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2010

Open to Public  
Inspection

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

## A For the 2010 calendar year, or tax year beginning 10-01-2010 and ending 09-30-2011

B Check if applicable

Address change

Name change

Initial return

Terminated

Amended return

Application pending

C Name of organization  
WEST GEORGIA MEDICAL CENTER INC

Doing Business As

Number and street (or P O box if mail is not delivered to street address)  
1514 VERNON ROAD

D Employer identification number

20-5497506

E Telephone number

(706) 882-1411

G Gross receipts \$ 165,152,046

F Name and address of principal officer  
GERALD FULKS  
1514 VERNON ROAD  
LAGRANGE, GA 30240H(a) Is this a group return for affiliates?  Yes  NoH(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 WGHEALTH.ORG

K Form of organization  Corporation  Trust  Association  Other ►

L Year of formation 2006

M State of legal domicile GA

## Part I Summary

1 Briefly describe the organization's mission or most significant activities

THE PRIMARY MISSION OF WEST GEORGIA MEDICAL CENTER IS TO PROVIDE ACCESS TO QUALITY, COST-EFFECTIVE COMMUNITY-BASED HEALTHCARE SERVICES TO RESIDENTS OF COUNTIES IN WESTERN GEORGIA AND EASTERN ALABAMA

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 9

4 Number of independent voting members of the governing body (Part VI, line 1b) . . . . .

4 7

5 Total number of individuals employed in calendar year 2010 (Part V, line 2a) . . . . .

5 1,593

6 Total number of volunteers (estimate if necessary) . . . . .

6 198

7a Total unrelated business revenue from Part VIII, column (C), line 12 . . . . .

7a 199,259

b Net unrelated business taxable income from Form 990-T, line 34 . . . . .

7b 71,933

Activities &amp; Governance

Revenue

Expenses

Net Assets or Fund Balances

8 Contributions and grants (Part VIII, line 1h) . . . . .  
9 Program service revenue (Part VIII, line 2g) . . . . .  
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) . . . . .  
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)  
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) . . . . .Prior Year Current Year  
2,224,756 1,077,589  
147,296,939 159,517,973  
-599,113 1,415,064  
1,346,128 3,063,468  
150,268,710 165,074,09413 Grants and similar amounts paid (Part IX, column (A), lines 1-3) . . . . .  
14 Benefits paid to or for members (Part IX, column (A), line 4) . . . . .  
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)  
16a Professional fundraising fees (Part IX, column (A), line 11e) . . . . .  
b Total fundraising expenses (Part IX, column (D), line 25) ► 0  
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f) . . . . .  
18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)  
19 Revenue less expenses Subtract line 18 from line 12 . . . . .875,250 711,932  
0 0  
72,215,370 80,903,371  
0 0  
81,101,450 86,031,869  
154,192,070 167,647,172  
-3,923,360 -2,573,07820 Total assets (Part X, line 16) . . . . .  
21 Total liabilities (Part X, line 26) . . . . .  
22 Net assets or fund balances Subtract line 21 from line 20 . . . . .Beginning of Current Year End of Year  
209,247,988 196,195,159  
105,043,598 99,551,264  
104,204,390 96,643,895

## Part II Signature Block

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

Sign Here

\*\*\*\*\*  
Signature of officer

2012-08-14

Date

PAUL PEROTTI CFO/SENIOR VICE PRESIDENT  
Type or print name and titlePaid  
Preparer  
Use Only

Print/Type preparer's name AMY BIBBY	Preparer's signature AMY BIBBY	Date	Check if self-employed <input type="checkbox"/>	PTIN
Firm's name ► DIXON HUGHES GOODMAN LLP				Firm's EIN ►
Firm's address ► 500 RIDGEFIELD COURT ASHEVILLE, NC 28806				Phone no ► (828) 254-2254

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

WEST GEORGIA HEALTH SERVES THE HEALTH CARE NEEDS OF PEOPLE WITHIN OUR REGION THROUGH PROFESSIONAL SERVICE, COMPASSIONATE TREATMENT AND A SAFE ENVIRONMENT, WHILE COLLABORATING WITH COMMUNITY LEADERS TO PRODUCE BETTER HEALTH FOR OUR CITIZENS

**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 \$ 122,281,093 including grants of \$ ) (Revenue \$ 133,962,677 )

THE HOSPITAL SERVICES PROGRAM GOAL IS TO PROVIDE VERY HIGH QUALITY PATIENT CARE FOR ALL INDIVIDUALS IN TROUP AND OTHER COUNTIES IN THE GEOGRAPHICAL AREA. THE PROGRAM HAD 9,149 ADMISSIONS, 31,993 INPATIENT DAYS, 56,687 OUTPATIENT EMERGENCY ROOM VISITS, 5,483 INPATIENT EMERGENCY ROOM VISITS, 1,535 INPATIENT SURGERIES, 5,801 OUTPATIENT SURGERIES, AND 984 DELIVERIES

**4b** (Code ) (Expenses \$ 11,465,786 including grants of \$ ) (Revenue \$ 16,082,801 )

LONG TERM CARE INCLUDES TWO NURSING HOMES. THIS PROGRAM PROVIDED 87,320 INPATIENT DAYS OF SKILLED NURSING CARE

**4c** (Code ) (Expenses \$ 3,147,212 including grants of \$ ) (Revenue \$ 3,843,266 )

HOSPICE PROGRAM PROVIDED 4,300 INPATIENT DAYS OF HOSPICE CARE AND 13,605 HOSPICE VISITS

**4d** Other program services (Describe in Schedule O) **See also Additional Data for Description**

(Expenses \$ 8,133,937 including grants of \$ ) (Revenue \$ 6,141,174 )

**4e** **Total program service expenses** \$ 145,028,028

**Part IV Checklist of Required Schedules**

**1** Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A.

**2** Is the organization required to complete Schedule B, Schedule of Contributors (see instruction)?

**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.

**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.

**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.

**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.

**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.

**8** Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III.

**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.

**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.

**11** If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable

**a** Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI.

**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.

**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.

**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.

**e** Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X.

**f** Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part XI.

**12a** Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII.

**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.

**13** Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E.

**14a** Did the organization maintain an office, employees, or agents outside of the United States?

**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.

**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.

**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.

**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).

**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.

**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.

**20a** Did the organization operate one or more hospitals? If "Yes," complete Schedule H.

**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).

	Yes	No
<b>1</b>	Yes	
<b>2</b>	Yes	
<b>3</b>		No
<b>4</b>	Yes	
<b>5</b>		
<b>6</b>		No
<b>7</b>		No
<b>8</b>	Yes	
<b>9</b>		No
<b>10</b>	Yes	
<b>11a</b>	Yes	
<b>11b</b>		No
<b>11c</b>		No
<b>11d</b>		No
<b>11e</b>	Yes	
<b>11f</b>	Yes	
<b>12a</b>		No
<b>12b</b>	Yes	
<b>13</b>		No
<b>14a</b>		No
<b>14b</b>		No
<b>15</b>		No
<b>16</b>		No
<b>17</b>		No
<b>18</b>		No
<b>19</b>		No
<b>20a</b>	Yes	
<b>20b</b>	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	<input checked="" type="checkbox"/>	21	Yes	
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	<input checked="" type="checkbox"/>	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	<input checked="" type="checkbox"/>	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	<input checked="" type="checkbox"/>	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	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> 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)		28a	No	
a	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV		28b	No	
b	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV		28c	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		29	No	
30	Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M		30	No	
31	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M		31	No	
32	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I		32	No	
33	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II		33	No	
34	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	<input checked="" type="checkbox"/>	34	Yes	
35	Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1	<input checked="" type="checkbox"/>	35	No	
a	Is any related organization a controlled entity within the meaning of section 512(b)(13)?				
	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	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
36	<b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2	<input checked="" type="checkbox"/>	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	<input checked="" type="checkbox"/>	37	No	
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? <b>Note.</b> 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
<b>1a</b>	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	1a 184	
<b>b</b>	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b 0	
<b>c</b>	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c Yes	
<b>2a</b>	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return	2a 1,593	
<b>b</b>	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	2b Yes	
<p><b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)</p>			
<b>3a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a Yes	
<b>b</b>	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	3b Yes	
<b>4a</b>	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>b</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		
<b>5a</b>	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a No	
<b>b</b>	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b No	
<b>c</b>	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c No	
<b>6a</b>	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>b</b>	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b No	
<b>7</b>	<b>Organizations that may receive deductible contributions under section 170(c).</b>	7a No	
<b>a</b>	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?	7b No	
<b>b</b>	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7c No	
<b>c</b>	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7d No	
<b>d</b>	If "Yes," indicate the number of Forms 8282 filed during the year		
<b>e</b>	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e No	
<b>f</b>	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f No	
<b>g</b>	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g No	
<b>h</b>	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h No	
<b>8</b>	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> 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	
<b>9</b>	<b>Sponsoring organizations maintaining donor advised funds.</b>	9a No	
<b>a</b>	Did the organization make any taxable distributions under section 4966?	9b No	
<b>b</b>	Did the organization make a distribution to a donor, donor advisor, or related person?		
<b>10</b>	<b>Section 501(c)(7) organizations.</b> Enter	10a No	
<b>a</b>	Initiation fees and capital contributions included on Part VIII, line 12	10b No	
<b>b</b>	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities		
<b>11</b>	<b>Section 501(c)(12) organizations.</b> Enter	11a No	
<b>a</b>	Gross income from members or shareholders	11b No	
<b>b</b>	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)		
<b>12a</b>	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?	12a No	
<b>b</b>	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b No	
<b>13</b>	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>	13a No	
<b>a</b>	Is the organization licensed to issue qualified health plans in more than one state?		
<p><b>Note.</b> See the instructions for additional information the organization must report on Schedule O</p>			
<b>b</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 No	
<b>c</b>	Enter the amount of reserves on hand	13c No	
<b>14a</b>	Did the organization receive any payments for indoor tanning services during the tax year?	14a No	
<b>b</b>	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	14b No	

**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

1a Enter the number of voting members of the governing body at the end of the tax year . . . . . **1a** 9

b Enter the number of voting members included in line 1a, above, who are independent . . . . . **1b** 7

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? . . . . .

