is for Forms 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	3b	\$	0.
c Balance due. Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	3c	\$	0.

Caution: If you are going to make an electronic funds withdrawal (direct debit) with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

Application for Automatic Extension of Time To File an Exempt Organization Return

Department of the Treasury
Internal Revenue Service

▶ **File a separate application for each return.**
▶ **Go to www.irs.gov/Form8868 for the latest information.**

Electronic filing (e-file). You can electronically file Form 8868 to request a 6-month automatic extension of time to file any of the forms listed below with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, for which an extension request must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit www.irs.gov/e-file-providers/e-file-for-charities-and-non-profits.

Automatic 6-Month Extension of Time. Only submit original (no copies needed).

All corporations required to file an income tax return other than Form 990-T (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

	Enter filer's identifying number	
Type or print	Name of exempt organization or other filer, see instructions. Ridgecrest Regional Hospital	Employer identification number (EIN) or 95-2082686
File by the due date for filing your return. See instructions.	Number, street, and room or suite no. If a P.O. box, see instructions. 1081 N China Lake Blvd	Social security number (SSN)
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. Ridgecrest, CA 93555	

Enter the Return Code for the return that this application is for (file a separate application for each return) 0 | 7

Application Is For	Return Code	Application Is For	Return Code
Form 990 or Form 990-EZ	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 4720 (individual)	03	Form 4720 (other than individual)	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

Kanner Tillman

- The books are in the care of ▶ **1081 North China Lake Blvd. - Ridgecrest, CA 93555**
Telephone No. ▶ **760-499-3040** Fax No. ▶ _____
- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____. If this is for the whole group, check this box . If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension is for.

1 I request an automatic 6-month extension of time until **November 15, 2019**, to file the exempt organization return for the organization named above. The extension is for the organization's return for:
▶ calendar year **2018** or
▶ tax year beginning _____, and ending _____.

2 If the tax year entered in line 1 is for less than 12 months, check reason: Initial return Final return
 Change in accounting period

3a If this application is for Forms 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	3a	\$	0.
b If this application is for Forms 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	3b	\$	0.
c Balance due. Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	3c	\$	0.

Caution: If you are going to make an electronic funds withdrawal (direct debit) with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

Electronic Filing PDF Attachment



Financial Statements
December 31, 2018 and 2017
Ridgecrest Regional Hospital

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Independent Auditor's Report

To the Board of Directors
Ridgecrest Regional Hospital
Ridgecrest, California

Report on the Financial Statements

We have audited the accompanying financial statements of Ridgecrest Regional Hospital (the Hospital), which comprise the balance sheets as of December 31, 2018 and 2017, and the related statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Hospital's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ridgecrest Regional Hospital as of December 31, 2018 and 2017, and the change in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 14 to the financial statements, the Hospital identified, and self-disclosed, supplemental payments that should have been accrued as receivables in the prior year and has restated the financial statements as of December 31, 2017. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards on page 37 is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the financial statements. Additionally, the supplemental information for HUD purposes, as required by the *Consolidated Audit Guide for Audits of HUD Programs* issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General, shown on pages 25 through 32 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and supplemental information for HUD purposes are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2019, on our consideration of the Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hospital's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hospital's internal control over financial reporting and compliance.



Boise, Idaho
April 30, 2019

Ridgecrest Regional Hospital
Balance Sheets
December 31, 2018 and 2017

	2018	2017, as restated
Assets		
Current Assets		
Cash and cash equivalents	\$ 20,465,260	\$ 12,167,733
Assets limited as to use	2,380,464	2,294,665
Receivables		
Patient and resident, net of estimated uncollectibles of \$5,199,800 in 2018 and \$5,668,000 in 2017	18,725,118	19,949,141
Estimated third-party payor settlements	2,021,696	5,434,404
Other	1,569,882	836,961
Supplies	2,159,842	2,316,090
Prepaid expenses and deposits	4,302,715	4,540,505
Total current assets	51,624,977	47,539,499
Assets Limited as to Use, By Board for Capital Improvement and Debt Redemption	30,959,022	30,199,282
Property and Equipment, net	83,894,269	84,934,058
Other Assets	439,361	79,205
Total assets	\$ 166,917,629	\$ 162,752,044

Ridgecrest Regional Hospital
Balance Sheets
December 31, 2018 and 2017

	2018	2017, as restated
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt	\$ 3,051,467	\$ 2,917,477
Accounts payable		
Trade	8,703,680	7,453,817
Estimated third-party payor settlements	4,393,303	4,174,909
Construction	1,166,219	-
Accrued expenses		
Salaries and wages	1,871,367	1,789,824
Vacation	2,548,771	2,496,241
Payroll taxes	575,155	568,792
Self-insurance claims	899,737	893,066
Other	3,792	11,107
Deferred revenue	52,775	33,767
	<u>23,266,266</u>	<u>20,339,000</u>
Long-term Liabilities		
Long-term debt, net of current maturities and unamortized debt issuance costs of \$188,162 in 2018 and \$199,508 in 2017	54,132,930	57,181,934
Malpractice insurance payable	439,361	79,205
	<u>54,572,291</u>	<u>57,261,139</u>
Total long-term liabilities	<u>54,572,291</u>	<u>57,261,139</u>
Total liabilities	77,838,557	77,600,139
Net Assets - Without Donor Restrictions	<u>89,079,072</u>	<u>85,151,905</u>
Total liabilities and net assets	<u>\$ 166,917,629</u>	<u>\$ 162,752,044</u>

Ridgecrest Regional Hospital
Statements of Operations and Changes in Net Assets
Years Ended December 31, 2018 and 2017

	2018	2017, as restated
Revenues, Gains, and Other Support Without Donor Restrictions		
Net patient and resident service revenue	\$ 122,827,278	\$ 125,923,105
Provision for bad debts	<u>(2,237,007)</u>	<u>(2,696,490)</u>
Net patient and resident service revenue less provision for bad debts	120,590,271	123,226,615
Other revenue	<u>1,411,759</u>	<u>680,674</u>
Total revenues, gains, and other support	<u>122,002,030</u>	<u>123,907,289</u>
Expenses		
Salaries and wages	40,968,392	41,123,823
Employee benefits	12,901,928	11,692,682
Professional fees	17,668,880	17,369,441
Contract services	6,891,647	6,083,790
Supplies	13,549,807	13,729,908
Purchased services and repairs and maintenance	9,949,038	9,079,268
Utilities and telephone	2,085,224	1,911,628
Building and equipment rent	955,171	693,930
Insurance and taxes	2,540,438	2,360,833
Interest	2,343,031	2,456,132
Depreciation	7,241,283	7,346,687
Other	<u>2,224,076</u>	<u>2,534,321</u>
Total expenses	<u>119,318,915</u>	<u>116,382,443</u>
Operating Income	<u>2,683,115</u>	<u>7,524,846</u>
Other Income		
Investment income	454,816	343,922
Rental income	291,479	269,192
Other	149,383	139,609
Unrestricted contributions	<u>339,737</u>	<u>346,765</u>
Total other income	<u>1,235,415</u>	<u>1,099,488</u>
Revenues in Excess of Expenses	3,918,530	8,624,334
Change in Unrealized Gains (Losses) on Investments	<u>8,637</u>	<u>(37,816)</u>
Change in Net Assets Without Donor Restrictions	3,927,167	8,586,518
Net Assets, Beginning of Year	<u>85,151,905</u>	<u>76,565,387</u>
Net Assets, End of Year	<u>\$ 89,079,072</u>	<u>\$ 85,151,905</u>

Ridgecrest Regional Hospital
Statements of Cash Flows
Years Ended December 31, 2018 and 2017

	2018	2017, as restated
Operating Activities		
Change in net assets	\$ 3,927,167	\$ 8,586,518
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	7,241,283	7,346,687
Interest expense attributable to amortization of debt issuance costs	11,346	11,346
Loss on disposal of equipment	12,893	8,348
Net unrealized (gain) loss on investments	(8,637)	37,816
Provision for bad debts	2,237,007	2,696,490
Loss on impairment of goodwill	-	325,770
Changes in assets and liabilities		
Patient and resident accounts receivables	(1,012,984)	(6,912,912)
Other receivables	(732,921)	(106,009)
Supplies	156,248	390,269
Prepaid expenses and deposits	237,790	(1,308,908)
Trade accounts payable	1,249,863	2,000,206
Accrued expenses	139,792	373,421
Estimated third-party payor settlements	3,631,102	(5,309,495)
Deferred revenue	19,008	(38,983)
Net Cash from Operating Activities	17,108,957	8,100,564
Investing Activities		
Purchase and construction of property and equipment	(5,048,368)	(5,764,944)
Purchase of investments and assets limited as to use	(13,570,809)	(9,019,923)
Sales and maturities of investments and assets limited as to use	12,733,907	7,630,271
Proceeds from sale of equipment	200	2,575
Net Cash used for Investing Activities	(5,885,070)	(7,152,021)
Financing Activities		
Repayment of long-term debt	(2,926,360)	(2,753,343)
Net Cash used for Financing Activities	(2,926,360)	(2,753,343)
Net Change in Cash and Cash Equivalents	8,297,527	(1,804,800)
Cash and Cash Equivalents, Beginning of Year	12,167,733	13,972,533
Cash and Cash Equivalents, End of Year	\$ 20,465,260	\$ 12,167,733

Ridgecrest Regional Hospital
Statements of Cash Flows
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest and related fees	<u>\$ 2,331,685</u>	<u>\$ 2,467,478</u>
Supplemental Disclosure of Non-cash Investing and Financing Activities		
Accounts payable for construction and equipment	<u>\$ 1,166,219</u>	<u>\$ -</u>

Note 1 - Organization and Significant Accounting Policies

Organization

Ridgecrest Regional Hospital (the Hospital) is a 25-bed, general acute care facility located in Ridgecrest, California and was designated as a Medicare Critical Access Hospital effective August, 2012.

The Hospital offers general routine acute care and intensive care services and associated ancillary and outpatient services. It also provides rural health and community care services under a hospital-based setting. In addition to the general acute care services and rural health and community care clinics, it is licensed for a 125-bed hospital-based skilled nursing facility. The Hospital is organized as a California nonprofit corporation and is exempt from federal income taxes.

Income Taxes

The Hospital is organized as a California nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The Hospital is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Hospital is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Hospital will file an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS for its retail pharmacy.

The Hospital believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Hospital 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.

Cash and Cash Equivalents

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

Patient and Resident Receivables

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

Patient and resident accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Hospital 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 Hospital 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 Hospital 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 Hospital's process for calculating the allowance for doubtful accounts for self-pay patients has not significantly changed from December 31, 2017 to December 31, 2018. The Hospital does not maintain a material allowance for doubtful accounts from third-party payors, nor did it have significant write offs from third-party payors. The Hospital has not significantly changed its charity care or uninsured discount policies during fiscal years 2018 or 2017.

