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

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493315000120

Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047

2009

Open to Public Inspection

A For the 2009 calendar year, or tax year beginning 01-01-2009 and ending 12-31-2009

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

Please use IRS label or print or type. See Specific Instructions.

C Name of organization
Norton Hospitals Inc

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
224 E Broadway - 5th Floor

City or town, state or country, and ZIP + 4
Louisville, KY 402022025

D Employer identification number
61-0703799

E Telephone number
(502) 629-8249

G Gross receipts $ 1,232,622,961

F Name and address of principal officer
STEPHEN A WILLIAMS
234 EAST GRAY ST SUITE 225
LOUISVILLE,KY 40202

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

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

H(c) Group exemption number ▶

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

J Website: ▶ www nortonhealthcare com

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1969 | **M** State of legal domicile KY

Part I Summary

1 Briefly describe the organization's mission or most significant activities
To provide quality health care regardless of a patient's ability to pay

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	21
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	17
5	Total number of employees (Part V, line 2a)	**5**	9,059
6	Total number of volunteers (estimate if necessary)	**6**	1,183
7a	Total gross unrelated business revenue from Part VIII, column (C), line 12	**7a**	3,032,587
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-262,683

		Prior Year	Current Year
Revenue			
8	Contributions and grants (Part VIII, line 1h)	12,219,028	18,067,826
9	Program service revenue (Part VIII, line 2g)	1,129,889,241	1,209,298,877
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	-994,065	-190,997
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	2,899,771	3,529,629
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	1,144,013,975	1,230,705,335
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)		0
14	Benefits paid to or for members (Part IX, column (A), line 4)		0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	428,795,622	468,814,462
16a	Professional fundraising fees (Part IX, column (A), line 11e)		0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	667,623,082	701,714,522
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	1,096,418,704	1,170,528,984
19	Revenue less expenses Subtract line 18 from line 12	47,595,271	60,176,351

		Beginning of Current Year	End of Year
Net Assets or Fund Balances			
20	Total assets (Part X, line 16)	707,956,732	764,799,143
21	Total liabilities (Part X, line 26)	68,810,835	65,479,695
22	Net assets or fund balances Subtract line 21 from line 20	639,145,897	699,319,448

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

****** | 2010-11-11
Signature of officer | Date

michael W gough TREASURER
Type or print name and title

Paid Preparer's Use Only

Preparer's signature | Date | Check if self-empolyed ☐ | Preparer's identifying number (see instructions)

Firm's name (or yours if self-employed), address, and ZIP + 4
Crowe horwath llp
9600 Brownsboro Road Suite 400
Louisville, KY 402411122

EIN ▶

Phone no ▶ (502) 326-3996

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

Part III Statement of Program Service Accomplishments

1 Briefly describe the organization's mission

NORTON HOSPITALS, INC 'S PURPOSE IS TO PROVIDE QUALITY HEALTH CARE TO ALL THOSE WE SERVE, IN A MANNER THAT RESPONDS TO THE NEEDS OF OUR COMMUNITIES AND HONORS OUR FAITH HERITAGE

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

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

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

If "Yes," describe these changes on Schedule O

4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses $ 1,143,067,470 including grants of $) (Revenue $ 1,208,535,123)

Norton Hospitals, Inc (Norton) was formed to i) establish and maintain hospitals or health care facilities, within or outside the Commonwealth of Kentucky, with permanent facilities that include inpatient beds and medical services to provide diagnosis, care and treatment for pediatric and adult patients, ii) carry on educational activities related to rendering care to the sick and injured, iii) promote and carry on scientific research related to the care of the sick and injured, iv) participate in any activity designed and carried on to promote the general health of the community, and v) provide on a nonprofit basis, hospital or health care facilities and services for the care and treatment of persons who are acutely ill or who otherwise require medical care and related services of the kind customarily furnished most effectively by hospitals or health care facilities Norton has a total of 1,837 licensed beds, Norton Hospital - 642 beds, Kosair Children's Hospital (KCH) - 263 beds, Norton Audubon Hospital - 432 beds, Norton Suburban Hospital - 373 beds, and Norton Brownsboro Hospital - 127 beds These hospitals operate twenty-four (24) hours a day, seven (7) days a week In 2009, Norton's hospitals served 56,880 inpatients, 320,712 outpatients, and 161,263 emergency room visits In addition, Norton's operating rooms cared for 18,502 inpatient surgical patients and 28,617 outpatient surgical patients Additionally, 8,157 babies were delivered at Norton birthing centers Under its charity care program, Norton provided free care to 3,970 patients, at a cost of $10 1 million Also, Norton grants patients a discount from billed charges to any individuals that have no access to private health insurance or do not qualify for government assistance or charity care Under this program, 40,526 patients received care at discounted rates Other contributions to the community were the unpaid cost of Medicaid services totaling $6 7 million and educational support of $20 0 million, primarily to the University of Louisville School of Medicine Also, community health improvement services totaled $9 8 million and contributions to community groups were $4 8 million

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** ▶ $ 1,143,067,470

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities? *If "Yes," complete Schedule C, Part II*	4		No
5	**Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations.** Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? *If "Yes," complete Schedule C, Part III*	5		
6	Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in term, permanent,or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
11	Is the organization's answer to any of the following questions "Yes"? *If so,complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.*	11	Yes	
	• Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*			
	• Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*			
	• Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*			
	• Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*			
	• Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*			
	• 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? *If "Yes," complete Schedule D, Part X.*			
12	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12		No
12A	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," completing Schedule D, Parts XI, XII, and XIII is optional* — **Yes** / **No**	12A	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, and program service activities outside the United States? *If "Yes," complete Schedule F, Part I*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Part II*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Part III*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**		No
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee of the organization (or a family member) was an officer, director, trustee, or owner? *If "Yes," complete Schedule L, Part IV*	**28c**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35**		No
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096, *Annual Summary and Transmittal of U.S. Information Returns. Enter -0-* if not applicable	1a	341		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c			
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	9,059		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note:** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file this return (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year covered by this return?	3a		Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*	3b		Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See the instructions for exceptions and filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	For all contributions of qualified intellectual property, did the organization file Form 8899 as required? . . .	7g			
h	For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body	1a	21		
b	Enter the number of voting members that are independent	1b	17		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2	Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		3		No
4	Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed?		4		No
5	Did the organization become aware during the year of a material diversion of the organization's assets?		5		No
6	Does the organization have members or stockholders?		6	Yes	
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?		7a		No
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?		7b		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?		8a	Yes	
b	Each committee with authority to act on behalf of the governing body?		8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		9		No

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

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

Section C. Disclosure

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

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

☐ Own website ☐ Another's website ☑ Upon request

19 Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public See Additional Data Table

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

Richard F Carrico
224 E Broadway - 5th Floor
Louisville, KY 402022025
(502) 629-8249

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

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 Use Schedule J-2 if additional space is needed

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

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

☐ Check this box if the organization did not compensate any current or former officer, director, trustee or key employee

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(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			
See add'l data										

1b Total . . . . . ▶	6,903,262	4,792,218	1,622,514

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 in reportable compensation from the organization ▶ 243

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

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization

(A) Name and business address	(B) Description of services	(C) Compensation
Messer Construction Co 5158 Fishwick Dr Cincinnati, OH 45216	construction & repairs	32,580,506
Messer TMG LLC 11001 Plantside Dr Louisville, KY 40299	Construction & repairs	10,116,889
Morrison Managment Specialist P O Box 102289 Atlanta, GA 30368	dieteary services	8,311,961
University of Louisville 323 E Chestnut Street louisville, KY 40202	residency Program	8,074,252
Louisville Radiology Imaging One Ingalls Dr w554 Harvey, IL 60426	Radiology services	5,944,458
2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 in compensation from the organization ▶ 142		

