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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

2010

Open to Public Inspection

A For the 2010 calendar year, or tax year beginning 08-01-2010 and ending 07-31-2011

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

C Name of organization
PHOEBE PUTNEY MEMORIAL HOSPITAL INC

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
P O DRAWER 1828

City or town, state or country, and ZIP + 4
ALBANY, GA 31702

D Employer identification number
58-1928247

E Telephone number
(229) 312-1000

G Gross receipts $ 506,092,620

F Name and address of principal officer
JOEL WERNICK CEO
PO DRAWER 1828
ALBANY, GA 31702

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) ☐ 501(c) ( ) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ WWW PHOEBEPUTNEY COM

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1990 | **M** State of legal domicile GA

Part I Summary

1 Briefly describe the organization's mission or most significant activities
TO DELIVER SUPERIOR HEALTH CARE SERVICES THAT IMPROVES THE HEALTH AND WELLNESS OF THE PEOPLE AND COMMUNITIES WE SERVE

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**	13
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	12
5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	**5**	3,422
6	Total number of volunteers (estimate if necessary)	**6**	535
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	

		Prior Year	Current Year
Revenue			
8	Contributions and grants (Part VIII, line 1h)	4,373,605	3,293,693
9	Program service revenue (Part VIII, line 2g)	478,713,288	492,364,346
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	32,779	1,220,918
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	7,126,463	8,489,887
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	490,246,135	505,368,844
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	535,447	302,529
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)	182,095,370	190,449,940
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)	284,146,815	306,394,774
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	466,777,632	497,147,243
19	Revenue less expenses Subtract line 18 from line 12	23,468,503	8,221,601

		Beginning of Current Year	End of Year
Net Assets or Fund Balances			
20	Total assets (Part X, line 16)	589,441,192	637,885,656
21	Total liabilities (Part X, line 26)	390,163,625	420,704,620
22	Net assets or fund balances Subtract line 21 from line 20	199,277,567	217,181,036

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

****** | 2012-03-14
Signature of officer | Date

KERRY LOUDERMILK CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name: LINTON A HARRIS	Preparer's signature: LINTON A HARRIS	Date: 2012-03-14	Check if self-employed ▶ ☑	PTIN
Firm's name ▶ DRAFFIN & TUCKER LLP				Firm's EIN ▶
Firm's address ▶ PO BOX 6 ALBANY, GA 317020006				Phone no ▶ (229) 883-7878

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

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III . . . . . ☐

1 Briefly describe the organization's mission

TO DELIVER SUPERIOR HEALTH CARE SERVICES THAT IMPROVES THE HEALTH AND WELLNESS OF THE PEOPLE AND COMMUNITIES WE SERVE

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 $ 369,837,298 including grants of $ 302,529) (Revenue $ 495,729,901)

PHOEBE PUTNEY MEMORIAL HOSPITAL IS A 461-BED ACUTE CARE HOSPITAL, WITH PATIENT DAYS OF 101,247 IN THE CURRENT YEAR INTENSIVE CARE, NEONATAL INTENSIVE CARE, NURSERY, REHAB, AND PSYCHIATRY SERVICES ARE INCLUDED IN THE SERVICES PROVIDED THE HOSPITAL ALSO OPERATES A HOME HEALTH AGENCY AND A 18 BED HOSPICE OTHER 18,736 INPATIENT ADMISSIONS, 13,440 SURGERIES, 2,814 BIRTHS, 56,494 EMERGENCY VISITS, AND 559,203 CLINIC VISITS SEE ATTACHMENT FOR FORM 990, PART III, WHICH INCLUDES DETAILED DISCUSSIONS ON ALL CHARITABLE AND COMMUNITY ACTIVITIES OF THE HOSPITAL

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** ▶ $ 369,837,298

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instruction)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts 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	Yes	
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a	Yes	
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, and program service activities outside the United States? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)	20b	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**	Yes	
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 lines 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**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**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, 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)?	**35**		No
a	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2* ☐ **Yes** ☑ **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

Check if Schedule O contains a response to any question in this Part V . . . . . ☐

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	**1a**	289		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	**1b**	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	**1c**		Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	**2a**	3,422		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	**2b**		Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)				
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?	**3a**			No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*	**3b**			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	**4a**			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	**5a**			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	**5b**			No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	**5c**			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?	**6a**			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	**6b**			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	**7a**			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	**7b**			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	**7c**			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	**7e**			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	**7f**			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	**7g**			No
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	**7h**			No
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**			No
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	**9a**			No
b	Did the organization make a distribution to a donor, donor advisor, or related person?	**9b**			No
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	**10a**			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	**11a**			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	**11b**			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	**12a**			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	**13a**			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	**13b**			
c	Enter the amount of reserves on hand	**13c**			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	**14a**			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	**14b**			

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

Check if Schedule O contains a response to any question in this Part VI . . . . . ☑

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a 13		
b	Enter the number of voting members included in line 1a, above, who are independent	1b 12		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . .	3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	5		No
6	Does the organization have members or stockholders?	6		No
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		
11a	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?	11a	Yes	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990			
12a	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 15a or 15b, describe the process in Schedule O (See instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	Yes	
b	If "Yes," 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	Yes	

Section C. Disclosure

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

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 ▶

KERRY LOUDERMILK CFO
PO DRAWER 1828
ALBANY, GA 31702
(229) 312-4068

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

Check if Schedule O contains a response to any question in this Part VII . . . . . .☐

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

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

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation, 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, if any See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(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			
(1) JOEL WERNICK BD MMBER/CEO	20 00	X		X				0	771,206	393,710
(2) SALLY WHATLEY PHD BOARD MEMBER	1 00	X						0	0	0
(3) JOHN CULBREATH CHAIRMAN	1 00	X		X				0	0	0
(4) BERNARD P SCOGGINS MD BOARD MEMBER	1 00	X						0	0	0
(5) MARY HELEN DYKES VICE CHAIRMA	1 00	X		X				0	0	0
(6) HASAN RIZVI MD BOARD MEMBER	1 00	X						0	0	0
(7) STEVEN WOLINSKI DO BOARD MEMBER	1 00	X						0	0	0
(8) KIMBERLY FIELDS BOARD MEMBER	1 00	X						0	0	0
(9) STEVEN BELK BOARD MEMBER	1 00	X						0	0	0
(10) MARK LANE BOARD MEMBER	1 00	X						0	0	0
(11) TIM DILL BOARD MEMBER	1 00	X						0	0	0
(12) CLAY BANKS BOARD MEMBER	1 00	X						0	0	0
(13) KAREN ILER BOARD MEMBER	1 00	X						0	0	0
(14) JOE AUSTIN COO	20 00			X				0	507,686	106,088
(15) KERRY LOUDERMILK CFO	20 00			X				0	446,453	101,362
(16) DOUG PATTEN SR VP CMO	50 00				X			0	405,816	87,805

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(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			
(17) THOMAS CHAMBLESS SR VP GEN CO	20 00				X			0	404,373	33,715
(18) LAURA COOK SR VP CNO	50 00				X			293,395	0	21,936
(19) JOHN FISCHER SR VP FACILI	50 00				X			270,383	0	31,983
(20) THOMAS SULLIVAN SVP STRATEGY	50 00				X			210,873	0	19,179
(21) DAVID BARANSKI SR VP HR	50 00				X			0	208,355	4,640
(22) DOUG CALHOUN CHIEF MIO	50 00					X		323,779	0	15,911
(23) BRITT BOONE CHIEF CRNA	50 00					X		248,342	0	19,384
(24) WILLIAM BUNTIN CRNA	50 00					X		231,893	0	19,273
(25) JOEY POWELL CRNA	50 00					X		221,247	0	21,087
(26) ROBERT NELSON CRNA	50 00					X		216,366	0	11,765
1b **Sub-Total**										
c **Total from continuation sheets to Part VII, Section A**										
d **Total (add lines 1b and 1c)**								2,016,278	2,743,889	887,838

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 ▶ 104

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
PELLICANO COMPANY INC PO BOX 4009 ALBANY, GA 31706	CONSTRUCTION	5,174,549
SOUTHWESTERN EMERGENCY PHYSICIANS PO BOX 111 ALBANY, GA 31702	CONTRACT LABOR	2,914,658
CROTHALL SERVICES GROUP 955 CHESTERBROOK BLVD SUITE 300 WAYNE, PA 19087	CONTRACT LABOR	2,736,304
ARAMARK CTSPREMIER INC 12483 COLLECTIONS DRIVE CHICAGO, IL 60693	CONTRACT LABOR	2,215,646
PINSTRIPE INC 200 S EXECUTIVE DRIVE SUITE 400 BROOKFIELD, WI 53005	HR MANAGEMENT	1,837,194

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 ▶ 76

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				
	e Government grants (contributions)	1e	3,186,341			
	f All other contributions, gifts, grants, and similar amounts not included above	1f	107,352			
	g Noncash contributions included in lines 1a-1f $					
	h **Total.** Add lines 1a-1f . . . . . ▶		3,293,693			
Program Service Revenue		Business Code				
	2a PATIENT SERVICE REVENUE	623000	492,364,346	492,364,346		
	b					
	c					
	d					
	e					
	f All other program service revenue					
	g **Total.** Add lines 2a–2f . . . . . ▶		492,364,346			
	3 Investment income (including dividends, interest and other similar amounts) . . . . . ▶		1,194,555			1,194,555
	4 Income from investment of tax-exempt bond proceeds . . ▶					
	5 Royalties . . . . . ▶					
		(i) Real	(ii) Personal			
	6a Gross Rents	703,306				
	b Less rental expenses					
	c Rental income or (loss)	703,306				
	d Net rental income or (loss) . . . . . ▶		703,306			703,306
		(i) Securities	(ii) Other			
	7a Gross amount from sales of assets other than inventory		143,800			
	b Less cost or other basis and sales expenses		117,437			
	c Gain or (loss)		26,363			
	d Net gain or (loss) . . . . . ▶		26,363			26,363
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	571,653				
	b Less cost of goods sold . . b	606,339				
	c Net income or (loss) from sales of inventory . . ▶		-34,686			-34,686
	Miscellaneous Revenue	Business Code				
	11a CAFETERIA SALES	624200	2,304,843			2,304,843
	b PURCHASE DISCOUNTS	621990	1,614,855	1,614,855		
	c EMPLOYEE REVENUE	621990	1,468,347			1,468,347
	d All other revenue		2,433,222	1,750,700		682,522
	e **Total.** Add lines 11a–11d . . . . . ▶		7,821,267			
	12 **Total revenue.** See Instructions . . . ▶		505,368,844	495,729,901		6,345,250

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	302,529	302,529		
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	1,060,745		1,060,745	
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	137,325,480	124,763,697	12,561,783	
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	17,389,590	15,677,785	1,711,805	
9 Other employee benefits	24,574,087	22,154,150	2,419,937	
10 Payroll taxes	10,100,038	9,097,798	1,002,240	
a Fees for services (non-employees) Management	39,842,793	3,746,150	36,096,643	
b Legal	118,064	86,409	31,655	
c Accounting	300,888		300,888	
d Lobbying	485,422		485,422	
e Professional fundraising services *See Part IV, line 17*				
f Investment management fees				
g Other	45,318,490	30,709,910	14,608,580	
12 Advertising and promotion	1,660,611	801,243	859,368	
13 Office expenses	89,567,709	87,706,388	1,861,321	
14 Information technology	4,967,328	497,149	4,470,179	
15 Royalties				
16 Occupancy	6,648,108	4,039,283	2,608,825	
17 Travel	1,730,137	1,465,734	264,403	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	5,570,389		5,570,389	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	25,466,359	15,501,373	9,964,986	
23 Insurance	6,116,752	536,359	5,580,393	
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a BAD DEBTS	40,416,741	40,416,741		
b MISCELLANEOUS	28,645,873	5,804,146	22,841,727	
c REPAIRS & MAINTENANCE	8,780,338	6,206,489	2,573,849	
d DUES & SUBSCRIPTIONS	658,161	223,404	434,757	
e RECRUITMENT	95,128	95,078	50	
f All other expenses	5,483	5,483		
25 **Total functional expenses.** Add lines 1 through 24f	497,147,243	369,837,298	127,309,945	0
26 **Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) 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		9,227	1	9,249
	2	Savings and temporary cash investments		231,587,483	2	235,740,348
	3	Pledges and grants receivable, net		13,732	3	201,475
	4	Accounts receivable, net		60,829,703	4	79,048,785
	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)), persons described in section 4958(c)(3)(B), and contributing employers, and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Schedule L			6	
	7	Notes and loans receivable, net		1,363,990	7	19,530
	8	Inventories for sale or use		6,999,986	8	7,157,596
	9	Prepaid expenses and deferred charges		2,457,320	9	3,612,224
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 570,212,842			
	b	Less accumulated depreciation	10b 305,215,249	258,066,982	10c	264,997,593
	11	Investments—publicly traded securities			11	15,530,218
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets		11,428,131	14	11,631,748
	15	Other assets See Part IV, line 11		16,684,638	15	19,936,890
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		589,441,192	16	637,885,656
Liabilities	17	Accounts payable and accrued expenses		49,774,219	17	53,037,820
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		222,270,000	20	218,380,000
	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		1,955,033	23	796,473
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities Complete Part X of Schedule D		116,164,373	25	148,490,327
	26	**Total liabilities.** Add lines 17 through 25		390,163,625	26	420,704,620
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		193,792,424	27	210,984,780
	28	Temporarily restricted net assets		4,428,748	28	4,769,727
	29	Permanently restricted net assets		1,056,395	29	1,426,529
		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		199,277,567	33	217,181,036
	34	Total liabilities and net assets/fund balances		589,441,192	34	637,885,656

Part XI Reconcilliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI . . . . . ☐

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	505,368,844
2	Total expenses (must equal Part IX, column (A), line 25)	2	497,147,243
3	Revenue less expenses Subtract line 2 from line 1	3	8,221,601
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	199,277,567
5	Other changes in net assets or fund balances (explain in Schedule O)	5	9,681,868
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	217,181,036

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII . . . . . ☐

			Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☑ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? . .	2a		No
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 separate basis, consolidated 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	Yes	
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	Yes	

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
PHOEBE PUTNEY MEMORIAL HOSPITAL INC

Employer identification number
58-1928247

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

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

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

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

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

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

_____

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

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

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

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

9 ☐ An organization that normally receives (1) more than 331/3% 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 331/3% 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 Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(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) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support** (Add lines 7 through 10)						

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

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

Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2010 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 2009 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2010.** 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—2009.** 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—2010.** 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—2009.** If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(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) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(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 section501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

15	Public Support Percentage for 2010 (line 8 column (f) divided by line 13 column (f))	15
16	Public support percentage from 2009 Schedule A, Part III, line 15	16

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2010** (line 10c column (f) divided by line 13 column (f))	17
18	Investment income percentage from **2009** Schedule A, Part III, line 17	18

19a **33 1/3% support tests—2010.** 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—2009.** 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 explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ Complete if the organization is described below.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

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

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

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

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

If the organization answered "Yes," to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, Part V, line 35a (Proxy Tax), then

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

Name of the organization	Employer identification number
PHOEBE PUTNEY MEMORIAL HOSPITAL INC	58-1928247

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

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV

2 Political expenditures ▶ $

3 Volunteer hours

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

1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ $

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ $

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☑ No

4a Was a correction made? ☐ Yes ☑ No

b If "Yes," describe in Part IV

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

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ $

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt funtion activities ▶ $

3 Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b ▶ $

4 Did the filing organization file **Form 1120-POL** for this year? ☐ Yes ☑ No

5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV

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

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

A Check ☐ if the filing organization belongs to an affiliated group

B Check ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing Organization's Totals	(b) Affiliated Group Totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)		
c Total lobbying expenditures (add lines 1a and 1b)		
d Other exempt purpose expenditures		
e Total exempt purpose expenditures (add lines 1c and 1d)		
f Lobbying nontaxable amount Enter the amount from the following table in both columns		
g Grassroots nontaxable amount (enter 25% of line 1f)		
h Subtract line 1g from line 1a If zero or less, enter -0-		
i Subtract line 1f from line 1c If zero or less, enter -0-		

If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:
Not over $500,000	20% of the amount on line 1e
Over $500,000 but not over $1,000,000	$100,000 plus 15% of the excess over $500,000
Over $1,000,000 but not over $1,500,000	$175,000 plus 10% of the excess over $1,000,000
Over $1,500,000 but not over $17,000,000	$225,000 plus 5% of the excess over $1,500,000
Over $17,000,000	$1,000,000

j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? ☐ Yes ☑ No

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

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		485,422
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV		No	
j	Total lines 1c through 1i			485,422
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?		No	

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

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

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

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

Part IV Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, and Part II-B, line 1i
Also, complete this part for any additional information

Identifier	Return Reference	Explanation
ADDITIONAL INFORMATION	SCHEDULE C, PART IV	SCHEDULE C, PART II-B, LINE 1G LOBBYING ACTIVITIES WERE RELATED TO LEGISLATION IMPACTING HEALTHCARE PROGRAMS TO SERVE THE RESIDENTS OF SOUTHWEST GEORGIA LOBBYING ACTIVITIES PERFORMED INCLUDE THE USE OF MANAGEMENT MEMBERS AND PAID STAFF MEMBERS TO COMMUNICATE WITH PUBLIC OFFICIALS ON ISSUES THAT IMPACT THE ORGANIZATION'S ABILITY TO CONTINUE TO PROVIDE HEALTH SERVICES TO THE COMMUNITIES SERVED MANAGEMENT MAY ORGANIZE AND/OR HOST MEETINGS AMONG HOSPITAL EXECUTIVES AND THEIR LEGISLATORS ON ISSUES THAT IMPACT THE ORGANIZATION'S ABILITY TO CONTINUE PROVIDING HEALTHCARE SERVICES TO ITS PATIENTS AND ON WAYS TO CONTINUE TO IMPROVE THE HEALTH OF THE COMMUNITIES WE SERVE THE ORGANIZATION RETAINED PROFESSIONAL CONSULTANTS WITH EXPERTISE IN ACCESS TO HEALTHCARE SERVICES TO MONITOR AND EXPRESS SUPPORT FOR OR OPPOSITION TO LEGISLATION DIRECTLY IMPACTING THE ORGANIZATION'S ABILITY TO INCREASE ACCESS TO HEALTHCARE SERVICES TO THE CITIZENS OF SOUTHWEST GEORGIA, INCLUDING THOSE WITHOUT THE ABILITY TO PAY THE ORGANIZATION ALSO TRAINS MEDICAL AND PHARMACY STUDENTS AND FAMILY PRACTICE RESIDENTS AS PART OF ITS EFFORTS TO EXPAND HEALTHCARE SERVICES IN HPSAS AND MUSAS AND ENGAGE IN LOBBYING EFFORTS TO PROTECT AND EXPAND THOSE EFFORTS