Supplies

Supplies are consistently reported from period to period at cost determined by replacement value, which is not in excess of net realizable value. The Hospital does not maintain levels of supply values such as those under a first-in, first-out or last-in, first-out method.

Assets Limited as to Use

Assets limited as to use include assets set aside by the Board of Directors for future capital improvements and debt redemption, over which the Board retains control and may at its discretion subsequently use for other purposes.

Assets limited as to use consist of an interest-bearing reserve paying the current market federal fund rate, money market funds, and brokered certificates of deposits. A portion of the assets limited as to use are carried at fair value in accordance with generally accepted accounting principles. The remaining portion is carried at cost. Assets limited as to use that are available for obligations classified as current liabilities are reported in current assets.

Property and Equipment

Property and equipment acquisitions in excess of \$5,000 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. Property 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 property. Amortization is included in depreciation in the financial statements. The estimated useful lives of property and equipment are as follows:

Buildings and improvements	5-40 years
Furniture, fixtures and equipment	5-20 years

Gifts of long-lived assets such as land, buildings, or equipment are reported as additions to net assets without restrictions, and are excluded from the performance indicator, 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 net assets with donor restrictions. 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.

The Hospital considers whether indicators of impairment are present and performs the necessary analysis to determine if the carrying values of assets are appropriate. No impairment was identified for the years ended December 31, 2018 and 2017.

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 balance sheet. Investment income or loss including realized gains and losses on investments and interest is included in the performance indicator unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are excluded from the performance indicator unless the investments are trading securities. Investment income is recorded as other income in the statements of operations.

Rental Property and Real Estate Held for Future Use

Rental property and real estate held for future use consists of property adjacent to the hospital campus and other property that is being held in the event that additional property is needed for future expansion of the hospital campus. Certain properties are rented to tenants. The rental property, excluding non-depreciable land, is included as property and equipment on the balance sheet and depreciated over an estimated life of 15-20 years. Rental income and related expenses on the rental properties are recorded as other income in the statements of operations.

Claims Reserves

The Hospital provides for self-insurance reserves for estimated incurred but not reported claims for its employee health plan, worker's compensation, and professional liability. These gross liabilities, prior to insurance coverage, are reflected as claims reserves on the balance sheets. These reserves, which are included in current liabilities on the 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.

Employee Health Claims

The Hospital is insured for employee health claims with a self-insured retention of \$100,000 per insured individual per year. The accrual for these costs includes the unpaid portion of claims that have been reported and estimates of insured 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.

Workers' Compensation Claims

The Hospital is a participant in the Association of California Hospital District's Alpha Fund (the Fund) which administers a self-insured worker's compensation plan for participating hospital employees of its member hospitals. The Hospital pays premiums to the Fund which are adjusted annually. If participation in the Fund is terminated by the Hospital, the Hospital would be liable for its share of any additional premiums necessary for final disposition of all claims and losses covered by the Fund.

Professional Liability Claims

The Hospital insures for professional liability claims under a claims-made policy. Under the policy, insurance premiums cover only those claims actually reported during the policy term, up to \$10 million of coverage for each occurrence and \$20 million in the aggregate. The first \$10,000 is retained by the Hospital. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims related to such occurrences during their terms but reported subsequent to their termination may be uninsured.

Debt Issuance Costs

Debt issuance costs are amortized over the period the related obligation is outstanding using the straight-line method which approximates the effective interest method. Debt issuance costs are included within long-term debt on the balance sheet. Amortization of debt issuance costs is included in interest expense in the accompanying financial statements.

Net Assets with Donor Restrictions

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Donor-Restricted Gifts

The Hospital reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of changes in net assets as net assets released from restrictions.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in Note 12, which presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, such as depreciation, interest and other occupancy costs, are allocated to a function based on a square-footage basis. Allocated healthcare service costs not allocated on a square-footage basis are otherwise allocated based on revenue.

Net Patient and Resident Service Revenues

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates, reimbursed costs, discounted charges, and per diem payments. Net patient and resident service revenue is reported at the estimated net realizable amounts from patients, residents, 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 Hospital recognizes patient and resident service revenue associated with services provided to patients and residents 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 Hospital 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 Hospital's uninsured and other self-pay patients and residents will be unable or unwilling to pay for the services provided. Thus, the Hospital records a significant provision for bad debts related to uninsured and other self-pay patients and residents in the period the services are provided.

Net patient and resident service revenue, but before the provision for bad debts, recognized for the years ended December 31, 2018 and 2017 from these major payor sources, is as follows:

	2018	2017
Net patient and resident service revenue		
Third-party payors	\$ 116,916,288	\$ 120,607,026
Uninsured	5,910,990	5,316,079
Total all payors	\$ 122,827,278	\$ 125,923,105

Net Resident Service Revenue

Net resident service revenue is reported at established billing rates which are determined on a contract-based reimbursement system as prescribed by California Department of Human Services' regulations. The Hospital participates in the Medicare program for which payment for resident services is made on a prospectively determined per diem rate that varies based on a case-mix adjusted resident classification system.

Performance Indicator

Revenues in excess of expenses is the performance indicator and 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 Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than established rates. Since the Hospital does not pursue collection of these amounts, they are not reported as patient service revenue. The estimated cost of providing these services was \$91,000 and \$295,000 for the years ended December 31, 2018 and 2017, calculated by multiplying the ratio of cost to gross charges for the Hospital by the gross uncompensated charges associated with providing charity care to its patients.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash, money market accounts and investments with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Hospital has not experienced losses in any of these accounts. Although fair values of investments are subject to fluctuation on a year-to-year basis, management believes that the investment policies and guidelines are prudent for the long-term welfare of the organizations.

Change in Accounting Policy

As of January 1, 2018, the Hospital adopted the provisions of Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-For-Profit Entities*. The provisions of the ASU replace the existing three classes of net assets with two new classes (net assets without donor restrictions and net assets with donor restrictions). The ASU introduces new disclosure requirements to provide information about what is included or excluded from the Hospital's intermediate measure of operations as well as disclosures to improve a financial statement user's ability to assess the Hospital's liquidity and exposure to risk. The ASU also introduces new

reporting requirements to present expenses by both function and natural classification in a single location and to present investment returns on the statements of operations net of external and direct internal investment expenses.

The Hospital has adopted this standard as management believes the standard improves the usefulness and understandability of the Hospital's financial reporting.

Note 2 - Net Patient and Resident Service Revenue

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

Medicare: The Hospital is licensed as a Critical Access Hospital (CAH) effective August, 2012. The Hospital is reimbursed for most acute care services under a cost reimbursement methodology with final settlement determined after submission of annual cost reports by the Hospital and are subject to audits thereof by the Medicare intermediary. The Hospital's Medicare cost reports have been audited by the Medicare Administrative Contractor through the year ended December 31, 2016. Clinical services are paid on a cost basis or fixed fee schedule.

Medi-Cal: Payments for inpatient services rendered to Medi-Cal patients are made based on the State's diagnosis-related group system (DRG's). Outpatient payments are based on pre-determined charge screens. Skilled nursing services are paid on a prospectively determined rate limit which rate includes a component of Hospital-specific cost based data. The Hospital was paid for cost reimbursement services at an interim rate with final settlement determined after submission of annual cost reports and audits thereof by Medi-Cal. At December 31, 2018, cost reports through December 31, 2015, have been audited or otherwise final settled. The hospital fee program was implemented during 2014 and is a provider fee based program in the State of California to issue supplemental payments to hospitals. The Hospital has receivables of approximately \$1,836,668 and \$5,434,404 as of December 31, 2018 and 2017, respectively. The payments are included in patient revenue.

Blue Cross: Inpatient services rendered to Blue Cross subscribers are paid at prospectively determined rates per discharge. Outpatient services are reimbursed at outpatient payment fee screens or at charges less a prospectively determined discount. The prospectively determined discount is not subject to retroactive adjustment.

Concentration of gross revenues by major payor accounted for the following percentages of the Hospital's patient and resident service revenue for the years ended December 31, 2018 and 2017:

	2018	2017
Medicare	34%	34%
Medi-Cal	29%	30%
Blue Cross and other commercial payors	35%	34%
Self-pay and other	2%	2%
	100%	100%

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. The net patient and resident service revenue for the years ended December 31, 2018 and 2017 increased approximately \$433,000 and \$2,650,000, respectively, due to removal of allowances previously estimated that are no longer necessary as a result of final settlements and years that are no longer likely subject to audits, reviews, and investigations.

Note 3 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2018	2017
Cash and cash equivalents	\$ 20,465,260	\$ 12,167,733
Assets limited as to use	33,339,486	32,493,947
Patient and resident receivables	18,725,118	19,949,141
Estimated third-party payor settlements	2,021,696	5,434,404
Other receivables	1,569,882	836,961
	76,121,442	70,882,186
Less amounts not available to be used within one year		
Assets limited to use by board for Capital Improvement and Debt Redemption	(33,339,486)	(32,493,947)
	\$ 42,781,956	\$ 38,388,239

Assets limited as to use consist of deposits held by a trustee as a mortgage reserve fund, that will be used in future periods for debt service payments commencing after 2021. The Board Designated funds are not considered available for general expenditure of the Hospital but are available for capital requirements in the next year as needed.

Additionally, the Hospital maintains a \$2 million line of credit, as discussed in Note 8. As of December 31, 2018, \$2 million remained available on the Hospital's line of credit.

Note 4 - Fair Value Measurements

The Hospital reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own

assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or the liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lower level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgment taking into account factors specific to the asset or liability. The categorization of the asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to an assessment of the quality, risk or liquidity profile of the asset or liability.

Mutual funds with readily determinable fair values based on daily redemption values are classified within Level 1. Certain certificates of deposit are considered invested and traded in the financial markets. Those certificates of deposit are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates and market-rate assumptions, and are classified within Level 2.

Ridgecrest Regional Hospital
Notes to Financial Statements
December 31, 2018 and 2017

Assets measured at fair value on a recurring basis and the related fair values of these assets at December 31, 2018 and 2017, are as follows:

	<u>Total</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Other Observable Inputs (Level 2)</u>	<u>Unobservable Inputs (Level 3)</u>
December 31, 2018				
Assets limited as to use				
Cash & cash equivalents (at cost)	\$ 5,154,814	\$ -	\$ -	\$ -
Money market mutual fund	2,029,556	2,029,556	-	-
Brokered certificates of deposit	19,224,986	-	19,224,986	-
Debt escrow reserve (at cost)	6,930,130	-	-	-
	<u>\$ 33,339,486</u>	<u>\$ 2,029,556</u>	<u>\$ 19,224,986</u>	<u>\$ -</u>
	<u>Total</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Other Observable Inputs (Level 2)</u>	<u>Unobservable Inputs (Level 3)</u>
December 31, 2017				
Assets limited as to use				
Cash & cash equivalents (at cost)	\$ 3,288,780	\$ -	\$ -	\$ -
Money market mutual fund	2,011,646	2,011,646	-	-
Brokered certificates of deposit	21,125,451	-	21,125,451	-
Debt escrow reserve (at cost)	6,068,070	-	-	-
	<u>\$ 32,493,947</u>	<u>\$ 2,011,646</u>	<u>\$ 21,125,451</u>	<u>\$ -</u>

Note 5 - Assets Limited as to Use

The composition of assets limited as to use at December 31, 2018 and 2017, is shown in the following table.