Part VIII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . 1a				
	b	Membership dues 1b				
	c	Fundraising events 1c				
	d	Related organizations . . . 1d 11,477,834				
	e	Government grants (contributions) 1e 1,111,195				
	f	All other contributions, gifts, grants, and similar amounts not included above 1f 5,478,797				
	g	Noncash contributions included in lines 1a-1f $ _____				
	h	**Total.** Add lines 1a-1f . . . . . ▶	18,067,826			
Program Service Revenue		Business Code				
	2a	NET PATIENT REVENUE	621,110	1,207,981,334	1,204,913,828	3,067,506
	b	Healthcare education	611,710	1,317,543	1,317,543	
	c					
	d					
	e					
	f	All other program service revenue				
	g	**Total.** Add lines 2a–2f . . . . . ▶	1,209,298,877			
	3	Investment income (including dividends, interest and other similar amounts) . . . . . ▶				
	4	Income from investment of tax-exempt bond proceeds . . ▶				
	5	Royalties . . . . . ▶				
		(i) Real / (ii) Personal				
	6a	Gross Rents: 1,427,631 /				
	b	Less rental expenses: 1,371,959 /				
	c	Rental income or (loss): 55,672 /				
	d	Net rental income or (loss) . . . . . ▶	55,672			55,672
		(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory: / 354,670				
	b	Less cost or other basis and sales expenses: / 545,667				
	c	Gain or (loss): / -190,997				
	d	Net gain or (loss) . . . . . ▶	-190,997	-190,997		
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . . a				
	b	Less direct expenses . . . b				
	c	Net income or (loss) from fundraising events . . ▶				
	9a	Gross income from gaming activities See Part IV, line 19 . . . a				
	b	Less direct expenses . . . b				
	c	Net income or (loss) from gaming activities . . ▶				
	10a	Gross sales of inventory, less returns and allowances . a				
	b	Less cost of goods sold . . b				
	c	Net income or (loss) from sales of inventory . . ▶				
		Miscellaneous Revenue	Business Code			
	11a	PURCHASING CO-OP INC	561,499	2,421,220	2,456,139	-34,919
	b	parking income	812,930	1,014,127		1,014,127
	c	Purchasing discounts	900,099	38,610	38,610	
	d	All other revenue				
	e	**Total.** Add lines 11a–11d . . . . . ▶		3,473,957		
	12	**Total revenue.** See Instructions . . . ▶		1,230,705,335	1,208,535,123	3,032,587	1,069,799

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) but are not required to complete columns (B), (C), and (D).

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U S See Part IV, line 21				
2 Grants and other assistance to individuals in the U S See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	2,702,505	2,702,505		
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	367,990,053	367,990,053		
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	21,649,484	21,649,484		
9 Other employee benefits	50,928,386	50,928,386		
10 Payroll taxes	25,544,034	25,544,034		
11 Fees for services (non-employees)				
a Management				
b Legal				
c Accounting				
d Lobbying				
e Professional fundraising *See Part IV, line 17*				
f Investment management fees				
g Other	76,002,541	76,002,541		
12 Advertising and promotion				
13 Office expenses	264,386,848	264,386,848		
14 Information technology				
15 Royalties				
16 Occupancy	15,206,501	15,206,501		
17 Travel	1,316,007	1,316,007		
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	39,661,874	39,661,874		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	42,125,619	42,125,619		
23 Insurance	28,275,253	28,275,253		
24 Other expenses Itemize expenses not covered above (Expenses grouped together and labeled miscellaneous may not exceed 5% of total expenses shown on line 25 below)				
a ALLOCATED SUpport	138,554,560	111,093,046	27,461,514	
b BAD debt	57,255,302	57,255,302		
c PROVIDER TAX	20,129,732	20,129,732		
d REPAIRS & MAINTENANCE	8,195,007	8,195,007		
e EQUIP RENTAL & MAINT	4,992,147	4,992,147		
f All other expenses	5,613,131	5,613,131		
25 **Total functional expenses.** Add lines 1 through 24f	1,170,528,984	1,143,067,470	27,461,514	0
26 **Joint costs.** Check here ▶ ☐ if following SOP 98-2 Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		17,922	1	29,110
	2	Savings and temporary cash investments			2	
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		129,042,125	4	136,371,355
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		31,269,348	8	40,701,058
	9	Prepaid expenses and deferred charges		925,612	9	1,152,659
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 994,518,716			
	b	Less accumulated depreciation	10b 453,698,383	440,114,077	10c	540,820,333
	11	Investments—publicly traded securities			11	
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets		2,091,832	14	1,945,521
	15	Other assets See Part IV, line 11		104,495,816	15	43,779,107
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		707,956,732	16	764,799,143
Liabilities	17	Accounts payable and accrued expenses		54,493,409	17	49,549,594
	18	Grants payable			18	
	19	Deferred revenue		292,994	19	272,458
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*			21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities Complete Part X of Schedule D		14,024,432	25	15,657,643
	26	**Total liabilities.** Add lines 17 through 25		68,810,835	26	65,479,695
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		631,766,516	27	691,600,636
	28	Temporarily restricted net assets		7,379,381	28	7,718,812
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		639,145,897	33	699,319,448
	34	Total liabilities and net assets/fund balances		707,956,732	34	764,799,143

Part XI Financial Statements and Reporting

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

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493315000120

SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
Norton Hospitals Inc

Employer identification number
61-0703799

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

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

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

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

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

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

_____

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Part II **Support Schedule for Organizations Described in IRC 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.)

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(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) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(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 (Explain in Part IV) Do not include gain or loss from the sale of capital assets						
11 **Total support** (Add lines 7 through 10)						

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

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

Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2009 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 2008 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2009.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support test—2008.** If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2009.** If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

b **10%-facts-and-circumstances test—2008.** If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

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

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

(Complete only if you checked the box on line 9 of Part I.)

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(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) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support** (Add lines 9, 10c, 11 and 12)						

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

Section C. Computation of Public Support Percentage

15	Public Support Percentage for 2009 (line 8 column (f) divided by line 13 column (f))	15
16	Public support percentage from 2008 Schedule A, Part III, line 15	16

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2009** (line 10c column (f) divided by line 13 column (f))	17
18	Investment income percentage from **2008** Schedule A, Part III, line 17	18

19a **33 1/3% support tests—2009.** 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—2008.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶

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

Part IV **Supplemental Information.** Supplemental Information. Complete this part to provide the explanation required by Part II, line 10; Part II, line 17a or 17b; or Part III, line 12. Provide any other additional information. See instructions

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493315000120

SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11, or 12.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
Norton Hospitals Inc

Employer identification number
61-0703799

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

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

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

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

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

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

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

			Held at the End of the Year
a	Total number of conservation easements	2a	
b	Total acreage restricted by conservation easements	2b	
c	Number of conservation easements on a certified historic structure included in (a)	2c	
d	Number of conservation easements included in (c) acquired after 8/17/06	2d	

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

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

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

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

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

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

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

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

1a If the organization elected, as permitted under SFAS 116, 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 XIV, the text of the footnote to its financial statements that describes these items

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

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

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

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

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

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

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

3 Using the organization's 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 XIV

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

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

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

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

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

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

b If "Yes," explain the arrangement in Part XIV

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

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance					
b Contributions					
c Investment earnings or 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 year end balance held as

- a Board designated or quasi-endowment ▶ %
- b Permanent endowment ▶ %
- c Term endowment ▶ %

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

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

Part VI Investments—Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		22,708,682		22,708,682
b Buildings		366,028,931	158,707,827	207,321,104
c Leasehold improvements				
d Equipment		369,396,189	290,704,670	78,691,519
e Other		236,384,914	4,285,886	232,099,028
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				540,820,333

Part VII Investments—Other Securities. 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
Financial derivatives		
Closely-held equity interests		
Other		
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶		

Part VIII Investments—Program Related. See Form 990, Part X, line 13.