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
PHOEBE PUTNEY MEMORIAL HOSPITAL INC

Employer identification number
58-1928247

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	364,670	355,694			
b Contributions					
c Investment earnings or losses	1,255	8,976			
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance	365,925	364,670			

2 Provide the estimated percentage of the year end balance held as

- a Board designated or quasi-endowment ▶ 100 000 %
- 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)		No
(ii) related organizations	3a(ii)		No
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		No

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		7,449,539		7,449,539
b Buildings		278,675,952	105,654,415	173,021,537
c Leasehold improvements		2,374,291	1,327,609	1,046,682
d Equipment		242,028,391	198,233,225	43,795,166
e Other		39,684,669		39,684,669
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				264,997,593

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
(1) Financial derivatives		
(2) 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
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
ACCRUED PENSION COST	83,065,990
RELATED PARTY PAYABLES	60,794,379
INTEREST RATE SWAPS	4,606,557
ESTIMATED 3RD PARTY PAYOR SETTLEMENT	23,401
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	148,490,327

2. Fin 48 (ASC 740) 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 (ASC740)

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	505,368,844
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	497,147,243
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	8,221,601
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	3,462,411
9	Total adjustments (net) Add lines 4 - 8	9	3,462,411
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	11,684,012

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	509,362,996
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	4,068,750		
e	Add lines **2a** through **2d**			2e	4,068,750
3	Subtract line **2e** from line **1**			3	505,294,246
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	74,598		
c	Add lines **4a** and **4b**			4c	74,598
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	505,368,844

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

1	Total expenses and losses per audited financial statements			1	497,678,984
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	606,339		
e	Add lines **2a** through **2d**			2e	606,339
3	Subtract line **2e** from line **1**			3	497,072,645
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	74,598		
c	Add lines **4a** and **4b**			4c	74,598
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	497,147,243

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
LIABILITY UNDER FIN 48 FOOTNOTE	SCHEDULE D, PAGE 3, PART X	THE CORPORATION IS A NOT-FOR-PROFIT CORPORATION THAT HAS BEEN RECOGNIZED AS TAX-EXEMPT PURSUANT TO SECTION 501(C)3 OF THE INTERNAL REVENUE CODE THE CORPORATION APPLIES ACCOUNTING POLICIES THAT PRESCRIBE WHEN TO RECOGNIZE AND HOW TO MEASURE THE FINANCIAL STATEMENT EFFECTS OF INCOME TAX POSITIONS TAKEN OR EXPECTED TO BE TAKEN ON ITS INCOME TAX RETURNS THESE RULES REQUIRE MANAGEMENT TO EVALUATE THE LIKELIHOOD THAT, UPON EXAMINATION BY THE RELEVANT TAXING JURISDICTIONS, THOSE INCOME TAX POSITIONS WOULD BE SUSTAINED BASED ON THAT EVALUATION, THE CORPORATION ONLY RECOGNIZES THE MAXIMUM BENEFIT OF EACH INCOME TAX POSITION THAT IS MORE THAN 50% LIKELY OF BEING SUSTAINED TO THE EXTENT THAT ALL OR A PORTION OF THE BENEFITS OF AN INCOME TAX POSITION ARE NOT RECOGNIZED, A LIABILITY WOULD BE RECOGNIZED FOR THE UNRECOGNIZED BENEFITS, ALONG WITH ANY INTEREST AND PENALTIES THAT WOULD RESULT FROM DISALLOWANCE OF THE POSITION SHOULD ANY SUCH PENALTIES AND INTEREST BE INCURRED, THEY WOULD BE RECOGNIZED AS OPERATING EXPENSES BASED ON THE RESULTS OF MANAGEMENT'S EVALUATION, NO LIABILITY IS RECOGNIZED IN THE ACCOMPANYING BALANCE SHEET FOR UNRECOGNIZED INCOME TAX POSITIONS FURTHER, NO INTEREST OR PENALTIES HAVE BEEN ACCRUED OR CHARGED TO EXPENSE AS OF JULY 31, 2011 AND 2010 OR FOR THE YEARS THEN ENDED THE CORPORATION'S OPEN AUDIT PERIODS ARE FOR TAX YEARS 2008-2010
RECONCILIATION OF CHANGES - OTHER	SCHEDULE D, PAGE 4, PART XI, LINE 8	GIFT SHOP COGS 606,339 UNREALIZE GAIN/LOSS ON INVESTMENTS 3,462,411 HEALTHWORKS OTHER REVENUE -74,598 GIFT SHOP COGS -606,339 HEALTHWORKS REVENUE 74,598
REVENUE AMOUNTS INCLUDED IN FINANCIALS - OTHER	SCHEDULE D, PAGE 4, PART XII, LINE 2D	GIFT SHOP COGS 606,339 UNREALIZE GAIN/LOSS ON INVESTMENTS 3,462,411
REVENUE AMOUNTS INCLUDED ON RETURN - OTHER	SCHEDULE D, PAGE 4, PART XII, LINE 4B	HEALTHWORKS OTHER REVENUE 74,598
EXPENSE AMOUNTS INCLUDED IN FINANCIALS - OTHER	SCHEDULE D, PAGE 4, PART XIII, LINE 2D	GIFT SHOP COGS 606,339
EXPENSE AMOUNTS INCLUDED ON RETURN - OTHER	SCHEDULE D, PAGE 4, PART XIII, LINE 4B	HEALTHWORKS REVENUE 74,598

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
PHOEBE PUTNEY MEMORIAL HOSPITAL INC

Employer identification number
58-1928247

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization has multiple hospitals, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year			
	☐ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
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 FPG family income limit for eligibility for free care	3a	Yes	
	☐ 100% ☐ 150% ☐ 200% ☑ Other **1.25000 %**			
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	3b	Yes	
	☑ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☐ Other ____ %			
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	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		
6a	Does the organization prepare a community benefit report during the tax year?	6a	Yes	
6b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheets 1 and 2)			25,021,899	3,518,945	21,502,954	4 710 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			75,319,009	55,068,971	20,250,038	4 430 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			100,340,908	58,587,916	41,752,992	9 140 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)		104,948	3,365,591	475,677	2,889,914	0 630 %
f Health professions education (from Worksheet 5)		1,171	594,566		594,566	0 130 %
g Subsidized health services (from Worksheet 6)		6,733	46,019,343	37,994,988	8,024,355	1 760 %
h Research (from Worksheet 7)		184	550,549	257,067	293,482	0 060 %
i Cash and in-kind contributions to community groups (from Worksheet 8)			1,012,158		1,012,158	0 220 %
j **Total** Other Benefits		113,036	51,542,207	38,727,732	12,814,475	2 800 %
k **Total.** Add lines 7d and 7j		113,036	151,883,115	97,315,648	54,567,467	11 940 %

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

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing						
2	Economic development			90,000		90,000	0 020 %
3	Community support						
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building						
7	Community health improvement advocacy						
8	Workforce development						
9	Other						
10	**Total**			90,000		90,000	0 020 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1	Yes		
2	Enter the amount of the organization's bad debt expense (at cost)	2	14,365,267		
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's financial assistance policy	3	574,611		
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 a portion of bad debt amounts as community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	120,600,000
6	Enter Medicare allowable costs of care relating to payments on line 5	6	168,793,059
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-48,193,059
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		
b	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					

Part V Facility Information

Section A. Hospital Facilities

(list in order of size, measured by total revenue per facility, from largest to smallest)

How many hospital facilities did the organization operate during the tax year? 1

	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)
1	PHOEBE PUTNEY MEMORIAL HOSPITAL PO DRAWER 1828 ALBANY, GA 31702	X	X		X			X		

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

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size, measured by total revenue per facility, from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? **2**

	Name and address	Type of Facility (Describe)
1	PHOEBE HOME CARE 417 THIRD AVENUE ALBANY, GA 31701	HOME HEALTH AGENCY
2	PHOEBE HOME CARE 417 THIRD AVENUE ALBANY, GA 31701	HOME HEALTH AGENCY
3		
4		
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the description required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21

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

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

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

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

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

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

Identifier	ReturnReference	Explanation
SUBSIDIZED HEALTH SERVICES EXPLANATION	PART I LINE 7G	THE NET COST ASSOCIATED WITH PHYSICIAN CLINIC SERVICES REPORTED ON SCHEDULE H PART 7G IS 8024355

Identifier	ReturnReference	Explanation
EXCLUSIONS FROM PERCENT OF TOTAL EXPENSE	PART I LINE 7 COLUMN F	BAD DEBT EXPENSE WAS EXCLUDED FROM TOTAL EXPENSES IN THE CALCULATION OF THE COST TO CHARGE RATIO USED TO DETERMINE THE COST OF FINANCIAL ASSISTANCE AND MEANSTESTED GOVERNMENTAL SERVICES BAD DEBT EXPENSE WAS ALSO EXCLUDED FROM TOTAL EXPENSES FOR PURPOSES OF CALCULATING NET COMMUNITY BENEFIT EXPENSE AS A PERCENTAGE OF TOTAL EXPENSE

Identifier	ReturnReference	Explanation
COSTING METHODOLOGY EXPLANATION	PART I LINE 7	THE COST OF CHARITY CARE WAS CALCULATED USING THE COSTTOCHARGE RATIO AS CALCULATED USING WORKSHEET 2 FROM THE IRS FORM 990 INSTRUCTIONS THE COST OF MEDICAID SERVICES WAS CALCULATED USING THE COSTTOCHARGE RATIO AS CALCULATED USING WORKSHEET 2 FROM THE IRS FORM 990 INSTRUCTIONS THE COST OF OTHER BENEFITS WAS THE DIRECT COST OF THE SERVICES

Identifier	ReturnReference	Explanation
COMMUNITY BUILDING ACTIVITIES	PART II	THE ORGANIZATION AND ALL ITS VOLUNTEER BOARDS ARE COMPOSED OF COMMUNITY MEMBERS WITH DIVERSE PROFESSIONAL AND COMMUNITY SERVICE BACKGROUNDS AS WELL AS PHYSICIAN MEMBERS IN ALL FACILITIES EMERGENCY CENTERS ARE OPERATED 247 AND OPEN TO ALL PERSONS REGARDLESS OF ABILITY TO PAY THE BOARDS MAINTAIN OPEN MEDICAL STAFF POLICIES WITH PRIVILEGES AVAILABLE TO ALL QUALIFYING PHYSICIANS THE BOARD HAS CLEARLY WRITTEN INDIGENT AND CHARITY CARE POLICIES THAT ARE AVAILABLE ON THE ORGANIZATION WEB SITE AND THROUGH THE BUSINESS OFFICE SIGNS ARE PROMINENTLY POSTED ON THE AVAILABILITY OF FREE AND CHARITY CARE

Identifier	ReturnReference	Explanation
BAD DEBT EXPENSE EXPLANATION	PART III LINE 4	AMOUNTS ON PART III LINES 2 AND 3 WERE CALCULATED USING THE RCC AS DEFINED IN WORKSHEET 2 THE AMOUNT OF BAD DEBT EXPENSE ATTRIBUTABLE TO PATIENTS ELIGIBLE FOR UNDER THE ORGANIZATIONS CHARITY CARE POLICY IS BASED ON THE HISTORICAL EXPERIENCE OF THE RESPONSE RATES WITH INCOMPLETE DATA TEXT OF AUDITED FINANCIAL STATEMENTS FOOTNOTE REGARDING UNCOLLECTIBLE ACCOUNTS THE CORPORATION PROVIDES AN ALLOWANCE FOR DOUBTFUL ACCOUNTS BASED ON THE EVALUATION OF THE OVERALL COLLECTABILITY OF THE ACCOUNTS RECEIVABLE AS ACCOUNTS ARE KNOWN TO BE UNCOLLECTIBLE THE ACCOUNT IS CHARGED AGAINST THE ALLOWANCE

Identifier	ReturnReference	Explanation
MEDICARE EXPLANATION	PART III LINE 8	THE MEDICARE SHORTFALL WAS CALCULATED USING THE COSTTOCHARGE RATIO FROM WORKSHEET 2 OF THE IRS FORM 990 INSTRUCTIONS THE MEDICARE SHORTFALL OF 48193059 IS TREATED AS COMMUNITY BENEFIT

Identifier	ReturnReference	Explanation
COLLECTION PRACTICES EXPLANATION	PART III LINE 9B	THE ORGANIZATION WRITES OFF PATIENT ACCOUNTS RECEIVABLE BALANCES FOR PATIENTS QUALIFYING FOR CHARITY CARE OR FINANCIAL ASSISTANCE AND DOES NOT MAKE FURTHER COLLECTION EFFORTS

Identifier	ReturnReference	Explanation
NEEDS ASSESSMENT	PART VI	NEEDS ASSESSMENTS HAVE TRADITIONALLY LED TO THE CREATION OF COMMUNITYBASED DELIVERY SYSTEMS THAT EXPAND ACCESS TO HEALTH CARE MEET THE NEEDS OF THE PEOPLE AND BUILD HEALTHY COMMUNITIES IN THE BROADEST SENSE BY IMPACTING MAJOR DETERMINANTS SUCH AS ECONOMIC DEVELOPMENT EMPLOYMENT CHILDRENS SAFETY EDUCATION AND ADEQUATE HOUSING THE ORGANIZATION CONDUCTS REGULAR NEEDS ASSESSMENT THROUGH FORMAL AND INFORMAL SURVEYS AND PROCESSES INCLUDING COLLABORATIONS WITH PUBLIC AND COMMUNITY AGENCIES THROUGH STRATEGIC PLANNING AND COMMUNITY INTERVIEWS THE ORGANIZATION DEVELOPS PROGRAMS AND SERVICES THAT CONSIDER THE ECONOMIC IMPERATIVES OF THE REGION THE EFFECT OF LEGISLATION AND THE INVOLVEMENT OF OTHER COMMUNITYBASED ORGANIZATIONS AND PARTNERS THE ORGANIZATION REGULARLY CONDUCTS FOCUS GROUPS IN THE COMMUNITY TO UNDERSTAND ISSUES AFFECTING ITS PATIENTS AND HAS CREATED PROGRAMS IN RESPONSE TO HEALTH DISPARITIES PREVALENT IN THE AREA THE ORGANIZATION ALSO CONTRIBUTES FINANCIALLY AND WITH PERSONNEL TO THE SOUTHWEST GEORGIA CANCER COALITION AND THE EMORY RESEARCH PREVENTION PROJECT WHICH CONDUCTS HEALTH ASSESSMENT STUDIES AND IMPLEMENTS PROGRAMS TO ELIMINATE DISPARITIES IN ACCESS TO CARE AND THE DIAGNOSIS AND TREATMENT OF DISEASE THE ORGANIZATION WHICH FUNDS NURSES IN ALL PUBLIC SCHOOLS IN DOUGHERTY COUNTY ALSO COLLECTS HEALTH NEEDS INFORMATION FROM NURSES WHO PROVIDE DIRECT CARE TO STUDENTS AND STAFF AND WHO COLLABORATE WITH OTHER AGENCIES TO DEVELOP HEALTH AWARENESS AND DISEASE PREVENTION PROGRAMS THE ORGANIZATION ALSO CONDUCTS REGULAR PHYSICIAN WORKFORCE STUDIES THROUGH ITS STRATEGIC PLANNING ARM TO DETERMINE UNMET PHYSICIAN NEEDS AND BARRIERS TO ACCESSING CARE THE ORGANIZATION MEASURES THE SUCCESS OF ITS COMMITMENT BY HOW WELL IT KEEPS PEOPLE HEALTHY AND HOW WELL IT IMPACTS THE SOCIALCULTURAL BONDS THAT WILL SECURE THE COMMUNITIES OF THE FUTURE

Identifier	ReturnReference	Explanation
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	PART VI	THE BOARD HAS CLEARLY WRITTEN INDIGENT AND CHARITY CARE POLICIES THAT ARE AVAILABLE ON THE ORGANIZATION WEB SITE AND THROUGH THE BUSINESS OFFICE SIGNS ARE PROMINENTLY POSTED ON THE AVAILABILITY OF FREE AND CHARITY CARE PATIENT EDUCATION ON THE ORGANIZATIONS INDIGENT AND CHARITY CARE PROGRAMS ARE CONDUCTED DURING PREREGISTRATION THROUGH FLOOR VISITS BY BUSINESS OFFICE REPRESENTATIVES FOR PATIENTS THAT STRESS CONCERN IN MEETING THE FINANCIAL OBLIGATIONS FOR THEIR SERVICES THROUGH OUR CUSTOMER SERVICE DEPARTMENT AND THE PHOEBE CARES DEPARTMENT BROCHURES ARE PROMINENTLY DISPLAYED AT EACH REGISTRATION BOOTH THE BUSINESS OFFICE CONTINUOUSLY PROVIDES UPDATED MATERIAL TO PHYSICIAN OFFICES FOR ISSUANCE TO THEIR PATIENTS THAT HIGHLIGHT OUR FINANCIAL ASSISTANCE PROGRAM AND POLICIES OUR PATIENT STATEMENTS HIGHLIGHT THE ORGANIZATIONS CHARITY PROGRAM AND ENCOURAGE PATIENTS TO CALL FOR FINANCIAL ASSISTANCE

Identifier	ReturnReference	Explanation
COMMUNITY INFORMATION	PART VI	THE ORGANIZATION SERVES A PREDOMINATELY RURAL AREA IN SOUTHWEST GEORGIA IN ITS BROADEST BOUNDARIES STRETCHING FROM ALBANY TO COLUMBUS SOUTH ALONG THE ALABAMA BORDER AND EAST ALONG THE FLORIDA BORDER TO VALDOSTA THE PRIMARY SERVICE AREA IS FIVE CONTIGUOUS COUNTIES AND 15 COUNTIES IN THE SECONDARY AREA ALBANY IS THE ECONOMIC AND MEDICAL HUB FOR THE REGION AND THE ORGANIZATION DRAWS FROM A POPULATION OF 300000 TO 400000 RESIDENTS FOR MAJOR HEALTH CARE SERVICE LINES SUCH AS HEART AND CANCER