7a Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body? . . . . . **7a** Yes

b Are any decisions of the governing body subject to approval by members, stockholders, or other persons? . . . . . **7b** Yes

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

	Yes	No
<b>1a</b>		
<b>1b</b>		
<b>2</b>		No
<b>3</b>		No
<b>4</b>		No
<b>5</b>		No
<b>6</b>	Yes	
<b>7a</b>	Yes	
<b>7b</b>	Yes	
<b>8a</b>	Yes	
<b>8b</b>	Yes	
<b>9</b>		No

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

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

	Yes	No
<b>10a</b>		No
<b>10b</b>		
<b>11a</b>	Yes	
<b>12a</b>	Yes	
<b>12b</b>	Yes	
<b>12c</b>	Yes	
<b>13</b>	Yes	
<b>14</b>	Yes	
<b>15a</b>	Yes	
<b>15b</b>	Yes	
<b>16a</b>	Yes	
<b>16b</b>	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

PAUL PEROTTI SR VPCFO  
1514 VERNON ROAD  
LAGRANGE, GA 30240  
(706) 845-3934

**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
		Officer or director	Individual trustee	Institutional Trustee	Key employee	Employee highest compensated			
(1) SPEER BURDETTE CHAIRMAN	1 00	X		X			0	0	0
(2) ELLEN HARRIS VICE CHAIRMAN	1 00	X		X			0	0	0
(3) ROD DURASKI MD SECRETARY	1 00	X		X			0	0	0
(4) JOHN MCKIBBEN TREASURER	1 00	X		X			0	0	0
(5) KENNETH MCCAMEY BOARD MEMBER	1 00	X					0	0	0
(6) C PAUL MAJOR MD BOARD MEMBER	1 00	X					57,900	0	0
(7) CONNOR SMITH MD BOARD MEMBER	1 00	X					76,500	0	0
(8) MIKE PATTON BOARD MEMBER	1 00	X					0	0	0
(9) CHARLES WARDLAW BOARD MEMBER	1 00	X					0	0	0
(10) ANIL MODI MD BOARD MEMBER	1 00	X					0	0	0
(11) GERALD FULKS PRESIDENT/CEO	40 00			X			470,814	0	86,210
(12) PAUL PEROTTI SENIOR VP FINANCE	40 00			X			423,168	0	40,390
(13) LIZA FRITCHLEY VP SENIOR SERVICES	40 00			X			126,972	0	18,258
(14) SUSAN BURDICK EXECUTIVE DIRECTOR, VERNON WOODS	40 00			X			0	78,370	21,241
(15) TRIPP PENN PAUL PENN III VP SUPPORT SERVICES	40 00			X			142,716	0	23,729
(16) CATHERINE WIGGINS DIRECTOR HOSPICE	40 00			X			90,568	0	44,544

**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			
(17) CHARIS ACREE SNR VP OPERATIONS	40 00			X			232,452	0	79,237
(18) DEBORAH BURTON VP/CHIEF NURSING OFFICER	40 00			X			174,276	0	76,168
(19) ANGAMPALLY RAJEEV PHYSICIAN	40 00				X		687,390	0	18,686
(20) WILLIAM TURTON PHYSICIAN	40 00				X		360,436	0	15,487
(21) NICK A VLACHOS PHYSICIAN	40 00				X		239,920	0	10,488
(22) MICHAEL MYERS PHYSICIAN	40 00				X		165,568	0	17,438
(23) DON DAVIS DIRECTOR OF PHARMACY	40 00				X		147,482	0	31,330
(24) JAMES BRENNAN FORMER BOARD MEMBER	40 00					X	102,425	0	0
<b>1b Sub-Total . . . . .</b>									
<b>c Total from continuation sheets to Part VII, Section A . . . . .</b>									
<b>d Total (add lines 1b and 1c) . . . . .</b>							3,498,587	78,370	483,206

**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 **►33**

		Yes	No
<b>3</b> Did the organization list any <b>former</b> officer, director or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual	<b>3</b>	Yes	
<b>4</b> 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	<b>4</b>	Yes	
<b>5</b> 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	<b>5</b>		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
MORRIS & DICKSON PO BOX 51367 SHREVEPORT, LA 711351367	PHARMACY - DRUGS	6,247,785
MICROSOFT LICENSING 6100 NELL ROAD RENO, NV 89511	SOFTWARE LICENSE	570,443
SLEEPMED 1333 TAYLOR STREET COLUMBIA, SC 29201	SLEEP STUDIES	454,100
SOUTHERN CARDIOPULMONARY ASSOCIATES 1551 DOCTORS DRIVE LAGRANGE, GA 30240	HEART DOCTOR SERVICES	316,808
LAGRANGE EMERGENCY PHYSICIANS 5665 NEW NORTHSIDE DRIVE ATLANTA, GA 30328	ER DOCTORS	282,734
<b>2</b> Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization <b>►22</b>		

**Part VIII Statement of Revenue**

Contributions, grants and other similar amounts			<b>(A)</b> Total revenue	<b>(B)</b> Related or exempt function revenue	<b>(C)</b> Unrelated business revenue	<b>(D)</b> Revenue excluded from tax under sections 512, 513, or 514
<b>1a</b> Federated campaigns . . . . .	<b>1a</b>					
<b>b</b> Membership dues . . . . .	<b>1b</b>					
<b>c</b> Fundraising events . . . . .	<b>1c</b>					
<b>d</b> Related organizations . . . . .	<b>1d</b>		333,783			
<b>e</b> Government grants (contributions)	<b>1e</b>		36,590			
<b>f</b> All other contributions, gifts, grants, and similar amounts not included above	<b>1f</b>		707,216			
<b>g</b> Noncash contributions included in lines 1a-1f \$						
<b>h</b> <b>Total.</b> Add lines 1a-1f . . . . .		►			1,077,589	
<b>2a</b> PATIENT SERVICE REVENUE		Business Code				
<b>b</b> OCCUPATIONAL HEALTH		621400	158,293,046	158,293,046		
<b>c</b> LIFELINE		621400	1,058,032	1,058,032		
<b>d</b> PHARMACY		621400	111,611	111,611		
<b>e</b>		621400	55,284	55,284		
<b>f</b> All other program service revenue						
<b>g</b> <b>Total.</b> Add lines 2a-2f . . . . .		►			159,517,973	
<b>3</b> Investment income (including dividends, interest and other similar amounts) . . . . .				547		547
<b>4</b> Income from investment of tax-exempt bond proceeds . . . . .						
<b>5</b> Royalties . . . . .						
<b>6a</b> Gross Rents	(I) Real	(II) Personal				
<b>b</b> Less rental expenses	27,780	18,633				
<b>c</b> Rental income or (loss)	27,780	18,633				
<b>d</b> Net rental income or (loss)				46,413	18,633	27,780
<b>7a</b> Gross amount from sales of assets other than inventory	(I) Securities	(II) Other				
<b>b</b> Less cost or other basis and sales expenses	1,438,127	54,342				
<b>c</b> Gain or (loss)		77,952				
<b>d</b> Net gain or (loss)	1,438,127	-23,610				
				1,414,517		1,414,517
<b>8a</b> Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 . . . . .						
<b>a</b>						
<b>b</b> Less direct expenses . . . . .	<b>b</b>					
<b>c</b> Net income or (loss) from fundraising events . . . . .		►				
<b>9a</b> Gross income from gaming activities See Part IV, line 19 . . . . .	<b>a</b>					
<b>b</b> Less direct expenses . . . . .	<b>b</b>					
<b>c</b> Net income or (loss) from gaming activities . . . . .		►				
<b>10a</b> Gross sales of inventory, less returns and allowances . . . . .	<b>a</b>					
<b>b</b> Less cost of goods sold . . . . .	<b>b</b>	465,532				
<b>c</b> Net income or (loss) from sales of inventory . . . . .		►		465,532	465,532	
Miscellaneous Revenue	Business Code					
<b>11a</b> VENDOR REBATES	621400	689,745				689,745
<b>b</b> INCENTIVE REVENUE	900099	645,090				645,090
<b>c</b> CAFETERIA AND VENDING	900099	569,798		25,358	544,440	
<b>d</b> All other revenue . . . . .		646,890		146,121	500,769	
<b>e</b> <b>Total.</b> Add lines 11a-11d . . . . .		►		2,551,523		
<b>12</b> <b>Total revenue.</b> See Instructions . . . . .		►		165,074,094	160,002,138	199,259 3,795,108

**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).**

<b>Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.</b>	<b>(A)</b> Total expenses	<b>(B)</b> Program service expenses	<b>(C)</b> Management and general expenses	<b>(D)</b> Fundraising expenses
1 Grants and other assistance to governments and organizations in the U S See Part IV, line 21	74,486	74,486		
2 Grants and other assistance to individuals in the U S See Part IV, line 22	637,446	637,446		
3 Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees . . . . .	2,095,002	710,743	1,384,259	
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	60,751,120	55,029,685	5,721,435	
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions) . . . . .	3,235,584	2,869,753	365,831	
9 Other employee benefits . . . . .	10,551,542	9,358,532	1,193,010	
10 Payroll taxes . . . . .	4,270,123	3,850,976	419,147	
a Fees for services (non-employees)				
Management . . . . .	111,216		111,216	
b Legal . . . . .	549,031		549,031	
c Accounting . . . . .	274,768		274,768	
d Lobbying . . . . .				
e Professional fundraising services See Part IV, line 17 . . . . .				
f Investment management fees . . . . .	114,381		114,381	
g Other . . . . .	22,171,314	19,988,147	2,183,167	
12 Advertising and promotion . . . . .	358,559	59,882	298,677	
13 Office expenses . . . . .	31,808,017	30,359,271	1,448,746	
14 Information technology . . . . .	2,732,236	323	2,731,913	
15 Royalties . . . . .				
16 Occupancy . . . . .	2,419,000	2,262,670	156,330	
17 Travel . . . . .	620,297	390,682	229,615	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . .				
19 Conferences, conventions, and meetings . . . . .	198,149	104,728	93,421	
20 Interest . . . . .	3,817,804		3,817,804	
21 Payments to affiliates . . . . .				
22 Depreciation, depletion, and amortization . . . . .	11,438,123	10,236,541	1,201,582	
23 Insurance . . . . .	734,452	468,086	266,366	
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 DEBT	8,320,407	8,320,407		
b COST OF GOODS SOLD	305,670	305,670		
c UBI TAX	33,445		33,445	
d CASUALTY LOSS	25,000		25,000	
e				
f All other expenses				
25 <b>Total functional expenses.</b> Add lines 1 through 24f	167,647,172	145,028,028	22,619,144	0
26 <b>Joint costs.</b> Check here <input checked="" type="checkbox"/> 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**

		<b>(A)</b> Beginning of year	<b>(B)</b> End of year
Assets	1 Cash—non-interest-bearing . . . . .	6,627,623	<b>1</b> 5,119,171
	2 Savings and temporary cash investments . . . . .	2	
	3 Pledges and grants receivable, net . . . . .	3	
	4 Accounts receivable, net . . . . .	27,943,958	<b>4</b> 30,604,915
	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 . . . . .	3,325,039	<b>7</b>
	8 Inventories for sale or use . . . . .	2,997,008	<b>8</b> 3,243,892
	9 Prepaid expenses and deferred charges . . . . .	3,251,023	<b>9</b> 2,713,024
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	239,719,791	
	10b Less accumulated depreciation . . . . .	10b 122,975,751	
		120,394,563	<b>10c</b> 116,744,040
	11 Investments—publicly traded securities . . . . .	35,877,177	<b>11</b> 28,636,371
	12 Investments—other securities See Part IV, line 11 . . . . .	12	
	13 Investments—program-related See Part IV, line 11 . . . . .	13	1,621,217
	14 Intangible assets . . . . .	302,950	<b>14</b>
	15 Other assets See Part IV, line 11 . . . . .	8,528,647	<b>15</b> 7,512,529
	<b>16 Total assets.</b> Add lines 1 through 15 (must equal line 34) . . . . .	209,247,988	<b>16</b> 196,195,159
Liabilities	17 Accounts payable and accrued expenses . . . . .	15,238,679	<b>17</b> 15,484,282
	18 Grants payable . . . . .	18	
	19 Deferred revenue . . . . .	19	
	20 Tax-exempt bond liabilities . . . . .	72,639,796	<b>20</b> 71,131,593
	21 Escrow or custodial account liability Complete Part IV of Schedule D . . . . .	21	
	22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L . . . . .	22	
	23 Secured mortgages and notes payable to unrelated third parties . . . . .	23	
	24 Unsecured notes and loans payable to unrelated third parties . . . . .	24	
	25 Other liabilities Complete Part X of Schedule D . . . . .	17,165,123	<b>25</b> 12,935,389
	<b>26 Total liabilities.</b> Add lines 17 through 25 . . . . .	105,043,598	<b>26</b> 99,551,264
Net Assets or Fund Balances	<b>Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.</b>		
	27 Unrestricted net assets . . . . .	94,544,385	<b>27</b> 87,316,668
	28 Temporarily restricted net assets . . . . .	1,287,835	<b>28</b> 1,249,530
	29 Permanently restricted net assets . . . . .	8,372,170	<b>29</b> 8,077,697
	<b>Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.</b>		
	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 . . . . .	104,204,390	<b>33</b> 96,643,895
	<b>34 Total liabilities and net assets/fund balances . . . . .</b>	209,247,988	<b>34</b> 196,195,159

**Part XI Reconciliation 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	165,074,094
2	Total expenses (must equal Part IX, column (A), line 25)	2	167,647,172
3	Revenue less expenses Subtract line 2 from line 1	3	-2,573,078
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	104,204,390
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-4,987,417
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	96,643,895

**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	<input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O	
2a Were the organization's financial statements compiled or reviewed by an independent accountant?		<b>2a</b>
2b Were the organization's financial statements audited by an independent accountant?	<b>2b</b> Yes	No
2c 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		<b>2c</b> Yes
2d 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 <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> 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?		<b>3a</b>
3b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits		No <b>3b</b>

**SCHEDULE A**  
(Form 990 or 990EZ)**Public Charity Status and Public Support****2010****Open to Public  
Inspection**Department of the Treasury  
Internal Revenue Service

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.