	2018	2017
By Board for Capital Improvements and Debt Redemption		
Brokered certificates of deposit	\$ 19,224,986	\$ 21,125,451
Debt security escrow reserve	6,930,130	6,068,070
Money market mutual fund	2,029,556	2,011,646
Cash & cash equivalents	5,154,814	3,288,780
Less amount shown as current	(2,380,464)	(2,294,665)
	\$ 30,959,022	\$ 30,199,282

Note 6 - Property and Equipment

A summary of property and equipment at December 31, 2018 and 2017 follows:

	2018		2017	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land and improvements	\$ 4,426,680	\$ (529,348)	\$ 3,867,813	\$ (452,904)
Buildings and fixed equipment	112,867,634	(47,400,164)	112,867,634	(42,790,679)
Major movable equipment	39,024,777	(30,465,983)	36,837,673	(28,585,667)
Construction in progress	5,970,673	-	3,190,188	-
	\$ 162,289,764	\$ (78,395,495)	\$ 156,763,308	\$ (71,829,250)
Net property and equipment		\$ 83,894,269		\$ 84,934,058

Construction in progress at December 31, 2018, represents multiple projects with no specific commitments outstanding to complete.

Note 7 - Leases

The Hospital leases certain equipment and buildings under noncancelable long-term lease agreements which have been recorded as capitalized leases. Total lease expense for the years ended December 31, 2018 and 2017 for all month-to-month operating leases was \$955,171 and \$693,930.

Minimum future lease payments for the capital lease is as follows:

Year Ending December 31,	Capital Leases
2019	\$ 820,496
2020	845,111
2021	870,465
2022	896,578
2023	923,475
Thereafter	548,004
Total minimum lease payments	4,904,129
Less interest	(483,279)
Present value of minimum lease payments - Note 8	\$ 4,420,850

Assets under capital lease agreements consist of:

	2018	2017
Skilled nursing facility	\$ 6,873,123	\$ 6,873,123
Less accumulated depreciation	(3,092,905)	(2,405,593)
	\$ 3,780,218	\$ 4,467,530

Note 8 - Long-Term Debt

Long-term debt consists of:

	2018	2017
FHA Insured Mortgage Payable; interest of 3.63%; principal and interest payments of \$355,662 due monthly through 2035; collateralized by Hospital revenues and the related property, net of accumulated unamortized debt issuance costs of \$188,162 in 2018 and \$199,508 in 2017, with accumulated amortization of \$42,537 and \$31,191, respectively, based on effective interest rate of 3.6%.	\$ 52,763,547	\$ 55,054,875
Capital lease of skilled nursing facility; due in monthly lease payments of \$60,000 increasing by 3% annually to 2024 (Note 7).	4,420,850	5,044,536
Total long-term debt	57,184,397	60,099,411
Less current maturities	(3,051,467)	(2,917,477)
Long-term debt, net of current maturities and unamortized debt issuance costs	\$ 54,132,930	\$ 57,181,934

Long-term debt maturities are as follows:

Year Ending December 31,	Amount
2019	\$ 3,051,467
2020	3,196,589
2021	3,340,352
2022	3,490,194
2023	3,646,363
Thereafter	40,647,594
Debt issuance costs	(188,162)
Total	\$ 57,184,397

The loan agreement places limits on the incurrence of additional borrowings and requires that the Hospital satisfy certain measures of financial performance.

The Hospital has a line of credit available as of December 31, 2018 and 2017 in the amount of \$2,000,000 with a local bank. Interest will be charged at the bank's prevailing rates for any borrowings on this line. As of December 31, 2018 and 2017, there were no borrowings outstanding on the line of credit.

Note 9 - Retirement Plan

The Hospital has a defined contribution retirement plan available to substantially all of its employees. Eligible employees become fully vested after six years of employment. They are not eligible during the first year of employment but become 20% vested after the second year. Thereafter, the employees' vesting schedule increases 20% each year until they become fully vested on the anniversary of their sixth year. The Hospital contributes up to a 4% maximum of eligible compensation for each participating employee in the form of a "match." Such contributions are expensed in the Hospital's financial statements in the period accrued. Retirement expense under this plan was \$927,958 and \$841,171 for the years ended December 31, 2018 and 2017, respectively.

Note 10 - Related Party Transactions

The Ridgecrest Regional Hospital Foundation (the Foundation), has been established as a nonprofit public benefit corporation under the Internal Revenue Code Section 501(c)(3) to solicit contributions on behalf of the Ridgecrest community's healthcare entities within the community to assist with the healthcare needs of the area. Certain funds raised by the Foundation are distributed to the Hospital or held for the benefit of the Hospital on a requested basis. These Foundation funds, which generally represent Foundation unrestricted resources, are distributed to the Hospital in amounts and specific periods determined by the Foundation's Board of Trustees. The Foundation may also restrict the use of funds for new Hospital property and equipment, replacement or expansion, or other specific purposes. Donations by the Foundation were considered minor for the years ended December 31, 2018 and 2017.

Note 11 - Concentrations of Credit Risk

The Hospital grants credit without collateral to its patients and residents, most of whom are insured under third-party payor agreements. The mix of receivables from third-party payors and patients and residents at December 31, 2018 and 2017 was as follows:

	2018	2017
Medicare	20%	22%
Medi-Cal	39%	33%
Blue Cross	14%	16%
Other third-party payors	14%	16%
Patients	13%	13%
	100%	100%

Note 12 - Functional Expenses

The Hospital provides health care services to residents within its geographic location. Expenses related to providing these services by functional class for the year ended December 31, 2018 are as follows:

	Hospital	Skilled Nursing Facility	Pharmacy	Clinic	General and Administrative	Total
Salaries and wages	\$ 20,548,537	\$ 2,734,241	\$ 931,327	\$ 5,624,037	\$ 11,130,250	\$ 40,968,392
Employee benefits	7,002,958	1,029,023	276,966	1,759,087	2,833,893	12,901,928
Professional fees	5,531,150	100,066	301,268	10,610,168	1,126,228	17,668,880
Contract services	5,734,608	874,097	276,183	6,759	-	6,891,647
Supplies	11,337,916	387,621	84,389	1,268,363	471,518	13,549,807
Purchased services and repairs and maintenance	4,000,172	229,248	107,939	541,205	5,070,474	9,949,038
Utilities and telephone	1,412,805	134,073	-	225,738	312,608	2,085,224
Building and equipment rent	242,991	134,407	3,395	203,569	370,809	955,171
Insurance and taxes	122,923	725	2,221	701,405	1,713,164	2,540,438
Interest	1,969,674	172,912	-	-	200,445	2,343,031
Depreciation	5,042,949	734,990	42,724	162,929	1,257,692	7,241,283
Other	442,942	108,286	71,250	626,136	975,462	2,224,076
	<u>\$ 63,389,625</u>	<u>\$ 6,639,689</u>	<u>\$ 2,097,662</u>	<u>\$ 21,729,396</u>	<u>\$ 25,462,543</u>	<u>\$ 119,318,915</u>

Expenses related to providing these services by functional class for the year ended December 31, 2017 are as follows:

	Hospital	Skilled Nursing Facility	Pharmacy	Clinic	General and Administrative	Total
Salaries and wages	\$ 23,092,334	\$ 3,589,818	\$ 953,372	\$ 5,498,133	\$ 7,990,166	\$ 41,123,823
Employee benefits	6,299,813	1,043,753	244,373	1,568,784	2,535,959	11,692,682
Professional fees	7,147,355	198,332	276,200	8,419,276	1,328,278	17,369,441
Contract services	5,255,962	592,563	228,407	6,760	98	6,083,790
Supplies	11,282,259	553,564	93,845	1,229,812	570,428	13,729,908
Purchased services and repairs and maintenance	3,221,246	257,451	83,322	463,062	5,054,187	9,079,268
Utilities and telephone	1,300,209	139,040	-	141,600	330,779	1,911,628
Building and equipment rent	223,949	120,550	7,754	135,281	206,396	693,930
Insurance and taxes	176,839	410	2,296	538,231	1,643,057	2,360,833
Interest	2,063,097	194,660	-	-	198,375	2,456,132
Depreciation	5,116,354	746,057	43,666	165,413	1,275,197	7,346,687
Other	735,397	113,031	44,708	511,723	1,129,462	2,534,321
	<u>\$ 65,914,814</u>	<u>\$ 7,549,229</u>	<u>\$ 1,977,943</u>	<u>\$ 18,678,075</u>	<u>\$ 22,262,382</u>	<u>\$ 116,382,443</u>

Note 13 - Contingencies

Malpractice Insurance

The Hospital has purchased insurance which provides for malpractice claims on a claims-made basis. The current policy covers up to \$10,000,000 per claim and \$20,000,000 in the aggregate for losses in any given contract period. The Hospital is charged a deductible of \$10,000 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. As of December 31, 2018 and 2017, the Hospital has accrued estimated professional liability reserves of \$439,361 and \$79,205 respectively, which is offset by the estimated insurance recoveries of \$439,361 and \$79,205, recorded in Other Assets, respectively.

Employee Health and Workers' Compensation Self-Insured Plans

The Hospital is self-insured for health insurance and workers' compensation. The claims continue to be accrued as the incidents that give rise to them occur. Unpaid claim accruals are based on the estimated ultimate costs of the claims, including claims administration expenses, in accordance with the Hospital's past experience. As of December 31, 2018 and 2017, the Hospital has accrued estimates of approximately \$899,737 and \$893,066 for claims incurred but not reported (IBNR), net of reinsurance receivables for health reserves. As of December 31, 2018 and 2017, the Hospital has accrued estimates of approximately \$307,000, for each year for claims incurred but not reported (IBNR) for workers' compensation claims which is include in payroll taxes on the balance sheet.

Litigation, Claims, and Disputes

The Hospital is subject to the usual contingencies in the normal course of operations relating to the performance of its tasks under its various programs. Management assesses the ultimate settlement of any litigations, claims, and disputes in process in determining whether a liability should be recorded, or a disclosure should be presented.

The healthcare 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 with respect to investigations and allegations concerning possible violations by health care providers of regulations 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. After consultation with legal counsel, management estimates that all other matters existing as of December 31, 2018 will be resolved without material adverse effect on the Hospital's future financial position, results from operations or cash flows.