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

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
Miscellaneous receivables	789,142
investment in premier purchasing partners, L P	4,201,005
REceivable from affiliate	36,607,763
physician guarantee asset	2,181,197
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	43,779,107

Part X Other Liabilities. See Form 990, Part X, line 25.

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
Due to third party payors	8,244,879
asset retirement obligation	5,231,567
physician guarantee liability	2,181,197
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	15,657,643

2. Fin 48 Footnote In Part XIV, 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

Part XI Reconciliation of Change in Net Assets from Form 990 to Financial Statements

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	1,230,705,335
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	1,170,528,984
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	60,176,351
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	-2,800
9	Total adjustments (net) Add lines 4 - 8	9	-2,800
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	60,173,551

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

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

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

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

Part XIV Supplemental Information

Complete this part to 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, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b Also complete this part to provide any additional information

Identifier	Return Reference	Explanation
Part XI, Line 8 - Other Adjustments		Affiliate transfer -2,800

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493315000120

SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
Norton Hospitals Inc

Employer identification number
61-0703799

Part I Charity Care and Certain Other Community Benefits at Cost

			Yes	No
1a	Does the organization have a charity care policy? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization has multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals ☑ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients			
a	Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for free care ☐ 100% ☐ 150% ☐ 200% ☑ Other 30000 0000000000 %	3a	Yes	
b	Does the organization use FPG to determine eligibility for providing *discounted* care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☐ Other	3b		No
c	If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care			
4	Does the organization's policy provide free or discounted care to the "medically indigent"?	4	Yes	
5a	Does the organization budget amounts for free or discounted care provided under its charity care policy?	5a	Yes	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		No
6a	Does the organization prepare an annual community benefit report?	6a	Yes	
6b	If "Yes," does the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheets 1 and 2)			10,118,659	0	10,118,659	0 910 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			238,897,948	232,219,711	6,678,237	0 600 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)			8,387,461	3,396,344	4,991,117	0 450 %
d **Total** Charity Care and Means-Tested Government Programs			257,404,068	235,616,055	21,788,013	1 960 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			9,970,900	173,796	9,797,104	0 880 %
f Health professions education (from Worksheet 5)			20,047,738	0	20,047,738	1 800 %
g Subsidized health services (from Worksheet 6)			0	0		
h Research (from Worksheet 7)			25,037	0	25,037	0 %
i Cash and in-kind contributions to community groups (from Worksheet 8)			4,811,796	0	4,811,796	0 430 %
j **Total** Other Benefits			34,855,471	173,796	34,681,675	3 110 %
k **Total.** Add lines 7d and 7j			292,259,539	235,789,851	56,469,688	0

Part II Community Building Activities Complete this table if the organization conducted any community building activities.

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing			0	0		
2	Economic development			0	0		
3	Community support			799,826	0	799,826	0 070 %
4	Environmental improvements			0	0		
5	Leadership development and training for community members			11,785	0	11,785	0 %
6	Coalition building			41,593	59	41,534	0 010 %
7	Community health improvement advocacy			1,086	0	1,086	0 %
8	Workforce development			991	0	991	0 %
9	Other			0	0		
10	**Total**			855,281	59	855,222	0 080 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Does the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1	Yes		
2	Enter the amount of the organization's bad debt expense (at cost)	2	43,897,910		
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's charity care policy	3	4,220,638		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including other bad debt amounts in community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	258,867,457		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	290,137,832		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-31,270,375		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☐ Cost accounting system ☐ Cost to charge ratio ☑ Other

Section C. Collection Practices

9a	Does the organization have a written debt collection policy?	9a	Yes		
9b	If "Yes," does the organization's collection policy contain provisions on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance? Describe in Part VI	9b	Yes		

Part IV Management Companies and Joint Ventures

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					

Part V Facility Information

Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
NORTON HOSPITAL 200 E CHESTNUT STREET LOUISVILLE,KY 40202	X	X		X			X		
KOSAIR CHILDREN'S HOSPITAL 231 E CHESTNUT STREET LOUISVILLE,KY 40202	X	X	X	X			X		
NORTON AUDUBON HOSPITAL ONE AUDUBON PLAZA DRIVE LOUISVILLE,KY 40217	X	X		X			X		
NORTON SUBURBAN HOSPITAL 4001 DUTCHMANS LANE LOUISVILLE,KY 40207	X	X		X			X		
NORTON BROWNSBORO HOSPITAL 4950 NORTON HEALTHCARE BLVD LOUISVILLE,KY 40241	X	X					X		OPENED IN AUGUST 2009

Part VI Supplemental Information

Complete this part to provide the following information

1 Provide the description required for Part I, line 3c, Part I, line 6a, Part I, line 7g, Part I, line 7, column (f), Part I, line 7, Part III, line 4, Part III, line 8, Part III, line 9b, and Part V See Instructions

Part I, Line 3c Not Applicable

Part I, Line 6a The annual Community Benefit Report is prepared by Norton Healthcare, Inc , of which Norton Hospitals, Inc is included in that report

Part I, Line 7g Not applicable

Part I, Line 7f Bad debt expense included on Form 990, Part IX, Line 25, column (A) is $57,255,302 The bad debt expense was subtracted from total expenses reported on Form 990, Part IX, Line 25 for purposes of calculating the percentage in this column

Part I, Line 7 The costing methodology used to calculate the community benefit expenses were to calculate the cost by hospital location (5 separate hospital locations under one Medicare Provider number) The cost was determined based on a specific location cost to charge ratio The cost to charge ratio was adjusted for bad debts and other costs The cost used in the calculation was reduced by bad debts, provider taxes, Gradutate Medical Education expenses, and other costs The adjusted cost to charge ratio was then multiplied times the gross charges for qualified charity charges, Medicaid and the state DSH program (other means tested government program) to obtain the specific community benefit expense

Part III, Line 4 Rationale and the costing methodology used to determine the amount reported in Part III, Lines 2 and 3 The financial statements bad debt expense was utilized as the starting point for estimating the cost of bad debt We first allocated the bad debt expense based on the 12/31/09 A/R reserve schedule between self pay and all other financial categories Both categories (self pay and all other) were multiplied times the financial statements bad debt expense to get their respective estimated bad debt expense The self pay bad debt expense was divided by the percentage of the A/R balance expected after the hospital's self pay discount was applied to all self pay accounts The result is the estimated gross charges for self pay accounts which was then multiplied times the ratio of cost to charges per the community benefit calculations, to obtain the estimated cost of bad debt expense for self pay patients The "all other" bad debt expense was divided by the estimated A/R balance after the FYE 2009 "all other" average contractual percentage The result is the estimated gross charges for "all other" accounts, which was then multiplied times the ratio of cost to charges per the community benefit calculations, to obtain the estimated cost of bad debt expense for "all other" patients The estimated cost of bad debt expense for self pay patients and "all other" patients were added together for the amount reported on Part III, Line 2 Describe how the organization accounts for discounts and payments on patient accounts in determining bad debt expense Bad debt expense is based on management assessment of expected net collections considering historical business and economic conditions, trends in healthcare collections and insurance coverage, and other collection indicators Management assesses the adequacy of the allowance for uncollectible accounts based upon historical write-off experience by payor category This review is then used to make changes to the provision for uncollectible accounts to establish an appropriate allowance for uncollectible receivables The bad debt expense is based on the net estimated amount expected to be due from the patient/payor Bad debt expense falls into three categories, true self pay, patient responsibility after insurance and other True self pay - For true self pay patients, the self pay discount is applied to the account assuming the patient does not qualify for charity The bad debt expense write-off is the discounted amount less any payments made by the patient Patient responsibility after insurance - The bad debt expense write-off for patient's responsibility after insurance is based on the patient's liability per the explanation of benefits and contract with the insurance company The bad debt expense write-off is the expected amount due less any payments made by the patient Other - the other category is for insurance amounts due from payors Most expected payments not received from an insurance company after investigation into payment difference are written off to contractual allowance/denial category Describe the method the organization uses to determine the amount that reasonably could be attributable to patients who likely would qualify for financial assistance under the hospital's charity care policy, if sufficient information had been available to make a determination of their eligibility The method used to determine the amount that reasonably could be attributable to patients who likely would qualify for financial assistance under our charity care policy is based on our outside eligibility vendor's experience with qualifying accounts as charity Medassist, our outside vendor screens all self pay accounts and based on an initial screening, will classify the account as "probable" charity if the accounts appears to meet Norton Hospitals, Inc 's (NHI) charity care program guidelines These accounts are then required to submit the necessary documentation to ultimately be classified as a charity account Based on all accounts that are classified as "probable charity" by Medassist and their experience with getting accounts qualified as charity, it is estimated that 80% of those accounts classified as probable charity and which do not submit the required documentation would qualify as a NHI charity account The estimated cost of accounts that are estimated to qualify for our charity program is calculated based on gross charges for accounts for the year that are probable, but do not submit the necessary documentation multiplied times our cost to charge ratio times the 80% estimated conversion factor Text from financial statements that describe bad debt expense Allowance for Uncollectible AccountsThe provision for uncollectible accounts is based upon management's assessment of historical and expected net collections considering historical business and economic conditions, trends in health care coverage and other collection indicators Periodically throughout the year, management assesses the adequacy of the allowance for uncollectible accounts based upon historical write-off experience by payor category The results of this review are then used to make modifications to the provision for uncollectible accounts to establish an appropriate allowance for uncollectible receivables