Name of the organization  
WEST GEORGIA MEDICAL CENTER INC

Employer identification number

20-5497506

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

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

1  A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.  
 2  A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E )  
 3  A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.  
 4  A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state  
 5  An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II )  
 6  A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.  
 7  An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)** (Complete Part II )  
 8  A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II )  
 9  An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2)**. (Complete Part III )  
 10  An organization organized and operated exclusively to test for public safety See **section 509(a)(4)**.  
 11  An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3)**. Check the box that describes the type of supporting organization and complete lines 11e through 11h  
     a  Type I      b  Type II      c  Type III - Functionally integrated      d  Type III - 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?  
     (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?  
     (ii) a family member of a person described in (i) above?  
     (iii) a 35% controlled entity of a person described in (i) or (ii) above?  
 h  Provide the following information about the supported organization(s)

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

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

**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 <b>Total.</b> 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 <b>Public Support.</b> 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 <b>Total support</b> (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (See instructions )					12	
13 <b>First Five Years</b> 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 <b>stop here</b>						►

**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 <b>33 1/3% support test—2010.</b> If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and <b>stop here</b> . The organization qualifies as a publicly supported organization		►
b <b>33 1/3% support test—2009.</b> 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 <b>stop here</b> . The organization qualifies as a publicly supported organization		►
17a <b>10%-facts-and-circumstances test—2010.</b> 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 <b>stop here</b> . Explain in Part IV how the organization meets the "facts and circumstances" test. The organization qualifies as a publicly supported organization		►
b <b>10%-facts-and-circumstances test—2009.</b> 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 <b>stop here</b> . Explain in Part IV how the organization meets the "facts and circumstances" test. The organization qualifies as a publicly supported organization		►
18 <b>Private Foundation</b> 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						
<b>6 Total.</b> Add lines 1 through 5						
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons						
<b>b</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						
<b>c</b> Add lines 7a and 7b						
<b>8 Public Support</b> (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						
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
<b>c</b> Add lines 10a and 10b						
<b>11</b> Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
<b>12</b> Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV )						
<b>13 Total support</b> (Add lines 9, 10c, 11 and 12 )						
<b>14 First Five Years</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and <b>stop here</b> ►						

**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
<b>19a 33 1/3% support tests—2010.</b> 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 <b>stop here</b> . The organization qualifies as a publicly supported organization ►	
<b>b 33 1/3% support tests—2009.</b> 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 <b>stop here</b> . The organization qualifies as a publicly supported organization ►	
<b>20 Private Foundation</b> 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).

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## **SCHEDULE C**

## 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.

2010

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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

NAME OF THE ORGANIZATION  
WEST GEORGIA MEDICAL CENTER INC

Employer identification number

20-5497506

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

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

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

**1** Enter the amount of any excise tax incurred by the organization under section 4955 ► \$ \_\_\_\_\_

**2** Enter the amount of any excise tax incurred by organization managers under section 4955 ► \$ \_\_\_\_\_

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

**4a** Was a correction made?  Yes  No

**b** If "Yes," describe in Part IV

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

**1** Enter the amount directly expended by the filing organization for section 527 exempt function activities ► \$ \_\_\_\_\_

**2** Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities ► \$ \_\_\_\_\_

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

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

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

**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.)

**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

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

**g** Grassroots nontaxable amount (enter 25% of line 1f)**h** Subtract line 1g from line 1a If zero or less, enter -0-**i** Subtract line 1f from line 1c If zero or less, enter -0-**j** If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? 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
<b>2a</b> Lobbying non-taxable amount					
<b>b</b> Lobbying ceiling amount (150% of line 2a, column(e))					
<b>c</b> Total lobbying expenditures					
<b>d</b> Grassroots non-taxable amount					
<b>e</b> Grassroots ceiling amount (150% of line 2d, column (e))					
<b>f</b> 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)		(b)
	Yes	No	
			Amount
<b>1</b> 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			
<b>a</b> Volunteers?		No	
<b>b</b> Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
<b>c</b> Media advertisements?		No	
<b>d</b> Mailings to members, legislators, or the public?		No	
<b>e</b> Publications, or published or broadcast statements?		No	
<b>f</b> Grants to other organizations for lobbying purposes?		No	
<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
<b>i</b> Other activities? If "Yes," describe in Part IV	Yes		36,355
<b>j</b> Total lines 1c through 1i			36,355
<b>2a</b> Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
<b>b</b> If "Yes," enter the amount of any tax incurred under section 4912			
<b>c</b> If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
<b>d</b> If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

<b>1</b> Dues, assessments and similar amounts from members	1	
<b>2</b> Section 162(e) non-deductible lobbying and political expenditures ( <b>do not include amounts of political expenses for which the section 527(f) tax was paid</b> ).		
<b>a</b> Current year	2a	
<b>b</b> Carryover from last year	2b	
<b>c</b> Total	2c	
<b>3</b> Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
<b>4</b> 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?		
<b>5</b> Taxable amount of lobbying and political expenditures (see instructions)	4	
	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 11.

Also, complete this part for any additional information

Identifier	Return Reference	Explanation
EXPLANATION OF OTHER LOBBYING ACTIVITIES	PART II-B, LINE 11	WEST GEORGIA MEDICAL CENTER, INC PAYS ANNUAL MEMBERSHIP DUES TO BOTH GEORGIA ALLIANCE OF COMMUNITY HOSPITALS AND GEORGIA HOSPITAL ASSOCIATION A PORTION OF THESE DUES ARE DESIGNATED BY THESE ORGANIZATIONS FOR LOBBYING ACTIVITIES

2010

Open to Public  
Inspection**SCHEDULE D**  
(Form 990)**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.

Department of the Treasury  
Internal Revenue Service**Name of the organization**

WEST GEORGIA MEDICAL CENTER INC

**Employer identification number**

20-5497506

**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
2a	
2b	
2c	
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 ► \$ 0

(ii) Assets included in Form 990, Part X ► \$ 2,352,189

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 ► \$ 0

b Assets included in Form 990, Part X ► \$ 0

**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)

<b>a</b> <input checked="" type="checkbox"/> Public exhibition	<b>d</b> <input type="checkbox"/> Loan or exchange programs
<b>b</b> <input type="checkbox"/> Scholarly research	<b>e</b> <input type="checkbox"/> Other
<b>c</b> <input checked="" type="checkbox"/> Preservation for future generations	

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

	<b>Amount</b>
<b>1c</b>	
<b>1d</b>	
<b>1e</b>	
<b>1f</b>	

**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.

	<b>(a) Current Year</b>	<b>(b) Prior Year</b>	<b>(c) Two Years Back</b>	<b>(d) Three Years Back</b>	<b>(e) Four Years Back</b>
<b>1a</b> Beginning of year balance . . . . .	9,660,005				
<b>b</b> Contributions . . . . .	600,000	11,684,884			
<b>c</b> Investment earnings or losses . . . . .	363	1,595			
<b>d</b> Grants or scholarships . . . . .	637,675	801,505			
<b>e</b> Other expenditures for facilities and programs . . . . .	294,473	1,224,969			
<b>f</b> Administrative expenses . . . . .					
<b>g</b> End of year balance . . . . .	9,328,220	9,660,005			

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

**a** Board designated or quasi-endowment ►

**b** Permanent endowment ► 86 600 %

**c** Term endowment ► 13 400 %

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

	<b>Yes</b>	<b>No</b>
<b>3a(i)</b>		
<b>3a(ii)</b>		

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

**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.

	<b>Description of investment</b>	<b>(a) Cost or other basis (investment)</b>	<b>(b) Cost or other basis (other)</b>	<b>(c) Accumulated depreciation</b>	<b>(d) Book value</b>
<b>1a</b> Land . . . . .		3,645,649			3,645,649
<b>b</b> Buildings . . . . .		106,348,059	57,370,075		48,977,984
<b>c</b> Leasehold improvements . . . . .					
<b>d</b> Equipment . . . . .		121,562,410	65,605,676		55,956,734
<b>e</b> Other . . . . .		8,163,673			8,163,673
<b>Total.</b> Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) . . . . .					116,744,040

**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		
<b>Total.</b> (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
<b>Total.</b> (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
<b>Total.</b> (Column (b) should equal Form 990, Part X, col.(B) line 15.) ►	

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

(a) Description of Liability	(b) Amount
Federal Income Taxes	
INSURANCE LIABILITY	350,001
DUE TO THIRD PARTY PAYORS	3,481,259
PENSION PAYABLE	9,104,129
<b>Total.</b> (Column (b) should equal Form 990, Part X, col (B) line 25.) ►	12,935,389

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 (ASC 740)

**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
2 Total expenses (Form 990, Part IX, column (A), line 25)	2
3 Excess or (deficit) for the year Subtract line 2 from line 1	3
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
9 Total adjustments (net) Add lines 4 - 8	9
10 Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10

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

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

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

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

**Part XIV Supplemental Information**

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

Identifier	Return Reference	Explanation
	PART III, LINE 4	THE ORGANIZATION HOLDS ART COLLECTIONS AND EXHIBITS THEM IN PUBLIC AREAS. THE EXHIBITS ENHANCE THE HEALTH CARE EXPERIENCES FOR PATIENTS, PATIENT'S FAMILIES, AND VISITORS.
DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS	PART V, LINE 4	TERM ENDOWMENT FUNDS ARE TO BE USED FOR NURSING SCHOLARSHIPS. PERMANENT ENDOWMENT FUNDS ARE TO BE USED FOR PROPERTY AND IMPROVEMENTS FOR HOSPITAL PURPOSES.
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	WGMC AND THE FOUNDATION ARE ORGANIZATIONS EXEMPT FROM INCOME TAX PURSUANT TO INTERNAL REVENUE CODE SECTION 501(A), AS ORGANIZATIONS DESCRIBED IN SECTION 501(C)(3). RELATED INCOME IS GENERALLY NOT SUBJECT TO FEDERAL AND STATE INCOME TAXES. THE PSO WAS ORGANIZED IN THE STATE OF GEORGIA AS A NONPROFIT ORGANIZATION. HOWEVER, THE PSO HAS NOT FILED FOR TAX EXEMPT STATUS WITH THE INTERNAL REVENUE SERVICE. AS SUCH, THE ENTITY IS CONSIDERED A FOR PROFIT ENTITY AND SUBJECT TO TAXATION. THE PSO THEREFORE ACCOUNTS FOR INCOME TAXES IN ACCORDANCE WITH THE LIABILITY METHOD UNDER WHICH DEFERRED TAX ASSETS AND LIABILITIES ARE DETERMINED BASED ON THE DIFFERENCES BETWEEN THE FINANCIAL ACCOUNTING AND TAX BASES OF ASSETS AND LIABILITIES. DEFERRED TAX ASSETS OR LIABILITIES AT THE END OF EACH PERIOD ARE DETERMINED USING THE CURRENTLY ENACTED TAX RATE EXPECTED TO APPLY TO TAXABLE INCOME IN THE PERIODS THAT THE DEFERRED TAX ASSET OR LIABILITY IS EXPECTED TO BE REALIZED OR SETTLED. AT SEPTEMBER 30, 2011, THE PSO HAD APPROXIMATELY \$1,408,000 IN NET OPERATING LOSS CARRY FORWARDS ("NOLs"). THESE NOLs RESULT IN APPROXIMATELY \$493,000 IN DEFERRED TAX ASSETS, WHICH ARE OFF-SET BY AN EQUAL AMOUNT OF VALUATION ALLOWANCE. THE GROUP HAS EVALUATED ITS TAX POSITIONS AND HAS DETERMINED THAT IT DOES NOT HAVE ANY MATERIAL UNRECOGNIZED TAX BENEFITS OR OBLIGATIONS AS OF SEPTEMBER 30, 2011 AND 2010. FISCAL YEARS ENDING ON AND AFTER SEPTEMBER 30, 2008 REMAIN SUBJECT TO EXAMINATION BY FEDERAL AND STATE TAX AUTHORITIES.