Recovery Audit Contractor Audits

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. The potential exists that the Hospital may incur a liability for a claims overpayment at a future date based upon these audits. The Hospital is unable to determine potential outcomes of any claims currently being reviewed, however, on the basis of specific historical experience, the Hospital has recorded a liability of \$500,000 at December 31, 2018 and 2017, which is reported in estimated third-party payor settlements on the balance sheet. The potential

for additional claims audits still exists. As the outcome of such potential claims audits is unknown and cannot be reasonably estimated, it is the Hospital'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 Hospital and CMS.

Note 14 - Correction of Error

Management identified supplemental payments that were recorded in 2018 but related to the 2017 fiscal year. Following is a summary of the effects of the correction on the Hospital's December 31, 2017 financial statements.

The effect on the Hospital's balance sheet as of December 31, 2017 is as follows:

	As Previously Reported	Correction of Error	As Restated
Balance Sheet			
Estimated third-party payor settlements	\$ -	\$ 5,434,404	\$ 5,434,404
Total current assets	42,105,095	5,434,404	47,539,499
Total assets	157,317,640	5,434,404	162,752,044
Net Assets - Without Donor Restrictions	79,717,501	5,434,404	85,151,905
Total liabilities and net assets	157,317,640	5,434,404	162,752,044

The effect on the Hospital's statement of operations and changes in net assets as of December 31, 2017 is as follows:

	As Previously Reported	Correction of Error	As Restated
Statement of Operations and Changes in Net Assets			
Net patient and resident service revenue	\$ 120,488,701	\$ 5,434,404	\$ 125,923,105
Net patient and resident service revenue less provision for bad debts	117,792,211	5,434,404	123,226,615
Total revenues, gains, and other support	118,472,885	5,434,404	123,907,289
Operating Income	2,090,442	5,434,404	7,524,846
Revenues in Excess of Expenses	3,189,930	5,434,404	8,624,334
Change in Net Assets Without Donor Restrictions	3,152,114	5,434,404	8,586,518
Net Assets, End of Year	79,717,501	5,434,404	85,151,905

The effect on the Hospital's statement of cash flows as of December 31, 2017 is as follows:

	As Previously Reported	Correction of Error	As Restated
Change in net assets	\$ 3,152,114	\$ 5,434,404	\$ 8,586,518
Changes in assets and liabilities			
Estimated third-party payor settlements	124,909	(5,434,404)	(5,309,495)

Note 15 - Subsequent Event

Management has signed a letter of intent to purchase Liberty Ambulance for \$5,000,000. The Hospital will purchase the company and assume control, continuing operations as Liberty Ambulance and will use cash for this acquisition.

Subsequent events have been evaluated through April 30, 2019, the date the financial statements were available to be issued.



Supplementary Information for HUD Purposes
December 31, 2018

Ridgecrest Regional Hospital

Ridgecrest Regional Hospital
Supplemental Balance Sheet
December 31, 2018

	Audited	Reconciling Amounts	HUD
Assets			
Current Assets			
Cash and cash equivalents	\$ 20,465,260		\$ 20,465,260
Assets limited as to use	2,380,464		2,380,464
Receivables			
Patient and resident, net of estimated uncollectibles of \$5,199,800 in 2018	18,725,118		18,725,118
Estimated third-party payor settlements	2,021,696		2,021,696
Other	1,569,882		1,569,882
Supplies	2,159,842		2,159,842
Prepaid expenses and deposits	4,302,715		4,302,715
Total current assets	51,624,977		51,624,977
Assets Limited as to Use, By Board for			
Capital Improvement and Debt Redemption	30,959,022		30,959,022
Property and Equipment			
Land and land improvements	4,426,680		4,426,680
Buildings improvements	112,867,634		112,867,634
Equipment	39,024,777		39,024,777
Construction in progress	5,970,673		5,970,673
	162,289,764		162,289,764
Less accumulated depreciation	(78,395,495)		(78,395,495)
Total property and equipment	83,894,269		83,894,269
Other Assets			
Malpractice insurance receivable	439,361		439,361
Total assets	\$ 166,917,629		\$ 166,917,629

Ridgecrest Regional Hospital
Supplemental Balance Sheet
December 31, 2018

	Audited	Reconciling Amounts	HUD
Liabilities and Net Assets			
Current Liabilities			
Current maturities of long-term debt	\$ 3,051,467		\$ 3,051,467
Accounts payable			
Trade	8,703,680		8,703,680
Estimated third-party payor settlements	4,393,303		4,393,303
Construction	1,166,219		1,166,219
Accrued expenses			
Salaries and wages	1,871,367		1,871,367
Vacation	2,548,771		2,548,771
Payroll taxes	575,155		575,155
Self-insurance claims	899,737		899,737
Other	3,792		3,792
Deferred revenue	52,775		52,775
Total current liabilities	23,266,266		23,266,266
Long-term Liabilities			
Long-term debt, less current maturities and unamortized debt issuance costs of \$188,162 in 2018	54,132,930		54,132,930
Malpractice insurance payable	439,361		439,361
Total liabilities	77,838,557		77,838,557
Net Assets Without Donor Restrictions	89,079,072		89,079,072
Total liabilities and net assets	\$ 166,917,629		\$ 166,917,629

Ridgecrest Regional Hospital
Supplemental Statement of Operations
Year Ended December 31, 2018

	Audited	Reconciling Amounts	HUD
Revenues, Gains, and Other Support Without Donor Restrictions			
Net patient and resident service revenue	\$ 122,827,278		\$ 122,827,278
Provision for bad debts	(2,237,007)		(2,237,007)
Net patient and resident service revenue less provision for bad debts	120,590,271		120,590,271
Other revenue	1,411,759		1,411,759
Total revenues, gains and other support	122,002,030		122,002,030
Expenses			
Salaries and wages	40,968,392		40,968,392
Employee benefits	12,901,928		12,901,928
Professional fees	17,668,880		17,668,880
Contract services	6,891,647		6,891,647
Supplies	13,549,807		13,549,807
Purchased services and repairs and maintenance	9,949,038		9,949,038
Utilities and telephone	2,085,224		2,085,224
Building and equipment rent	955,171		955,171
Insurance and taxes	2,540,438		2,540,438
Interest	2,343,031		2,343,031
Depreciation and amortization	7,241,283		7,241,283
Other	2,224,076		2,224,076
Total expenses	119,318,915		119,318,915
Operating Income	2,683,115		2,683,115
Other Income			
Investment income	454,816		454,816
Rental income	291,479		291,479
Other	149,383		149,383
Unrestricted contributions	339,737		339,737
Total other income	1,235,415		1,235,415
Revenues in Excess of Expenses	3,918,530		3,918,530
Change in Unrealized Gains on Investments	8,637		8,637
Change in Net Assets Without Donor Restrictions	\$ 3,927,167		\$ 3,927,167

Ridgecrest Regional Hospital
Supplemental Statement of Changes in Net Assets
Year Ended December 31, 2018

	<u>Unrestricted</u>
Net Assets, December 31, 2018 (Audited)	\$ 89,079,072
HUD transactions affect on net assets	<u>-</u>
Net Assets, December 31, 2018 (HUD)	<u><u>\$ 89,079,072</u></u>

Ridgecrest Regional Hospital
Supplemental Statement of Cash Flows
Year Ended December 31, 2018

	Audited	Reconciling Amounts	HUD
Operating Activities			
Change in net assets	\$ 3,927,167		\$ 3,927,167
Adjustments to reconcile change in net assets to net cash from operating activities			
Depreciation	7,241,283		7,241,283
Interest expense attributable to amortization of debt issuance costs	11,346		11,346
Loss on disposal of equipment	12,893		12,893
Net unrealized gain on investments	(8,637)		(8,637)
Provision for bad debts	2,237,007		2,237,007
Changes in assets and liabilities			
Patient and resident accounts receivable	(1,012,984)		(1,012,984)
Other receivables	(732,921)		(732,921)
Supplies	156,248		156,248
Prepaid expenses and deposits	237,790		237,790
Trade accounts payable	1,249,863		1,249,863
Accrued expenses	139,792		139,792
Estimated third-party payor settlements	3,631,102		3,631,102
Deferred revenue	19,008		19,008
Net Cash from Operating Activities	17,108,957		17,108,957
Investing Activities			
Purchase and construction of property and equipment	(5,048,368)		(5,048,368)
Purchase of investments and assets limited as to use	(13,570,809)		(13,570,809)
Sales and maturities of investments and assets limited as to use	12,733,907		12,733,907
Proceeds from sale of equipment	200		200
Net Cash used for Investing Activities	(5,885,070)		(5,885,070)
Financing Activities			
Repayment of long-term debt	(2,926,360)		(2,926,360)
Net Cash used for Financing Activities	(2,926,360)		(2,926,360)
Net Change in Cash and Cash Equivalents	8,297,527		8,297,527
Cash and Cash Equivalents, Beginning of Year	12,167,733		12,167,733
Cash and Cash Equivalents, End of Year	\$ 20,465,260		\$ 20,465,260

Ridgecrest Regional Hospital
Supplemental Statement of Cash Flows
Year Ended December 31, 2018

	<u>Audited</u>	<u>Reconciling Amounts</u>	<u>HUD</u>
Supplemental Disclosure of Cash Flow Information			
Cash paid for interest and related fees	<u>\$ 2,331,685</u>		<u>\$ 2,331,685</u>
Supplemental Disclosure of Non-cash Investing and Financial Activities			
Accounts payable for construction and equipment	<u>\$ 1,166,219</u>		<u>\$ 1,166,219</u>

Debt Borrowings

As of December 31, 2018, the Hospital debt borrowings are as follows:

	Mortgaged Entity	Non-Mortgaged Entity	Combined Total
FHA Insured Mortgage Payable; interest of 3.63%; principal and interest payments of \$355,662 due monthly through 2035; collateralized by Hospital revenues and related property, net of unamortized debt issuance costs of \$188,162 with accumulated amortization of \$42,537 based on an effective interest rate of 3.6%.	\$ 52,763,547	\$ -	\$ 52,763,547
Capital lease of skilled nursing facility; due in monthly lease payments of \$60,000 increasing by 3% annually to 2024.	-	4,420,850	4,420,850
Total debt borrowings	52,763,547	4,420,850	57,184,397
Less current maturities of debt borrowings	(2,380,464)	(671,003)	(3,051,467)
	\$ 50,383,083	\$ 3,749,847	\$ 54,132,930

Principal maturities in the mortgage agreement effective at year end for the next five years were: \$2,380,464 in 2019, \$2,475,794 in 2020, \$2,567,176 in 2021, \$2,661,931 in 2022, \$2,760,183 in 2023, and \$40,106,161 thereafter. Lease obligations effective at year end for the next five years were \$671,003 in 2019, \$720,795 in 2020, \$773,176 in 2012, \$828,263 in 2022, \$886,180 in 2023, and \$541,433 thereafter.

Balance Sheet Adjustments

No adjustments were required.