Identifier	ReturnReference	Explanation
HEALTH OF COMMUNITY IN RELATION TO EXEMPT PURPOSE	PART VI	THE ORGANIZATION HAS A MULTIPRONGED APPROACH TO IMPROVING THE HEALTH OF THE COMMUNITIES IT SERVES INCREASING ACCESS BUILDING CAPACITY INVESTING IN UPSTREAM PROGRAMS THAT GET AT THE CAUSE OF DISEASE AND ILLNESS BUILDING COMMUNITY PARTNERSHIPS ADVOCATING CHANGE AND DEVELOPING LEADERSHIP SURPLUS FUNDS ARE REINVESTED IN RESOURCES TO IMPROVE THE DELIVERY OF MEDICAL AND HEALTH CARE SERVICES PRIMARY CARE IS FIRST AND CREATES A PROFOUND IMPACT ON THE COMMUNITIES SERVED PRIMARY CARE SERVICES ARE ESTABLISHED IN AREAS WHERE RESIDENTS ARE MOST LIKELY TO SUFFER FROM SEVERE MANPOWER SHORTAGES HIGH POVERTY LEVELS AND A LACK OF ACCESS TO CARE THE ORGANIZATION ALSO EASES THE BURDEN ON TAXPAYERS WITH SPECIFIC PROGRAMMING THAT INCLUDES EXERCISE SEMINARS AND LIFESTYLE PROGRAMS FOR FIREFIGHTERS AND EMTS WHO MUST MEET HEALTH BIOMETRIC REQUIREMENTS WITHIN THE NEXT YEAR THESE PROGRAMS AND SERVICES SUCCESSFULLY REDUCE INAPPROPRIATE USE OF EMERGENCY CENTER SERVICES AND PROVIDE RESIDENTS WITH PRIMARY CARE AT THE LOCAL LEVEL WHERE IT IS MOST EFFECTIVE AND LEAST COSTLY THE ORGANIZATION FURTHER PROVIDES ALL INMATE CARE FREE TO DOUGHERTY COUNTY

Identifier	ReturnReference	Explanation
LIST OF STATES WHERE COMMUNITY BENEFIT REPORT IS FILED	PART VI	GEORGIA

Identifier	ReturnReference	Explanation
ADDITIONAL INFORMATION	PART VI	SERVICE TO THE COMMUNITY AS DISCUSSED HEREIN PHOEBE PUTNEY MEMORIAL HOSPITAL OPERATES AS A CHARITABLE ORGANIZATION CONSISTENT WITH THE REQUIREMENTS OF INTERNAL REVENUE CODE SECTION 501C3 AND THE COMMUNITY BENEFIT STANDARD OF IRS REVENUE RULING 69545 IN THIS REGARD THE G OVERNING BODY OF THE CORPORATION IS COMPOSED OF PROMINENT CITIZENS IN THE COMMUNITY MEDICA L STAFF PRIVILEGES IN THE HOSPITAL ARE AVAILABLE TO ALL QUALIFIED PHYSICIANS IN THE AREA C ONSISTENT WITH THE SIZE AND NATURE OF THE FACILITIES THE HOSPITAL OPERATES A FULLTIME EMER GENCY ROOM OPEN TO ALL REGARDLESS OF THE ABILITY TO PAY FOR THESE SERVICES PHYSICIANS WHO ARE MEMBERS OF THE HOSPITAL MEDICAL STAFF ADMIT AS PATIENTS THOSE UNABLE TO PAY FOR CARE A ND THOSE ABLE TO PAY FOR CARE EITHER THEMSELVES OR THROUGH THIRDPARTY PAYORS SUCH AS PRIVA TE HEALTH INSURANCE OR GOVERNMENT PROGRAMS SUCH AS MEDICARE AND MEDICAID CONSISTENT WITH I TS CHARITABLE MISSION THE CORPORATION TAKES SERIOUSLY ITS RESPONSIBILITY AS THE COMMUNITYS SAFETY NET HOSPITAL AND HAS A STRONG RECORD OF MEETING AND EXCEEDING THE CHARITABLE CARE AND THE ORGANIZATIONAL AND OPERATIONAL STANDARDS REQUIRED FOR FEDERAL TAXEXEMPT STATUS THE CORPORATION DEMONSTRATES A CONTINUED AND EXPANDING COMMITMENT TO MEETING ITS MISSION AND SERVING THE CITIZENS BY PROVIDING COMMUNITY BENEFITS A COMMUNITY BENEFIT IS A PLANNED MANA GED ORGANIZED AND MEASURED APPROACH TO MEETING IDENTIFIED COMMUNITY HEALTH NEEDS REQUIRING A PARTNERSHIP BETWEEN THE HEALTHCARE ORGANIZATION AND THE COMMUNITY TO BENEFIT RESIDENTS THROUGH PROGRAMS AND SERVICES THAT IMPROVE HEALTH STATUS AND QUALITY OF LIFE PHOEBE PUTNEY MEMORIAL HOSPITAL IS A NOTFORPROFIT HEALTH CARE ORGANIZATION THAT EXISTS TO SERVE THE COM MUNITY THE HOSPITAL OPENED IN 1911 TO SERVE THE COMMUNITY BY CARING FOR THE SICK REGARDLES S OF ABILITY TO PAY AS A NOTFORPROFIT HOSPITAL THE HOSPITAL HAS NO STOCKHOLDERS OR OWNERS ALL REVENUE AFTER EXPENSES IS REINVESTED IN OUR MISSION TO CARE FOR THE CITIZENS OF OUR CO MMUNITY INTO CLINICAL CARE HEALTH PROGRAMS STATEOFTHEART TECHNOLOGY AND FACILITIES RESEARC H AND TEACHING AND TRAINING OF MEDICAL PROFESSIONALS NOW AND FOR THE FUTURE THE CORPORATIO N IMPROVES THE HEALTH AND WELLBEING OF SOUTHWEST GEORGIA THROUGH CLINICAL SERVICES EDUCATI ON RESEARCH AND PARTNERSHIPS THAT BUILD HEALTH CAPACITY IN THE COMMUNITY THE CORPORATION P ROVIDES COMMUNITY BENEFITS FOR EVERY CITIZEN IN ITS SERVICE AREA AS WELL AS FOR THE MEDICA LLY UNDERSERVED THE CORPORATION CONDUCTS COMMUNITY NEEDS ASSESSMENTS AND PAYS CLOSE ATTENT ION TO THE NEEDS OF LOW INCOME AND OTHER VULNERABLE PERSONS AND THE COMMUNITY AT LARGE THE CORPORATION OFTEN WORKS WITH COMMUNITY GROUPS TO IDENTIFY NEEDS STRENGTHEN EXISTING COMMU NITY PROGRAMS AND PLAN NEWLY NEEDED SERVICES IT PROVIDES A WIDERANGING ARRAY OF COMMUNITY BENEFIT SERVICES DESIGNED TO IMPROVE COMMUNITY HEALTH AND THE HEALTH OF INDIVIDUALS AND TO INCREASE ACCESS TO HEALTH CARE IN ADDITION TO PROVIDING FREE AND DISCOUNTED SERVICES TO P EOPLE WHO ARE UNINSURED AND UNDERINSURED THE CORPORATIONS EXCELLENCE IN COMMUNITY BENEFIT PROGRAMS WAS RECOGNIZED BY THE PRESTIGIOUS FOSTER MCGAW PRIZE AWARDED TO THE HOSPITAL IN 2 003 FOR ITS BROADBASED OUTREACH IN BUILDING COLLABORATIVES THAT MAKE MEASURABLE IMPROVEMEN TS IN HEALTH STATUS EXPAND ACCESS TO CARE AND BUILD COMMUNITY CAPACITY SO THAT PATIENTS RE CEIVE CARE CLOSEST TO THEIR OWN NEIGHBORHOODS DRAWING ON A DYNAMIC AND FLEXIBLE STRUCTURE THE COMMUNITY BENEFIT PROGRAMS ARE DESIGNED TO RESPOND TO ASSESSED NEEDS AND ARE FOCUSED O N UPSTREAM PREVENTION AS SOUTHWEST GEORGIAS LEADING PROVIDER OF COSTEFFECTIVE PATIENTCENTE RED HEALTH CARE PHOEBE PUTNEY MEMORIAL HOSPITAL IS ALSO THE REGIONS LARGEST EMPLOYER WITH MORE THAN 3422 MEMBERS OF THE PHOEBE FAMILY CARING FOR PATIENTS IN CARRYING OUT ITS MISSIO N OF BEING THE LEADING PROVIDER OF QUALITY COST EFFECTIVE PATIENTCENTER HEALTH SERVICES TO ALL RESIDENTS OF SOUTHWEST GEORGIA THE BOARD OF DIRECTORS HAS ESTABLISHED A POLICY UNDER WHICH THE HOSPITAL PROVIDES CARE TO NEEDY MEMBERS OF ITS COMMUNITIES REGARDLESS OF THEIR A BILITY TO PAY FOR THESE SERVICES UNDER THESE PROGRAMS THE CORPORATION PROVIDES CARE TO PAT IENTS AT PAYMENT RATES THAT ARE DETERMINED BY THE FEDERAL AND STATE GOVERNMENTS REGARDLESS OF ACTUAL COST IN SOME CASES THESE PROGRAMS PAY THE CORPORATION AT AMOUNTS THAT ARE LESS THAN ITS COST OF PROVIDING SERVICES THE FOLLOWING TABLE SUMMARIZES THE AMOUNTS OF CHARGES FOREGONE IE CONTRACTUAL ADJUSTMENTS AND ESTIMATES THE LOSSES INCURRED BY THE CORPORATION D UE TO INADEQUATE PAYMENTS BY THESE PROGRAMS AND FOR INDIGENTCHARITY THIS TABLE DOES NOT IN CLUDE DISCOUNTS OFFERED BY THE CORPORATION UNDER MANAGED CARE AND OTHER AGREEMENTS CHARGES UNREIMBURSED FOREGONE COST MEDICARE 354300000 48200000 MEDICAID 145300000 20300000 INDIGE NTCHARITY 69400000 21500000 569000000 90000000 THE FOLLOWING IS A SUMMARY OF THE COMMUNITY BENEFIT ACTIVITIES AND HEALTH IMPROVEMENT SERVICES OFFERED BY THE HOSPITAL AND ILLUSTRATE S THE ACTIVITIES AND DONATIONS DURING FISCAL YEAR

Identifier	ReturnReference	Explanation
ADDITIONAL INFORMATION	PART VI	2011 ICOMMUNITY HEALTH IMPROVEMENT SERVICES ACOMMUNITY HEALTH EDUCATION PHOEBE PUTNEY MEMO RIAL HOSPITAL PROVIDES HEALTH EDUCATION SERVICES THAT REACHED 37090 INDIVIDUALS IN 2011 AT A COST OF 850000 THESE SERVICES INCLUDED THE FOLLOWING FREE CLASSES AND SEMINARS PREPARED CHILDBIRTH CLASSES REFRESHER CHILDBIRTH CLASSES PREGNANCY CLASSES BREASTFEEDING CLASSES L ACTATION CONSULTING BABY CARE BASICS CLASSES INFANT MASSAGE CLASSES TOURS OF POST PARTUM A ND LABOR AND DELIVERY SPECIAL TOTS CLASSES MATERNITY COORDINATOR VISITS BIG BROTHERBIG SIS TER CLASSES SAFE SITTER CLASSES GOLDEN KEY HEALTH SEMINARS THE CORPORATION IS INVOLVED IN MANY ACTIVITIES AIMED AT EDUCATING THE COMMUNITY ABOUT HEALTHRELATED TOPICS EXAMPLES OF TH ESE ACTIVITIES ARE A COMPREHENSIVE HEALTH INFORMATION MAGAZINEFORMAT NEWSLETTER AT A COST OF 25000 A MONTHLY HEALTH INFORMATION NEWSLETTER DISTRIBUTED TO 20000 SENIOR CITIZENS AT A COST OF 55000 AND FREQUENT ONGOING HEALTH SEMINARS HELD AT PHOEBE NORTHWEST FREE OF CHARG E AND ATTRACTING AUDIENCES RANGING FROM 30 TO 150 PERSONS THE CORPORATION ALSO PRODUCES PU BLIC SERVICE TELEVISION CAMPAIGNS CALLED DO IT FOR LIFE FREQUENTLY FEATURING CELEBRITY PER SONALITIES THESE CAMPAIGNS URGE VIEWERS TO ADOPT HEALTHY LIFESTYLE CHANGES AND TO PARTICIP ATE IN SCREENINGS FOR CANCER HEART DISEASE DIABETES AND OTHER DISEASES VIDEOS ON HEART AND STROKE PREVENTION AND ACTION AS WELL AS VIDEOS ON CANCER TREATMENT CARE ARE AVAILABLE TO THE GENERAL PUBLIC AND TO PATIENTS MANY STAFF MEMBERS OF THE CORPORATION ALSO LEND THEIR T IME TO SCHOOLS AND CIVIC ORGANIZATIONS TO SPEAK ON HEALTH ISSUES MEN AND WOMENS HEALTH CON FERENCES THE CORPORATION HOLDS MENS AND WOMENS ANNUAL HEALTH CONFERENCES THAT PROVIDE HEAL TH SCREENINGS FOR PSA CHOLESTEROL HIVAID BLOOD PRESSURE HEARING AND VISION HEALTH INFORMAT ION SPEAKERS AND FELLOWSHIP TO MORE THAN 1900 ATTENDEES THE HEALTH CONFERENCE PROGRAMS PRO VIDE OUTREACH HEALTH SCREENINGS EDUCATIONAL PROGRAMS AND HEALTH CONFERENCES AND EVENTS THE SE PROGRAMS TARGET MEN AND WOMEN AT RISK OF POOR HEALTH STATUS THE PROGRAMS TARGET MEN AND WOMEN WITHOUT A PRIMARY CARE PHYSICIAN AND WHO ARE UNINSURED AND MEN AND WOMEN WITHOUT KN OWLEDGE OF RECOMMENDED PREVENTIVE HEALTH CARE SERVICES THE CORPORATION ALSO RUNS PUBLIC SE RVICE TELEVISION SPOTS ON BREAST CANCER AWARENESS AND BREAST HEALTH AS WELL AS ANNOUNCEMEN TS ON PROSTRATE CANCER HEART HEALTH AND SMOKING CESSATION THE FOLLOWING ARE EXAMPLES OF ME NS HEALTH INITIATIVE PROGRAMS MEN ON THE MOVE A FAITH BASED INITIATIVE WHICH BEGAN IN 2001 TO SOLICIT CONGREGATIONAL SUPPORT OF MEN AROUND THE ISSUES AFFECTING MENS HEALTH WE BEGAN BY CONTACTING AREA PASTORS AND INFORMING THEM OF OUR INTEREST TO BRING A MENS HEALTH AND WELLNESS MESSAGE TO THEIR CHURCHES TWENTY CHURCHES OF DIFFERENT SIZES AND DENOMINATIONS PA RTICIPATE WITH NO LESS THAN 25 MEN PER CHURCH TAKING ACTIVE ROLES FOR THE INITIATIVE THESE PARTICIPANTS HAVE BECOME OUR MEMBERSHIP BASE OF MENS HEALTH ADVOCATES THAT WE CALL MEN ON THE MOVE THESE ARE THE MEN WHO VOLUNTEER THEIR TIME IN ASSISTING IN OUTREACH AND PROGRAM LOGISTICS MEN AT WORK THIS EVENT HAS TAKEN PLACE FOR THE LAST SEVEN YEARS SERVING THE CITY OF ALBANY DOUGHERTY COUNTY AND THE WATER GAS AND LIGHT MALE EMPLOYEES THIS IS A PROGRAM T HAT PHOEBE PUTNEY MEMORIAL HOSPITAL DOES IN PARTNERSHIP WITH THE AMERICAN CANCER SOCIETY D R AJAYISOUTHWEST GA UROLOGY CLINIC THE CITYCOUNTY AND SUBWAY WHO SUPPLIES FOOD FOR FREE TH IS EVENT IS HELD IN OUR DOWNTOWN GOVERNMENT CENTER AND THE MEN ARE ALLOWED A LIBERAL LEAVE SO THAT THEY CAN GET THEIR PSA SCREENINGS VISIT OUR VARIOUS EDUCATIONAL BOOTHS AND HAVE L UNCH WITH THE DOCTOR AT EACH EVENT OVER 270 MEN ARE SERVED SEMINARSSCREENINGS THESE PROGRA MS ARE HELD TWICE A MONTH AT CHURCHES AND OTHER COMMUNITY LOCATIONS INCLUDING THE PHOEBE F ITNESS CENTER THESE EDUCATIONAL AWARENESS EVENTS COVER TOPICS SUCH AS ERECTILE DYSFUNCTION HEART HEALTH NUTRITION AND FITNESS THEY MAY ALSO INCLUDE PHYSICIANLED WORKSHOPS FREE SCRE ENINGS WHICH INCLUDE PSA CHOLESTEROL HIV

Identifier	ReturnReference	Explanation
PHOEBE PUTNEY MEMORIAL HOSPITAL LINE NUMBER 1 PART V LINE 11H	PART V LINE 11H	NUMBER OF INDIVIDUALS IN A HOUSEHOLD

Identifier	ReturnReference	Explanation
PHOEBE PUTNEY MEMORIAL HOSPITAL LINE NUMBER 1 PART V LINE 13G	PART V LINE 13G	CASE MANAGEMENT REFERS PATIENTS TO PHOEBE CARES REPRESENTATIVES FOR OTHER HEALTHCARE SERVICES OTHER THAN THE INPATIENT STAY

Identifier	ReturnReference	Explanation
PHOEBE PUTNEY MEMORIAL HOSPITAL LINE NUMBER 1 PART V LINE 17E	PART V LINE 17E	PHOEBE WORKS WITH AN OUTSOURCED AGENCY TO QUALIFY PATIENTS FOR MEDICAID AND COMMUNICATE WITH PATIENTS WHO PREVIOUSLY QUALIFIED BUT DID NOT REQUEST FINANCIAL ASSISTANCE FOR CURRENT HOSPITAL SERVICES

Identifier	ReturnReference	Explanation
PHOEBE PUTNEY MEMORIAL HOSPITAL LINE NUMBER 1 PART V LINE 19D	PART V LINE 19D	PHOEBE DETERMINES THE PATIENTS ABILITY TO PAY BASED ON FINANCIAL ASSISTANCE POLICY AND PROVIDE FREE OR DISCOUNTED CARE AS INDICATED PROMPT PAY POLICIES ARE ALSO APPLIED

Identifier	ReturnReference	Explanation
PHOEBE PUTNEY MEMORIAL HOSPITAL LINE NUMBER 1 PART V LINE 21	PART V LINE 21	ALL PATIENTS ARE CHARGED GROSS CHARGES AND THEN FINANCIAL ASSISTANCE AND PROMPT PAY POLICIES ARE APPLIED AS APPROPRIATE

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

Grants and Other Assistance to Organizations, Governments and Individuals in the United States

Complete if the organization answered "Yes," to Form 990, Part IV, line 21 or 22.