Part III, Line 8 The costing methodology used to determine the Medicare allowable cost was based on the Medicare principles used in completing the Medicare cost report All cost reported came from the Medicare cost report Norton Hospitals, Inc (NHI) accepts all Medicare patients with the knowledge that there may be shortfalls and operates to promote the health of the community NHI believes that the Medicare shortfall should be treated as a community benefit because Medicare does not fully compensate hospitals for the cost of providing hospital care to Medicare beneficiaries NHI experienced significant losses ($31 2 million for FYE 2009) due to underpayment for Medicare patients Unreimbursed Medicare costs represent a significant value that nonprofit hospitals provide to the community, as the hospital relieves the Federal government of a financial burden when it provides essential healthcare services to Medicare covered patients

Part III, Line 9b After the patient's initial screening for charity care, if it appears that the patient qualifies for charity, Norton Hospitals, Inc will not start collection efforts pending the patient submitting the necessary information to document meeting the charity care qualifications If the patient submits the necessary documentation within a reasonable time period, then there will not be any collection efforts made to collect any amount from the patient The patient will receive a statement/bill reflecting the amount due throughout the charity care application process pending the patient's charity care application, but there will be no collection efforts Only after several attempts to contact the patient to get the necessary documentation for completing the charity care application and the patient not responding, will collection efforts begin to collect the amount due from the patient There is an ongoing effort throughout the collection process to screen for Medicaid eligibility and the need for providing charity care applications to patients If a patient is approved for charity care, their account is written off

Part V One (1) Hospital based psych unit, three (3) diagnostic imaging centers, three (3) outpatient oncology clinics

2 Needs assessment. Describe how the organization assesses the health care needs of the communities it serves

Part VI, Line 2 Needs AssessmentNorton Hospitals, Inc (NHI) regularly and consistently evaluates workforce and community health care needs through partnerships with local health departments, Emergency Medical Service, local and state universities, and Kentuckiana Works, the workforce investment board for the seven county region surrounding Louisville Partnerships with these organizations, along with not-for-profit health care organizations such as the American Cancer Society, American Heart Association and others, also provide NHI important statistics and data to use in evaluating community access to health care services and health care disparities Additionally, NHI accesses data from organizations such as the United States Census Bureau to assess areas of greatest anticipated population growth and low-income areas - both of which may be in greatest need for free screenings and access to health care

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 charity care policy

Part VI, Line 3 Patient education of eligibility for assistance EDUCATION OF PATIENT/GUARANTORS REGARDING NORTON FINANCIAL ASSISTANCE AND KOSAIR CHARITIES ASSISTANCENorton Hospitals, Inc (NHI) employs an outside eligibility vendor, Medassist All self pay accounts for the adult facilities are placed for eligibility screening with Medassist They screen for Norton Charity, Medicaid, Passport, and DSH In addition they also provide education and referral assistance to the appropriate County/State Departments for Food Stamps, rent assistance, heating assistance, etc The process of completing the application is often performed by Medassist themselves They protect filing deadlines by submitting the appropriate forms to the State/County, they follow up to secure proof of income documents for Norton Charity, and follow-up with the patient's assigned State Caseworker Medassist also makes outside field calls or home visits to the patients to secure the needed information for eligibility assistance if they are homebound as well as providing assistance with patient transportation needs so that the patient can make their scheduled appointments with their caseworker All of the services provided by Medassist Eligibility are paid by NHI at no cost to the patient In 2006, NHI re-assigned five insurance collectors and removed them from following up on insurance balances that were owed to NHI Now, these collectors are charity collectors and they follow up and assist patients with screening, applying, and providing the documentation to qualify the guarantors for financial assistance through Kosair Charity and Norton Charity In 2008/2009 we have re-assigned an additional one and one half full time employees from insurance to self pay/charity assistance follow-up for a total of 8 full time employees, including the Supervisor Financial Assistance for Norton Charity or Kosair Charity is not limited to the self pay population Even patients with insurance coverage are encouraged to apply for assistance so that their deductibles, co-payments, and co-insurance amounts are covered under the various assistance programs Financial Counselors/Social Workers at the adult facilities as well as Kosair Children's Hospital are educated and trained to assist with counseling patients and determining and explaining our financial assistance programs They continue to receive on-going education throughout the year regarding eligibility changes and additions for Norton Charity, Kosair Charity, DSH/KHCP, Medicaid, etc The Foundation Office sends potential referrals to Patient Financial Services to screen for possible financial assistance as they receive inquiries in the Foundation Office If a patient does not qualify for Kosair Charity, then those denied applications are referred to the Director of Patient Financial Services for consideration for special funding through the Children's Foundation as well as other programs On the back of every monthly patient account statement that is sent from NHI to non-outsourced accounts, the Financial Assistance application is printed In addition, on the front side of the statement just above the perforation, in order to draw greater attention to the application located on the backside of the statement, there is a red, bolded, capitalized phrase that indicates "SEE BACK FOR FINANCIAL ASSISTANCE APPLICATION "Collection agencies chosen by NHI print on the back of their initial placement letter, or an insert is mailed with the initial placement letter, a copy of the financial assistance application for the guarantor to complete Recent changes have been made and continue to be made to the patient letters to further explain the programs that are available to assist patients with their bills Collection Agencies contracted with NHI are required to place a copy of the financial assistance application as a part of their standard notification letter On the standard notification letter that Collection Agencies send to NHI patients, is a phrase written in Spanish that that indicates for the Spanish speaking patient to contact a specific number to speak with a Spanish speaking collector That Spanish speaking representative will also provide financial assistance information NHI has translated a series of financial assistance letters and the financial assistance application in Spanish as well as Vietnamese NHI Customer Service Department routinely instructs and screens patients in the protocol regarding financial assistance thru Kosair Charities or Norton Financial Assistance Beginning in 2007, NHI offered at the time of final billing all true self pay patients a significant discount off of total charges that were reflected on their monthly statements An additional prompt pay discount is also provided if the remaining balance is paid within 30 days from date of first bill Contracted collection agencies are required to solicit charity applications when the guarantor/patient indicates "cannot pay" NHI pays a commission to our contracted collection agencies for every approved charity application that is finalized This commission is an incentive for the representatives to obtain charity applications and not just collect the account