Statement of Operations Adjustments

No adjustments were required.

Key Ratios

	<u>2018</u>	<u>2017</u>
Debt Service Coverage	2.91	3.93
Current Ratio	2.22	2.34
Average Payment Period	75.77	68.09
Equity Financing Ratio	0.53	0.52



Federal Awards Reports in Accordance
with the Uniform Guidance
December 31, 2018

Ridgecrest Regional Hospital



Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Ridgecrest Regional Hospital
Ridgecrest, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Ridgecrest Regional Hospital, which comprise the balance sheet as of December 31, 2018, and the related statements of operations and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 30, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ridgecrest Regional Hospital's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ridgecrest Regional Hospital's internal control. Accordingly, we do not express an opinion on the effectiveness of Ridgecrest Regional Hospital's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2018-A and 2018-B, that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ridgecrest Regional Hospital's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Ridgecrest Regional Hospital's Responses to Findings

Ridgecrest Regional Hospital's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Ridgecrest Regional Hospital's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Boise, Idaho
April 30, 2019



Independent Auditor's Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

The Board of Directors
Ridgecrest Regional Hospital
Ridgecrest, California

Report on Compliance for the Major Federal Program

We have audited Ridgecrest Regional Hospital's (the Hospital) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Hospital's major federal program for the year ended December 31, 2018. Ridgecrest Regional Hospital's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for Ridgecrest Regional Hospital's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Hospital's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination on the Hospital's compliance.

Opinion on the Major Federal Programs

In our opinion, Ridgecrest Regional Hospital complied, in all material respect, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended December 31, 2018.

Report on Internal Control Over Compliance

Management of Ridgecrest Regional Hospital is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Hospital's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be a significant deficiency.

The Hospital's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Hospital's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Boise, Idaho
April 30, 2019

Ridgecrest Regional Hospital
 Schedule of Expenditures of Federal Awards
 Year Ended December 31, 2018

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
Mortgage Insurance Hospitals (CSCDA FHA Insured Mortgage Revenue Bonds)*	14.128	FHA Project # 122-13009	<u>\$ 55,254,383</u>

(*) Denotes a major program

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Ridgecrest Regional Hospital (the Hospital) under programs of the federal government for the year ended December 31, 2018. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Hospital, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Hospital.

Note B - Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Note C – Indirect Cost Rate

The Hospital does not draw for indirect administrative expenses and has not elected to use the 10% de minimis cost rate.

Note D - Loan Program

Expenditures reported in this Schedule consist of the beginning of the year outstanding loan balance. The outstanding balance at December 31, 2018 is \$52,951,709.

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor’s report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	Yes

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Mortgage Insurance Hospitals (CSCDA FHA Insured Mortgage Revenue Bonds)	14.128
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

**2018-A Report Preparation and Audit Adjustments
Material Weakness**

Criteria

Management should have an internal control structure in place for the preparation of the financial statements, in accordance with generally accepted accounting principles, accompanying notes to the financial statements and schedule of expenditures of federal awards. They should also make sure all adjustments and reconciliations are completed at year end.

Condition

Eide Bailly was requested to prepare the financial statements. As part of the audit procedures significant and material audit adjustments were identified for the current year and one identified by management for the prior year, which resulted in a prior period adjustment.

Cause

A control structure was not in place during the fiscal year to prepare the financial statements and identify significant and material adjustments for the current year or the prior year revenue.

Effect

The financial statements were considered materially misstated and a restatement of the prior year financial statements was necessary. In addition, the use of an outside party to prepare the financial statements may result in material misstatements to the financial statements may result in material misstatements to the financial statements during the year as the outside party does not have constant contact with the ongoing financial transactions that internal staff have and new standards may not be adopted and applied timely to the interim financial reporting.

Recommendation

Management should implement a control structure for the preparation of the financial statements and identification of material adjustments and ensure all significant accounts are reconciled as part of the financial close process.

Views of Responsible Officials

Management agrees with the finding.

2018-B **Revenue Cycle**
 Material Weakness

Criteria

Management should have an internal control structure in place for the proper posting of adjustments to patient accounts.

Condition

As part of audit test work over accounts receivable, errors were identified in patient balances primarily due to a lack of review of patient accounts after the initial payment was received from the primary payor.

Cause

A control structure was not in place during the fiscal year to monitor the proper posting of payments and adjustments to patient balances.

Effect

Patient accounts have the potential to be materially misstated and the business office may expend a significant amount of time reconciling and resolving account differences.

Recommendation

Management should implement a control structure to ensure revenue cycle personnel have the appropriate training and oversight.

Views of Responsible Officials

Management agrees with the finding.

Section III – Federal Award Findings and Questioned Costs

**2018-001 U.S. Department of Housing and Urban Development – Mortgage Insurance Hospitals
CFDA #14.128**

**Equipment and Real Property Management
Significant Deficiency in Internal Control over Compliance**

Criteria

Management should have an internal control structure in place to ensure that disposals of property and equipment securing the federal program are properly approved and certain proceeds are remitted to the federal government.

Condition

During our review of disposal testing there were instances where assets could not be physically identified based on the asset listing provided. No documentation was retained regarding the assets' disposals.

Cause

Accounting department is not notified by the departments when a disposal takes place and there is no control in place to review or approve of asset disposals.

Effect

Disposals may not be recorded timely and certain proceeds on disposals of property and equipment securing the federal program may not be recorded and remitted to the federal government.

Questioned Costs

None reported.

Context/Sampling

Testing of 5 disposals of assets securing the federal program were selected for testing. From the population, 5 errors were identified.

Repeat Finding from Prior Year

No findings in prior year.

Recommendation

Management should implement a control structure for the identification and approval of asset disposals, including proceeds of such disposals that may be required to be remitted to the federal government.

Views of Responsible Officials

Management agrees with the finding.

2018 TAX RETURN FILING INSTRUCTIONS

CALIFORNIA FORM 199

FOR THE YEAR ENDING

December 31, 2018

Prepared for	Ridgecrest Regional Hospital 1081 N China Lake Blvd Ridgecrest, CA 93555
Prepared by	EIDE BAILLY LLP 800 NICOLLET MALL, STE. 1300 MINNEAPOLIS, MN 55402-7033
To be signed and dated by	Not Applicable
Amount of tax	Total tax \$ 10.00 Less: payments and credits \$ 0.00 Plus: other amount \$ 0.00 Plus: interest and penalties \$ 0.00 Balance due \$ 10.00
Overpayment	Credited to your estimated tax \$ 0.00 Other amount \$ 0.00 Refunded to you \$ 0.00
Make check payable to	Franchise Tax Board
Mail tax return and check (if applicable) to	This return has been prepared for electronic filing. After you have reviewed your return for completeness and accuracy, please sign, date and return Form 8453-EO to our office. We will then transmit your return electronically to the FTB. Do not mail the paper copy of the return to the FTB.
Return must be mailed on or before	Not Applicable
Special Instructions	Your payment should be made as instructed below on or before November 15, 2019. Separately mail California Form FTB 3586 with a check or money order for \$10.00, payable to Franchise Tax Board. Mail to: Franchise Tax Board PO BOX 942857 Sacramento CA 94257-0531

Voucher at bottom of page.

DO NOT MAIL A PAPER COPY OF THE CORPORATE OR EXEMPT ORGANIZATION TAX RETURN WITH THE PAYMENT VOUCHER.
If the amount of payment is zero, do not mail this voucher.

WHERE TO FILE: Using black or blue ink, make check or money order payable to the "Franchise Tax Board." Write the corporation number, FEIN, CA SOS file number and "2018 FTB 3586" on the check or money order. Detach voucher below. Enclose, but **do not** staple, payment with voucher and mail to:
**FRANCHISE TAX BOARD
PO BOX 942857
SACRAMENTO CA 94257-0531**

Make all checks or money orders payable in U.S. dollars and drawn against a U.S. financial institution.

WHEN TO FILE: Corporations - File and Pay by the 15th day of the 4th month following the close of the taxable year.
S corporations - File and Pay by the 15th day of the 3rd month following the close of the taxable year.
Exempt organizations - File and Pay by the 15th day of the 5th month following the close of the taxable year.

When the due date falls on a weekend or holiday, the deadline to file and pay without penalty is extended to the next business day.

ONLINE SERVICES: Corporations can make payments online using Web Pay for Businesses. Corporations can make an immediate payment or schedule payments up to a year in advance. Go to ftb.ca.gov/pay for more information.

839035 12-12-18

--- DETACH HERE --- IF NO PAYMENT IS DUE, DO NOT MAIL THIS VOUCHER --- DETACH HERE ---

CAUTION: You may be required to pay electronically, see instructions.

TAXABLE YEAR **2018** **Payment Voucher for Corporations and Exempt Organizations e-filed Returns**

CALIFORNIA FORM
3586 (e-file)

0000000 RIDG 95-2082686 0440789 18 FORM 3
TYB 01-01-2018 TYE 12-31-2018
RIDGECREST REGIONAL HOSPITAL

1081 N CHINA LAKE BLVD
RIDGECREST CA 93555

(760) 446-3551

Amount of Payment 10.

California Exempt Organization Annual Information Return

Calendar Year 2018 or fiscal year beginning (mm/dd/yyyy) , and ending (mm/dd/yyyy)

Corporation/Organization name RIDGECREST REGIONAL HOSPITAL		California corporation number 0440789
Additional information. See instructions.		FEIN 95-2082686
Street address (suite or room) 1081 N CHINA LAKE BLVD		PMB no.
City RIDGECREST	State CA	ZIP code 93555
Foreign country name	Foreign province/state/country	Foreign postal code

<p>A First Return <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>B Amended Return <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>C IRC Section 4947(a)(1) trust <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>D Final Information Return? <input type="checkbox"/> Dissolved <input type="checkbox"/> Surrendered (Withdrawn) <input type="checkbox"/> Merged/Reorganized Enter date: (mm/dd/yyyy)</p> <p>E Check accounting method: (1) <input type="checkbox"/> Cash (2) <input checked="" type="checkbox"/> Accrual (3) <input type="checkbox"/> Other</p> <p>F Federal return filed? (1) <input checked="" type="checkbox"/> 990T (2) <input type="checkbox"/> 990PF (3) <input checked="" type="checkbox"/> Sch H (990) (4) <input checked="" type="checkbox"/> Other 990 series</p> <p>G Is this a group filing? See instructions <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>H Is this organization in a group exemption <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," what is the parent's name?</p> <p>I Did the organization have any changes to its guidelines not reported to the FTB? See instructions <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	<p>J If exempt under R&TC Section 23701d, has the organization engaged in political activities? See instructions. <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>K Is the organization exempt under R&TC Section 23701g? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," enter the gross receipts from nonmember sources \$ _____</p> <p>L If organization is a public charity exempt under R&TC Section 23701d and meets the filing fee exception, check box. No filing fee is required <input type="checkbox"/></p> <p>M Is the organization a Limited Liability Company? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>N Did the organization file Form 100 or Form 109 to report taxable income? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>O Is the organization under audit by the IRS or has the IRS audited in a prior year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>P Is federal Form 1023/1024 pending? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Date filed with IRS _____</p>
--	--

Part I Complete Part I unless not required to file this form. See General Information B and C.