2010

Open to Public  
InspectionSCHEDULE 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.Name of the organization  
WEST GEORGIA MEDICAL CENTER INC

Employer identification number

20-5497506

## Part I Financial Assistance and Certain Other Community Benefits at Cost

1a Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a .

	Yes	No
1a	Yes	
1b	Yes	

b If "Yes," is it a written policy? . . . . .

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  
 Generally tailored to individual hospitals

Applied uniformly to most 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

100%  150%  200%  Other 125.000000000000 %

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 . . . . .

Other 375.000000000000 %

200%  250%  300%  350%  400%

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 Yes

c If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care? . . . . .

5c No

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? . . . . .  
Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H

6b Yes

## 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)			8,508,323		8,508,323	5 340 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			27,244,088	17,566,349	9,677,739	6 070 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)			1,031,775	620,406	411,369	0 260 %
d Total Financial Assistance and Means-Tested Government Programs			36,784,186	18,186,755	18,597,431	11 670 %
<b>Other Benefits</b>						
e Community health improvement services and community benefit operations (from Worksheet 4)			338,327		338,327	0 210 %
f Health professions education (from Worksheet 5)			1,036,002		1,036,002	0 650 %
g Subsidized health services (from Worksheet 6)			175,333		175,333	0 110 %
h Research (from Worksheet 7)			328,370		328,370	0 210 %
i Cash and in-kind contributions to community groups (from Worksheet 8)			1,878,032		1,878,032	1 180 %
j Total Other Benefits			38,662,218	18,186,755	20,475,463	12 850 %
k Total. Add lines 7d and 7j						

**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						
3 Community support	5	72	10,133		10,133	0 010 %
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy	4		2,175		2,175	0 %
8 Workforce development	3	60	18,063		18,063	0 010 %
9 Other						
<b>10 Total</b>	<b>12</b>	<b>132</b>	<b>30,371</b>		<b>30,371</b>	<b>0 020 %</b>

**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 Healthcare Financial Management Association Statement No 15? . . . . .	1		No
2 Enter the amount of the organization's bad debt expense (at cost) . . . . .	2	3,526,735	
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		
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	35,607,602
6 Enter Medicare allowable costs of care relating to payments on line 5 . . . . .	6	36,839,187
7 Subtract line 6 from line 5 This is the surplus or (shortfall) . . . . .	7	-1,231,585
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

**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? 7

Name and address		Type of Facility (Describe)
1	ENOCH CALLAWAY MEDICAL CENTER 111 MEDICAL DRIVE LAGRANGE, GA 30240	CANCER CLINIC
2	ENOCH CALLAWAY MEDICAL CENTER 111 MEDICAL DRIVE LAGRANGE, GA 30240	CANCER CLINIC
3	ENOCH CALLAWAY MEDICAL CENTER 111 MEDICAL DRIVE LAGRANGE, GA 30240	CANCER CLINIC
4	ENOCH CALLAWAY MEDICAL CENTER 111 MEDICAL DRIVE LAGRANGE, GA 30240	CANCER CLINIC
5	ENOCH CALLAWAY MEDICAL CENTER 111 MEDICAL DRIVE LAGRANGE, GA 30240	CANCER CLINIC
6	ENOCH CALLAWAY MEDICAL CENTER 111 MEDICAL DRIVE LAGRANGE, GA 30240	CANCER CLINIC
7	ENOCH CALLAWAY MEDICAL CENTER 111 MEDICAL DRIVE LAGRANGE, GA 30240	CANCER CLINIC
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, 6l, 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
		PART I, LINE 7, COLUMN (F) THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS \$ 8320407

Identifier	ReturnReference	Explanation
		<p>PART II WEST GEORGIA HEALTH HAS BEEN THE COMMUNITY HOSPITAL FOR LAGRANGE AND THE WEST CENTRAL AREA OF GEORGIA FOR OVER SEVENTY YEARS, ALWAYS STRIVING TO PROVIDE EXCELLENT SERVICE TO OUR PATIENTS IT IS THE ONLY HOSPITAL WITHIN A 35 MILES RADIUS FOR MANY COMMUNITY MEMBERS IN THE SERVICE AREA. THE LEADERSHIP AND STAFF OF WGH PARTICIPATE IN MANY GROUP EVENTS AND ACTIVITIES THROUGHOUT THE YEAR IN FY 2011, SEVERAL MEMBERS OF OUR LEADERSHIP TEAM SAT ON COMMITTEES AND THE BOARD OF THE LAGRANGE-TROUP COUNTY CHAMBER OF COMMERCE MANY OTHERS HAVE SERVED IN THE CHAIRPERSON ROLE IN PREVIOUS YEARS OTHER COMMUNITY ORGANIZATIONS SUPPORTED BY WEST GEORGIA HEALTH INCLUDE CERTIFIED LITERATE COMMUNITY PROGRAM (CLCP), JUNIOR VOLUNTEER PROGRAM, KIWANIS CLUB, LIONS CLUB, CB&amp;T BOARD, THE DEVELOPMENT AUTHORITY, TROUP COUNTY CENTER FOR STRATEGIC PLANNING, AND TROUP COUNTY SCHOOL SYSTEM FOR HEALTH CAREERS WGH IS AN EMPLOYMENT ENGINE FOR THE BUSINESS COMMUNITY HAVING CONTINUOUS INVOLVEMENT IN MUCH OF WHAT THE CHAMBER DOES EVERY DAY WGH PERFORMS PERIODIC EMERGENCY RESPONSE DRILLS TO ASSIST IN PREPARING THE COMMUNITY AND TO CONTINUOUSLY IMPROVE RESPONSE AND COMMUNICATION IN CASE OF A COMMUNITY-WIDE EMERGENCY TEAM MEMBERS OF THE HOSPITAL SERVE ON BOARDS OF SEVERAL AGENCIES, WORKING IN AND WITH ALL LEVELS OF THE EDUCATION SYSTEM, AS WELL AS THE SENIOR POPULATION IN THE SERVICE AREA WGH CONSTANTLY LISTENS TO THE COMMUNITY REGARDING HEALTHCARE NEEDS AND PERFORMS SURVEYS TO GET A MORE IN-DEPTH UNDERSTANDING OF THE NEEDS OF THE COMMUNITY WGH RECRUITS SPECIALTY PHYSICIANS TO MEET IDENTIFIED NEEDS, (CARDIOLOGY, NEUROLOGY, RADIOLOGY, ONCOLOGY JUST TO MENTION A FEW), ALONG WITH GENERAL PRACTITIONERS, OB-GYNS, ETC OUR NEW SOUTH TOWER WAS OFFICIALLY OPENED IN JUNE, 2010, WITH STATE OF THE ART FACILITY AND EQUIPMENT TO PROVIDE EXCELLENT SERVICE AND CARE IN THE AREAS OF EMERGENCY CARE, CARDIOLOGY, ICU, AND LABOR &amp; DELIVERY WGH WELCOMED TO OUR COMMUNITY THE NEW WOMEN'S CENTER IN LATE 2010, WHICH PROVIDE MANY OF THE SERVICES WOMEN OF ALL AGES NEED AND HAVE ASKED FOR IN THE COMMUNITY</p>

Identifier	ReturnReference	Explanation
		PART III, LINE 4 FOOTNOTE PERIODICALLY, MANAGEMENT ASSESSES THE ADEQUACY OF THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS BASED UPON HISTORICAL WRITE-OFF EXPERIENCE BY PAYOR CATEGORY. THE RESULTS OF THIS REVIEW ARE THEN USED TO MAKE ANY MODIFICATIONS TO THE PROVISION OF BAD DEBTS TO ESTABLISH AN APPROPRIATE ALLOWANCE FOR UNCOLLECTABLE ACCOUNTS. BAD DEBT EXPENSE WAS COMPUTED USING THE COST TO CHARGE RATIO.

Identifier	ReturnReference	Explanation
		PART III, LINE 8 MEDICARE ALLOWABLE COSTS WERE CALCULATED USING MEDICARE COST REPORTS THE ORGANIZATION HAS NOT ESTIMATED WHAT PORTION OF THE MEDICARE SHORTFALL IS ATTRIBUTED TO PATIENTS WHO QUALIFY FOR FINANCIAL ASSISTANCE DUE TO LACK OF CLEAR ESTIMATE

Identifier	ReturnReference	Explanation
		PART III, LINE 9B THE ORGANIZATION HAS A FINANCIAL ASSISTANCE POLICY WHICH GOVERNS ELIGIBILITY CRITERIA AND COLLECTON PRACTICES FOR ALL PATIENTS AND PATIENTS KNOWN TO QUALIFY FOR CHARITY AND OTHER FINANCIAL ASSISTANCE. ONCE A PATIENT IS DETERMINED TO QUALIFY FOR CHARITY CARE, IT IS NOTED IN THE PATIENT'S FINANCIAL CHART AND ANY COLLECTON EFFORTS CEASE

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 WGH ENGAGED AN OUTSIDE CONSULTANT TO SURVEY COMMUNITY HEALTH STATUS, BEHAVIORS, AND NEEDS THIS SURVEY IDENTIFIED OPPORTUNITIES FOR HEALTH IMPROVEMENT IN THE ORGANIZATION'S PRIMARY AND SECONDARY SERVICE AREAS THE SURVEY CONSISTED OF A RADOM SAMPLE OF 500 INDIVIDUALS (AGE 18 OR OLDER) INTERVIEWED BY TELEPHONE THE RESULTS OF THE SURVEY ARE AVAILABLE UPON REQUEST

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 THE ORGANIZATION NOTIFIES PATIENTS (OR THEIR REPRESENTATIVES) OF THIS POLICY AT REGISTRATION SIGNAGE IS POSTED IN BOTH ENGLISH AND SPANISH INFORMATION AND APPLICATIONS FOR FINANCIAL ASSISTANCE ARE AVAILABLE IN THE ADMISSIONS OFFICE AND EMERGENCY DEPARTMENT WEST GEORGIA HEALTH COMMUNICATES THE AVAILABILITY OF FINANCIAL ASSISTANCE TO THE COMMUNITY BY COMMUNICATION ON THE HOSPITAL INTERNET SITE, AND VIA POSTINGS IN INTAKE AREAS WGH ASSURES THE LATEST UPDATES ARE AVAILABLE FOR PUBLIC COMMUNICATIONS ANNUALLY