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

Part VI, Line 4 Community information Primary Service AreaNorton Hospitals Inc 's (NHI) primary service area population is over one million and expected to increase 2 9% between 2008 and 2013 The primary service area includes seven counties, three of which are located along the Ohio River border in Kentucky and the other four are bordering the river in Indiana Eighy percent of NHI's patients are derived from this service area Twenty-eight percent of the population is over 55 years old, compared to 24% in the USA This portion of the population tends to use additional healthcare services The pediatric population in 2008 was estimated at 257,318 and expected to increase to 259,057 within five years and represents 23% of the total population The median age is 38 5 compared to 37 5 for Kentucky The number of households in the primary service area was estimated at 443,558 in 2008 and is expected to increase 4 4% by 2013 Currently over 18% of the adult population does not have a high school degree and 24% of the household income is less than $25,000 a year, however the average household income is $62,851 NHI treats 45% of the inpatient cases in the community and its payor mix is 28% Medicare, 24% Medicaid/Passport and 3% Self Pay The largest county in the service area is Jefferson County and its May 2009 preliminary non-seasonally adjusted unemployment rate was 10 3% compared to 10 5% for Kentucky and 9 1% for the United States Secondary Service AreaNHI's secondary service area population was estimated at 703,131 in 2008 and is expected to increase 4 9% between 2008 and 2013 The primary service area spreads across 22 Kentucky counties and 4 Indiana counties The 55+ age cohort represents 24% of the secondary service area population and is consistent with Kentucky, however it is 1% higher than the United States proportion The pediatric population in 2008 was estimated at 166,000 and expected to increase to 170,000 by 2013 Although the pediatric population is expected to remain flat there is a need for children to have appropriate access to care in the rural areas of Kentucky The number of households in the secondary service area was estimated at 275,554 in 2008 and is expected to increase over 18,000 by 2013 Almost 55,000 adults in this service area do not have a high school education and the household income is under $25,000 for 29% of this population The average household income is $53,978 slightly less than Kentucky and 14% less than the primary service area

5 Community building activities. Describe how the organization's community building activities, as reported in Part II, promote the health of the communities the organization serves

Part VI, Line 5 Community building activitiesNorton Hospitals, Inc is committed to investing in the community it serves In fact, "demonstrating stewardship of resources" is one of our organizational values We do this in a variety of ways, such as workforce development efforts, supporting local educational institutions - including the University of Louisville School of Medicine, offering scholarships to students, providing students with forgivable loans for their education, placing medical professionals in medically-underserved areas, providing free health screenings and education, contributing funds to other non-profit health care organizations, and building a new hospital that follows the Green Guide to Health care, a best practices tool kit for planning, design, construction, operations and maintenance of new hospitals By establishing partnerships, we help to build a stronger and more cohesive community that works together for the good of its citizens By investing in education, we are in essence investing in our community's future by making sure that well-prepared graduates are exiting local colleges and universities, ultimately to work in a variety of local businesses, including health care By providing free education and screenings and placing medical professionals in underserved areas, we are possibly preventing more tragic and costly medical emergencies and diseases that might not have otherwise been prevented By investing in environmentally-friendly and patient-friendly facilities, we help to ensure that patients will feel comfortable seeking health care when they need it most, rather than waiting until a medical situation exacerbates, while at the same time we help to preserve the world and the environment in which we live

6 Provide any other information important to describing how the organization's hospitals 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)

Part VI, Line 6 Norton Healthcare, Inc (NHC), parent of Norton Hospitals, Inc (NHI), is independently governed by a 21-member board of trustees With the exception of NHC's president and chief executive officer, none of these individuals are employees of the organization All members of the board reside in the organization's primary service area In an effort to ensure the best care for its patients, NHI generally extends medical staff privileges to all qualified physicians in its community for some or all of its service lines/departments, as applicable In fact, more than 2,000 physicians are on NHI's medical staff NHI operates five (5) full-time emergency rooms where no one requiring emergency care is denied treatment NHI invests in its community by applying surplus funds to improvements in patient care - including many free health care screenings and education programs, medical education and research NHI utilizes excess funds by investing in the expansion and replacement of existing facilities and equipment NHI opened a new 127 bed hospital in August 2009 In 2009, NHI provided over $20 million in educational support, primarily to the University of Louisville School of Medicine

7 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 communites served

8 If applicable, identify all states with which the organization, or a related organization, files a community benefit report

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493315000120

Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees
▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
Norton Hospitals Inc

Employer identification number
61-0703799

Part I Questions Regarding Compensation

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

Part II **Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use Schedule J-1 if additional space needed.

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

Note. The sum of columns (B)(i)-(iii) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a

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

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 4c, 5a, 5b, 6a, 6b, 7, and 8 Also complete this part for any additional information