Receipts and Revenues	1	Gross sales or receipts from other sources. From Side 2, Part II, line 8	1	125,629,298	00
	2	Gross dues and assessments from members and affiliates	2		00
	3	Gross contributions, gifts, grants, and similar amounts received STMT 1	3	346,852	00
	4	Total gross receipts for filing requirement test. Add line 1 through line 3. This line must be completed. If the result is less than \$50,000, see General Information B	4	125,976,150	00
	5	Cost of goods sold	5		00
	6	Cost or other basis, and sales expenses of assets sold	6	5,093	00
	7	Total costs. Add line 5 and line 6	7	5,093	00
	8	Total gross income. Subtract line 7 from line 4	8	125,971,057	00
Expenses	9	Total expenses and disbursements. From Side 2, Part II, line 18	9	115,313,131	00
	10	Excess of receipts over expenses and disbursements. Subtract line 9 from line 8	10	10,657,926	00
Filing Fee	11	Total payments	11		00
	12	Use tax. See General Information K	12		00
	13	Payments balance. If line 11 is more than line 12, subtract line 12 from line 11	13		00
	14	Use tax balance. If line 12 is more than line 11, subtract line 11 from line 12	14		00
	15	Filing fee \$10 or \$25. See General Information F	15	10	00
	16	Penalties and Interest. See General Information J	16		00
	17	Balance due. Add line 12, line 15, and line 16. Then subtract line 11 from the result	17	10	00

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	Title CEO	Date	• Telephone
Paid Preparer's Use Only	Preparer's signature	KIM C. HUNWARDSSEN	Date 11/08/19	• PTIN P00484560
	Firm's name (or yours, if self-employed) and address	EIDE BAILLY LLP 800 NICOLLET MALL, STE. 1300 MINNEAPOLIS, MN 55402-7033		• Firm's FEIN 45-0250958
				• Telephone 612-253-6500

May the FTB discuss this return with the preparer shown above? See instructions Yes No

Part II Organizations with gross receipts of more than \$50,000 and private foundations regardless of amount of gross receipts - complete Part II or furnish substitute information.

828951 12-12-18

Receipts from Other Sources	1	Gross sales or receipts from all business activities. See instructions	•	1		00	
	2	Interest	•	2	454,816	00	
	3	Dividends	•	3		00	
	4	Gross rents	•	4	291,479	00	
	5	Gross royalties	•	5		00	
	6	Gross amount received from sale of assets (See Instructions)	STATEMENT 2 •	6	200	00	
	7	Other income	SEE STATEMENT 3 •	7	124,882,803	00	
	8	Total gross sales or receipts from other sources. Add line 1 through line 7. Enter here and on Side 1, Part I, line 1		8	125,629,298	00	
	9	Contributions, gifts, grants, and similar amounts paid	STATEMENT 4 •	9	7,115	00	
	10	Disbursements to or for members	•	10		00	
	11	Compensation of officers, directors, and trustees	SEE STATEMENT 5 •	11	1,145,212	00	
	12	Other salaries and wages	•	12	41,208,670	00	
	Expenses and Disbursements	13	Interest	•	13	2,343,031	00
		14	Taxes	•	14	4,387,098	00
		15	Rents	•	15	2,066,063	00
		16	Depreciation and depletion (See instructions)	•	16		00
		17	Other Expenses and Disbursements	SEE STATEMENT 6 •	17	64,155,942	00
		18	Total expenses and disbursements. Add line 9 through line 17. Enter here and on Side 1, Part I, line 9		18	115,313,131	00

Schedule L Balance Sheet		Beginning of taxable year		End of taxable year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash		12,167,733		• 20,465,260
2	Net accounts receivable		20,772,256		• 20,285,913
3	Net notes receivable STMT 7		13,846		• 9,087
4	Inventories		2,316,090		• 2,159,842
5	Federal and state government obligations				•
6	Investments in other bonds				•
7	Investments in stock				•
8	Mortgage loans				•
9	Other investments STMT 8		32,493,947		• 33,339,486
10 a	Depreciable assets	153,551,019		159,077,475	
b	Less accumulated depreciation	(71,829,250	81,721,769	(78,395,495)	80,681,980
11	Land		3,212,289		• 3,212,289
12	Other assets STMT 9		4,619,710		• 6,763,772
13	Total assets		157,317,640		166,917,629
Liabilities and net worth					
14	Accounts payable		13,212,847		• 15,768,721
15	Contributions, gifts, or grants payable				•
16	Bonds and notes payable STMT 10		12,600		• 30,208
17	Mortgages payable		60,099,411		• 57,184,397
18	Other liabilities STMT 11		4,275,281		• 4,855,231
19	Capital stock or principal fund				•
20	Paid-in or capital surplus. Attach reconciliation				•
21	Retained earnings or income fund		79,717,501		• 89,079,072
22	Total liabilities and net worth		157,317,640		166,917,629

Schedule M-1 Reconciliation of income per books with income per return					
Do not complete this schedule if the amount on Schedule L, line 13, column (d), is less than \$50,000.					
1	Net income per books	• 10,657,926	7	Income recorded on books this year not included in this return	•
2	Federal income tax	•	8	Deductions in this return not charged against book income this year	•
3	Excess of capital losses over capital gains	•	9	Total. Add line 7 and line 8	
4	Income not recorded on books this year	•	10	Net income per return.	
5	Expenses recorded on books this year not deducted in this return	•		Subtract line 9 from line 6	10,657,926
6	Total. Add line 1 through line 5	10,657,926			

CA 199 Cash Contributions Statement 1
Included on Part I, Line 3

Contributor's Name	Contributor's Address	Date of Gift	Amount
Ardelle M Mollerstuen Estate	PO Box 1268 Ocean Park, WA 98640	03/01/18	177,310.
Jack Shrader Trust c/o Edward Jones Trust Company	12555 Manchester Road St. Louis, MO 63131	07/30/18	104,089.
Total included on line 3			281,399.

CA 199 Gross Amount from Sale of Assets Statement 2

Description	Date Acquired	Date Sold	Method Acquired	
	Cost or Other Basis	Deprec.	Expense of Sale	Gross Sales Price
Equipment			PURCHASED	
	5,093.	0.	0.	200.
Total to Form 199, Page 2, ln 6	5,093.	0.	0.	200.

CA 199 Other Income Statement 3

Description	Amount
Net Patient Service Rev	122,827,278.
Pharmacy Revenue	1,400,245.
EHR Revenue	655,280.
Total to Form 199, Part II, line 7	124,882,803.

CA 199	Cash Contributions, Gifts, Grants and Similar Amounts Paid	Statement	4
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Activity Classification: General Operating Expenses

Donees Name	Donees Address	Relationship	Amount
RRH Development Foundation	1081 N China Lake Blvd - Ridgecrest, CA 93555	Related Organization	7,115.

Total for this Activity	7,115.
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Total included on Form 199, Part II, line 9	7,115.
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CA 199	Compensation of Officers, Directors and Trustees	Statement	5
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Name and Address	Title and Average Hrs Worked/Wk	Compensation
George Haslam 1081 N China Lake Blvd Ridgecrest, CA 93555	Chairperson 1.20	0.
Patricia Mullis 1081 N China Lake Blvd Ridgecrest, CA 93555	Vice Chair 1.20	0.
Chris Ellis 1081 N China Lake Blvd Ridgecrest, CA 93555	Secretary 1.20	0.
Don Zdeba 1081 N China Lake Blvd Ridgecrest, CA 93555	Treasurer 1.20	0.
Dana Lyons 1081 N China Lake Blvd Ridgecrest, CA 93555	Director (Jun-Dec) 1.20	0.
Chris Ellis 1081 N China Lake Blvd Ridgecrest, CA 93555	Director (Jan-May) 1.20	0.

Ridgecrest Regional Hospital

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Harriet Luzinas-Smith 1081 N China Lake Blvd Ridgecrest, CA 93555	Director (Jan-May) 1.20	26,102.
Lawrence Cosner, MD 1081 N China Lake Blvd Ridgecrest, CA 93555	Director/Physician 40.00	252,424.
Walter Martin 1081 N China Lake Blvd Ridgecrest, CA 93555	Director 1.20	0.
Cornelis Vanderhoek, MD 1081 N China Lake Blvd Ridgecrest, CA 93555	Director/Physician 40.00	45,600.
Margaret Hannon 1081 N China Lake Blvd Ridgecrest, CA 93555	Director 1.20	0.
Anita Read 1081 N China Lake Blvd Ridgecrest, CA 93555	Director 1.20	0.
Paige Sorbo-Netzer 1081 N China Lake Blvd Ridgecrest, CA 93555	Director 1.20	0.
Dave Goppelt 1081 N China Lake Blvd Ridgecrest, CA 93555	Director (Jun-Dec) 1.20	0.
James Suver 1081 N China Lake Blvd Ridgecrest, CA 93555	CEO 50.00	527,875.
John Chivers 1081 N China Lake Blvd Ridgecrest, CA 93555	CFO 50.00	293,211.

Total to Form 199, Part II, line 11

1,145,212.

CA 199	Other Expenses	Statement	6
<u>Description</u>		<u>Amount</u>	
Medical Supplies		8,526,670.	
Repair and Maintenance		4,056,629.	
Provision for Bad Debts		2,237,007.	
Pharmacy Expenses		991,377.	
Rental Expenses		28,385.	
Pension plan contributions		923,825.	
Other employee benefits		6,214,550.	
Legal fees		553,565.	
Accounting fees		109,742.	
Other professional fees		29,780,570.	
Office expenses		4,218,270.	
Travel		450,176.	
Conferences and conventions		242,765.	
Insurance		2,137,641.	
All other expenses		3,684,770.	
Total to Form 199, Part II, line 17		64,155,942.	

CA 199	Net Notes Receivable	Statement	7
<u>Description</u>		<u>Beg. of Year</u>	<u>End of Year</u>
Loans to Officers, Directors, Trustees and Other Key Employees		3,150.	0.
Notes and Loans Receivable, Net		10,696.	9,087.
Total to Form 199, Schedule L, line 3		13,846.	9,087.

CA 199	Other Investments	Statement	8
<u>Description</u>		<u>Beg. of Year</u>	<u>End of Year</u>
Investments - Publicly Traded Securities		32,493,947.	33,339,486.
Total to Form 199, Schedule L, line 9		32,493,947.	33,339,486.