▶ **Attach to Form 990**

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
PHOEBE PUTNEY MEMORIAL HOSPITAL INC

Employer identification number
58-1928247

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . ☑ Yes ☐ No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II Grants and Other Assistance to Governments and Organizations in the United States.

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than $5,000. Check this box if no one recipient received more than $5,000. Part II can be duplicated if additional space is needed. . . . ▶ ☐

1 (a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance

2 Enter total number of section 501(c)(3) and government organizations . . . ▶

3 Enter total number of other organizations . . . ▶

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22. Use Schedule I-1 (Form 990) if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
(1) EDUCATIONAL LOANS	183	302,529			

Part IV **Supplemental Information.** Complete this part to provide the information required in Part I, line 2, and any other additional information.

Identifier	Return Reference	Explanation
PROCEDURES FOR MONITORING THE USE OF GRANT FUNDS INSIDE THE UNITED STATES	SCHEDULE I, PAGE 1, PART I, LINE 2	EMPLOYEE MUST BE EMPLOYED AS A REGULAR FULL TIME EMPLOYEE (64+ HOURS PER PAY PERIOD) FOR AT LEAST ONE YEAR, 12 MONTHS THEY MUST SCORE A "MEETS EXPECTATIONS" OR GREATER ON THEIR LAST EVALUATION THE EMPLOYEE MUST MAINTAIN A SEMESTER OR QUARTER GPA OF 2 5 FOR UNDERGRADUATE STUDIES AND 3 0 FOR GRADUATE STUDIES TO RECEIVE TUITION ASSISTANCE EMPLOYEE MUST SUBMIT A COPY OF GRADE TO THE BENEFITS DEPARTMENT AND MANAGER AFTER THE COMPLETION OF EACH COURSE AN EMPLOYEE RECEIVING TUITION ASSISTANCE IS REQUIRED TO WORK FOR PHOEBE ONE YEAR, FULL-TIME UPON DEGREE COMPLETION OR CESSATION FROM THE DEGREE PROGRAM

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
PHOEBE PUTNEY MEMORIAL HOSPITAL INC

Employer identification number
58-1928247

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 from the organization or a related organization?	**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 duplicate copies if additional space is needed.

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

Note. The sum of columns (B)(i)-(iii) 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				
(1) JOEL WERNICK	(i) (ii)	553,358	194,786	23,062	374,428	19,282	1,164,916	
(2) JOE AUSTIN	(i) (ii)	384,085	115,713	7,888	89,890	16,198	613,774	
(3) KERRY LOUDERMILK	(i) (ii)	337,079	99,585	9,789	85,209	16,153	547,815	
(4) DOUG PATTEN	(i) (ii)	315,481	82,397	7,938	67,692	20,113	493,621	
(5) THOMAS CHAMBLESS	(i) (ii)	356,372	43,556	4,445	33,640	75	438,088	
(6) LAURA COOK	(i) (ii)	220,106	58,732	14,557	11,342	10,594	315,331	
(7) JOHN FISCHER	(i) (ii)	204,098	54,306	11,979	16,873	15,110	302,366	
(8) THOMAS SULLIVAN	(i) (ii)	162,887	42,017	5,969	3,368	15,811	230,052	
(9) DAVID BARANSKI	(i) (ii)	161,943	45,506	906	3,173	1,467	212,995	
(10) DOUG CALHOUN	(i) (ii)	293,604	26,731	3,444	4,849	11,062	339,690	
(11) BRITT BOONE	(i) (ii)	237,118	11,000	224	4,740	14,644	267,726	
(12) WILLIAM BUNTIN	(i) (ii)	220,748	11,000	145	4,445	14,828	251,166	
(13) JOEY POWELL	(i) (ii)	209,578	11,000	669	4,354	16,733	242,334	
(14) ROBERT NELSON	(i) (ii)	204,341	11,000	1,025	4,152	7,613	228,131	
(15)								
(16)								

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
FRINGE OR EXPENSE EXPLANATION	SCHEDULE J, PAGE 1, PART I, LINE 1A	COUNTRY CLUB DUES ARE PART OF THE COMPENSATION PACKAGE WHICK IS GROSSED UP FOR STATE AND FEDERAL TAXES TO COMPENSATE THE EMPLOYEE FOR ANY ADDITIONAL TAX LIABILITY THIS BENEFIT EXPIRES IN CY2011 THOSE THAT PARTICIPATE ARE JOEL WERNICK KERRY LOUDERMILK JOE AUSTIN ROBERT LAGESSE LAURA COOK THOMAS SULLIVAN MEDICAL AND LIFE INSURANCE IS PART OF THE COMPENSATION PACKAGE WHICH IS GROSSED UP FOR STATE AND FEDERAL TAXES TO COMPENSATE THE CEO FOR ANY ADDITIONAL TAX LIABILITY JOEL WERNICK IS THE ONLY PARTICIPANT
SEVERANCE, NONQUALIFIED, AND EQUITY-BASED PAYMENTS	SCHEDULE J, PAGE 1, PART I, LINE 4	JOEL WERNICK 0 328,517 0 JOE AUSTIN 0 56,250 0 KERRY LOUDERMILK 0 54,866 0 DOUG PATTEN 0 34,639 0 LAURA COOK 0 6,587 0 JOHN FISCHER 0 12,452 0
OTHER ADDITIONAL INFORMATION	SCHEDULE J, PART III	PART I, LINE 4 - DEFERRED COMPENSATION PLAN 457(B) THE DEFERRED COMPENSATION PLAN IS AN ADDITIONAL RETIREMENT PLAN OFFERED THROUGH PHOEBE PUTNEY THE 457(B) PLAN IS A NON-QUALIFIED RETIREMENT PLAN THAT ALLOWS YOU TO DEFER ADDITIONAL DOLLARS TOWARDS RETIREMENT EMPLOYEES MAY INVEST YOUR CONTRIBUTIONS IN A VARIETY OF INVESTMENT OPTIONS A METLIFE REPRESENTATIVE IS AVAILABLE TO DISCUSS THE PROGRAM AND EACH EMPLOYEES INVESTMENT OPTIONS HIGHLIGHTS INCLUDE O NOT LIMITED BY THE AMOUNTS DEFERRED INTO THE PHOEBE 403(B) O PLAN IS SUBJECT TO ANNUAL DEFERRAL LIMITS SET BY THE IRS O PER IRS REGULATIONS, EACH PARTICIPANT IS A GENERAL UNSECURED CREDITOR OF THE PLAN SPONSOR, CREATING A RISK OF FORFEITURE SERP IS A DEFINED CONTRIBUTION, ACCOUNT-BASED PROGRAM WITH ANNUAL CONTRIBUTIONS AND PARTICIPANT-DIRECTED INVESTMENT ALLOCATIONS EMPLOYER- FUNDED SCHEDULE J, PART II, COLUMN C A SUBSTANTIAL PORTION OF THE AMOUNT REPORTED IN COLUMN C OF SCHEDULE J, PART II (RETIREMENT AND OTHER DEFERRED COMPENSATION) FOR EMPLOYEES IDENTIFIED ABOVE IS A SUPPLEMENTAL EXECUTIVE RETIREMENT PROGRAM THE PURPOSE OF THE PLAN IS TO PROVIDE A RETIREMENT BENEFIT FOR AFFECTED EXECUTIVES CONSISTENT WITH THE BENEFIT AVAILABLE TO EMPLOYEES NOT IMPACTED BY IRS LIMITS ON DEFINED BENEFIT PLANS THE AMOUNTS REPORTED AS SUPPLEMENTAL EXECUTIVE RETIREMENT COMPENSATION FOR AFFECTED EMPLOYEES REPRESENTS CREDITED, BUT NOT EARNED, RETIREMENT BENEFITS AND IS AVAILABLE IN FUTURE PERIODS TO THE EMPLOYEE SUBJECT TO CONTINUING EMPLOYMENT THE HEALTH SYSTEM MAINTAINS OWNERSHIP OF THE FUNDS UNTIL FUTURE SUBSTANTIAL PERFORMANCE REQUIREMENTS ARE MET THE PLANS INITIAL DISBURSEMENT WILL BE DURING 2012

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Schedule O (Form 990).
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
PHOEBE PUTNEY MEMORIAL HOSPITAL INC

Employer identification number
58-1928247

Part I Bond Issues

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	HOSP AUTH OF ALB-DO CO GA 2008A	58-6001516	002170DK9	10-30-2008	54,090,000	REFUNDING OF 1991, 1996, AND 2002 REVENUE ANTICIPATION CERTIFICATES		X		X		X
B	HOSP AUTH OF ALB-DO CO GA 2008B	58-6001516	002170DL7	10-30-2008	53,970,000	REFUNDING OF 1991, 1996, AND 2002 REVENUE ANTICIPATION CERTIFICATES		X		X		X
C	HOSP AUTH OF ALBANY-DO CO GA 2010	58-6001516		07-01-2010	99,000,000	REIMBURSEMENT FOR CAPITAL EXPENDITURES		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired				
2	Amount of bonds legally defeased				
3	Total proceeds of issue	51,250,000	51,150,000	99,000,000	
4	Gross proceeds in reserve funds				
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrow				
7	Issuance costs from proceeds	522,732	522,731	359,731	
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	88,278,977		88,278,977	
11	Other spent proceeds				
12	Other unspent proceeds				
13	Year of substantial completion	2010		2010	

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X		X			X		
15	Were the bonds issued as part of an advance refunding issue?		X		X		X		
16	Has the final allocation of proceeds been made?	X		X			X		
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X			

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?		X		X		X		
b	Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		
c	Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property?	X		X		X			
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶								
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶								
6	Total of lines 4 and 5								
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		X		X			

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X		X		
2	Is the bond issue a variable rate issue?	X		X		X			
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X		X		X		
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								
4a	Were gross proceeds invested in a GIC?		X		X		X		
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?		X		X		X		
6	Did the bond issue qualify for an exception to rebate?	X		X		X			

Part V Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule K (see instructions)

Identifier	Return Reference	Explanation
DIFFERENCES IN ISSUE PRICE EXPLANATION	SCHEDULE K	HOSP AUTH OF ALBDO CO GA 2008A ISSUANCE COSTS 444212 AND CREDIT ENHANCEMENT FEE 78520 HOSP AUTH OF ALBDO CO GA 2008B ISSUANCE COSTS 444211 AND CREDIT ENHANCEMENT FEE 78520 HOSP AUTH OF ALBANYDO CO GA 2010 THIS DEBT WAS ISSUED ON A DRAWDOWN BASIS THE INITIAL PRINCIPAL AMOUNT DRAWN OF 88638708 WAS FOR REIMBURSEMENT OF PROJECT COSTS AND ISSUANCE COSTS THE REMAINING PRINCIPAL IS EXPECTED TO BE DRAWN ON OR BEFORE AUGUST 1 2012 AT WHICH TIME THE PRINCIPLE AMOUNT WOULD TOTAL 99000000

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
PHOEBE PUTNEY MEMORIAL HOSPITAL INC

Employer identification number
58-1928247

Identifier	Return Reference	Explanation
ORGANIZATION'S PROCESS USED TO REVIEW FORM 990	FORM 990, PAGE 6, PART VI, LINE 11B	THE INDEPENDENT ACCOUNTING FIRM THAT PREPARES THE FORM 990 (BASED UPON INFORMATION PROVIDED BY THE ORGANIZATION) PROVIDES A COPY OF THE RETURN TO BE REVIEWED BY MANAGEMENT UPON REVIEW, THE FORM 990 IS THEN FORWARDED TO THE FINANCE COMMITTEE FOR THEIR REVIEW, TO GAIN THEIR COMMENTS AND APPROVAL UPON APPROVAL FROM THE FINANCE COMMITTEE, THE FORM 990 AND RELATED SCHEDULES ARE PROVIDED TO ALL BOARD MEMBERS FOR REVIEW AND FEEDBACK ONCE THE FORM 990 IS REVIEWED BY ALL APPLICABLE PARTIES, A COPY OF THE FINAL VERSION IS PROVIDED TO ALL MEMBERS OF THE GOVERNING BODY PRIOR TO FILING

Identifier	Return Reference	Explanation
ENFORCEMENT OF CONFLICTS POLICY	FORM 990, PAGE 6, PART VI, LINE 12C	ON AN ANNUAL BASIS, PHOEBE PUTNEY MEMORIAL HOSPITAL (PPMH) BOARD MEMBERS AS WELL AS ALL OFFICERS COMPLETE A CONFLICT OF INTEREST QUESTIONNAIRE THIS QUESTIONNAIRE IS ADMINISTERED BY THE PHOEBE PUTNEY HEALTH SYSTEM (PPHS) COMPLIANCE DEPARTMENT AND THE DOCUMENT ASKS EACH INDIVIDUAL TO DISCLOSE ANY PERSONAL, BUSINESS, OR OTHER AFFILIATIONS AND MONETARY AMOUNT IF APPLICABLE THAT THEY OR THEIR IMMEDIATE FAMILY MEMBERS HAVE HAD WITHIN THE PAST 12 MONTHS WITH PPMH OR ANY RELATED ENTITIES ALL RESPONSES ARE THEN EVALUATED BY THE PPHS COMPLIANCE DEPARTMENT

Identifier	Return Reference	Explanation
COMPENSATION PROCESS FOR TOP OFFICIAL	FORM 990, PAGE 6, PART VI, LINE 15A	THE ORGANIZATIONS FORMAL PROCESS FOR DETERMINING TOTAL COMPENSATION FOR THE CEO IS INTENDED TO PROVIDE REASONABLE COMPENSATION FOR ACCOMPLISHING THE ORGANIZATIONS MISSION, ACHIEVE ITS STRATEGIC GOALS, TO RECOGNIZE PERFORMANCE, AND TO OPERATE IN KEEPING WITH THE ORGANIZATIONS OBLIGATIONS AS A TAX-EXEMPT CHARITABLE ORGANIZATION THE EXECUTIVE COMPENSATION COMMITTEE OF THE ORGANIZATIONS BOARD OF DIRECTORS CONDUCTS AN ANNUAL REVIEW OF THE COMPENSATION OF THE CEO THE COMMITTEE RETAINS A QUALIFIED INDEPENDENT COMPENSATION CONSULTANT TO CONDUCT COMPETITIVE MARKET ANALYSIS OF THE MARKET RANGES OF BASE, INCENTIVE AND TOTAL CASH COMPENSATION THE INFORMATION THE COMMITTEE MAY CONSIDER CAN INCLUDE BUT IS NOT LIMITED TO THE PERFORMANCE OF AN INDIVIDUAL, THE PERFORMANCE OF THE ORGANIZATION, AN INDIVIDUALS LENGTH OF SERVICE, CREDENTIALS AND EXPERIENCE, THE ELEMENTS OF TOTAL COMPENSATION AND SALARY HISTORY, THE ORGANIZATIONS COMPENSATION TARGETS, AND COMPARABILITY DATA, INCLUDING THE DATA PREPARED BY THE INDEPENDENT CONSULTANT AND REVIEWED WITH THE COMMITTEE THE COMMITTEE INCORPORATES A FORMAL PERFORMANCE APPRAISAL PROCESS IN THE CEO COMPENSATION REVIEW IT UTILIZES A MULTI-PERSPECTIVE APPROACH AND PERFORMANCE MEASURES WHICH ARE LINKED TO THE ORGANIZATIONS LONG-TERM STRATEGIC PLAN AND ACHIEVEMENT OF ANNUAL SYSTEM OBJECTIVES THE CEO IS NOT PRESENT WHEN THE COMMITTEE DISCUSSES AND ESTABLISHES HIS COMPENSATION

Identifier	Return Reference	Explanation
COMPENSATION PROCESS FOR OFFICERS	FORM 990, PAGE 6, PART VI, LINE 15B	THE ORGANIZATIONS FORMAL PROCESS FOR DETERMINING TOTAL COMPENSATION FOR THE OTHER OFFICERS AND KEY EMPLOYEES IS INTENDED TO PROVIDE REASONABLE COMPENSATION FOR ACCOMPLISHING THE ORGANIZATIONS MISSION, ACHIEVE ITS STRATEGIC GOALS, TO RECOGNIZE PERFORMANCE, AND TO OPERATE IN KEEPING WITH THE ORGANIZATIONS OBLIGATIONS AS A TAX-EXEMPT CHARITABLE ORGANIZATION THE EXECUTIVE COMPENSATION COMMITTEE OF THE ORGANIZATIONS BOARD OF DIRECTORS CONDUCTS AN ANNUAL REVIEW OF THE COMPENSATION OF THE OTHER OFFICERS AND KEY EMPLOYEES THE COMMITTEE RETAINS A QUALIFIED INDEPENDENT COMPENSATION CONSULTANT TO CONDUCT COMPETITIVE MARKET ANALYSIS OF THE MARKET RANGES OF BASE, INCENTIVE AND TOTAL CASH COMPENSATION THE INFORMATION THE COMMITTEE MAY CONSIDER CAN INCLUDE BUT IS NOT LIMITED TO THE PERFORMANCE OF AN INDIVIDUAL, THE PERFORMANCE OF THE ORGANIZATION, AN INDIVIDUALS LENGTH OF SERVICE, CREDENTIALS AND EXPERIENCE, THE ELEMENTS OF TOTAL COMPENSATION AND SALARY HISTORY, THE ORGANIZATIONS COMPENSATION TARGETS, AND COMPARABILITY DATA, INCLUDING THE DATA PREPARED BY THE INDEPENDENT CONSULTANT AND REVIEWED WITH THE COMMITTEE THE COMMITTEE INCORPORATES A FORMAL PERFORMANCE APPRAISAL PROCESS IN THE OTHER OFFICERS AND KEY EMPLOYEES COMPENSATION REVIEW IT UTILIZES A MULTI-PERSPECTIVE APPROACH AND PERFORMANCE MEASURES WHICH ARE LINKED TO THE ORGANIZATIONS LONG-TERM STRATEGIC PLAN AND ACHIEVEMENT OF ANNUAL SYSTEM OBJECTIVES THE CEO PROVIDES A PERFORMANCE NARRATIVE AND RECOMMENDED COMPENSATION ADJUSTMENT FOR THE OTHER OFFICERS AND KEY EMPLOYEES OF THE ORGANIZATION THE COMMITTEE DETERMINES THE REASONABLENESS OF ANY COMPENSATION ADJUSTMENTS FOR OTHER OFFICERS AND KEY EMPLOYEES BASED ON THE PRESENTED EVALUATION AND COMPARATIVE COMPENSATION DATA