Identifier	Return Reference	Explanation
	Part I, Line 1a	TAX INDEMNIFICATION AND GROSS-UP PAYMENTS ARE TREATED AS TAXABLE COMPENSATION TO THE INTERESTED PERSONS LISTED BELOW AT TIME OF PAYMENT PAYMENTS ARE IN ACCORDANCE WITH THE EXISTING COMPENSATION POLICY GROSS-UP PAYMENTS SHALL BE MADE ONLY WHEN SPECIFIED IN AN EMPLOYEE'S EMPLOYMENT CONTRACT, OR AS APPROVED IN WRITING BY THE PRESIDENT AND CEO OF NORTON HEALTHCARE, EXECUTIVE VICE PRESIDENT OR CFO DURING 2009, GROSS-UP PAYMENTS WERE PROCESSED AS OUTLINED IN THE EMPLOYMENT CONTRACT FOR THE CEO, AND TWO HOSPITAL PRESIDENTS SEE NARRATIVE PROVIDED IN SCHEDULE O, REFERENCING PART VI, LINE 15, WHICH DESCRIBES THE PROCESS FOR DETERMINING COMPENSATION OF THE CEO, OFFICERS, AND KEY EMPLOYEES OF THE ORGANIZATION STEPHEN A WILLIAMS THE TOTAL TAX GROSS-UP BENEFITS INCLUDED IN TAXABLE COMPENSATION FOR MR WILLIAMS ARE $280,161 THE TAX GROSS-UPS ARE RELATED TO THE BENEFIT OUTLINED BELOW ANNUITY - THE TAX GROSS-UP ASSOCIATED WITH THE ANNUITY BENEFIT IS $280,161 THIS PURCHASED ANNUITY REPRESENTS ACCUMULATED BENEFITS EARNED IN PRIOR YEARS RELATED TO A NON-QUALIFIED DEFINED BENEFIT PENSION RESTORATION PLAN IN EFFECT SINCE 1990 CONTRIBUTIONS TO THIS PLAN WERE MADE IN 2005, 2006, 2007, 2008 AND 2009 INCLUDED IN MR WILLIAMS COMPENSATION IN 2009 IS $358,018, WHICH IS THE COST OF THE PURCHASED ANNUITY THE TOTAL COST OF THE PURCHASED ANNUITY AND THE ASSOCIATED TAX GROSS-UP IS $638,179, WHICH WAS INCLUDED IN TAXABLE COMPENSATION Robert Shaw Relocation expenses - The tax gross-up associated with the relocation expense is $41,580, payment being in accordance with Mr Shaw's employment offer letter The value of this benefit is $75,000 The total cost and the associated tax gross-up if $116,580 which is included in taxable compensation Steven MacLauchlan Relocation expenses - the tax gross-up associated with the relocation expense is $49,542, payment being in accordance with Mr MacLauchlan's employment agareement the value of this benefit is $92,120 The total cost and the associated tax gross-up is $141,662 which is included in taxable compensation DISCRETIONARY SPENDING ACCOUNTS ARE TREATED AS TAXABLE COMPENSATION THE ORGANIZATION PROVIDES A PERQUISITE ALLOWANCE FOR ELIGIBLE NORTON HEALTHCARE EXECUTIVES, EFFECTIVE OCTOBER 1, 2007 NORTON HEALTHCARE PROVIDES BENEFITS TO ITS IDENTIFIED EXECUTIVE STAFF TO PROVIDE A TOTAL COMPENSATION PACKAGE THAT IS COMPETITIVE WITH THE MARKET AND WHICH CONFORMS TO THE PHILOSOPHY AND GUIDELINES SET OUT BY THE BOARD OF TRUSTEES, THROUGH THE EXECUTIVE COMPENSATION PHILOSOPHY AND PROGRAMS THROUGH THE PERQUISITE ALLOWANCE POLICY, EXECUTIVES ARE FREE TO CHOOSE WHATEVER BENEFITS THEY FIND MOST USEFUL OR IMPORTANT TO THEM AND NORTON HEALTHCARE DOES NOT REIMBURSE FOR THE COST OF THOSE BENEFITS, AS THEY ARE PART OF THE PERQUISITE ALLOWANCE THE INTERESTED PERSONS LISTED BELOW RECEIVED THE BENEFIT OF A DISCRETIONARY SPENDING ACCOUNT IN 2009 STEPHEN A WILLIAMS $57,229 RUSSELL F COX 59,434 MICHAEL W GOUGH 52,208 ROBERT B AZAR 10,000 GREGG DAVIS 10,000 (related, NHI) JON COOPER 6,539 (related, NHI) THOMAS KMETZ 17,500 JOHN HARRYMAN 17,500 KEVIN WARDELL 17,500 DOUGLAS EIGHMEY 2,692 Steven MacLauchlan 9,087 DOUGLAS WINKELHAKE 17,500 Robert Shaw 20,000
	Part I, Line 4a	THE FOLLOWING INTERESTED PERSONS PARTICIPATED IN OR RECEIVED PAYMENT FROM SUPPLEMENTAL NONQUALIFIED RETIREMENT PLANS AS DESCRIBED IN IRC SECTION 457(F) THE INTERESTED PERSONS BELOW MAY HAVE PARTICIPATED IN ONE OR MORE OF THE FOLLOWING PLANS THE EXECU-FLEX BENEFIT PLAN, THE EXECU-PLUS BENEFIT PLAN, DEFINED BENEFIT AND DEFINED CONTRIBUTION RESTORATION PLANS, AND THE PHYSICIAN DEFERRED PLAN THE "PAY CREDIT" COLUMN REPRESENTS A REASONABLE ESTIMATE OF THE ANNUAL INCREASE IN ACTUARIAL VALUE OF THE PLANS, AND THEREFORE, REPRESENTS THE ORGANIZATION'S CONTRIBUTION TO THE VALUE OF THE BENEFITS THE "PAYMENTS RECEIVED" COLUMN REPRESENTS CASH PAYMENTS THAT THE EMPLOYEE RECEIVED DURING 2009 AND CAN BE COMPRISED OF PRIOR YEARS EMPLOYEE AND EMPLOYER CONTRIBUTIONS PARTICIPANTS NAME PAY CREDIT PAYMENTS RECEIVED STEPHEN A WILLIAMS $224,333 $0 RUSSELL F COX 132 296 0 MICHAEL W GOUGH 109,058 0 ROBERT B AZAR 59,344 0 GREGG DAVIS 25,484 17,274 (related, NHI) Jon Cooper 20,864 0 (related, NHI) THOMAS KMETZ 78,873 54,767 JOHN HARRYMAN 79,085 31,884 KEVIN WARDELL 75,482 39,104 Steven MacLauchlan 30,625 0 Robert Shaw 49,637 0 DOUGLAS WINKELHAKE 69,898 23,339 Steven Pursell 21,644 0 Don Stevens 29,789 0 JOHN HAMM 25,589 398,685 Erle Austin 12,810 0 Peter Buecker 12,426 0
Supplemental Information	Part III	The interested persons listed below are officers for Norton Healthcare, Inc and affiliates, which includes Norton Healthcare, Inc (NHI), Norton Hospitals, Inc (Hospitals), Community Medical Associates, Inc (CMA), Norton Properties, Inc (Properties), Norton Healthcare Foundation, Inc (NHF), and The Children's Hospital Foundation, Inc (CHF) Estimated below are the average hours per week devoted to each organization during 2009 NHI Hospitals CMA Properties NHF CHF Total Stephen A Williams 30 10 6 2 1 1 50 Russell F Cox 30 10 6 2 1 1 50 Michael W Gough 30 10 6 2 1 1 50 Robert B Azar 30 10 6 2 1 1 50

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 61-0703799
Name: Norton Hospitals Inc

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
stephen a williams	(I)	0	0	0	0	0	0	0
	(II)	882,004	496,254	712,178	248,833	23,178	2,362,447	0
russell f cox	(I)	0	0	0	0	0	0	0
	(II)	517,664	222,453	247,909	146,996	26,314	1,161,336	0
michael w gough	(I)	0	0	0	0	0	0	0
	(II)	422,429	182,906	221,802	123,758	24,399	975,294	0
robert b azar	(I)	0	0	0	0	0	0	0
	(II)	127,440	126,400	233,808	71,594	9,285	568,527	0
thomas kmetz	(I)	383,460	116,736	68,975	96,023	24,035	689,229	32,903
	(II)	0	0	0	0	0	0	0
john harryman	(I)	377,608	125,400	69,061	96,235	23,717	692,021	31,884
	(II)	0	0	0	0	0	0	0
kevin wardell	(I)	382,342	113,088	79,043	90,182	15,599	680,254	39,104
	(II)	0	0	0	0	0	0	0
douglas winkelhake	(I)	315,603	215,200	58,338	87,048	22,337	698,526	23,339
	(II)	0	0	0	0	0	0	0
gregg davis	(I)	37,308	0	0	0	0	37,308	0
	(II)	130,476	63,000	48,639	40,184	20,310	302,609	14,733
Steven Maclauchlan	(I)	192,848	0	151,662	36,739	11,145	392,394	0
	(II)	0	0	0	0	0	0	0
Robert Shaw	(I)	321,869	37,911	143,906	56,987	15,507	576,180	0
	(II)	0	0	0	0	0	0	0
Jon Cooper	(I)	58,445	39,629	33,051	0	885	132,010	0
	(II)	131,731	0	10,125	35,564	18,603	196,023	0
don stevens	(I)	398,709	321,875	19,209	49,389	22,019	811,201	0
	(II)	0	0	0	0	0	0	0
erle austin	(I)	672,006	0	2,772	20,160	4,358	699,296	0
	(II)	0	0	0	0	0	0	0
john hamm	(I)	345,257	321,875	829	45,189	19,957	733,107	0
	(II)	0	0	0	0	0	0	0
Peter Buecker	(I)	318,105	321,875	16,798	24,676	18,138	699,592	0
	(II)	0	0	0	0	0	0	0
steven pursell	(I)	333,988	321,875	19,596	38,794	12,046	726,299	0
	(II)	0	0	0	0	0	0	0
douglas eighmey	(I)	43,518	119,472	4,020	0	2,331	169,341	0
	(II)	0	0	0	0	0	0	0

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493315000120

Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

▶ **Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V lines 38a or 40b.**

▶ **Attach to Form 990 or Form 990-EZ.** ▶**See separate instructions.**

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
Norton Hospitals Inc

Employer identification number
61-0703799

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

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

1	(a) Name of disqualified person	(b) Description of transaction	(c) Corrected? Yes	No

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

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

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

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

Part III Grants or Assistance Benefitting Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of grant or type of assistance

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues? Yes	No
					No
ANNE ROBINSON	FAMILY MEMBER OF DONALD H ROBINSON, TRUSTEE (CHAIRMAN)	68,419	COMPENSATION		No
GALT HOUSE	MARY MOSELEY TRUSTEE, OFFICER OF THE PARENT COMPANY OF THE GALT HOUSE	109,244	SERVICES		No
PEDIATRIC ANESTHESIA ASSOCIATES P	DR MARY BOUVETTE PARTNER IN PAA IS RELATED TO MARIA L BOUVETTE, TRUSTEE	1,677,320	PROFESSIONAL SERVICES		No

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493315000120

SCHEDULE O (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.
▶ Attach to Form 990.