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 WEST GEORGIA HEALTH SERVICES, INC (WGHS) IS A 550-BED FACILITY LOCATED IN LAGRANGE, GEORGIA, APPROXIMATELY 70 MILES SOUTH OF ATLANTA WGH'S PRIMARY SERVICE AREA IS TROUP COUNTY WITH A POPULATION OF APPROXIMATELY 67,000, BUT IT ALSO SERVES OTHER COUNTIES IN THE WEST CENTRAL GEORGIA AND EAST CENTRAL ALABAMA APPROXIMATELY 20% OF THE POPULATION IN THE SERVICE AREA IS LIVING AT OR BELOW POVERTY LEVEL ALMOST 61% OF THE POPULATION IS BETWEEN THE AGES OF 18 AND 64 ONLY ABOUT 12% OF THE POPULATION IN THE SERVICE AREA IS OVER THE AGE OF 65 THE MEDIAN HOUSEHOLD INCOME IN THE PRIMARY SERVICE AREA IS APPROXIMATELY \$42,000

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 THE ORGANIZATION'S BOARD IS COMPRISED PRIMARILY OF RESIDENTS OF THE PRIMARY SERVICE AREA MEDICAL STAFF PRIVILEGES ARE EXTENDED TO ALL QUALIFIED PHYSICIANS IN SELECT DEPARTMENTS ALL SURPLUS FUNDS ARE REINVESTED INTO HEALTHCARE SERVICES FOR THE COMMUNITY IN ADDITION TO OPERATING A 276-BED HOSPITAL, WGMC ALSO OPERATES A HOSPICE FACILITY AND TWO NURSING HOMES

Identifier	ReturnReference	Explanation
		PART VI, LINE 7 THE ORGANIZATION (WGMC) IS PART OF WEST GEORGIA HEALTH SERVICES, INC , A MULTI-ENTITY HEALTHCARE SYSTEM OTHER ORGANIZATIONS IN THE SYSTEM INCLUDE (1) WEST GEORGIA HEALTH SERVICES, INC - WGHS SERVES AS THE PARENT ORGANIZATION OF THE SYSTEM AND PROVIDES STRATEGIC DIRECTION FOR THE SYSTEM (2) VERNON WOODS RETIREMENT COMMUNITY, INC - VERNON WOODS OPERATES A RETIREMENT COMMUNITY OFFERING BOTH ASSISTED AND INDEPENDENT LIVING (3) WEST GEORGIA HEALTH FOUNDATION, INC - THE FOUNDATION PROVIDES FUNDRAISING AND SUPPORT FOR WEST GEORGIA HEALTH SERVICES, INC AND ITS AFFILIATES (4) WEST GEORGIA HEALTH PHYSICIANS INC - THIS IS A PHYSICIAN SERVICE ORGANIZATION WHICH PROVIDES SPECIALIZED MEDICAL SERVICES TO THE COMMUNITY

Identifier	ReturnReference	Explanation
REPORTS FILED WITH STATES	PART VI, LINE 7	GA

**Schedule H (Form 990) 2010**

**Schedule I  
(Form 990)**

## **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

2010

**Open to Public  
Inspection**

Department of the Treasury  
Internal Revenue Service

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Name of the organization

## WEST GEORGIA MEDICAL CENTER INC

**Employer identification number**

20-5497506

## **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. 

**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.

<b>(a)</b> Type of grant or assistance	<b>(b)</b> Number of recipients	<b>(c)</b> Amount of cash grant	<b>(d)</b> Amount of non-cash assistance	<b>(e)</b> Method of valuation (book, FMV, appraisal, other)	<b>(f)</b> Description of non-cash assistance
(1) NURSING SCHOLARSHIPS (TUITION AND BOOKS)	18	637,446			

**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
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 GRANTS MADE TO INDIVIDUALS ARE NOT PAID DIRECTLY TO THE INDIVIDUAL UNLESS SUBSTANTIATED BY RECEIPTS MOST PAYMENTS ARE MADE DIRECTLY TO THE EDUCATIONAL INSTITUTION FOR THE GRANT RECIPIENT'S TUITION AND BOOKS GRANTS MADE TO GOVERNMENTS AND ORGANIZATIONS ARE NOT MONITORED

**Schedule J**  
(Form 990)**Compensation Information**

OMB No 1545-0047

Department of the Treasury  
Internal Revenue Service

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.**

**2010****Open to Public Inspection****Name of the organization**

WEST GEORGIA MEDICAL CENTER INC

**Employer identification number**

20-5497506

**Part I Questions Regarding Compensation**

Yes No

**1a** Check the appropriate 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

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

**b** If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision 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

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

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

**4a** No

**a** Receive a severance payment or change-of-control payment from the organization or a related organization?

**4b** Yes

**b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?

**4c** No

**c** Participate in, or receive payment from, an equity-based compensation arrangement?

If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III

**Only 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

**5a** No

**a** The organization?

**5b** No

**b** Any related organization?

If "Yes," to line 5a or 5b, describe in Part III

**6a** No

**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

**6b** No

**a** The organization?

**7** No

**b** Any related organization?

If "Yes," to line 6a or 6b, describe in Part III

**8** No

**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

**9** No

**8** Were any amounts reported in Form 990, Part VII, paid or accrued 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

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

**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) GERALD FULKS	(i) 374,356 (ii) 0	96,458 0	0 0	72,819 0	13,391 0	557,024 0	0 0
(2) PAUL PEROTTI	(i) 232,685 (ii) 0	42,188 0	148,295 0	29,724 0	10,666 0	463,558 0	148,295 0
(3) TRIPP PENN PAUL PENN III	(i) 120,216 (ii) 0	22,500 0	0 0	6,522 0	17,207 0	166,445 0	0 0
(4) CHARIS ACREE	(i) 196,825 (ii) 0	35,627 0	0 0	65,321 0	13,916 0	311,689 0	0 0
(5) DEBORAH BURTON	(i) 147,561 (ii) 0	26,715 0	0 0	66,027 0	10,141 0	250,444 0	0 0
(6) ANGAMPALLY RAJEEV	(i) 687,390 (ii) 0	0 0	0 0	6,720 0	11,966 0	706,076 0	0 0
(7) WILLIAM TURTON	(i) 360,436 (ii) 0	0 0	0 0	5,476 0	10,011 0	375,923 0	0 0
(8) NICK A VLACHOS	(i) 222,320 (ii) 0	17,600 0	0 0	2,031 0	8,457 0	250,408 0	0 0
(9) MICHAEL MYERS	(i) 165,568 (ii) 0	0 0	0 0	4,021 0	13,417 0	183,006 0	0 0
(10) DON DAVIS	(i) 137,584 (ii) 0	9,898 0	0 0	30,275 0	1,055 0	178,812 0	0 0
(11) JAMES BRENNAN	(i) 102,425 (ii) 0	0 0	0 0	0 0	0 0	102,425 0	0 0
(12)							
(13)							
(14)							
(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
	PART I, LINE 1A	THE ORGANIZATION PAYS MINOR SPOUSAL TRAVEL AND COUNTRY CLUB DUES FOR THE CEO ONLY THESE ARE ADDED TO HIS TAXABLE COMPENSATION
	PART I, LINE 4B	EMPLOYER CONTRIBUTIONS TO THE 457(F) EXECUTIVE RETIREMENT BENEFIT PLAN INCLUDE \$20,260 FOR PAUL PERROTTI AND \$55,700 FOR GERALD FULKS

**Schedule K  
(Form 990)****2010****Open to Public  
Inspection**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.

Name of the organization  
WEST GEORGIA MEDICAL CENTER INC

Employer identification number  
20-5497506

**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 LAGRANGE-TROUP COUNTY HOSPITAL AUTHORITY	56-2609278	507154AF9	07-31-2008	45,434,268	CONSTRUCTION		X		X		X
B LAGRANGE-TROUP COUNTY HOSPITAL AUTHORITY	56-2609278	NONEAVAIL	01-15-2010	24,000,000	CONSTRUCTION/REFUNDING		X		X		X
C LAGRANGE-TROUP COUNTY HOSPITAL AUTHORITY	56-2609278	NONEAVAIL	06-22-2010	4,000,000	CAPITAL ACQUISITION		X		X		X

**Part II Proceeds**

		A	B	C	D
		1,470,000	210,803	721,769	
1	Amount of bonds retired				
2	Amount of bonds legally defeased				
3	Total proceeds of issue	46,349,309	24,000,000	4,003,301	
4	Gross proceeds in reserve funds				
5	Capitalized interest from proceeds	4,619,242	463,425		
6	Proceeds in refunding escrow				
7	Issuance costs from proceeds	900,528	132,338	75,509	
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	45,782,302	23,404,237	2,809,994	
11	Other spent proceeds				
12	Other unspent proceeds	1,193,307		1,193,307	
13	Year of substantial completion	2011	2011	2012	
		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
16	Has the final allocation of proceeds been made?	X		X	
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X	

**Part III Private Business Use**

		A	B	C	D		
		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
			X		X		X		
<b>3a</b>	Are there any management or service contracts that may result in private business use?		X		X		X		
<b>b</b>	Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		
<b>c</b>	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			
<b>4</b>	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 ►		0 %		0 %		0 %		
<b>5</b>	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 ►		0 %		0 %		0 %		
<b>6</b>	Total of lines 4 and 5		0 %		0 %		0 %		
<b>7</b>	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
			X		X		X		
<b>1</b>	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		
<b>2</b>	Is the bond issue a variable rate issue?		X		X		X		
<b>3a</b>	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X		X		X		
<b>b</b>	Name of provider								
<b>c</b>	Term of hedge								
<b>d</b>	Was the hedge superintegrated?								
<b>e</b>	Was a hedge terminated?								
<b>4a</b>	Were gross proceeds invested in a GIC?		X		X		X		
<b>b</b>	Name of provider								
<b>c</b>	Term of GIC								
<b>d</b>	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
<b>5</b>	Were any gross proceeds invested beyond an available temporary period?		X		X		X		
<b>6</b>	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
SCH K, PART I, COLUMN (F)	DESCRIPTION OF PURPOSE	PROCEEDS FOR ALL BONDS LISTED ARE FOR THE PURPOSE OF FINANCING HEALTHCARE FACILITIES OF A 501(C)(3) ORGANIZATION SERIES 2008A WAS ISSUED FOR THE FOLLOWING PURPOSE (1) TO FINANCE OR REFINANCE A PORTION OF THE COSTS OF CERTAIN FACILITIES INCLUDING THE ACQUISITION AND CONSTRUCTION OF ADDITIONAL HEALTHCARE FACILITIES AND THE RENOVATION OF EXISTING HEALTHCARE FACILITIES OF THE AUTHORITY IN TROUP COUNTY, GEORGIA, WHICH ARE PART OF WEST GEORGIA MEDICAL CENTER, (2) TO PAY CAPITALIZED INTEREST DURING THE CONSTRUCTION PERIOD OF THE PROJECT, AND (3) TO PAY COSTS OF ISSUANCE OF THE SERIES 2008A CERTIFICATES SERIES 2010 WAS ISSUED FOR THE FOLLOWING PURPOSE (1) TO FINANCE OR REFINANCE ALL OR A PORTION OF THE COST OF THE ACQUISITION, CONSTRUCTION, RENOVATION, EQUIPPING AND INSTALLING OF CERTAIN ADDITIONS, EXTENSIONS, AND IMPROVEMENTS TO WEST GEORGIA MEDICAL CENTER, (2) TO PAY OFF A PROMISSORY NOTE ISSUED TO THE PURCHASER IN CONNECTION WITH A LOAN MADE TO WEST GEORGIA MEDICAL CENTER, AND (3) TO PAY OFF ALL OR A PORTION OF THE COST OF ISSUANCE OF THE SERIES 2010 CERTIFICATES SERIES 2010B WAS ISSUED FOR THE FOLLOWING PURPOSE (1) TO FINANCE OR REFINANCE ALL OR A PORTION OF THE COST OF THE ACQUISITION AND INSTALLATION OF CERTAIN HEALTHCARE EQUIPMENT AND OTHER EQUIPMENT AT WEST GEORGIA MEDICAL CENTER, AND (2) TO PAY ALL OR A PORTION OF THE COSTS OF ISSUANCE OF THE SERIES 2010B CERTIFICATES