Identifier	Return Reference	Explanation
GOVERNING DOCUMENTS DISCLOSURE EXPLANATION	FORM 990, PAGE 6, PART VI, LINE 19	THE ORGANIZATION MAKES AVAILABLE TO THE PUBLIC ITS CONFLICT OF INTEREST AND AUDITED FINANCIAL STATEMENTS ON THE ORGANIZATION'S WEBSITE, BY PROVIDING COPIES UPON REQUEST, AND BY INSPECTION AT THE ADMINISTRATIVE OFFICES OF THE ORGANIZATION

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
PHOEBE PUTNEY MEMORIAL HOSPITAL INC

Employer identification number
58-1928247

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	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) PHOEBE PUTNEY HEALTH SYSTEM INC PO DRAWER 1828 ALBANY, GA 31702 58-2001014	HEALTHCARE	GA	501C3	11A	NA		No
(2) PHOEBE FOUNDATION INC PO DRAWER 1828 ALBANY, GA 31702 58-1847104	FOUNDATION	GA	501C3	11	NA		No
(3) PHOEBE SUMTER MEDICAL CENTER INC 1048 E FORSYTH STREET AMERICUS, GA 31709 26-3975185	HEALTHCARE	GA	501C3	3	NA		No
(4) PHOEBE WORTH MEDICAL CENTER INC PO BOX 545 SYLVESTER, GA 31791 38-3647394	HEALTHCARE	GA	501C3	3	NA		No
(5) PHOEBE PHYSICIAN GROUP INC PO DRAWER 1828 ALBANY, GA 31702 26-3792403	HEALTHCARE	GA	501C3	9	NA		No

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations? 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	(k) Percentage ownership

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
(1) PHOEBE HEALTH PARTNERS INC PO DRAWER 1828 ALBANY, GA31702 58-2198241	HEALTHCARE	GA	NA	C CORP	285,402	545,299	50 000 %

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

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

		Yes	No
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	Yes	
c Gift, grant, or capital contribution from other organization(s)	1c		No
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	Yes	
j Lease of facilities, equipment, or other assets from other organization(s)	1j	Yes	
k Performance of services or membership or fundraising solicitations for other organization(s)	1k	Yes	
l Performance of services or membership or fundraising solicitations by other organization(s)	1l	Yes	
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	Yes	
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		No

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) PHOEBE PUTNEY INDEMNITY LLC	L	5,534,667	MARKET VALUE
(2)			
(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?		(e) Share of end-of-year assets	(f) Disproprtionate allocations?		(g) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(h) General or managing partner?	
			Yes	No		Yes	No		Yes	No

Part VII Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule R (see instructions)

Identifier	Return Reference	Explanation

PHOEBE PUTNEY MEMORIAL HOSPITAL, INC.

FINANCIAL STATEMENTS

for the years ended July 31, 2011 and 2010

CONTENTS

Draffin & Tucker, LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Phoebe Putney Memorial Hospital, Inc.
Albany, Georgia

We have audited the balance sheets of Phoebe Putney Memorial Hospital, Inc. as of July 31, 2011 and 2010, and the related statements of operations and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Phoebe Putney Memorial Hospital, Inc. as of July 31, 2011 and 2010, and the results of its operations and changes in net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated December 7, 2011, on our consideration of Phoebe Putney Memorial Hospital, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Draffin & Tucker, LLP
Albany, Georgia
December 7, 2011

P.O. BOX 6
2617 GILLIONVILLE ROAD
ALBANY, GEORGIA 31702-0006
(229) 883-7875
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PHOEBE PUTNEY MEMORIAL HOSPITAL, INC.

BALANCE SHEETS, July 31, 2011 and 2010

	2011	2010
ASSETS		
Current assets:		
Cash and cash equivalents	$ 233,714,384	$ 229,671,782
Assets limited as to use – current	1,570,155	1,560,260
Patient accounts receivable, net of allowance for doubtful accounts of $107,000,000 in 2011 and $104,000,000 in 2010	79,048,785	60,829,701
Supplies, at lower of cost (first-in, first-out) or market	7,157,596	6,999,987
Estimated third-party payor settlements - Medicaid	1,860,642	-
Other current assets	4,123,214	3,911,155
Total current assets	327,474,776	302,972,885
Assets limited as to use:		
Internally designated for capital improvements	15,995,276	364,670
Under bond indenture agreement	1,570,155	1,560,260
Total assets limited as to use	17,565,431	1,924,930
Less amount required to meet current obligations	1,570,155	1,560,260
Assets limited as to use – long-term	15,995,276	364,670
Property and equipment, net	264,997,593	258,066,981
Other assets:		
Interest in net assets of Phoebe Foundation, Inc.	10,639,593	9,466,143
Deferred financing cost	3,648,223	3,851,269
Goodwill	10,724,630	10,510,667
Other assets	4,193,119	3,918,552
Total other assets	29,205,565	27,746,631
Total assets	$ 637,673,210	$ 589,151,167

PHOEBE PUTNEY MEMORIAL HOSPITAL, INC.

BALANCE SHEETS, July 31, 2011 and 2010

	2011	2010
LIABILITIES AND NET ASSETS		
Current liabilities:		
Current portion of long-term debt	$ 5,262,089	$ 4,964,176
Accounts payable	19,404,442	19,713,113
Accrued expenses	33,633,372	30,061,101
Estimated third-party payor settlements - Medicare	23,401	4,221,033
Total current liabilities	58,323,304	58,959,423
Long-term debt, net of current portion	213,701,938	218,970,831
Accrued pension cost	83,065,990	83,977,415
Related party payables	60,794,379	20,766,456
Derivative financial instruments	4,606,557	7,199,470
Total liabilities	420,492,168	389,873,595
Net assets:		
Unrestricted	210,984,786	193,792,429
Temporarily restricted	4,769,727	4,428,748
Permanently restricted	1,426,529	1,056,395
Total net assets	217,181,042	199,277,572
Total liabilities and net assets	$ 637,673,210	$ 589,151,167

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

PHOEBE PUTNEY MEMORIAL HOSPITAL, INC.

STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
for the years ended July 31, 2011 and 2010

	2011	2010
Unrestricted revenues, gains and other support:		
Net patient service revenue	$ 493,767,745	$ 480,020,700
Other revenue	10,911,919	11,016,781
Total revenues, gains and other support	504,679,664	491,037,481
Expenses:		
Salaries and wages	138,460,565	131,651,943
Employee health and welfare	52,458,189	51,216,329
Medical supplies and other	152,334,795	139,947,190
Professional fees	3,929,949	2,967,401
Purchased services	79,041,995	56,412,028
Depreciation and amortization	25,466,359	27,767,301
Interest	5,570,389	4,604,614
Provision for bad debts	40,416,741	53,034,946
Total expenses	497,678,982	467,601,752
Operating income	7,000,682	23,435,729
Nonoperating gains:		
Investment income	4,683,331	32,779
Excess revenues	11,684,013	23,468,508
Change in interest in net assets of Phoebe Foundation, Inc.	336,887	885,616
Net assets released from restrictions	125,450	6,078,330
Transfer to Hospital Authority of Albany-Dougherty County	(941,358)	-
Net actuarial gain (loss)	2,677,828	(12,761,647)
Amortization of prior service cost	181,422	181,422
Amortization of net gain	3,128,115	2,560,819
Increase in unrestricted net assets	17,192,357	20,413,048

Continued

PHOEBE PUTNEY MEMORIAL HOSPITAL, INC.

STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS, Continued
for the years ended July 31, 2011 and 2010

	2011	2010
Temporarily restricted net assets:		
Change in interest in net assets of Phoebe Foundation, Inc.	$ 466,429	$ -
Net assets released from restriction	(125,450)	(6,078,330)
Increase (decrease) in temporarily restricted net assets	340,979	(6,078,330)
Permanently restricted net assets:		
Change in interest in net assets of Phoebe Foundation, Inc.	370,134	73,502
Increase in net assets	17,903,470	14,408,220
Net assets, beginning of year	199,277,572	184,869,352
Net assets, end of year	$ 217,181,042	$ 199,277,572

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

PHOEBE PUTNEY MEMORIAL HOSPITAL, INC.

STATEMENTS OF CASH FLOWS
for the years ended July 31, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Increase in net assets	$ 17,903,470	$ 14,408,220
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	25,466,359	27,767,301
Change in interest in net assets of Phoebe Foundation, Inc.	(1,173,450)	5,119,212
Changes in:		
Receivables	(18,219,084)	8,403,321
Supplies	(157,609)	185,181
Other assets	(206,000)	(4,332,254)
Accounts payable and accrued expenses	3,263,600	(1,403,657)
Estimated third-party payor settlements	(6,058,274)	1,831,257
Related party payables	68,027,923	43,462,728
Accrued pension cost	(911,425)	22,731,441
Derivative financial instruments	(2,592,913)	1,061,701
Net cash provided by operating activities	85,342,597	119,234,451
Cash flows from investing activities:		
Purchase of property and equipment	(32,610,934)	(40,030,623)
Purchase of investments	(33,752,768)	-
Sale of investments	18,112,267	372,418
Payments from related parties	39,000,000	-
Payments to related parties	(67,000,000)	(30,000,000)
Net cash used by investing activities	(76,251,435)	(69,658,205)

Continued

PHOEBE PUTNEY MEMORIAL HOSPITAL, INC.

STATEMENTS OF CASH FLOWS, Continued
for the years ended July 31, 2011 and 2010

	2011	2010
Cash flows from financing activities:		
Payments on long-term debt	$(5,048,560)	$(5,272,171)
Proceeds from issuance of long-term debt	-	99,000,000
Net cash provided (used) by financing activities	(5,048,560)	93,727,829
Increase in cash and cash equivalents	4,042,602	143,304,075
Cash and cash equivalents, beginning of year	229,671,782	86,367,707
Cash and cash equivalents, end of year	$ 233,714,384	$ 229,671,782
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	$ 5,700,000	$ 4,300,000

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

1. Summary of Significant Accounting Policies

Organization

Phoebe Putney Memorial Hospital, Inc., (Corporation) located in Albany, Georgia, is a not-for-profit acute care hospital which operates satellite clinics in the surrounding counties. The Corporation provides inpatient, outpatient and emergency care services for residents of Southwest Georgia. Admitting physicians are primarily practitioners in the local area. The Corporation is a single operating entity and is a wholly owned subsidiary of Phoebe Putney Health System, Inc.

Reorganization

Effective September 1, 1991, the Hospital Authority of Albany-Dougherty County, Georgia implemented a reorganization plan for the Hospital whereby all the assets, management and governance of the Hospital was transferred to Phoebe Putney Memorial Hospital, Inc., a not-for-profit corporation, qualified as an organization described in Section 501(c)3 of the Internal Revenue Code, pursuant to a Lease and Transfer Agreement. During 2009, the lease term was renewed for an additional forty years with a nominal annual lease payment.

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less. The Corporation routinely invests its surplus operating funds in money market mutual funds.

Allowance for Doubtful Accounts

The Corporation provides an allowance for doubtful accounts based on the evaluation of the overall collectibility of the accounts receivable. As accounts are known to be uncollectible, the account is charged against the allowance.

Continued

1. Summary of Significant Accounting Policies, Continued

Supplies

Supplies, which consist primarily of drugs, food, and medical supplies, are valued at first-in, first-out cost, but not in excess of market.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheets. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in the excess of revenues over expenses unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are excluded from the excess of revenues over expenses unless the investments are trading securities.

Derivative Financial Instruments

The Corporation has entered into interest rate swap agreements as part of its interest rate risk management strategy. These arrangements are accounted for under the provisions of FASB ASC 815 *Derivatives and Hedging*. FASB ASC 815 establishes accounting and reporting standards requiring that derivative instruments be recorded at fair value as either an asset or liability.

For derivative instruments that are designated and qualify as a cash flow hedge (i.e., hedging the exposure to variability in expected future cash flows that is attributable to a particular risk), the effective portion of the gain or loss on the derivative instrument is reported as a component of unrestricted net assets. The ineffective component, if any, is recorded in excess revenues (expenses) in the period in which the hedge transaction affects earnings. If the hedging relationship ceases to be highly effective or it becomes probable that an expected transaction will no longer occur, gains or losses on the derivative are recorded in excess revenues (expenses). For derivative instruments not designated as hedging instruments, the unrealized gain or loss is recognized in other income during the period of change.

Assets Limited As To Use

Assets limited as to use primarily include assets held by trustees under indenture agreements and designated assets set aside by the Board of Trustees for future capital improvements, over which the Board retains control and may at its discretion subsequently, use for other purposes. Amounts required to meet current liabilities of the Corporation have been reclassified in the balance sheet at July 31, 2011 and 2010.

Continued

1. Summary of Significant Accounting Policies, Continued

Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed on the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

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

Beneficial Interest in Net Assets of Foundation

The Corporation accounts for the activities of its related Foundation in accordance with FASB ASC 958-20, *Not-For-Profit Entities, Financially Interrelated Entities*. FASB ASC 958-20 establishes reporting standards for transactions in which a donor makes a contribution to a not-for-profit organization which accepts the assets on behalf of or transfers these assets to a beneficiary which is specified by the donor. Phoebe Foundation, Inc. accepts assets on behalf of the Corporation.

Goodwill

Under FASB authoritative guidance, goodwill and intangible assets with indefinite lives are no longer amortized, but are tested for impairment annually and more frequently in the event of an impairment indicator. The accounting standard also requires that intangible assets with definite lives be amortized over their respective estimated useful lives, and reviewed whenever events or circumstances indicate impairment may exist.

Continued

1. Summary of Significant Accounting Policies, Continued

Goodwill, Continued

FASB authoritative guidance requires that a two-step test be performed to assess goodwill for impairment. First, the fair value of each reporting unit is compared to its carrying value. The fair values are computed by the Corporation utilizing the discounted cash flow method. if the fair value exceeds the carrying value, goodwill is not impaired and no further testing is performed. The second step is performed if the carrying value exceeds the fair value. The implied fair value of the reporting unit's goodwill must be determined and compared to the carrying value of the goodwill. If the carrying value of a reporting unit's goodwill exceeds its implied fair value, an impairment loss equal to the difference will be recorded.

As of July 31, 2011 the Corporation had goodwill of $10,724,630, which is subject to the impairment tests prescribed under the authoritative guidance. In accordance with the accounting standard, the Corporation has elected July 31st as its annual impairment assessment date. The Corporation completed its annual impairment assessment and concluded that no goodwill or indefinite lived intangible asset impairment charge was required.

Deferred Financing Cost

Costs related to the issuance of long-term debt were deferred and are being amortized using the straight-line method, which approximates the effective interest method, over the life of the related debt.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Corporation has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Corporation in perpetuity.

Excess Revenues (Expenses)

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

Continued

1. Summary of Significant Accounting Policies, Continued

Net Patient Service Revenue

The Corporation has agreements with third-party payors that provide for payments to the Corporation at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments.

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

Charity Care

The Corporation provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Corporation does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenues.

Donor-Restricted Gifts

Unconditional promises to give cash and other assets to the Corporation are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying financial statements.

Estimated Malpractice and Other Self-Insurance Cost

The provisions for estimated malpractice claims and other claims under self-insurance plans include estimates of the ultimate costs for both reported claims and claims incurred but not reported.

Continued

1. Summary of Significant Accounting Policies, Continued

Income Taxes

The Corporation is a not-for-profit corporation that has been recognized as tax-exempt pursuant to Section 501(c)3 of the Internal Revenue Code.

The Corporation applies accounting policies that prescribe when to recognize and how to measure the financial statement effects of income tax positions taken or expected to be taken on its income tax returns. These rules require management to evaluate the likelihood that, upon examination by the relevant taxing jurisdictions, those income tax positions would be sustained. Based on that evaluation, the Corporation only recognizes the maximum benefit of each income tax position that is more than 50% likely of being sustained. To the extent that all or a portion of the benefits of an income tax position are not recognized, a liability would be recognized for the unrecognized benefits, along with any interest and penalties that would result from disallowance of the position. Should any such penalties and interest be incurred, they would be recognized as operating expenses.

Based on the results of management's evaluation, no liability is recognized in the accompanying balance sheet for unrecognized income tax positions. Further, no interest or penalties have been accrued or charged to expense as of July 31, 2011 and 2010 or for the years then ended. The Corporation's open audit periods are for tax years ended 2008-2010.

Impairment of Long-Lived Assets

The Corporation evaluates on an ongoing basis the recoverability of its assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is required to be recognized if the carrying value of the asset exceeds the undiscounted future net cash flows associated with that asset. The impairment loss to be recognized is the amount by which the carrying value of the long-lived asset exceeds the asset's fair value. In most instances, the fair value is determined by discounted estimated future cash flows using an appropriate interest rate. The Corporation has not recorded any impairment charges in the accompanying statements of operations and changes in net assets for the years ended July 31, 2011 and 2010.

Continued

1. Summary of Significant Accounting Policies, Continued

Fair Value Measurements

FASB ASC 820, *Fair Value Measurement and Disclosures* defines fair value as the amount that would be received for an asset or paid to transfer a liability (i.e., an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB ASC 820 also establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. FASB ASC 820 describes the following three levels of inputs that may be used:

- Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets and liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

- Level 2: Observable prices that are based on inputs not quoted on active markets but corroborated by market data.

- Level 3: Unobservable inputs when there is little or no market data available, thereby requiring an entity to develop its own assumptions. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Prior Year Reclassifications

Certain reclassifications have been made to the fiscal year 2010 financial statements to conform to the fiscal year 2011 presentation. The reclassifications had no impact on the change in net assets in the accompanying financial statements.

Subsequent Event

In preparing these financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through December 7, 2011, the date the financial statements were issued.