CA 199	Other Assets	Statement	9
<u>Description</u>		<u>Beg. of Year</u>	<u>End of Year</u>
Prepaid Expenses and Deferred Charges		4,540,505.	4,302,715.
Malpractice Insurance Receivable		79,205.	439,361.
Estimated Third-Party Payor Settlements		0.	2,021,696.
Total to Form 199, Schedule L, line 12		<u>4,619,710.</u>	<u>6,763,772.</u>

CA 199	Bonds and Notes Payable	Statement	10
<u>Description</u>		<u>Beg. of Year</u>	<u>End of Year</u>
Escrow Account Liabilities		12,600.	30,208.
Total to Form 199, Schedule L, line 16		<u>12,600.</u>	<u>30,208.</u>

CA 199	Other Liabilities	Statement	11
<u>Description</u>		<u>Beg. of Year</u>	<u>End of Year</u>
Estimated Third Party Payor Settlements		4,174,909.	4,393,303.
Malpractice Insurance Payable		79,205.	439,361.
Deferred Revenue		21,167.	22,567.
Total to Form 199, Schedule L, line 18		<u>4,275,281.</u>	<u>4,855,231.</u>

CA 199	Fund Balances	Statement	12
<u>Description</u>		<u>Beg. of Year</u>	<u>End of Year</u>
Unrestricted Assets		79,717,501.	89,079,072.
Total to Form 199, Schedule L, line 21		<u>79,717,501.</u>	<u>89,079,072.</u>

2018 TAX RETURN FILING INSTRUCTIONS

CALIFORNIA FORM 109

FOR THE YEAR ENDING

December 31, 2018

Prepared for	Ridgecrest Regional Hospital 1081 N China Lake Blvd Ridgecrest, CA 93555
Prepared by	EIDE BAILLY LLP 800 NICOLLET MALL, STE. 1300 MINNEAPOLIS, MN 55402-7033
To be signed and dated by	The authorized individual(s).
Amount of tax	Total tax \$ 0.00 Less: payments and credits \$ 0.00 Plus: other amount \$ 0.00 Plus: interest and penalties \$ 0.00 No pmt required \$
Overpayment	Credited to your estimated tax \$ 0.00 Other amount \$ 0.00 Refunded to you \$ 0.00
Make check payable to	Not Applicable
Mail tax return and check (if applicable) to	Franchise Tax Board P.O. Box 942857 Sacramento, CA 94257-0500
Return must be mailed on or before	November 15, 2019
Special Instructions	

California Exempt Organization
Business Income Tax Return

Calendar Year 2018 or fiscal year beginning (mm/dd/yyyy) , and ending (mm/dd/yyyy)

Corporation/Organization name
RIDGECREST REGIONAL HOSPITAL California corporation number
0440789

Additional information. See instructions. FEIN
95-2082686

Street address (suite/room no.)
1081 N CHINA LAKE BLVD PMB no.

City (If the corporation has a foreign address, see instructions.)
RIDGECREST State
CA ZIP code
93555

Foreign country name Foreign province/state/county Foreign postal code

- A First Return Filed? Yes No
- B Is this an education IRA within the meaning of R&TC Section 23712? Yes No
- C Is the organization under audit by the IRS or has the IRS audited in a prior year? Yes No
- D Final Return?
 - Dissolved Surrendered (Withdrawn) Merged/Reorganized
 - Enter date (mm/dd/yyyy)
- E Amended Return Yes No
- F Accounting Method Used: (1) Cash (2) Accrual (3) Other
- G Nature of trade or business **RETAIL PHARMACY**
- H Is the organization a non-exempt charitable trust as described in IRC Section 4947(a)(1)? Yes No
- I Is this organization claiming any former; Enterprise Zone (EZ), Los Angeles Revitalization Zone (LARZ), Local Agency Military Base Recovery Area (LAMBRA), Targeted Tax Area (TTA), or Manufacturing Enhancement Area (MEA) tax benefits? Yes No
- J Is this organization a qualified pension, profit-sharing, or stock bonus plan as described in IRC Section 401(a)? Yes No
- K Unrelated Business Activity (UBA) Code **446110**
- L Is this a Hospital? Yes No
If "Yes," attach federal Schedule H (Form 990)

Taxable Corporation	1	Unrelated business taxable income from Side 2, Part II, line 30	1	-4,058	00
	2	Mult. In 1 by the avg. apport. pctg _____ % from the Sch. R, Apport. Formula Wksht, Part A, In 2 or Part B, In 5. See instr.	2		00
	3	Enter the lesser amt from In 1 or In 2. If the unrelated bus. activity is wholly in CA and Sch. R was not compltd, enter the amt from In 1	3	-4,058	00
Taxable Trust	4	Unrelated business taxable income from Side 2, Part II, line 30	4		00
Tax Computation	5	Unrelated business taxable income from line 3 or line 4	5	-4,058	00
	6	EZ, LARZ, LAMBRA, or TTA NOL carryover deduction	6		00
	7	Net Operating Loss deduction. See General Information N	7		00
	8	Add line 6 and line 7	8		00
	9	Net unrelated business taxable income. Subtract line 8 from line 5	9	-4,058	00
	10	Tax 8.84 % x line 9. See General Information J	10		00
	11	Tax credits from Schedule B. See instructions	11		00
Total Tax	12	Balance. Subtract line 11 from line 10. If line 11 is greater than line 10, enter -0-	12		00
	13	Alternative minimum tax. See General Information O	13		00
	14	Total tax. Add line 12 and line 13	14	0	00
Payments	15	Overpayment from a prior year allowed as a credit	15		00
	16	2018 estimated tax payments. See instructions	16		00
	17	Withholding (Form 592-B and/or 593.) See instructions	17		00
	18	Amount paid with extension (form FTB 3539)	18		00
	19	Total payments and credits. Add line 15 through line 18	19		00
Use Tax/Tax Due/Overpayment	20	Use tax. See instructions	20		00
	21	Payments balance. If line 19 is more than line 20, subtract line 20 from line 19	21		00
	22	Use tax balance. If line 20 is more than line 19, subtract line 19 from line 20	22		00
	23	Tax due. Subtract line 21 from line 14. Pay entire amount with return. See instructions	23		00
	24	Overpayment. Subtract line 14 from line 21. See instructions	24		00
	25	Enter amount of line 24 to be applied to 2019 estimated tax	25		00

Refund or Amount Due	26 Refund. If line 25 is less than line 24, then subtract line 25 from line 24	• 26		00
	a Fill in the account information to have the refund directly deposited. Routing number	• 26a		
	b Type: Checking <input type="checkbox"/> Savings <input type="checkbox"/> c Account Number	• 26c		
	27 Penalties and interest. See General Information M	• 27		00
	28 <input type="checkbox"/> Check if estimate penalty computed using Exception B or C and attach form FTB 5806.			
	29 Total amount due. Add line 22, line 23, line 25, and line 27, then subtract line 24	• 29		00

Unrelated Business Taxable Income

Part I Unrelated Trade or Business Income

1 a Gross receipts or gross sales	973,652	b Less returns and allowances		c Balance	• 1c	973,652	00
2 Cost of goods sold and/or operations (Schedule A, line 7)					• 2	740,616	00
3 Gross profit. Subtract line 2 from line 1c					• 3	233,036	00
4 a Capital gain net income. See Specific Line Instructions - Trusts attach Schedule D (541)					• 4a		00
b Net gain (loss) from Part II, Schedule D-1					• 4b		00
c Capital loss deduction for trusts					• 4c		00
5 Income (or loss) from partnerships, limited liability companies, or S corporations. See specific line instructions. Attach Schedule K-1 (565, 568, or 100S) or similar schedule					• 5		00
6 Rental income (Schedule C)					• 6		00
7 Unrelated debt-financed income (Schedule D)					• 7		00
8 Investment income of an R&TC Section 23701g, 23701i, or 23701n organization (Schedule E)					• 8		00
9 Interest, Annuities, Royalties and Rents from controlled organizations (Schedule F)					• 9		00
10 Exploited exempt activity income (Schedule G)					• 10		00
11 Advertising income (Schedule H, Part III, Column A)					• 11		00
12 Other income. Attach schedule					• 12		00
13 Total unrelated trade or business income. Add line 3 through line 12					• 13	233,036	00

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

14 Compensation of officers, directors, and trustees from Schedule I		• 14		00
15 Salaries and wages		• 15	174,852	00
16 Repairs		• 16		00
17 Bad debts		• 17		00
18 Interest		• 18		00
19 Taxes	SEE STATEMENT 13	• 19	279	00
20 Contributions		• 20		00
21 a Depreciation (Corporations and Associations - Schedule J) (Trusts - form FTB 3885F)	• 21a		00	
b Less: depreciation claimed on Schedule A	• 21b		00	
22 Depletion		• 22		00
23 a Contributions to deferred compensation plans		• 23a		00
b Employee benefit programs		• 23b	46,336	00
24 Other deductions	SEE STATEMENT 14	• 24	15,627	00
25 Total deductions. Add line 14 through line 24		• 25	237,094	00
26 Unrelated business taxable income before allowable excess advertising costs. Subtract line 25 from line 13		• 26	-4,058	00
27 Excess advertising costs (Schedule H, Part III, Column B)		• 27		00
28 Unrelated business taxable income before specific deduction. Subtract line 27 from line 26		• 28	-4,058	00
29 Specific deduction		• 29	1,000	00
30 Unrelated business taxable income. Subtract line 29 from line 28. If line 28 is a loss, enter line 28		• 30	-4,058	00

To learn about your privacy rights, how we may use your information, and the consequences for not providing the requested information, go to ftb.ca.gov/forms and search for 1131. To request this notice by mail, call 800.852.5711.

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	Title CEO	Date	• Telephone
	Preparer's signature	KIM C. HUNWARDSEN	11/08/19	• PTIN P00484560
Paid Preparer's Use Only	Firm's name (or yours, if self-employed) and address	EIDE BAILLY LLP 800 NICOLLET MALL, STE. 1300 MINNEAPOLIS, MN 55402-7033	Check if self-employed <input type="checkbox"/>	• FEIN 45-0250958
	May the FTB discuss this return with the preparer shown above? See instructions			• Telephone 612-253-6500

May the FTB discuss this return with the preparer shown above? See instructions Yes No

Schedule A Cost of Goods Sold and/or Operations.

Method of inventory valuation (specify)

N/A

1	Inventory at beginning of year	1		00
2	Purchases	2	740,616	00
3	Cost of labor	3		00
4 a	Additional IRC Section 263A costs. Attach schedule	4a		00
b	Other costs. Attach schedule	4b		00
5	Total. Add line 1 through line 4b	5	740,616	00
6	Inventory at end of year	6		00
7	Cost of goods sold and/or operations. Subtract line 6 from line 5. Enter here and on Side 2, Part I, line 2	7	740,616	00

Do the rules of IRC Section 263A (with respect to property produced or acquired for resale) apply to this organization? Yes No

Schedule B Tax Credits.