**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.

**2010****Open to Public  
Inspection****Name of the organization**

WEST GEORGIA MEDICAL CENTER INC

**Employer identification number**

20-5497506

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6		THE SOLE MEMBER OF THE ORGANIZATION IS WEST GEORGIA HEALTH SERVICES, INC , A RELATED 501(C)3 ORGANIZATION

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7A		THE CORPORATION MAY NOT APPOINT OR REMOVE A DIRECTOR OR THE PRESIDENT AND THE CHIEF EXECUTIVE OFFICER OF THE CORPORATION WITHOUT THE APPROVAL OF ITS SOLE MEMBER, WEST GEORGIA HEALTH SERVICES, INC

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7B		PER ARTICLE IX OF ARTICLES OF INCORPORATION, "NOTWITHSTANDING ANY OTHER PROVISIONS OF THESE ARTICLES OF INCORPORATION OR THE CORPORATION'S BY LAWS, THE CORPORATION MAY NOT TAKE ANY OF THE FOLLOWING ACTIONS WITHOUT THE APPROVAL OF ITS SOLE MEMBER, WEST GEORGIA HEALTH SERVICES, INC (I) AMEND OR RESTATE THE ARTICLES OF INCORPORATION OR THE BYLAWS OF THE CORPORATION, (II) APPOINT OR REMOVE A DIRECTOR OR THE PRESIDENT AND CHIEF EXECUTIVE OFFICER OF THE CORPORATION, (III) ORGANIZE ANY SUBSIDIARY CORPORATION OR ENTER INTO ANY JOINT VENTURE OR PARTNERSHIP, (IV) ADOPT A PLAN OF LIQUIDATION OR DISSOLUTION (V) ENTER INTO ANY TRANSACTION PROVIDING FOR THE SALE, MORTGAGE OR OTHER DISPOSITION OF ALL OR SUBSTANTIALLY ALL OF THE ASSETS OF THE CORPORATION, OR PROVIDING FOR A CHANGE IN CONTROL OVER THE CORPORATION, (VI) ADOPT A PLAN OF MERGER OR CONSOLIDATION WITH ANOTHER CORPORATION, (VII) ADOPT OR AMEND AN ANNUAL OPERATING BUDGET OR CAPITAL BUDGET OR MAKE ANY EXPENDITURE IN EXCESS OF \$50,000 EXCEPT PURSUANT TO A BUDGET OR EXPENDITURE POLICIES APPROVED BY WEST GEORGIA HEALTH SERVICES, INC , OR (VII) AMEND OR TERMINATE ANY LEASE OF A HOSPITAL FACILITY TO WHICH THE CORPORATION IS A PARTY

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11		A COPY OF THE REVIEWED AND APPROVED 990 WAS DISTRIBUTED TO EACH BOARD MEMBER VIA E-MAIL PRIOR TO ELECTRONIC FILING OF THE RETURN. THE 990 WAS ALSO REVIEWED AND APPROVED BY THE CONTROLLER AND CFO OF WEST GEORGIA HEALTH

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	THE CONFLICT OF INTEREST POLICY APPLIES TO ALL EMPLOYEES AND DIRECTORS OF WEST GEORGIA HEALTH. ANY DIRECTOR OF THE CORPORATION HAVING ANY POTENTIAL FINANCIAL INTEREST IN THE OUTCOME OF ANY DECISION THAT IS BEFORE THE BOARD OF DIRECTORS SHALL MAKE SUCH INTEREST APPARENT PRIOR TO THE DELIBERATIONS OR VOTE OF THE BOARD OF DIRECTORS ON THE ISSUE, AND SAID DIRECTOR SHALL ABSTAIN FROM VOTING ON THIS ISSUE, AND ABSENT HIMSELF/HERSELF FROM THIS MEETING DURING DELIBERATIONS ON THIS ISSUE. THE NATURE OF ANY DIRECTOR'S POTENTIAL FINANCIAL INTEREST IN THE OUTCOME OF ANY BOARD DECISION SHALL BE DISCLOSED IN THE MINUTE BOOK OF THE CORPORATION.

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	HUMAN RESOURCES MAKES COMPENSATION RECOMMENDATIONS BASED ON COMPARATIVE MARKET ANALYSIS THE DATA IS THEN REVIEWED AND APPROVED BY THE BOARD OF DIRECTORS

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 18	THE ORGANIZATION MAKES ITS FORM 990 AVAILABLE UPON REQUEST

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED LOSSES ON INVESTMENTS -1,027,222 PRIOR PERIOD ADJUSTMENTS -818,651 PENSION LIABILITY ADJUSTMENT -1,141,544 TRANSFER TO AFFILIATE -2,000,000 TOTAL TO FORM 990, PART XI, LINE 5 -4,987,417

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## SCHEDULE R (Form 990)

## Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2010

## Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

**Name of the organization**  
WEST GEORGIA MEDICAL CENTER INC

**Employer identification number**

20-5497506

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

<b>(a)</b> Name, address, and EIN of disregarded entity	<b>(b)</b> Primary activity	<b>(c)</b> Legal domicile (state or foreign country)	<b>(d)</b> Total income	<b>(e)</b> End-of-year assets	<b>(f)</b> 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.)

**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.)

**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) WEST GEORGIA HEALTH PHYSICIANS INC 1514 VERNON ROAD LAGRANGE, GA30240 27-5125341	PHYSICIAN PRACTICE	GA	WEST GEORIGA HEALTH SERVICES INC	C			

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

- a** Receipt of (i) interest (ii) annuities (iii) royalties (iv) rent from a controlled entity
- b** Gift, grant, or capital contribution to other organization(s)
- c** Gift, grant, or capital contribution from other organization(s)
- d** Loans or loan guarantees to or for other organization(s)
- e** Loans or loan guarantees by other organization(s)
- f** Sale of assets to other organization(s)
- g** Purchase of assets from other organization(s)
- h** Exchange of assets
- i** Lease of facilities, equipment, or other assets to other organization(s)
- j** Lease of facilities, equipment, or other assets from other organization(s)
- k** Performance of services or membership or fundraising solicitations for other organization(s)
- l** Performance of services or membership or fundraising solicitations by other organization(s)
- m** Sharing of facilities, equipment, mailing lists, or other assets
- n** Sharing of paid employees
- o** Reimbursement paid to other organization for expenses
- p** Reimbursement paid by other organization for expenses
- q** Other transfer of cash or property to other organization(s)
- r** Other transfer of cash or property from other organization(s)

	Yes	No
1a	Yes	
1b	Yes	
1c		No
1d	Yes	
1e	Yes	
1f		No
1g		No
1h	Yes	
1i	Yes	
1j	Yes	
1k		No
1l	Yes	
1m		No
1n	Yes	
1o		No
1p	Yes	
1q		No
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)				
(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.

**Part VII Supplemental Information**

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

Identifier	Return Reference	Explanation
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## Additional Data

**Software ID:**  
**Software Version:**  
**EIN:** 20-5497506  
**Name:** WEST GEORGIA MEDICAL CENTER INC

### Form 990, Part III - 4 Program Service Accomplishments (See the Instructions)

#### 4d. Other program services

(Code	(Expenses \$	8,133,937	including grants of \$	) (Revenue \$	6,141,174 )
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ADDITIONAL EXEMPT ACTIVITY PROGRAMS INCLUDING HOME HEALTH, DIALYSIS, PHYSICIAN PRACTICES, OCCUPATIONAL EXPENSES, OCCUPATIONAL HEALTH, SCHOLARSHIPS, ETC

**West Georgia Medical Center, Inc.  
and Affiliates**

**Audited Combined Financial Statements**

**For the Years Ended  
September 30, 2011 and 2010**

**(with Independent Auditors' Report thereon)**

## WEST GEORGIA MEDICAL CENTER, INC. AND AFFILIATES

### Table of Contents

Years Ended September 30, 2011 and 2010

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Combined Balance Sheets	2
Combined Statements of Operations	4
Combined Statements of Changes in Net Assets	5
Combined Statements of Cash Flows	6
Notes to Combined Financial Statements	8

**Independent Auditors' Report**

The Board of Trustees  
West Georgia Medical Center, Inc and Affiliates

We have audited the accompanying combined balance sheet of West Georgia Medical Center, Inc and Affiliates (collectively, the "Group") as of September 30, 2011, and the related combined statement of operations and changes in net assets and cash flows for the year then ended. These combined financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these combined financial statements based on our audit. The combined financial statements of the Group as of and for the year ended September 30, 2010, were audited by other auditors, whose report dated February 14, 2011, expressed an unqualified opinion on those combined financial statements. As discussed in note 3 to the combined financial statements, the Group has restated its 2010 combined financial statements to correct errors in the application of accounting principles generally accepted in the United States of America and oversight of facts. The other auditors reported on the combined financial statements before the restatement adjustments.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes consideration of internal controls over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of West Georgia Medical Center, Inc and Affiliates as of September 30, 2011, and the results of its operations, changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

We also audited the adjustments to restate the combined financial statements to correct errors in the application of accounting principles generally accepted in the United States of America and oversight of facts as described in note 3. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the Group's 2010 combined financial statements other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2010 combined financial statements as a whole.

*Dixon Hughes Goodman LLP*

Atlanta, Georgia  
March 6, 2012

**WEST GEORGIA MEDICAL CENTER, INC. AND AFFILIATES**

Combined Balance Sheets

September 30, 2011 and 2010

<b><u>Assets</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
<b>Current assets</b>		
Cash and cash equivalents	\$ 5,350,232	\$ 6,670,923
Patient accounts receivable, less estimated allowance for uncollectible accounts of \$17,735,000 in 2011 and \$17,269,000 in 2010	28,302,516	26,311,383
Other receivables	1,701,153	1,794,657
Inventories	3,245,814	2,997,008
Prepaid expenses and other current assets	<u>2,790,595</u>	<u>2,216,350</u>
Total current assets	41,390,310	39,990,321
 Investments	 10,774,965	 17,282,422
 Assets limited as to use		
Under bond agreement	343,307	1,653,727
Under deferred compensation arrangements	1,277,910	1,388,883
By Board for capital improvements	18,067,346	20,157,302
By donors for specific purposes	<u>5,493,300</u>	<u>4,909,965</u>
Total assets limited to use	25,181,863	28,109,877
 Property and equipment, net	 117,056,128	 120,346,395
 Other assets		
Receivable from sale of property, net of current portion	200,752	345,162
Due from uncombined affiliates	765,923	852,195
Deferred financing costs, net	965,603	1,034,673
Physician guarantees and receivables	2,471,921	2,861,949
Collections	2,352,189	2,352,189
Other assets	<u>1,417,728</u>	<u>589,999</u>
Total other assets	<u>8,174,116</u>	<u>8,036,167</u>
 Total assets	 <u>\$ 202,577,382</u>	 <u>\$ 213,765,182</u>

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

<b><u>Liabilities and Net Assets</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
Current liabilities		
Accrued interest payable	\$ 612,369	\$ 621,744
Current portion of long-term debt	1,932,901	1,546,727
Accounts payable and accrued expenses	7,759,418	8,535,388
Accrued salaries, benefits, vacation and amounts withheld	7,412,884	6,721,107
Estimated third-party payor settlements	3,481,259	8,088,123
Total current liabilities	<u>21,198,831</u>	<u>25,513,089</u>
Long-term debt	69,198,692	71,093,069
Estimated professional and general self-insurance liabilities	350,001	650,000
Net pension liability	9,104,129	8,427,000
Total liabilities	<u>99,851,653</u>	<u>105,683,158</u>
Net assets		
Unrestricted	87,908,663	93,622,346
Temporarily restricted	5,827,369	5,175,508
Permanently restricted	8,989,697	9,284,170
Total net assets	<u>102,725,729</u>	<u>108,082,024</u>
Total liabilities and net assets	<u><u>\$ 202,577,382</u></u>	<u><u>\$ 213,765,182</u></u>