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
Norton Hospitals Inc

Employer identification number
61-0703799

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 2		STEPHEN A WILLIAMS, PRESIDENT AND CEO OF NORTON HEALTHCARE, INC IS ALSO AN OFFICER FOR NORTON HEALTHCARE, INC , NORTON HOSPITALS, INC , COMMUNITY MEDICAL ASSOCIATES, INC , AND NORTON PROPERTIES, INC MARIA L BOUVETTE, PRESIDENT AND CEO OF PORTER BANCORP, INC IS A TRUSTEE FOR NORTON HEALTHCARE, INC , NORTON HOSPITALS, INC , COMMUNITY MEDICAL ASSOCIATES, INC , AND NORTON PROPERTIES, INC MR WILLIAMS IS A BOARD MEMBER OF PORTER BANCORP, INC
Form 990, Part VI, Section A, line 6		NORTON HEALTHCARE, INC EIN 61-1028725 IS THE SOLE MEMBER OF NORTON HOSPITALS INC
Form 990, Part VI, Section B, line 11		All Form 990s were reviewed in advance of filing with the Norton Healthcare, Inc (Norton) Finance Committee on October 28, 2010 and the full Norton Board of Trustees on November 4, 2010 Norton is the parent of Norton Hospitals, Inc Also, electronic copies of all Form 990s were made available to all members of the Finance Committee and Board of Trustees
Form 990, Part VI, Section B, line 12c		THE ORGANIZATION REGULARLY AND CONSISTENTLY MONITERS AND ENFORCES COMPLIANCE WITH THE CONFLICT OF INTEREST POLICY BY ANNUALLY DISTRIBUTING A QUESTIONNAIRE THAT REQUIRES OFFICERS, TRUSTEES, AND KEY EMPLOYEES TO DISCLOSE INTERESTS THAT MAY GIVE RISE TO CONFLICTS IF A CONFLICT ARISES, THE POLICY PROVIDES PROCEDURES FOR ADDRESSING CONFLICTS TO ENSURE DECISIONS ARE MADE IN THE BEST INTEREST OF THE ORGANIZATION
Form 990, Part VI, Section B, line 15		The organization takes all necessary steps to ensure that all officers, directors and key employees are compensated within appropriate levels for the services provided to the organization The organization provides a total compensation package that is competitive with the market and which conforms to the philosophy and guidelines set out by the board of trustees Norton Healthcare Inc (NHI) engages an outside independent compensation consultant, Integrated Healthcare Strategies (IHS), to prepare compensation analysis utilizing data from similar-sized health systems and hospital organizations In addition, the organization participates in third party surveys which provide aggregate, comparative compensation data for officers and key employees in similar-type positions IHS consultants met in 2008 with the Committee of Board Leadership (now Executive Committee) of the Board of Trustees (Board) concerning Executive Compensation and Benefits program for NHI executives and total compensation for the CEO The consultants reviewed sources of comparability data and market movement comparisons NHI's variable compensation program was reviewed along with benchmark comparisons Based on the recommendations of IHS, Employment Contracts for the CEO, COO and CFO were subsequently completed and approved by the Board The Executive Committee also reviewed and approved all key employee compensation based on the third-party report furnished and discussed with committee members, and subsequently approved by the Board
Form 990, Part VI, Section C, line 19		FINANCIAL STATEMENTS, GOVERNING DOCUMENTS, AND CONFLICTS OF INTEREST POLICIES ARE NOT REQUIRED DISCLOSURES PURSUANT TO INTERNAL REVENUE CODE (IRC) SECTION 6104 THESE DOCUMENTS ARE NOT AVAILABLE TO THE PUBLIC AT THIS TIME
FORM 990, PART XI, LINE 2C		THE ORGANIZATION DID NOT CHANGE EITHER ITS OVERSIGHT PROCESS OR SELECTION PROCESS DURING THE TAX YEAR
FORM 990, PART I, LINE 5 AND PART V, LINES 1 AND 2		NORTON HEALTHCARE, INC EIN 61-1028725 IS THE COMMON PAYING AGENT FOR NORTON HOSPITALS, INC THEREFORE, ALL APPLICABLE IRS TAX COMPLIANCE FILINGS ARE REPORTED BY NORTON HEALTHCARE, INC ON BEHALF OF NORTON HOSPITALS, INC NORTON HOSPITALS, INC HAS APPROXIMATELY 9,059 EMPLOYEES

Identifier	Return Reference	Explanation
FORM 990, PART V, LINE 1 AND PART VII, SECTION B, LINES 1 and 2		NORTON HEALTHCARE, INC EIN 61-1028725 IS THE COMMON PAYING AGENT FOR NORTON HOSPITALS, INC and THEREFORE, ALL INDEPENDENT CONTRACTORS ARE PAID BY NORTON HEALTHCARE, INC ON BEHALF OF NORTON HOSPITALS, INC For purposes of Part V, Line 1, the number of 1099s reported and filed for 2009 by Norton Healthcare, Inc for Norton Hospitals, Inc was approximately 341 Norton Hospitals, Inc has approximately 142 independent contractors exceeding $100,000 for 2009

FORM 990, PART VII, SECTION A, LINE 1A, COLUMN E Norton Healthcare, Inc (NHI) and Affiliates (Norton Hospitals, Inc , Community Medical Associates, Inc , Norton Properties, Inc , and The Children's Hospital Foundation) encourages and facilitates board member attendance at educational programs and conferences on subjects relevant to NHI NHI's travel policy for board of trustees provides that for each trustee that attends at least one out of town educational conference, a lump sum stipend will be paid to cover unreimbursed travel expense and other miscellaneous expenses associated with conference preparation, attendance or follow up In compliance with IRS regulations, NHI provides a Form 1099 to any trustee that receives a stipend These amounts have been reported in Part VII of the Form 990 as reportable compensation to the trustee receiving stipends in 2009 FORM 990, PART IX, LINE 20 BONDS HAVE BEEN ISSUED BY THE OBLIGATED GROUP (NORTON HEALTHCARE, INC AND NORTON HOSPITALS, INC) THESE BONDS HAVE BEEN SECURED BY A MORTGAGE LIEN ON THE PRINCIPAL HOSPITAL FACILITIES OF NORTON HOSPITALS, INC AND A SECURITY INTEREST IN CERTAIN PLEDGED COLLATERAL, INCLUDING THE OPERATING REVENUES OF THE OBLIGATED GROUP PRINCIPLE AND INTEREST PAYMENTS RELATED TO THE BONDS ARE PAYABLE SOLELY BY THE OBLIGATED GROUP NORTON HEALTHCARE, INC HAS AGREED TO CERTAIN COVENANTS, WHICH LIMITS ADDITIONAL INDEBTEDNESS AND GUARANTEES AND REQUIRES NORTON HEALTHCARE, INC TO MAINTAIN SPECIFIC FINANCIAL RATIOS THE BONDS HAVE BEEN RECORDED ON THE BOOKS OF NORTON HEALTHCARE, INC AND INTEREST RELATED TO THESE BONDS ALLOCATED TO NORTON HOSPITALS, INC FORM 990, SCHEDULE R, PART V, LINE 2 Norton Hospitals, Inc (Hospitals) transfers all of its operating receipts to Norton Healthcare, Inc (NHI) through an intercompany transfer and are reported with transaction type q NHI processes all payroll, accounts payable transactions, and purchase orders on behalf of Hospitals These related expenses are reimbursed through an intercompany transfer and are reported with transaction type r