Continued

2. Net Patient Service Revenue

The Corporation has agreements with third-party payors that provide for payments to the Corporation at amounts different from its established rates. The Corporation does not believe that there are any significant credit risks associated with receivables due from third-party payors.

Revenue from the Medicare and Medicaid programs accounted for approximately 41 percent and 17 percent, respectively, of the Corporation's net patient revenue for the year ended July 31, 2011 and 42 percent and 18 percent, respectively, of the Corporation's net patient revenue for the year ended July 31, 2010. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Estimated reimbursement amounts are adjusted in subsequent periods as cost reports are prepared and filed and as final settlement are determined.

The Corporation believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. However, there has been an increase in regulatory initiatives at the state and federal levels including the initiation of the Recovery Audit Contractor (RAC) program and the Medicaid Integrity Contractor (MIC) program. These programs were created to review Medicare and Medicaid claims for medical necessity and coding appropriateness. The programs have authority to pursue improper payments made on or after October 1, 2007. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties and exclusion from the Medicare and Medicaid programs.

A summary of the payment arrangements with major third-party payors follows:

- Medicare

  Inpatient acute care, rehabilitation, and psychiatric services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors.

Continued

2. Net Patient Service Revenue, Continued

- Medicare, Continued

  The Corporation is reimbursed for certain reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Corporation and audits thereof by the Medicare fiscal intermediary. The Corporation's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Corporation. The Corporation's Medicare cost reports have been audited by the Medicare fiscal intermediary through July 31, 2007.

- Medicaid

  Inpatient acute care services rendered to Medicaid program beneficiaries are paid at a prospectively determined rate per admission. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Corporation is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Corporation and audits thereof by the Medicaid fiscal intermediary. The Corporation's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through July 31, 2007.

  The Corporation has also entered into contracts with certain managed care organizations to receive reimbursement for providing services to selected enrolled Medicaid beneficiaries. Payment arrangements with these managed care organizations consist primarily of prospectively determined rates per discharge, discounts from established charges, or prospectively determined per diems.

  The Corporation participates in the Georgia Indigent Care Trust Fund (ICTF) Program. The Corporation receives ICTF payments for treating a disproportionate number of Medicaid and other indigent patients. ICTF payments are based on the Corporation's estimated uncompensated cost of services to Medicaid and uninsured patients. The amount of ICTF payments recognized in net patient service revenue was approximately $7,225,000 and $7,888,000 for the years ended July 31, 2011 and 2010, respectively.

Continued

2. Net Patient Service Revenue, Continued

- Medicaid, Continued

  The Medicare, Medicaid and SCHIP Benefits Improvement and Protection Act of 2000 (BIPA) provides for payment adjustments to certain facilities based on the Medicaid Upper Payment Limit (UPL). The UPL payment adjustments are based on a measure of the difference between Medicaid payments and the amount that could be paid based on Medicare payment principles. The net amount of UPL payment adjustments recognized in net patient service revenue was approximately $3,299,000 and $74,000 for the years ended July 31, 2011 and 2010, respectively.

  During 2010, the state of Georgia enacted legislation known as the Provider Payment Agreement Act (the Act) whereby hospitals in the state of Georgia are assessed a "provider payment" in the amount of 1.45% of their net patient revenue. The Act became effective July 1, 2010, the beginning of state fiscal year 2011. The provider payments are due on a quarterly basis to the Department of Community Health. The payments are to be used for the sole purpose of obtaining federal financial participation for medical assistance payments to providers on behalf of Medicaid recipients. The provider payment will result in an increase in hospital payments on Medicaid services of approximately 11.88%. Approximately $5,686,000 relating to the Act is included in supplies and other in the accompanying statement of operations for the year ended July 31, 2011.

- Other Agreements

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

Continued

3. Uncompensated Services

The Corporation was compensated for services at amounts less than its established rates. Charges for uncompensated services for 2011 and 2010 were approximately $706,900,000 and $695,500,000, respectively.

Uncompensated care includes charity and indigent care services of approximately $69,400,000 and $53,300,000 in 2011 and 2010, respectively. The cost of charity and indigent care services provided during 2011 and 2010 were approximately $27,600,000 and $19,700,000, respectively computed by applying a total cost factor to the charges foregone.

The following is a summary of uncompensated services and a reconciliation of gross patient charges to net patient service revenue for 2011 and 2010.

	2011	2010
Gross patient charges	$ 1,160,213,123	$ 1,122,514,369
Uncompensated services:		
Charity and indigent care	69,446,875	53,290,851
Medicare	354,345,303	345,344,620
Medicaid	145,269,933	148,853,787
Other allowances	97,383,267	95,004,411
Bad debts	40,416,741	53,034,946
Total uncompensated care	706,862,119	695,528,615
Less bad debts	40,416,741	53,034,946
Deductions from patient service revenue	666,445,378	642,493,669
Net patient service revenue	$ 493,767,745	$ 480,020,700

Continued

4. Investments

Assets Limited As To Use

The composition of assets limited as to use at July 31, 2011 and 2010 is set forth in the following table. Assets limited as to use are stated at fair value.

	2011	2010
By board for capital improvements:		
Money market funds	$ 104,304	$ 5,171
Certificates of deposit	360,754	359,499
Mutual funds – index funds	3,772,463	-
Mutual funds – fixed income funds	1,869,158	-
Alternative investments in hedge funds	8,846,201	-
Common collective trusts invested in equity securities	1,042,396	-
Total board restricted for capital improvements	15,995,276	364,670
Under bond indenture agreement:		
Government debt securities	1,570,155	1,560,260
Total assets limited as to use	$ 17,565,431	$ 1,924,930

Hedge funds include investments in various funds that invest in both long and short primarily in U. S. common stocks. Management of the hedge funds has the ability to shift investments from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position. The fair value of the investments in this category has been estimated using the net asset value per share of the investments with realized and unrealized gains and losses reflected in investment income. These securities have no unfunded commitments and are redeemed based on the timing of the investments and the managers' terms which vary across the portfolio.

The Corporation has classified all marketable securities as trading securities. These trading securities are bought and held for the purpose of selling them in the near term and are reported at fair value, with unrealized gains and losses recognized in earnings. The fair value of substantially all securities is determined by quoted market prices. The estimated fair value

Continued

4. Investments, Continued

Assets Limited As To Use, Continued

of securities for which there are no quoted market prices is based on similar types of securities that are traded in the market. Gains and losses on securities sold are based on the specific identification method. Investment income for assets limited as to use are as follows for the years ending July 31, 2011 and 2010:

	2011	2010
Dividend income	$ 145,787	$ -
Interest income	966,097	8,976
Realized gains (losses)	45,708	-
Investment expenses	(31,673)	-
Unrealized gains (losses)	869,498	-
Total	$ 1,995,417	$ 8,976

5. Property and Equipment

A summary of property and equipment at July 31, 2011 and 2010 follows:

	2011	2010
Land	$ 7,449,539	$ 7,429,072
Land improvements	2,374,291	2,306,992
Building	278,675,952	277,102,757
Equipment	242,028,391	226,251,058
	530,528,173	513,089,879
Less accumulated depreciation	305,215,249	279,837,131
	225,312,924	233,252,748
Construction in progress	39,684,669	24,814,233
Net property and equipment	$ 264,997,593	$ 258,066,981

Depreciation expense for the years ended July 31, 2011 and 2010 amounted to approximately $25,500,000 and $27,400,000, respectively.

Construction contracts exist for various projects at year end with a total commitment of $15,651,000. At July 31, 2011, the remaining commitment on these contracts approximated $9,442,000.

Continued

6. Deferred Financing Costs

Bond issue costs and loan origination fees are amortized over the life of the debt instrument. Amortization expense for the years ended July 31, 2011 and 2010 amounted to approximately $200,000.

7. Goodwill and Other Assets

A summary of goodwill and other assets at July 31, 2011 and 2010 follows:

	2011	2010
Goodwill	$ 10,724,630	$ 10,510,667
Long-term receivables	$ 3,303,126	$ 3,303,126
Other investment	889,993	615,426
Total other assets	$ 4,193,119	$ 3,918,552

Goodwill is related to the Corporation's purchase of area health care clinics. The goodwill is evaluated annually for impairment.

The changes in the carrying amount of goodwill for the year ended July 31, 2011, is as follows:

	2011
Balance at beginning of year:	
Goodwill	$ 10,510,667
Accumulated impairment losses	-
	10,510,667
Goodwill acquired during the year	213,963
Impairment losses	-
Goodwill written off related to sale of business unit	-
Balance at end of year:	
Goodwill	10,724,630
Accumulated impairment losses	-
Total	$ 10,724,630

Continued

8. Long-Term Debt

	2011	2010
1993 Series Revenue Anticipation Certificates, payable in varying annual amounts from $1,300,000 in 2012 to $2,120,000 in 2020; bearing interest at 5.40%.	$ 16,980,000	$ 18,180,000
2008A Series Revenue Anticipation Certificates, payable in varying annual amounts from $1,410,000 in 2012 to $3,800,000 in 2032; bearing interest at a daily rate to be adjusted by the Remarketing Agent.	51,250,000	52,600,000
2008B Series Revenue Anticipation Certificates, payable in varying annual amounts from $1,400,000 in 2012 to $3,795,000 in 2032; bearing interest at a daily rate to be adjusted by the Remarketing Agent.	51,150,000	52,490,000
2010A Series Revenue Anticipation Certificates, payable in varying annual amounts from $440,000 in 2012 to $11,355,000 in 2039; bearing interest at a monthly rate to be adjusted by the Remarketing Agent.	99,000,000	99,000,000
Note payable, payable in monthly installments of $102,500 through January 2012; bearing interest at a variable rate adjusted annually.	796,473	1,955,033
	219,176,473	224,225,033
Less current portion	5,262,089	4,964,176
	213,914,384	219,260,857
Less unamortized discount	212,446	290,026
	$ 213,701,938	$ 218,970,831

The Series 1993 Bonds are subject to redemption prior to their stated maturities, at the option of the Authority at the direction of the Corporation on or after September 1, 2003 from any funds deposited with the Trustee and available for such purposes, as a whole at any time, or in part from time to time on any interest payment date, at the redemption prices (expressed as a percentage of the principal amount redeemed), plus accrued interest to the redemption date.

Continued

8. Long-Term Debt

The Series 2008A and 2008B Revenue Certificates were issued on October 30, 2008 for the purpose of redeeming the Series 1991, 1996 and 2002 Revenue Certificates.

The Series 2010A Revenue Certificates were issued on July 9, 2010 for the purpose of reimbursing the Corporation for prior additions, extensions and improvements to the Corporation's facilities.

Series 1993, 2008A, 2008B and 2010A Revenue Certificates are secured by all receipts of, and revenue, income and money derived from the Corporation's operation of the Hospital premises.

Under the terms of the 1993 Certificate Indenture, the Corporation is required to maintain certain deposits with a trustee. Such deposits are included with assets whose use is limited in the financial statements. The 1993, 2008A, 2008B, and 2010A Certificate Indentures also place limits on the incurrence of additional borrowings and requires that the Corporation satisfy certain measures of financial performance as long as the notes are outstanding.

Maturities and sinking fund requirements of long-term debt for the next five years are as follows:

	Principal					Interest	
Year	1993	2008A	2008B	2010A	Note Payable	1993	Note Payable
2012	$ 1,300,000	$ 1,410,000	$ 1,400,000	$ 440,000	$ 796,473	$ 840,650	$ 14,881
2013	1,400,000	1,295,000	1,290,000	730,000	-	763,700	-
2014	1,400,000	1,575,000	1,575,000	355,000	-	683,900	-
2015	1,580,000	1,610,000	1,605,000	285,000	-	604,500	-
2016	1,660,000	1,835,000	1,835,000	-	-	523,500	-
Thereafter	9,640,000	43,525,000	43,445,000	97,190,000	-	1,252,000	-
Total	$ 16,980,000	$ 51,250,000	$ 51,150,000	$ 99,000,000	$ 796,473	$ 4,668,250	$ 14,881

Series 2008A and 2008B Revenue Certificates bear interest at a daily rate adjusted by SunTrust Robinson Humphrey, Inc. The Corporation may convert the interest rate upon compliance with terms and provisions of the indenture.

The 2010A Revenue Certificates bear interest at a monthly rate adjusted by J. P. Morgan Chase Bank, N.A. The Corporation may convert the interest rate upon compliance with terms and provisions of the indenture.

Continued

9. Derivative Financial Instruments

The Corporation entered into fixed pay and constant maturity swaps to effectively swap variable interest rates to fixed interest rates thus reducing the impact of interest rate changes on future interest expense. The fair market value of the swaps are reported in other liabilities on the balance sheet. The critical terms of the swaps are as follows:

$21.145MM Fixed Pay LIBOR Swap – Non-Hedge

	2011	2010
Notional amount	$ 19,599,509	$ 19,837,277
Fair market value	$(3,272,590)	$(3,502,425)
Life remaining on swap	15 Years	16 Years

$25MM Fixed Pay LIBOR Swap – Non-Hedge

	2011	2010
Notional amount	$ 23,172,747	$ 23,453,863
Fair market value	$(4,248,373)	$(4,538,824)
Life remaining on swap	15 Years	16 Years

$25MM Fixed Pay LIBOR Swap – Non-Hedge

	2011	2010
Notional amount	$ 23,172,747	$ 23,453,863
Fair market value	$(3,869,224)	$(4,140,961)
Life remaining on swap	15 Years	16 Years

$24.585MM Fixed Pay LIBOR Swap – Non-Hedge

	2011	2010
Notional amount	$ 16,980,000	$ 18,180,000
Fair market value	$(1,484,220)	$(1,613,627)
Life remaining on swap	5 Years	6 Years

Continued

9. Derivative Financial Instruments, Continued

Constant Maturity LIBOR Swap – Non-Hedge

	2011	2010
Notional amount	$ 41,462,590	$ 42,462,591
Fair market value	$ 3,687,392	$ 3,235,785
Life remaining on swap	21 Years	22 Years

Constant Maturity LIBOR Swap – Non-Hedge

	2011	2010
Notional amount	$ 41,462,590	$ 42,462,591
Fair market value	$ 4,143,373	$ 3,301,188
Life remaining on swap	21 Years	22 Years

Constant Maturity LIBOR Swap – Non-Hedge

	2011	2010
Notional amount	$ 82,925,181	$ 84,925,182
Fair market value	$ 437,085	$ 59,394
Life remaining on swap	2 Years	3 Years

The swaps were issued at market terms so that they had no fair value at their inception. The carrying amount of the swaps has been adjusted to fair value at the end of the year which, because of changes in forecasted levels of the LIBOR, resulted in reporting a liability. As the net swaps were in a liability position as of July 31, 2011, the Corporation deemed the capacity to perform on the part of the derivative counterparty to be of little or no concern; and no adjustment was applied to standard market valuation practices.

The swap results are included in excess revenues (expenses). For the years ending July 31, 2011 and 2010, this earnings impact totaled approximately $2,593,000 and $(1,062,000), respectively.

Continued

10. Temporarily and Permanently Restricted Net Assets

A summary of the restricted net assets at July 31, 2011 and 2010 follows:

	2011	2010
Temporarily Restricted Net Assets		
Restricted by Phoebe Foundation, Inc.	$ 4,769,727	$ 4,428,748
Permanently Restricted Net Assets		
Restricted investments to be held in perpetuity by Phoebe Foundation, Inc.	$ 1,426,529	$ 1,056,395

11. Pension Plan

The Corporation has a defined benefit pension plan covering all full time regular employees working 1,000 hours or more in a twelve month period with an employment date before December 31, 2006. The plan provides benefits that are based upon earnings and years of service.

The following table sets forth the defined benefit pension plan funded status and amounts recognized in the financial statements at July 31, 2011 and 2010:

	2011	2010
Plan assets at fair value at July 31	$ 139,801,388	$ 115,195,692
Projected benefit obligation at July 31	222,867,378	199,173,107
Funded status	$(83,065,990)	$(83,977,415)
Amounts recognized in unrestricted net assets:		
Net actuarial loss	$(61,752,564)	$(67,558,507)
Prior service cost not yet recognized in net periodic pension cost	(840,808)	(1,022,230)
Deferred pension cost	$(62,593,372)	$(68,580,737)

Continued

11. Pension Plan, Continued

	2011	2010
Weighted-average assumptions used to determine pension benefit obligations:		
Discount rate	5.41%	5.60%
Rate of compensation increase	4.00%	4.00%
Weighted-average assumptions used to determine net periodic benefit cost:		
Discount rate	5.60%	6.25%
Expected long-term return on plan assets	8.75%	8.75%
Rate of compensation increase	4.00%	4.00%

The Corporation's expected rate of return on plan assets is determined by the plan assets' historical long-term investment performance, current asset allocation, and estimates of future long-term returns by asset class.

The following table sets forth the components of net periodic cost and other amounts recognized in unrestricted net assets for the years ended July 31, 2011 and 2010:

	2011	2010
Service cost	$ 10,845,860	$ 9,747,975
Interest cost	11,030,950	10,250,760
Expected return on plan assets	(9,959,269)	(9,028,941)
Amortization of prior service cost	181,422	181,422
Amortization of recognized net actuarial loss	3,128,115	2,560,819
Net periodic benefit cost	15,227,078	13,712,035
Other changes in plan assets and benefit obligations recognized in unrestricted net assets:		
Net actuarial (gain) loss	(2,677,828)	12,761,647
Amortization of prior service cost	(181,422)	(181,422)
Amortization of net actuarial loss	(3,128,115)	(2,560,819)
Total recognized in unrestricted net assets	(5,987,365)	10,019,406
Total recognized in net periodic benefit cost and unrestricted net assets	$ 9,239,713	$ 23,731,441

Continued

11. Pension Plan, Continued

The change in projected benefit obligation for the defined benefit pension plan for the years ended July 31, 2011 and 2010 included the following components:

	2011	2010
Projected benefit obligation, beginning of year	$ 199,173,107	$ 166,234,794
Service cost	10,845,860	9,747,975
Interest cost	11,030,950	10,250,760
Actuarial (gain) or loss	5,966,175	16,589,580
Benefits paid	(4,148,714)	(3,650,002)
Projected benefit obligation, end of year	$ 222,867,378	$ 199,173,107
Accumulated benefit obligation	$ 179,408,984	$ 156,982,304

The change in fair value of plan assets for the years ended July 31, 2011 and 2010 included the following components:

	2011	2010
Plan assets at fair value, beginning of year	$ 115,195,692	$ 104,988,820
Actual return on assets	18,603,272	12,856,874
Employer contributions	10,151,138	1,000,000
Benefits paid	(4,148,714)	(3,650,002)
Plan assets at fair value, end of year	$ 139,801,388	$ 115,195,692

The Corporation anticipates making a contribution during fiscal year 2011 of $10,800,000.