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

**WEST GEORGIA MEDICAL CENTER, INC. AND AFFILIATES**

**Combined Statements of Operations**

For the Years Ended September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Unrestricted net assets and other support		
Net patient service revenue	\$ 159,545,793	\$ 146,675,848
Other operating revenue	4,159,296	2,659,378
Net assets released from restrictions used for operations	<u>1,050,221</u>	<u>1,021,601</u>
Total revenue, gains and other support	164,755,310	150,356,827
Operating expenses		
Salary and wages	60,940,428	56,709,005
Employee benefits	18,114,324	15,506,365
Contract labor	3,178,092	4,017,962
Professional fees and services	19,763,406	17,785,110
Patient supplies	20,935,453	19,550,080
General supplies	5,471,591	5,256,201
Facilities and equipment	8,733,957	7,748,608
Utilities	2,897,355	2,658,083
Depreciation and amortization	11,467,980	8,741,127
Interest	3,817,804	1,220,398
Provision for bad debts	8,588,164	7,435,274
Other expenses	<u>6,100,663</u>	<u>8,070,839</u>
Total operating expenses	<u>170,009,217</u>	<u>154,699,052</u>
Operating loss	(5,253,907)	(4,342,225)
Nonoperating gains (losses)		
Net loss on disposal of assets	(23,610)	(1,107,269)
Net investment gain	<u>410,905</u>	<u>2,151,422</u>
Net nonoperating gains	<u>387,295</u>	<u>1,044,153</u>
Deficit of revenue, gains and other support over expenses and losses	<u><u>\$ (4,866,612)</u></u>	<u><u>\$ (3,298,072)</u></u>

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

**WEST GEORGIA MEDICAL CENTER, INC. AND AFFILIATES**

Combined Statements of Changes in Net Assets

For the Years Ended September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Unrestricted net assets		
Deficit of revenues, gains and other support		
over expenses and losses	\$ (4,866,612)	\$ (3,298,072)
Change in pension plan funded status	(1,141,544)	115,543
Permanent restrictions released	294,473	1,224,969
Net assets released from restrictions used for the purchase of property and equipment	-	1,414,973
Net assets transferred under lease and transfer agreement	-	94,159,666
(Decrease) increase in unrestricted net assets	<u>(5,713,683)</u>	<u>93,617,079</u>
Changes in temporarily restricted net assets		
Contributions	1,545,878	1,124,786
Net investment gain	156,204	648,720
Net assets released from restrictions	(1,050,221)	(2,436,574)
Net assets transferred under lease and transfer agreement	-	1,486,752
Increase in temporarily restricted net assets	<u>651,861</u>	<u>823,684</u>
Changes in permanently restricted net assets		
Net assets released from restrictions	(294,473)	(1,224,969)
Net assets transferred under lease and transfer agreement	-	9,597,139
(Decrease) increase in permanently restricted net assets	<u>(294,473)</u>	<u>8,372,170</u>
(Decrease) increase in net assets	(5,356,295)	102,812,933
Net assets, beginning of year	108,082,024	5,269,091
Net assets, end of year (as restated for 2010)	<u>\$ 102,725,729</u>	<u>\$ 108,082,024</u>

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

**WEST GEORGIA MEDICAL CENTER, INC. AND AFFILIATES**

Combined Statements of Cash Flows

For the Years Ended September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<b>Cash flows from operating activities</b>		
(Decrease) increase in net assets	\$ (5,356,295)	\$ 102,812,933
Adjustment to reconcile (decrease) increase in net assets		
to net cash provided by operating activities		
Net assets transferred under lease and transfer agreement	-	(105,243,557)
Provision for depreciation and amortization	11,429,455	8,702,603
Provision for bad debts	8,588,164	7,435,274
Amortization of bond discount	38,524	38,524
Net loss on disposal of assets	23,610	1,107,269
Restricted contributions	(1,545,878)	(1,124,786)
Change in pension plan funded status	1,141,544	(115,543)
Increase (decrease) in cash due to changes in		
Patient accounts receivable	(10,579,297)	(8,199,856)
Other receivable	93,504	(745,312)
Inventories	(248,806)	(415,745)
Prepaid expenses and other current assets	(574,245)	(280,416)
Receivable from sale of property	144,410	-
Due from uncombined affiliate	86,272	383,782
Investments	6,507,457	(169,986)
Other noncurrent assets	(1,130,680)	311,797
Accounts payable and accrued expenses	(785,345)	(3,546,543)
Accrued salaries, benefits, vacation and amounts withheld	691,777	448,207
Estimated third-party pay or settlements	(4,606,864)	4,324,667
Other long-term liabilities	(764,414)	(497,754)
Net cash provided by operating activities	<hr/> 3,152,893	<hr/> 5,225,558

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

**WEST GEORGIA MEDICAL CENTER, INC. AND AFFILIATES**

Combined Statements of Cash Flows, continued

For the Years Ended September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<b>Cash flows from investing activities</b>		
Change in assets limited as to use	2,928,014	(1,714,385)
Change in physician guarantees and receivables	390,028	(1,228,078)
Purchase of property and equipment, net	(7,790,777)	(27,688,469)
Proceeds from disposals of property and equipment	-	217,809
Purchase of collections	-	(116,939)
Net cash used in investing activities	<u>(4,472,735)</u>	<u>(30,530,062)</u>
<b>Cash flows from financing activities</b>		
Payments on long-term debt	(1,546,727)	(6,850,514)
Payment of acquisition and financing costs	-	(207,847)
Proceeds from issuance of long-term debt	-	33,972,474
Restricted contributions	1,545,878	1,124,786
Cash transferred under lease and transfer agreement	-	3,936,528
Net cash (used in) provided by financing activities	<u>(849)</u>	<u>31,975,427</u>
Net (decrease) increase in cash and cash equivalents	(1,320,691)	6,670,923
Cash and cash equivalents at beginning of year	6,670,923	-
Cash and cash equivalents at end of year	<u>\$ 5,350,232</u>	<u>\$ 6,670,923</u>
<b>Supplemental information and non-cash transactions</b>		
Cash paid for interest	<u>\$ 3,827,179</u>	<u>\$ 3,368,206</u>

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

## WEST GEORGIA MEDICAL AND AFFILIATES

### Notes to Combined Financial Statements

September 30, 2011 and 2010

#### 1 Organization and Operations

The combined financial statements of West Georgia Medical Center, Inc and Affiliates (collectively, the "Group"), include the accounts and the activities of West Georgia Medical Center, Inc ("WGMC"), West Georgia Health Foundation, Inc (the "Foundation"), and West Georgia Health Physicians, Inc (the "PSO") which are obligated members under certain indebtedness as discussed in Note 8. WGMC, the Foundation, and the PSO are affiliates of West Georgia Health Services, Inc d/b/a West Georgia Health System ("WGHS"), a nonprofit organization which is the sole corporate member of each and which currently has no activity. All management and other parent company related expenses are included in the accounts of WGMC.

WGMC was established in 2006 and is located in the City of LaGrange, Troup County, Georgia. WGMC had no activity prior to October 1, 2009. Under terms of a lease and transfer agreement between the LaGrange-Troup County Hospital Authority (the "Authority") and WGMC, the Authority leased all hospital facilities and transferred substantially all operating assets and existing operations to WGMC effective October 1, 2009. WGMC assumed all liabilities of the Authority which were incurred or arose in connection with the leased facilities, operating assets and existing operations, except as related to certain past employee benefit obligations (note 9). WGMC is required to fund the remaining obligations in the Authority pension plan and pay certain other operating expenses. The Authority also transferred the right, title and interest to all existing Certificates of Need, as approved by Georgia's Department of Community Health, including those relating to the ongoing expansion of facilities. The lease expires September 21, 2049 unless renewed by WGMC.

The primary mission of WGMC is to provide access to quality, cost-effective, community based healthcare services to residents of counties in western Georgia and eastern Alabama. WGMC includes a 276-bed acute-care hospital, a 150-bed skilled and intermediate care nursing facility, and a 116-bed intermediate care nursing home. Additionally, WGMC provides home care and hospice related services. WGMC includes the accounts of West Georgia Medical Center, Inc Auxiliary (the "Auxiliary"), a voluntary association existing under and by authority of WGMC's Board of Trustees.

The Foundation is a nonprofit foundation formed in 2004. The articles of incorporation of the Foundation were amended and restated effective October 1, 2009 to provide that the Foundation be organized and operated exclusively to conduct fundraising and development activities for the benefit of WGMC and for such related purposes as may be permitted. Funds are raised primarily from contributors in the West Georgia area.

The PSO was formed in March 2011 to provide primary care health services to the citizens of LaGrange, Georgia and the surrounding communities.

## 2 Significant Accounting Policies

**Accounting Standards** - The Group follows accounting standards set by the Financial Accounting Standards Board, commonly referred to as the "FASB." The FASB sets accounting principles generally accepted in the United States of America ("GAAP") that the Group follows to ensure consistent reporting of its financial condition, results of operations, and cash flows. References to GAAP issued by the FASB in these footnotes are to the *FASB Accounting Standards Codification*, sometimes referred to as the "Codification" or "ASC." Updates to the Codification are referred to as Accounting Standard Updates ("ASU").

**Principles of Combination** - The combined financial statements include the accounts of WGMC, the Foundation and the PSO after elimination of all significant intercompany accounts and transactions. The Group classifies those activities directly associated with the mission of providing healthcare services, as well as other activities deemed significant to its operations, as operating activities.

Other activities that result in gains or losses unrelated to the Group's primary mission are considered nonoperating.

**Use of Estimates** - The preparation of combined 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 combined financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Significant estimates included in the accompanying combined financial statements include the estimated allowance for uncollectible accounts and contractual adjustments, estimated amounts due to third-party payors and estimated professional and general self-insurance liabilities.

**Cash and Cash Equivalents** - The Group considers all highly liquid investments with a maturity of three months or less when purchased, excluding amounts limited as to use by Board designations or donor restriction, to be cash equivalents. At September 30, 2011 and 2010, the Group had cash and cash equivalents in financial institutions in amounts that exceed federal depository insurance limits.

**Inventories** - Inventories consist principally of medical and surgical supplies, general store supplies, and pharmacy items and are stated at the lower of cost (approximating the first-in, first-out method) or market.

**Investments and Assets Limited as to Use** - Investments and assets limited as to use in marketable securities are measured at fair market value. The Group's investment portfolio is classified as trading. Investments include those funds that have not been specifically designated by the Board but are intended to be used for capital or other long-term assets. Assets limited as to use include assets designated under bond agreements and deferred compensation arrangements and assets set aside by the Board of Trustees of WGMC or predecessor organizations for future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes. Assets limited as to use also include amounts restricted by donors for specific purposes, which are primarily those related to the Foundation.

Investment income (including unrealized and realized gains and losses) on unrestricted funds is reported as a part of nonoperating gains (losses). Estimated investment income (including unrealized and realized gains and losses) on investments which are temporarily restricted by donors are allocated to that net asset classification. Investment income is reported net of related investment fees. Realized gains and losses on investments are computed using the specific identification method for cost determination.

**Deferred financing costs, net** - Deferred financing costs relate to the issuance of long-term debt and are amortized over the term of the debt issue. These deferred financing costs amounted to approximately \$1,108,000 with accumulated amortization of approximately \$143,000 and \$74,000 for 2011 and 2010, respectively.

**Other Assets** - Other assets primarily include property purchased by the Foundation during 2011. Other assets also include an investment in a purchasing alliance which is reported on the equity method of accounting and which approximates WGMC's equity in the underlying net book value.