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493315000120

SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
Norton Hospitals Inc

Employer identification number
61-0703799

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

(a) Name, address, and EIN 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
NORTON HEALTHCARE INC 224 E BROADWAY - 5TH FLOOR LOUISVILLE, KY 40202 61-1028725	PROVIDE ADMINISTRATIVE AND SUPPORT SERVICES	KY	501(C)(3)	11 TYPE II	N/A
COMMUNITY MEDICAL ASSOCIATES INC 224 E BROADWAY - 5TH FLOOR LOUISVILLE, KY 40202 61-1276316	OPERATES A NETWORK OF PHYSICIAN PRACTICES	KY	501(C)(3)	9	N/A
NORTON PROPERTIES INC 224 E BROADWAY - 5TH FLOOR LOUISVILLE, KY 40202 61-1028724	MAINTAIN OFFICE AND PARKING FACILITIES	KY	501(C)(3)	11 TYPE I	N/A
THE CHILDREN'S HOSPITAL FOUNDATION 224 E BROADWAY - 5TH FLOOR LOUISVILLE, KY 40202 61-6027530	generate funds to support programs and services	KY	501(C)(3)	7	N/A
norton healthcare foundation inc 224 E BROADWAY - 5TH FLOOR LOUISVILLE, KY 40202 31-0914919	Generate funds to support programs and services	KY	501(C)(3)	7	N/A

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? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) 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

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

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

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

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved
(1)	NORTON HEALTHCARE INC	Q	1,111,865,414
(2)	NORTON HEALTHCARE INC	R	1,175,164,643
(3)			
(4)			
(5)			
(6)			

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Are all partners section 501(c)(3) organizations? Yes	(d) No	(e) Share of end-of-year assets	(f) Disproprtionate allocations? Yes	(f) No	(g) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(h) General or managing partner? Yes	(h) No

Additional Data

Software ID:
Software Version:
EIN: 61-0703799
Name: Norton Hospitals Inc

Form 990, Part VII - Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(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			
donald H robinson trustee (chairman)	1 00	X						0	0	0
joseph a paradis III trustee (vice chairman)	1 00	X						0	0	0
cheryl balkenhol trustee	1 00	X						0	1,500	0
maria L bouvette trustee	1 00	X						0	0	0
t kevin flanery trustee	1 00	X						0	0	0
carolyn j gatz trustee	1 00	X						0	1,500	0
robert goodin md trustee	1 00	X						0	1,500	0
craig grant trustee	1 00	X						0	0	0
r k guillaume trustee	1 00	X						0	1,500	0
kevin hable trustee	1 00	X						0	0	0
maria gerwing hampton trustee	1 00	X						0	0	0
ronald lehocky md trustee	1 00	X						0	1,500	0
gregory e mayes trustee	1 00	X						0	1,500	0
mary moseley trustee	1 00	X						0	0	0
mitch nichols trustee	1 00	X						0	0	0
Gail Lyttle trustee	1 00	X						0	0	0
g hunt rounsavall trustee	1 00	X						0	1,500	0
rev william j schultz trustee	1 00	X						0	1,500	0
richard s wolf md trustee	1 00	X						0	1,500	0
stephen a williams president/trustee	10 00	X		X				0	2,090,436	272,011
Wendell P Wright Trustee	1 00	X						0	1,500	0
russell f cox vice president	10 00			X				0	988,026	173,310
michael w gough treasurer	10 00			X				0	827,137	148,157
robert b azar secretary	10 00			X				0	487,648	80,879
thomas kmetz hospital president	50 00				X			569,171	0	120,058

Form 990, Part VII - Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(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			
john harryman hospital president	50 00				X			572,069	0	119,952
kevin wardell hospital president	50 00				X			574,473	0	105,781
douglas winkelhake hospital president	50 00				X			589,141	0	109,385
gregg davis V P Ortho, Neuro, Spin	4 00				X			37,308	242,115	60,494
Steven Maclauchlan Hospital president	50 00				X			344,510	0	47,884
Robert Shaw Hospital president	50 00				X			503,686	0	72,494
Jon Cooper V P Surgical Services	16 00				X			131,125	141,856	55,052
don stevens physician	50 00					X		739,793	0	71,408
erle austin physician	50 00					X		674,778	0	24,518
john hamm physician	50 00					X		667,961	0	65,146
Peter Buecker physician	50 00					X		656,778	0	42,814
steven pursell physician	50 00					X		675,459	0	50,840
douglas eighmey former hosp president	50 00						X	167,010	0	2,331

Form 990, Part IX - Statement of Functional Expenses - 24a - 24e Other Expenses

Do not include amounts reported on line 6b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
ALLOCATED SUpport	138,554,560	111,093,046	27,461,514	
BAD debt	57,255,302	57,255,302		
PROVIDER TAX	20,129,732	20,129,732		
REPAIRS & MAINTENANCE	8,195,007	8,195,007		
EQUIP RENTAL & MAINT	4,992,147	4,992,147		

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493315000120

Form **4562**

Department of the Treasury
Internal Revenue Service

Depreciation and Amortization
(Including Information on Listed Property)

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

OMB No 1545-0172

2009

Attachment Sequence No **67**

Name(s) shown on return	Business or activity to which this form relates	**Identifying number**
Norton Hospitals Inc	Form 990 Page 10	61-0703799

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

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

1 Maximum amount See the instructions for a higher limit for certain businesses	**1**	250,000
2 Total cost of section 179 property placed in service (see instructions)	**2**	
3 Threshold cost of section 179 property before reduction in limitation (see instructions)	**3**	800,000
4 Reduction in limitation Subtract line 3 from line 2 If zero or less, enter -0-	**4**	
5 Dollar limitation for tax year Subtract line 4 from line 1 If zero or less, enter -0- If married filing separately, see instructions	**5**	

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

7 Listed property Enter the amount from line 29	**7**		
8 Total elected cost of section 179 property Add amounts in column (c), lines 6 and 7		**8**	
9 Tentative deduction Enter the **smaller** of line 5 or line 8		**9**	
10 Carryover of disallowed deduction from line 13 of your 2008 Form 4562		**10**	
11 Business income limitation Enter the smaller of business income (not less than zero) or line 5 (see instructions)		**11**	
12 Section 179 expense deduction Add lines 9 and 10, but do not enter more than line 11		**12**	
13 Carryover of disallowed deduction to 2010 Add lines 9 and 10, less line 12 ▶	**13**		

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

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

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

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

Section A

17 MACRS deductions for assets placed in service in tax years beginning before 2009	**17**	
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ ☐		

Section B—Assets Placed in Service During 2008 Tax Year Using the General Depreciation System

(a) Classification of property	**(b)** Month and year placed in service	**(c)** Basis for depreciation (business/investment use only—see instructions)	**(d)** Recovery period	**(e)** Convention	**(f)** Method	**(g)** Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27 5 yrs	MM	S/L	
			27 5 yrs	MM	S/L	
i Nonresidential real property			39 yrs	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2009 Tax Year Using the Alternative Depreciation System

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

Part IV **Summary** (see instructions)

21 Listed property Enter amount from line 28	**21**	
22 **Total.** Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21 Enter here and on the appropriate lines of your return Partnerships and S corporations—see instructions	**22**	42,125,619
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	**23**	

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

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

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

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

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

Section B—Information on Use of Vehicles

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

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

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

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

	Yes	**No**
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions)		
Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles		

Part VI **Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2009 tax year (see instructions)					
43 Amortization of costs that began before your 2009 tax year				**43**	
44 Total. Add amounts in column (f) See the instructions for where to report				**44**	