Estimated Future Benefit Payments

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

Year Ending July 31	Pension Benefits
2012	$ 5,034,172
2013	$ 5,475,234
2014	$ 5,953,330
2015	$ 6,612,326
2016	$ 7,481,314
2017 - 2021	$ 53,811,924

Continued

11. Pension Plan, Continued

Estimated Future Benefit Payments, Continued

The expected benefits to be paid are based on the same assumptions used to measure the Corporation's benefit obligation at July 31, 2011.

The actuarial loss and prior service cost to be recognized during the next 12 months beginning August 1, 2011 is as follows:

Amortization of net actuarial loss	$ 2,783,204
Amortization of prior year service costs	181,422
Total	$ 2,964,626

Plan Assets

The composition of plan assets at July 31, 2011 and 2010 is as follows:

	Target Allocation	Pension Benefits 2011	Pension Benefits 2010
Asset category:			
Cash and cash equivalents	0%	5%	2%
U. S. equities	20%	25%	25%
Fixed income	20%	15%	18%
Real assets	13%	7%	6%
Opportunistic	5%	5%	5%
Hedge funds	20%	18%	19%
Non U. S. equities	16%	19%	19%
Emerging markets	6%	6%	6%
Total	100%	100%	100%

The Corporation's investment strategy is to manage the portfolio to preserve principal and liquidity while maximizing the return on the investment portfolio through the full investment of available funds. The portfolio is diversified by investing in multiple types of investment-grade securities. The investment policy requires assets of the plan to be primarily invested in securities with at least an investment grade rating to minimize interest rate and credit risk. The plan assets are long-term in nature and are intended to generate returns while preserving capital.

Continued

11. Pension Plan, Continued

Pension assets are invested in equities, debt securities, cash and cash equivalents, hedge funds, and U. S. government securities. The allocation between different investment vehicles is determined by the Corporation, based on current market conditions, short-term and long-term market outlooks, and cash needs for distributions and plan expenses. Assumptions for expected returns on plan assets are based on historical performance, long-term market outlook, and a diversified investment approach designed to provide steady, consistent returns that minimize market fluctuations. The Corporation utilizes the services of a professional investment advisor in the selection of individual fund managers. The investment advisor tracks the performance of each fund manager and makes recommendations for redistributions, as needed, to comply with targeted allocations or to replace underperforming funds.

The Corporation attempts to mitigate investment risk by rebalancing between investment classes as the Corporation's contributions and monthly benefit payments are made. Although changes in interest rates may affect the fair value of a portion of the investment portfolio and cause unrealized gains and losses, such gains or losses would not be realized unless the investments are sold.

The fair values of the Corporation's pension plan assets at July 31, 2011 and 2010, by asset category are as follows:

	Fair Value Measurements At July 31, 2011			
Asset Category	Total	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	$ 7,723,973	$ -	$ 7,723,973	$ -
U. S. equity securities	35,104,032	6,692,558	19,013,062	9,398,412
Fixed income	21,346,481	-	21,346,481	-
Real assets	9,689,522	5,936,013	3,557,969	195,540
Opportunistic	7,080,077	-	7,080,077	-
Hedge funds	24,489,517	-	13,906,977	10,582,540
Non U. S. equities	25,936,642	1,000	13,218,369	12,717,273
Emerging markets	8,431,144	-	8,431,144	-
Total	$ 139,801,388	$ 12,629,571	$ 94,278,052	$ 32,893,765

Continued

11. Pension Plan, Continued

	Fair Value Measurements At July 31, 2010			
Asset Category	Total	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	$ 2,249,987	$ -	$ 2,249,987	$ -
U. S. equity securities	27,782,420	2,388,138	17,675,741	7,718,541
Fixed income	20,408,691	-	20,408,691	-
Real assets	7,146,282	4,255,080	2,808,322	82,880
Opportunistic	6,043,607	-	6,043,607	-
Hedge funds	22,899,930	-	12,381,687	10,518,243
Non U. S. equities	21,452,741	-	11,028,219	10,424,522
Emerging markets	7,212,034	-	7,212,034	-
Total	$ 115,195,692	$ 6,643,218	$ 79,808,288	$ 28,744,186

Hedge funds include investments in various funds that invest both long and short primarily in U. S. common stocks. Management of the hedge funds has the ability to shift investments from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position. The fair values of the investments in this category have been estimated using the net asset value per share of the investments. These securities have no unfunded commitments and are redeemed based on the timing of the investments and the managers' terms which vary across the portfolio.

Continued

11. Pension Plan, Continued

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)				
	Non U. S. Equities	U. S. Equities	Real Assets	Hedge Funds	Total
July 31, 2009	$ 10,297,599	$ 7,113,794	$ 61,715	$ 7,308,356	$ 24,781,464
Realized and unrealized gains (losses) included in other nonoperating revenue	7,676	1,104,747	(40,085)	661,255	1,733,593
Purchases	123,848	-	61,250	3,250,000	3,435,098
Sales	(4,601)	(500,000)	-	(701,368)	(1,205,969)
July 31, 2010	10,424,522	7,718,541	82,880	10,518,243	28,744,186
Realized and unrealized gains (losses) included in other nonoperating revenue	2,131,061	1,679,871	6,409	783,357	4,600,698
Purchases	161,690	-	106,251	-	267,941
Sales	-	-	-	(719,060)	(719,060)
July 31, 2011	$ 12,717,273	$ 9,398,412	$ 195,540	$ 10,582,540	$ 32,893,765

Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar investments in active or inactive markets. Financial assets using Level 3 inputs were primarily valued using management's assumptions about the assumptions market participants would utilize in pricing the asset or liability. Valuation techniques utilized to determine fair value are consistently applied.

Continued

11. Pension Plan, Continued

The Corporation maintains defined contribution pension plans covering substantially all eligible employees. Employees may deposit a portion of their earnings for each pay period on a pre-tax basis and the Corporation matches 50% of each participant's voluntary contributions up to a maximum of 4% of the employee's annual salary. Matching contribution expenses for the years ended July 31, 2011 and 2010 totaled approximately $1,825,000 and $1,757,000, respectively. Discretionary contribution expense totaled approximately $600,000 and $3,900,000 for the years ended July 31, 2011 and 2010, respectively.

12. Employee Health Insurance

The Corporation has a self-insurance program under which a third-party administrator processes and pays claims. The Corporation reimburses the third-party administrator for claims incurred and paid and has purchased stop-loss insurance coverage for claims in excess of $150,000 for each individual employee. Total expenses related to this plan were approximately $29,298,000 and $27,738,000 for 2011 and 2010, respectively.

13. Malpractice Insurance

The Corporation is covered by a claims made general and professional liability insurance policy with a specified deductible per incident and excess coverage on a claims-made basis through the parent's wholly owned subsidiary, Phoebe Putney Indemnity, LLC (PPI), located in South Carolina.

Effective August 1, 2006, PPI issued a claims-made policy covering professional and general liabilities, personal injury, advertising injury liability, and contractual liability of the Corporation with a retroactive date of January 1, 1990. Effective August 1, 2007 and renewing annually, PPI issued a policy with limits of $5,000,000 per occurrence, with an annual aggregate of $15,000,000.

PPI also provides excess liability coverage to the Corporation, which covers $25,000,000 per occurrence in excess of the underlying insurance coverage of $30,000,000 for the policy years ending July 31, 2011 and 2010. The excess policy has an annual aggregate limit of $25,000,000. All of the risk related to this coverage has been ceded to unrelated reinsurers via a contract of reinsurance.

Various claims and assertions have been made against the Corporation in its normal course of providing services. In addition, other claims may be asserted arising from services provided to patients in the past. In the opinion of management, adequate provision has been made for losses which may occur from such asserted and unasserted claims that are not covered by liability insurance.

Continued

14. Concentrations of Credit Risk

The Corporation is located in Albany, Georgia. The Corporation grants credit without collateral to its patients, most of whom are residents of Southwest Georgia and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at July 31, 2011 and 2010 was as follows:

	2011	2010
Medicare	30%	37%
Medicaid	22%	20%
Blue Cross	13%	9%
Commercial	27%	26%
Patients	8%	8%
Total	100%	100%

At July 31, 2010, the Corporation has deposits at major financial institutions which exceeded the $250,000 Federal Deposit Insurance Corporation limits. Management believes the credit risks related to these deposits is minimal.

15. Related Party Transactions

	2011	2010
Due from Phoebe Foundation, Inc.	$ -	$ 522,784
Due from Phoebe Putney Health Ventures, Inc.	107,170	148,633
Due to Phoebe Putney Health System, Inc.	(16,115,146)	(6,330,504)
Due to Phoebe Physician Group, Inc.	(44,786,403)	(15,107,369)
Net related party transactions	$(60,794,379)	$(20,766,456)

The related party transactions that affect the above receivables and payables arise from the sharing of services.

Continued

16. Related Organization

Phoebe Foundation, Inc. (Foundation) was established to raise funds to support the operation of the Corporation. The Foundation's bylaws provide that all funds raised, except for funds required for the operation of the Foundation, be distributed to or be held for the benefit of the Corporation. The Foundation's general funds, which represent the Foundation's unrestricted resources, are distributed to the Corporation in amounts and in periods determined by the Foundation's Board of Trustees, who may also restrict the use of general funds for hospital plant replacement or expansion or other specific purposes. Plant replacement and expansion funds, specific-purpose funds, and assets obtained from endowment income of the Foundation are distributed to the Corporation as required to comply with the purposes specified by donors. The Corporation's interest in the net assets of the Foundation is reported as an other asset in the balance sheets.

	2011	2010
Assets:		
Cash and cash equivalents	$ 613,162	$ 122,411
Investments	9,798,642	9,205,283
Other assets	380,059	677,629
Total assets	$ 10,791,863	$ 10,005,323
Liabilities and net assets:		
Accounts payable	$ 152,270	$ 73,844
Other liabilities	-	465,336
Total liabilities	152,270	539,180
Net assets	10,639,593	9,466,143
Total liabilities and net assets	$ 10,791,863	$ 10,005,323
Revenue and support	$ 1,421,389	$ 1,377,191
Expenses	403,166	6,896,001
Excess of revenue and support (expenses)	1,018,223	(5,518,810)
Other changes in net assets	155,227	399,598
Net assets, beginning of year	9,466,143	14,585,355
Net assets, end of year	$ 10,639,593	$ 9,466,143

Continued

17. Functional Expenses

The Corporation provides general health care services to residents within its geographic location. Expenses related to providing these services are as follows:

	July 31,	
	2011	2010
Patient care services	$ 293,239,213	$ 270,497,907
General and administrative	132,986,280	111,696,984
Depreciation and amortization	25,466,359	27,767,301
Interest expense	5,570,389	4,604,614
Provision for bad debts	40,416,741	53,034,946
Total	$ 497,678,982	$ 467,601,752

18. Fair Values of Financial Instruments

The following methods and assumptions were used by the Corporation in estimating the fair value of its financial instruments:

- Cash and Cash Equivalents: The carrying amount reported in the balance sheet for cash and cash equivalents approximates its fair value.

- Assets Limited As To Use: Fair values, which are the amounts reported in the balance sheet, are based on quoted market prices, if available, or estimated using quoted market prices for similar securities.

- Accounts Payable and Accrued Expenses: The carrying amount reported in the balance sheet for accounts payable and accrued expenses approximates its fair value.

- Estimated Third-Party Payor Settlements: The carrying amount reported in the balance sheet for estimated third-party payor settlements approximates its fair value.

- Derivative Financial Instruments: The carrying amount reported in the balance sheet for derivative financial instruments approximates its fair value.

- Long-Term Debt: Fair values of the Corporation's revenue notes are based on current traded value. The fair value of the Corporation's remaining long-term debt is estimated using discounted cash flow analyses, based on the Corporation's current incremental borrowing rates for similar types of borrowing arrangements. The carrying amount reported in the balance sheet for long-term debt approximates its fair value.

Continued

19. Fair Value Measurement

Fair values of assets and liabilities measured on a recurring basis at July 31, 2011 and 2010 is as follows:

		Fair Value Measurements At Reporting Date Using		
	Fair Value	Quoted Prices In Active Markets For Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
July 31, 2011				
Assets:				
Money market funds	$ 104,304	$ -	$ 104,304	$ -
Certificates of deposit	360,754	-	360,754	-
Government debt securities	1,570,155	-	1,570,155	-
Mutual funds:				
Index funds	3,772,463	-	3,772,463	-
Fixed income funds	1,869,158	-	1,869,158	-
Alternative investments in hedge funds	8,846,201	-	7,116,737	1,729,464
Common collective trusts invested in equity securities	1,042,396	-	1,042,396	-
Total assets	$ 17,565,431	$ -	$ 15,835,967	$ 1,729,464
Liabilities:				
Derivatives	$ 4,606,557	$ -	$ 4,606,557	$ -
July 31, 2010				
Assets:				
Money market funds	$ 5,171	$ -	$ 5,171	$ -
Certificates of deposit	359,499	-	359,499	-
Government debt securities	1,560,260	-	1,560,260	-
Total assets	$ 1,924,930	$ -	$ 1,924,930	$ -
Liabilities:				
Derivatives	$ 7,199,470	$ -	$ 7,199,470	$ -

Continued

19. Fair Value Measurement, Continued

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)
	Alternative Investments In Hedge Funds
July 31, 2010	$ -
Realized and unrealized gains (losses) included in other nonoperating revenue	129,464
Purchases	1,600,000
July 31, 2011	$ 1,729,464

Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar investments in active or inactive markets. Financial assets using Level 3 inputs were primarily using management's assumptions about the assumptions market participants would utilize in pricing the asset or liability. Valuation techniques utilized to determine fair value are consistently applied.

All assets and liabilities have been valued using a market approach.

20. Commitments and Contingencies

Compliance Plan

The healthcare industry has recently been subjected to increased scrutiny from governmental agencies at both the federal and state level with respect to compliance with regulations. Areas of noncompliance identified at the national level include Medicare and Medicaid, Internal Revenue Service, and other regulations governing the healthcare industry. The Corporation has implemented a compliance plan focusing on such issues. There can be no assurance that the Corporation will not be subjected to future investigations with accompanying monetary damages.

Continued

20. Commitments and Contingencies, Continued

Health Care Reform

In recent years, there has been increasing pressure on Congress and some state legislatures to control and reduce the cost of healthcare on the national or at the state level. In 2010, legislation was enacted which included cost controls on hospitals, insurance market reforms, delivery system reforms and various individual and business mandates among other provisions. The costs of certain provisions will be funded in part by reductions in payments by government programs, including Medicare and Medicaid. There can be no assurance that these changes will not adversely affect the Corporation.

Litigation

The Corporation is involved in litigation and regulatory investigations arising in the course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Corporation's future financial position or results from operations.

Draffin & Tucker, LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

Board of Directors
Phoebe Putney Memorial Hospital, Inc.
Albany, Georgia

We have audited the financial statements of Phoebe Putney Memorial Hospital, Inc. as of and for the years ended July 31, 2011 and 2010 and our report thereon dated December 7, 2011, which expressed an unqualified opinion on those financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The information included in this report on pages 41 to 54, inclusive, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Draffin + Tucker, LLP

Albany, Georgia
December 7, 2011

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PHOEBE PUTNEY MEMORIAL HOSPITAL, INC.

SERVICE TO THE COMMUNITY

As discussed herein, Phoebe Putney Memorial Hospital operates as a charitable organization consistent with the requirements of Internal Revenue Code Section 501(c)3 and the "community benefit standard" of IRS Revenue Ruling 69-545. In this regard, the governing body of the Corporation is composed of prominent citizens in the community. Medical staff privileges in the Hospital are available to all qualified physicians in the area, consistent with the size and nature of the facilities. The Hospital operates a full-time emergency room open to all regardless of the ability to pay for these services. Physicians who are members of the Hospital medical staff admit as patients those unable to pay for care and those able to pay for care, either themselves or through third-party payors such as private health insurance or government programs such as Medicare and Medicaid.

Consistent with its charitable mission, the Corporation takes seriously its responsibility as the community's safety net hospital and has a strong record of meeting and exceeding the charitable care and the organizational and operational standards required for federal tax-exempt status. The Corporation demonstrates a continued and expanding commitment to meeting its mission and serving the citizens by providing community benefits. A community benefit is a planned, managed, organized, and measured approach to meeting identified community health needs, requiring a partnership between the healthcare organization and the community to benefit residents through programs and services that improve health status and quality of life.

Phoebe Putney Memorial Hospital is a not-for-profit health care organization that exists to serve the community. The Hospital opened in 1911 to serve the community by caring for the sick regardless of ability to pay. As a not-for-profit hospital, the Hospital has no stockholders or owners. All revenue after expenses is reinvested in our mission to care for the citizens of our community – into clinical care, health programs, state-of-the-art technology and facilities, research and teaching and training of medical professionals now and for the future.

The Corporation improves the health and well-being of Southwest Georgia through clinical services, education, research and partnerships that build health capacity in the community. The Corporation provides community benefits for every citizen in its service area as well as for the medically underserved. The Corporation conducts community needs assessments and pays close attention to the needs of low income and other vulnerable persons and the community at large. The Corporation often works with community groups to identify needs, strengthen existing community programs and plan newly needed services. It provides a wide-ranging array of community benefit services designed to improve community health and the health of individuals and to increase access to health care, in addition to providing free and discounted services to people who are uninsured and underinsured. The Corporation's excellence in community benefit programs was recognized by the prestigious Foster McGaw Prize awarded to the Hospital in 2003 for its broad-based outreach in building collaboratives that make measurable improvements in health status, expand access to care and build community capacity, so that patients receive care closest to their own neighborhoods. Drawing on a dynamic and flexible structure, the community benefit programs are designed to respond to assessed needs and are focused on upstream prevention.

See independent auditor's report on supplemental information.

As Southwest Georgia's leading provider of cost-effective, patient-centered health care, Phoebe Putney Memorial Hospital is also the region's largest employer with more than 3,600 members of the Phoebe Family caring for patients.