1	Enter credit name	code	1	00
2	Enter credit name	code	2	00
3	Enter credit name	code	3	00
4	Total. Add line 1 through line 3. If claiming more than 3 credits, enter the total of all claimed credits on line 4. Enter here and on Side 1, line 11		4	00

Schedule K Add-On Taxes or Recapture of Tax.

1	Interest computation under the look-back method for completed long-term contracts. Attach form FTB 3834	1		00
2	Interest on tax attributable to installment: a Sales of certain timeshares or residential lots	2a		00
	b Method for non-dealer installment obligations	2b		00
3	IRC Section 197(f)(9)(B)(ii) election to recognize gain on the disposition of intangibles	3		00
4	Credit recapture. Credit name	4		00
5	Total. Combine the amounts on line 1 through line 4	5		00

Schedule R Apportionment Formula Worksheet. Use only for unrelated trade or business amounts.

Part A. Standard Method - Single-Sales Factor Formula. Complete this part only if the corporation uses the single-sales factor formula.

	(a) Total within and outside California	(b) Total within California	(c) Percent within California [(b) ÷ (a)] x 100
1 Total Sales			
2 Apportionment percentage. Divide total sales column (b) by total sales column (a) and multiply the result by 100. Enter the result here and on Form 109, Side 1, line 2.			

Part B. Three Factor Formula. Complete this part only if the corporation uses the three-factor formula.

	(a) Total within and outside California	(b) Total within California	(c) Percent within California [(b) ÷ (a)] x 100
1 Property factor:			
2 Payroll factor: Wages and other compensation of employees			
3 Sales factor: Gross sales and/or receipts less returns and allowances			
4 Total percentage: Add the percentages in column (c)			
5 Average apportionment percentage: Divide the factor on line 4 by 3 and enter the result here and on Form 109, Side 1, line 2. See instructions for exceptions			

Schedule C Rental Income from Real Property and Personal Property Leased with Real Property

For rental income from debt-financed property, use Schedule D, R&TC Section 23701g, Section 23701i, and Section 23701n organizations. See instructions for exceptions.

1 Description of property	2 Rent received or accrued	3 Percentage of rent attributable to personal property
		%
		%
		%
4 Complete if any item in column 3 is more than 50%, or for any item if the rent is determined on the basis of profit or income	5 Complete if any item in column 3 is more than 10%, but not more than 50%	
(a) Deductions directly connected	(b) Income includible, column 2 less column 4(a)	(a) Gross income reportable, column 2 x column 3
		(b) Deductions directly connected with personal property
		(c) Net income includible, column 5(a) less column 5(b)

Add columns 4(b) and column 5(c). Enter here and on Side 2, Part I, line 6

Schedule D Unrelated Debt-Financed Income

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	(b) Other deductions
4 Amount of average acquisition indebtedness on or allocable to debt-financed property	5 Average adjusted basis of or allocable to debt-financed property	6 Debt basis percentage, column 4 ÷ column 5	7 Gross income reportable, column 2 x column 6	8 Allocable deductions, total of columns 3(a) and 3(b) x column 6	9 Net income (or loss) includible, column 7 less column 8
		%			
		%			
		%			

Total. Enter here and on Side 2, Part I, line 7

Schedule E Investment Income of an R&TC Section 23701g, Section 23701i, or Section 23701n Organization

1 Description	2 Amount	3 Deductions directly connected	4 Net investment income, column 2 less column 3	5 Set-asides	6 Balance of investment income, column 4 less column 5

Total. Enter here and on Side 2, Part I, line 8

Enter gross income from members (dues, fees, charges, or similar amounts)

Schedule F Interest, Annuities, Royalties and Rents from Controlled Organizations

Exempt Controlled Organizations					
1 Name of controlled organizations	2 Employer Identification Number	3 Net unrelated income (loss)	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					

Nonexempt Controlled Organizations					
7 Taxable Income	8 Net unrelated income (loss)	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	Add columns 5 and 10				
5	Add columns 6 and 11				
6	Subtract line 5 from line 4. Enter here and on Side 2, Part I, line 9				

Schedule G Exploited Exempt Activity Income, other than Advertising Income

1 Description of exploited activity (attach schedule if more than one unrelated activity is exploiting the same exempt activity)	2 Gross unrelated business income from trade or business	3 Expenses directly connected with production of unrelated business income	4 Net income from unrelated trade or business, column 2 less column 3	5 Gross income from activity that is not unrelated business income	6 Expenses attributable to column 5	7 Excess exempt expense, column 6 less column 5 but not more than column 4	8 Net income includible, column 4 less column 7 but not less than zero

Total. Enter here and on Side 2, Part I, line 10

Schedule H Advertising Income and Excess Advertising Costs

Part I Income from Periodicals Reported on a Consolidated Basis

Table with 7 columns: 1 Name of periodical, 2 Gross advertising income, 3 Direct advertising costs, 4 Advertising income or excess advertising costs, 5 Circulation income, 6 Readership costs, 7 If column 5 is greater than column 6, enter the income shown in column 4, in Part III, column A(b).

Part II Income from Periodicals Reported on a Separate Basis

Table with 7 columns for reporting separate basis income from periodicals.

Part III Column A - Net Advertising Income

Part III Column B - Excess Advertising Costs

Table with 4 columns: (a) Enter "consolidated periodical" and/or names of non-consolidated periodicals, (b) Enter total amount from Part I, column 4 or 7, and amount listed in Part II, column 4 or 7.

Enter total here and on Side 2, Part I, line 11

Enter total here and on Side 2, Part II, line 27

Schedule I Compensation of Officers, Directors, and Trustees

Table with 6 columns: 1 Name of Officer, 2 SSN or ITIN, 3 Title, 4 Percent of time devoted to business, 5 Compensation attributable to unrelated business, 6 Expense account allowances.

Total. Enter here and on Side 2, Part II, line 14

Schedule J Depreciation (Corporations and Associations only. Trusts use form FTB 3885F.)

Table with 7 columns: 1 Group and guideline class or description of property, 2 Date acquired (mm/dd/yyyy), 3 Cost or other basis, 4 Depreciation allowed or allowable in prior years, 5 Method of computing depreciation, 6 Life or rate, 7 Depreciation for this year.

CA 109 Taxes Paid Statement 13

<u>Description</u>	<u>Amount</u>
Licensing	279.
Total to Form 109, Page 2, line 19	279.

CA 109 Other Deductions Statement 14

<u>Description</u>	<u>Amount</u>
Consulting Fees	15,669.
Miscellaneous	-42.
Total to Form 109, Page 2, line 24	15,627.

Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations - Corporations

Attach to Form 100, Form 100W, Form 100S, or Form 109.

Corporation name

California corporation number

Ridgecrest Regional Hospital

0440789

During the taxable year the corporation incurred the NOL, the corporation was a(n): [X] S Corporation [] C Corporation [] Exempt Organization [] Limited liability company

FEIN 95-2082686

If the corporation previously filed California tax returns under another corporate name, enter the corporation name and California corporation number:

If the corporation is included in a combined report of a unitary group, see instructions, General Information C, Combined Reporting.

Part I Current year NOL. If the corporation does not have a current year NOL, go to Part II.

Table with 6 rows for NOL calculation. Line 1: Net loss from Form 100, line 18; Form 100W, line 18; Form 100S, line 15; or Form 109, line 2. Line 2: 2018 disaster loss included in line 1. Line 3: Subtract line 2 from line 1. Line 4a: Enter the amount of the loss incurred by a new business. Line 4b: Enter the amount of the loss incurred by an eligible small business. Line 4c: Add line 4a and line 4b. Line 5: General NOL. Line 6: Current Year NOL. Total: 4,058.00

If the corporation is using the current year NOL to carryback to offset net income for taxable years 2016 and/or 2017, complete

Part III, NOL carryback, on Side 2 before completing Part I, lines 7-9 below.

Table with 3 rows for NOL carryback. Line 7: 2018 NOL carryback used to offset 2016 net income. Line 8: 2018 NOL carryback used to offset 2017 net income. Line 9: 2018 NOL carryover to 2019. Total: 4,058.00

Election to waive carryback

[X] Check the box if the corporation elects to relinquish the entire carryback period with respect to 2018 NOL under Internal Revenue Code (IRC) Section 172(b)(3). By making the election, the corporation is electing to carry an NOL forward instead of carrying it back in the previous two years. Once the election is made, it's irrevocable.

Part II NOL carryover and disaster loss carryover limitations. See instructions.

Table with 2 rows for carryover limitations. Line 1: Net income - Enter the amount from Form 100, line 18; Form 100W, line 18; Form 100S, line 15 less line 16; or Form 109, line 2; (but not less than -0-). Available balance: 0

Prior Year NOLs

Table with 8 columns: (a) Year of loss, (b) Code, (c) Type of NOL, (d) Initial loss, (e) Carryover from 2017, (f) Amount used in 2018, (g) Available balance, (h) Carryover to 2019. Row 1: 2017, GEN, 239,494, 239,494, 0, 0, 239,494

Current Year NOLs

Table with 8 columns: (a) Year of loss, (b) Code, (c) Type of NOL, (d) Initial loss, (e) Carryover from 2017, (f) Amount used in 2018, (g) Available balance, (h) Carryover to 2019. Row 1: 2018, DIS, 4,058, 4,058, 0, 0, 4,058

* Type of NOL: General (GEN), New Business (NB), Eligible Small Business (ESB), or Disaster (DIS).

Part III NOL carryback

- 1 2016 Net income - Enter the amount from 2016 Form 100, line 22; Form 100W, line 22; Form 100S line 20; or taxable income from Form 109, line 9; (but not less than -0-)
- 2 2017 Net income - Enter the amount from 2017 Form 100, line 22; Form 100W, line 22; Form 100S, line 20; or taxable income from Form 109, line 9; (but not less than -0-)

(a) Year of Loss	(b) Code - See Instructions	(c) Type of NOL - See below*	(d) Initial loss - See Instructions	2016		2017		(i) Carryover to 2019 col. (d) minus col. (e) plus col. (g))
				(e) Carryback used - See instructions	(f) After carryback col. (d) minus col. (e)	(g) Carryback used - See instructions	(h) After carryback col. (f) minus col. (g)	
3 2018				0				
2018								
2018								
2018								
2018								

* **Type of NOL:** General (GEN), New Business (NB), Eligible Small Business (ESB), or NOL attributable to a qualified disaster loss (DIS).

Part IV 2018 NOL deduction

- 1 Total the amounts in Part II, line 2, column (f) 1 _____ | **00**
- 2 Enter the total amount from line 1 that represents disaster loss carryover deduction here and on Form 100, line 21; Form 100W, line 21; or Form 100S, line 19. Form 109 filers enter -0- 2 _____ | **00**
- 3 Subtract line 2 from line 1. Enter the result here and on Form 100, line 19; Form 100W, line 19; Form 100S, line 17; or Form 109, line 7 3 _____ | **0 00**