In carrying out its mission of being the leading provider of quality, cost effective, patient-center health services to all residents of Southwest Georgia, the Board of Directors has established a policy under which the Hospital provides care to needy members of its communities, regardless of their ability to pay for these services. Under these programs, the Corporation provides care to patients at payment rates that are determined by the federal and state governments, regardless of actual cost. In some cases, these programs pay the Corporation at amounts that are less than its cost of providing services. The following table summarizes the amounts of charges foregone (i.e., contractual adjustments) and estimates the losses incurred by the Corporation due to inadequate payments by these programs and for indigent/charity. This table does not include discounts offered by the Corporation under managed care and other agreements:

	Charges Foregone	Estimated Unreimbursed Cost
Medicare	$ 354,300,000	$ 68,400,000
Medicaid	145,300,000	27,300,000
Indigent/charity	69,400,000	27,600,000
	$ 569,000,000	$ 123,300,000

The following is a summary of the community benefit activities and health improvement services offered by the hospital and illustrates the activities and donations during fiscal year 2011.

I. Community Health Improvement Services

A. Community Health Education

Phoebe Putney Memorial Hospital provides health education services that reached 37,090 individuals in 2011 at a cost of $850,000. These services included the following free classes and seminars:

- Prepared childbirth classes
- Refresher childbirth classes
- Pregnancy classes
- Breastfeeding classes
- Lactation consulting

I. Community Health Improvement Services, Continued

A. Community Health Education, Continued

- Baby care basics classes
- Infant massage classes
- Tours of post partum and labor and delivery
- Special Tots classes
- Maternity coordinator visits
- Big Brother/Big Sister classes
- Safe sitter classes
- Golden Key Health Seminars

The Corporation is involved in many activities aimed at educating the community about health-related topics. Examples of these activities are a comprehensive health information magazine-format newsletter at a cost of $25,000; a monthly health information newsletter distributed to 20,000 senior citizens at a cost of $55,000 and frequent ongoing health seminars held at Phoebe Northwest free of charge and attracting audiences ranging from 30 to 150 persons. The Corporation also produces public service television campaigns called "Do It For Life," frequently featuring celebrity personalities. These campaigns urge viewers to adopt healthy lifestyle changes and to participate in screenings for cancer, heart disease, diabetes and other diseases. Videos on heart and stroke prevention and action, as well as videos on cancer treatment care, are available to the general public and to patients. Many staff members of the Corporation also lend their time to schools and civic organizations to speak on health issues.

Men and Women's Health Conferences

The Corporation holds Men's and Women's Annual Health Conferences that provide health screenings for PSA, cholesterol, HIV/AID, blood pressure, hearing and vision, health information, speakers and fellowship to more than 1,900 attendees. The health conference programs provide outreach, health screenings, educational programs, and health conferences and events. These programs target men and women at risk of poor health status. The programs target men and women without a primary care physician and who are uninsured, and men and women without knowledge of recommended preventive health care services. The Corporation also runs public service television spots on breast cancer awareness and breast health, as well as announcements on prostrate cancer, heart health and smoking cessation. The following are examples of Men's Health Initiative programs:

I. Community Health Improvement Services, Continued

A. Community Health Education, Continued

Men and Women's Health Conferences, Continued

- **Men on the Move** – A faith based initiative, which began in 2001 to solicit congregational support of men around the issues affecting men's health. We began by contacting area pastors and informing them of our interest to bring a men's health and wellness message to their churches. Twenty churches of different sizes and denominations participate, with no less than 25 men per church taking active roles for the initiative. These participants have become our membership base of *Men's Health Advocates* that we call **"Men on the Move."** These are the men who volunteer their time in assisting in outreach and program logistics.

- **Men at Work** – This event has taken place for the last six years, serving the city of Albany, Dougherty County and the Water, Gas and Light male employees. This is a program that Phoebe Putney Memorial Hospital does in partnership with the American Cancer Society, Dr. Ajayi/Southwest GA Urology Clinic, the City/County and Sub-Way, who supplies food for free. This event is held in our downtown Government Center and the men are allowed a liberal leave so that they can get their PSA screenings, visit our various educational booths, and have lunch with the doctor. At each event over 270 men are served.

- **Seminars/Screenings** - These programs are held twice a month at churches and other community locations, including the Phoebe Fitness Center. These educational/ awareness events cover topics such as erectile dysfunction, heart health, nutrition and fitness. They may also include physician-led workshops, free screenings which include: PSA, cholesterol, HIV/AID, blood pressure, hearing and vision.

- **Men's Prostate Health Clinic** – This annual event is in its thirteenth year. Men are given a digital rectal exam as well as a PSA. DRE's are performed by our Radiation Oncologist and physicians from Albany Urology, who volunteer their time. Over 275 men are reached at this event.

Golden Key

This is a membership organization for people age 55 and older. With over 23,000 members, Golden Key offers programs that encourage healthy lifestyles including the privilege of walking at the hospital's Physical Medicine complex. To its members, it provided a bi-monthly newsletter (Key Notes). In 2011, the unreimbursed cost was $140,000.

See independent auditor's report on supplemental information.

I. Community Health Improvement Services, Continued

A. Community Health Education, Continued

Network of Trust

This is a nationally recognized program aimed at teen mothers to encourage them to remain in school, provide parenting skills and attempt to reduce repeat pregnancies. This program also includes a teen father program along with other teenaged children programs. Network of Trust enrolled 200 teen parents during the 2010/2011 school year at a net unreimbursed cost of $305,000.

B. Community Based Clinical Services

Flu Shots

The Corporation provides free flu shots to volunteers and employees' family members. In 2011, the Corporation administered 513 flu shots at an unreimbursed cost of $7,000.

Health Promotion and Wellness Programs

In 2011, the Corporation also provided various Health Fairs and Wellness Programs to 6,423 persons in the community at an unreimbursed cost of $32,000. The following are some examples of the Health Fairs and Wellness Programs:

- Cardiac Healthy Eating
- Pretty in Pink Health Fair
- Nutrition for Cancer Survivors
- Healthy at Any Age
- Nurturing Mind and Body
- Risks of Multiple Medications
- Multi-Cultural Health Fairs
- Healing for the Surviving Soul
- Teen Maze
- Label Reading
- Healthy Lifestyles

I. Community Health Improvement Services, Continued

B. Community Based Clinical Services, Continued

School Nurse Program

Phoebe Putney places nurses in sixteen elementary schools, six middle schools, and four high schools in Dougherty County with a goal of creating access to care for students, assessing the health care status of each population represented and effectively establishing referrals for all health care needs. Nurses also conducted the Eighth Grade Health Fairs. During the 2010/2011 school year, the school nurse program covered 60,000 student visits. This program is operated at a net unreimbursed cost of $1,289,000 in 2011.

C. Health Care Support Services

New Foundations

The Corporation offers New Foundation Breast Forms and Fashion Boutique. New Foundations caters to the physical and mental well-being of women and their families. They provide one-on-one post mastectomy consultation to help women overcome their anxieties and feel better about themselves. They carry a large variety of prosthesis and also have a wide selection of clothing. They conduct support groups, seminars, exercise classes, and help patients with breast cancer issues. This department saw 1,424 patients and operated at an unreimbursed cost in 2011 of $76,000.

Lights of Love Vans

Lights of Love donated vans to the Corporation to transport cancer patients to and from the hospital for their treatments. In 2011, the Corporation provided 258 patient transports at a cost of $74,000.

Phoebe Care Representatives

Phoebe Care Representatives assist patients and citizens with pre-qualifying for free or reduced-cost medical care before medical attention is needed by applying for the Phoebe Care Card. This is accepted at the Hospital as well as at hospital-affiliated specialty clinics. To ensure this program is accessible and understood by its intended beneficiaries, the Hospital employs Phoebe Care Representatives to assist patients in various ways. Their services include helping with applications to medical assistance programs not limited to the Phoebe Care Card and providing information on how to access assistance with medicine, food, clothing, shelter, medical transportation and more.

I. Community Health Improvement Services, Continued

C. Health Care Support Services, Continued

Phoebe Care Representatives, Continued

The Phoebe Cares Department assisted 3,674 patients and operated at a net unreimbursed cost of $444,000 in 2011. Patients who qualify for the Phoebe Care Card are provided millions of dollars of uncompensated care annually, and the total amount of community benefit provided by the program is included in the amount of charity care reported in the Corporation's financial statement.

- Indigent Financial Assistance

  Patients whose income is below 125% of the Federal Poverty Levels are classified as indigent and receive care at no cost.

- Charity Financial Assistance

  Patients whose income level is between 126% - 200% of the Federal Poverty Levels will be classified as charity. These patients will be responsible for a percentage of the Hospital charges. This percentage will be based on calculations using the Federal Poverty Levels that are published in the "Federal Register" each year. If it is determined the patient responsibility will be an undue hardship on the patient/ guarantor, these cases will be reviewed on an individual basis with the Phoebe Cares Supervisor for possible catastrophic charity based on sliding scale guidelines.

- Catastrophic Financial Assistance

  Patients whose income exceeds 200% of the Federal Poverty Levels and whose hospital charges exceed 25% of their annual income, resulting in excessive hardship, are eligible for a discount up to 75% of the patient balance. The patient may pay the remaining balance over 24 months.

II. Health Professions Education

The Corporation recognizes that to continuously improve the Corporation's long-term value to our community and our customers, to encourage life-long learning among employees and to achieve a world-class employer status, it is in the Corporation's best interest to provide opportunities that will assist eligible employees in pursuing formal, healthcare related educational opportunities. The Corporation also provides non-employees financial support in pursuing healthcare related degrees. In 2011, the Corporation provided $439,000 in clinical supervision and training of nursing students, and an additional $156,000 in clinical supervision and training to pharmacy, pharmacy techs and other health professionals.

III. Subsidized Health Services

A. Hospital Outpatient Services

Phoebe Family Medical Centers

The Corporation has a strong commitment to primary care for the Southwest Georgia region. Our family medical centers in our surrounding counties are a network of care that serves the entire family for those who reside outside of Albany. In 2011, the rural clinics operated at a net loss of $284,000, the Lee County clinic operated at a net loss of $254,000 and the Pelham clinic operated at a net loss of $76,000.

Convenient Cares

Phoebe's Convenient Care provides treatment for minor injuries and ailments in a more timely fashion and at a more reasonable cost than an emergency center. In 2011, the clinics operated at a net loss of $1,183,000.

Phoebe Specialty Clinics

- The Behavioral Health Clinic at Phoebe provides treatment for adults and adolescents with addictive diseases and/or psychiatric disorders. In 2011, this Clinic operated at a net loss of $368,000.

- The Corporation operates a specialty clinic encompassing Endocrinology, Rheumatology, and Physiatry. The clinic offers medical care on a referral basis to inpatients and outpatients with endocrine or rheumatoid problems or with physical medicine or rehabilitation needs. The clinic operated at a net loss of $400,000 in 2011.

III. Subsidized Health Services, Continued

A. Hospital Outpatient Services, Continued

Phoebe Specialty Clinics, Continued

- Internal Medicine provides primary and consultative medical care of adults, with emphasis on diagnosis, preventive health and continuity of care in both outpatient and inpatient settings. In 2011, these clinics operated at a net loss of $639,000.

- Inpatient Medical Specialist practice manages care for all inpatient admissions while in the Hospital and coordinates care with the patient's primary physicians In 2011, this group operated at a net loss of $719,000

- Maternal/Fetal Medicine program is for high risk mothers and pregnant women who need specialized care. In 2011, this clinic operated at a net loss of $88,000.

- The Corporation operates Neurosurgery and neurology practices that provide two neurosurgeons and two neurologists to our community, improving access to care in several settings, including trauma care in the Emergency Department and community health forums. This department operated at a net loss of $502,000.

- The Corporation offers an Infectious Disease Clinic. This clinic is primarily directed at providing treatment to those who have chronic and acute infectious diseases and to terminally ill persons in need of pain management. In 2011, this clinic operated at a net loss of $129,000.

- The Corporation operates a comprehensive cardiac program which performs open heart, thoracic and vascular procedures, including the region's only electrophysiology and peripheral vascular intervention procedures as well as community angio screenings. In 2011, this group operated at a net loss of $748,000.

- The Corporation operates a special seniors clinic at the Camilla Senior Center, set up for this population to have a comfortable atmosphere in which to access physician care, including a kitchen area and gathering places. The Center operated at a net loss of $7,000 for 2011.

- Albany Orthopedic provides a community resource to schools and colleges through special athlete clinics staffed by physicians, trainer access and follow up care. The practice operated at a net loss of $246,000 for 2011.

See independent auditor's report on supplemental information.

III. Subsidized Health Services, Continued

A. Hospital Outpatient Services, Continued

Phoebe Specialty Clinics, Continued

- Lee QuickCare Clinic provides walk-in treatment for common illnesses and conditions after hours, 6 p.m. to 10 p.m., Mondays through Fridays. The staff serves non-urgent patients and can prescribe medications when needed. In 2011, the clinic operated at a net loss of $7,000.

- The Corporation operates a Surgical Oncology Department in its Cancer Center. This practice surgically treats and manages cancers primarily of the esophagus, stomach, liver, pancreas, colon, breast and skin, and soft tissues. In 2011, this department operated at a net loss of $138,000.

- The Corporation operates a Wound Care and Hyberbaric Center with two satellite clinics in Sylvester and Americus, Georgia for advanced wound care treatments. The Center provides treatment for chronic wounds that have resisted healing and hyperbaric oxygen therapy. In 2011, the Center operated at a net loss of $55,000.

Residency Program

The Southwest Georgia Family Medicine Residency Program is an award winning facility continuously addressing the shortage of health care professionals in the region. Their primary mission is to train family physicians to practice in rural Southwest Georgia.

Established in 1993, this program offers a rich opportunity for physicians to develop as strong clinicians capable of delivering high-quality primary care in any setting. The need for medical services in this rural region is great. The region has high incidences of cancer, heart attack, stroke and other diseases, and the need for medical and outreach services are tremendous. The program has successfully diverted persons without access from costly emergency rooms to appropriate primary care settings.

III. Subsidized Health Services, Continued

B. Women's and Children's Services

The Corporation supports midwifery services provided by Albany Area Primary Health Care (a federally qualified health clinic) to women without access to pre-natal care. The program is a needed intervention and impacts mother and baby health, including infant mortality rates, by reaching women who otherwise would arrive at the hospital without adequate prenatal care. The Corporation delivers approximately 3,000 babies annually; more than 68 percent are Medicaid recipients. The Corporation provided $173,000 to the midwifery services in the last fiscal year.

C. Other Subsidized Services

Inmate Care

The Corporation provides care to persons in jail for Dougherty County. In 2011, the Corporation provided $1,280,000 of unreimbursed medical and drug treatment to 419 inmates.

Indigent Drug Pharmacy

Indigent Drug Pharmacy provides medication upon discharge to patients that are either indigent or uninsured. In 2011, the pharmacy assisted 1,530 patients at a cost was $275,000.

IV. Clinical Research

The Corporation offers clinical trials to cancer patients to residents of Southwest Georgia. In 2011, 184 patients elected to participate at an estimated cost of $953,000.

The Corporation is also a regional site for the collection of tissue for the statewide Tumor Tissue, and Serum Biorepository.

V. Financial and In-Kind Support

In 2011, The Corporation provided $1,012,000 in cash donations and in-kind support to non-profit organizations in Southwest Georgia. Listed are some highlights:

- The Southwest Georgia Cancer Coalition received $312,500 for staff support and various projects.

V. Financial and In-Kind Support, Continued

- The Corporation provided rent free space to seventeen private, not-for-profit organizations. The estimated forgone rent and improvements were $367,000.

- The Southwest Georgia Area Health Education Center (SOWEGA-AHEC) received $100,000 in assistance to improve access to healthcare by improving the number and distribution of healthcare providers in 38 counties in southwest Georgia.

- The Strive 2 Thrive and its parent corporation, Move the Mountain, received $52,000 to support a community poverty reduction initiative.

- United Way received $25,000 to provide health education.

- Yes2SaveLives, Inc. received $50,000 to support the development of a trauma network for the state of Georgia

- The Corporation donated a defibrillator to Smithville EMS at a cost of $21,000 for use in their ambulance.

- The Corporation provided the funding of $16,000 for Rachel's Challenge, a program developed by the family of the first victim of Columbine High School and is aimed at encouraging positive changes in schools. It is being deployed in the Dougherty County public and private schools.

- The Corporation partnered with Lift Up America and Tyson Foods to contribute 15 tons of food to Second Harvest of South Georgia at a cost of $6,000.

VI. Community Building Activities

A. Economic Development

As a corporate citizen, the Corporation is involved in various economic development activities throughout the year. In 2011, the Corporation contributed $90,000 to various economic development initiatives in the community.

VI. Community Benefit Obligations

The Corporation incurred $142,000 in support staff costs to support its community benefit efforts.

See independent auditor's report on supplemental information.

Summary

	2011
Community Health Improvement Services:	
Community Health Education	$ 850,000
Community Based Clinical Services	1,328,000
Health Care Support Services	594,000
Total community health improvement services	**2,772,000**
Health Professions Education:	
Nurses/nursing students	439,000
Other health professional education	156,000
Total health professions education	**595,000**
Subsidized Health Services:	
Hospital outpatient services	5,475,000
Behavioral health services	368,000
Other subsidized health services	1,728,000
Total subsidized health services	**7,571,000**
Research:	
Clinical research	953,000
Total research	**953,000**
Financial and In-Kind Support:	
Cash donations	645,000
In-kind donations	367,000
Total financial and in-kind support	**1,012,000**
Community Building Activities:	
Economic development	90,000
Total community building activities	**90,000**
Community Benefit Operations:	
Dedicated staff and other resources	142,000
Total community benefit operations	**142,000**

See independent auditor's report on supplemental information.

Summary, Continued

	2011
Other:	
Traditional charity care – estimated unreimbursed cost of charity services	$ 27,600,000
Unpaid cost of Medicare services – estimated unreimbursed cost of Medicare services	68,400,000
Unpaid cost of Medicaid services – estimated unreimbursed cost of Medicaid services	27,300,000
Total other	**123,300,000**
Total summary	**$ 136,435,000**

This report has been prepared in accordance with the Community Benefit reporting guidelines established by Catholic Health Association and VHA. The Internal Revenue Service's requirements for reporting Community Benefits are different than the guidelines under which this report has been prepared.

See independent auditor's report on supplemental information.