**Property and Equipment** - Property and equipment are recorded on the basis of cost, or if donated, the fair value at the date of the gift. Depreciation is computed by the straight-line method based on the estimated useful life of the asset. Renewals and betterments are capitalized and depreciated over their useful life, whereas costs of maintenance and repairs are expensed as incurred. Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets. The amount capitalized is net of investment earnings on assets limited as to use derived from borrowings designated for capital assets.

The Group reviews capital assets for indications of potential impairment when there are changes in circumstances related to a specific asset. If this review indicates that the carrying value of these assets may not be recoverable, management estimates future cash flows from operations and the eventual disposition of such assets. If the sum of these undiscounted future cash flows is less than the carrying amount of the asset, a write-down to estimated fair value is recorded.

**Collections** - Collections are recorded on the basis of cost, or if donated, at the appraised fair value at the date of the gift. Each piece of art is cataloged for curatorial purposes, and management periodically performs activities verifying their existence and assessing their condition.

**Contributions** - Unconditional promises to give cash and other assets to the Group 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. Resources restricted by donors for specific operating purposes are held as temporarily restricted net assets until expended for the intended purpose, at which time they are reported as "net assets released from restrictions used for operations." Resources restricted by donors for additions to property, plant and equipment are held as temporarily restricted net assets until expended, at which time they are reported as "net assets released from restrictions used for the purchase of property, plant and equipment." Gifts, grants and bequests not restricted by donors are reported as other operating revenue. The majority of unconditional promises to give and other support receivables are expected to be received in one to five years.

**Temporarily and Permanently Restricted Net Assets** - Temporarily restricted net assets are those whose use 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 Group in perpetuity. The related assets include property donated for such specific purposes, as well as all improvements thereon. Such permanent restrictions are periodically released as the related assets are depreciated.

Permanently restricted net assets also includes a donor-restricted endowment fund. The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are expended for their intended purpose.

**Deficit of Revenue, Gains and Other Support Over Expenses and Losses** - The combined statement of operations includes the caption deficit of revenue, gains and other support over expenses and losses. Changes in unrestricted net assets which are excluded from this caption, consistent with industry practice, include transfers of assets to and from Affiliates for other than goods and services, pension liability adjustments 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.

**Net Patient Service Revenue and Receivables** - Net patient service revenue is reported on the accrual basis in the period in which services are provided at the estimated net realizable amounts, 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.

Patient accounts receivable are reported net of both an estimated allowance for uncollectible accounts and an estimated allowance for contractual adjustments. The contractual allowance represents the difference between established billing rates and estimated reimbursement from Medicare, Medicaid and other third-party payment programs. These allowances are based upon management's assessment of historical and expected net collections, considering business and economic conditions, trends in health care coverage, and other collection indicators. Periodically, management assesses the adequacy of the allowance for uncollectible accounts based upon historical write-off experience by payor category. The results of this review are then used to make any modifications to the provision for bad debts to establish an appropriate allowance for uncollectible accounts.

The Group has adopted a revenue recognition policy, primarily with respect to private pay accounts, which provides guidance on collectability criteria and emphasizes revenue recognition only when collections are reasonably assured

The Group's policy does not require collateral or other security for patient accounts receivable. The Group routinely accepts assignment of, or is otherwise entitled to receive, patient benefits payable under health insurance programs, plans or policies

**Charity Care** – The Group provides care to patients who meet certain criteria under its charity care policies without charge or at amounts less than its established rates. Because the Group does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue

**Income Taxes** – WGMC and the Foundation are organizations exempt from income tax pursuant to Internal Revenue Code Section 501(a), as organizations described in Section 501(c)(3). Related income is generally not subject to Federal and state income taxes

The PSO was organized in the state of Georgia as a nonprofit organization. However, the PSO has not filed for tax exempt status with the Internal Revenue Service. As such, the entity is considered a for-profit entity and subject to taxation. The PSO therefore accounts for income taxes in accordance with the liability method under which deferred tax assets and liabilities are determined based on the differences between the financial accounting and tax bases of assets and liabilities. Deferred tax assets or liabilities at the end of each period are determined using the currently enacted tax rate expected to apply to taxable income in the periods that the deferred tax asset or liability is expected to be realized or settled. At September 30, 2011, the PSO had approximately \$1,408,000 in net operating loss carry forwards ("NOLs"). These NOLs result in approximately \$493,000 in deferred tax assets, which are off-set by an equal amount of valuation allowance

The Group has evaluated its tax positions and has determined that it does not have any material unrecognized tax benefits or obligations as of September 30, 2011 and 2010. Fiscal years ending on and after September 30, 2008 remain subject to examination by federal and state tax authorities

**Fair Value Measurements** - GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs in measuring fair value, and GAAP establishes a three level hierarchy that prioritizes the inputs used to measure fair value. The three levels of inputs used to measure fair value are as follows

Level 1 - Quoted prices in active markets for identical assets or liabilities such as debt and equity securities, mutual funds, and money market accounts that are traded in an active market, and other cash equivalents. Level one investments include common stocks, equity mutual funds and money market funds that are traded in an active market

Level 2 - Observable inputs other than level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. The Group's level three investments include a hedge fund. The fair value for this investment is determined by applying the Group's ownership percentage to the net asset value of the investment fund.

**Functional Expense Classification** - The Group does not present expense information by functional classification because its resources and activities are primarily related to providing health care services. Further, since the Group receives substantially all of its resources from providing health care services in a manner similar to a business enterprise, other indicators contained in these consolidated financial statements are considered important in evaluating how well management has discharged their stewardship responsibilities.

**Subsequent Events** - The Group evaluated the effect subsequent events would have on the combined financial statements from October 1, 2011 through March 6, 2012, which is the date the combined financial statements were available to be issued. During that period, the Group did not have any material recognizable subsequent events.

**Reclassifications** - Certain amounts in the 2010 combined financial statements have been reclassified to conform to the 2011 presentation as described in table in note 3.

### 3 **Restatement**

During September 30, 2011 financial statement close process, errors were discovered in the September 30, 2010 combined financial statements due to mistakes in the application of GAAP and oversight in facts. The Group has restated the 2010 combined financial statements to reflect the corrections of these errors.

The Group capitalized organizational costs prior to September 30, 2010, which should have been expensed under GAAP. The resulting restatement decreases other long-term assets and net assets by approximately \$629,000 as of September 30, 2010, and decreases amortization expense and decreases deficit of revenue, gains and other support over expenses and losses by approximately \$45,000 from amounts previously reported for the year ended September 30, 2010.

The Group improperly amortized the physician contracts with the resulting restatement decreasing receivables from physicians and others and decreasing net assets by approximately \$607,000 as of September 30, 2010, and increasing other expenses and increasing deficit of revenue, gains and other support over expenses and losses by approximately \$421,000 from amounts previously reported for the year ended September 30, 2010. Also, the Group did not record a physician guarantee liability and related asset based on the estimated fair value of the guarantee at September 30, 2010. The resulting restatement increases receivables from physicians and others and increases accounts payable and accrued expenses by approximately \$626,000 as of September 30, 2010.

The Group did not accrue interest related to the line of credit agreement with Vernon Woods Retirement Community with the resulting restatement increasing due from uncombined affiliate and net assets by approximately \$366,000, and increasing other operating revenues and decreasing deficit of revenue, gains and other support over expenses and losses by approximately \$17,000 from amounts previously reported for the year ended September 30, 2010.

A summary of restatement amounts as of and for the year ended September 30, 2010, are as follows:

	<u>2010, as previously reported</u>	<u>Restatement Adjustments</u>	<u>Reclas- sification Adjustments</u>	<u>2010, as restated</u>
<b>Combined Balance Sheets</b>				
Cash	6,527,510	-	143,413	6,670,923
Assets limited as to use	28,253,290	-	(143,413)	28,109,877
Property and equipment	120,299,706	(48,168)	-	120,346,395
<b>Other assets</b>				
Other long-term	\$ 1,218,956	\$ (628,957)	-	\$ 589,999
Physician guarantees and receivables	2,842,795	(607,056) 626,210	-	2,861,949
Due from uncombined affiliate	486,072	366,123	-	852,195
<b>Current liabilities</b>				
Accounts payable and accrued expenses	7,905,014	4,164 626,210	-	8,535,388
<b>Unrestricted net assets</b>				
End of year	94,544,567	(922,222)	-	93,622,346
<b>Combined statement of operations</b>				
Other operating revenue	2,642,734	16,644	-	2,659,378
Depreciation and amortization	8,786,053	(44,926)	-	8,741,127
Other expenses	7,744,294	435,385	(108,840)	8,070,839
Loss on disposal of assets	(1,059,101)	(48,168)	-	(1,107,269)
Net gain on investments	2,260,262	-	(108,840)	2,151,422
Deficit of revenue, gains and other support over expenses and losses	(2,876,089)	(421,983)	-	(3,298,072)
<b>Combined statements of changes in net assets</b>				
Unrestricted net assets				
Net assets transferred under lease and transfer agreement	94,659,905	(500,239)	-	94,159,666

The following changes were also made to the cash flow statement due to the restatement and reclassifications described above

(Decrease) increase in net assets	\$ 103,735,155	\$ (922,222)	\$ 102,812,933
Net assets transferred under lease and transfer agreement	(105,743.796)	500.239	(105,243.557)
Provision for depreciation and amortization	8,747.529	(44.926)	8,702,603
Net loss on disposal of assets	1,059,101	48,168	1,107,269
Restricted contributions	(1,369,000)	244,214	(1,124,786)
Due from uncombined affiliate	400,426	(16,644)	383,782
Other noncurrent assets	(123,588)	435,385	311,797

#### 4 Net Patient Service Revenue

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

##### **Medicare**

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

Medicare reimbursement for outpatient services is under a prospective payment system called the Ambulatory Payment Classification System ("APCS"). Prospective payment rates are established for each group of services provided in hospital outpatient departments for the diagnosis or treatment of beneficiaries. This system categorizes payments according to clinical diagnosis and resource use. Services covered under other Medicare fee schedules are excluded and will continue to be paid using the fee schedules.

The Group is subject to various final settlements determined after submission of annual cost reports and audits by the Medicare fiscal intermediary. The Group's coding and classification of patients under the Medicare program as well as the appropriateness of the services rendered are subject to an independent review by a peer review organization. At September 30, 2011, Medicare audits or desk reviews of the Group's cost reports have been completed through 2006.

##### **Medicaid**

Acute inpatient services rendered to Medicaid 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. All outpatient services are reimbursed based on cost and/or fee schedule.

The Group is subject to various final settlements determined after submission of annual cost reports and audits by the Medicaid fiscal intermediary. The Group's classification of patients under the Medicaid program and the appropriateness of their admissions are subject to an independent review by a peer review organization. At September 30, 2011, Medicaid audits or desk reviews of the Group's cost reports have been completed through 2008.

### **Other Payors**

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

Revenue from the Medicare and Medicaid programs accounted for approximately 59% of the Group's net patient revenue for both 2011 and 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. The 2011 and 2010 net patient service revenue increased (decreased) approximately \$461,000 and (\$1,000,000), respectively, due to changes in amounts previously estimated as a result of final settlements and changes in estimates.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 created the Recovery Audit Contractors ("RAC") program to detect and correct improper payments in the Medicare program. The RAC reviews in Georgia began in late 2009 and continued in 2010 and 2011. As of September 30, 2011, no significant overpayments were identified by the RAC Reviews. Management believes its billings policies will not result in significant overpayments, however, the effect of RAC reviews cannot be reasonably estimated and the results of such reviews could materially affect the future operations of the Group.

The composition of net patient service revenue is summarized approximately as follows:

	<u>2011</u>	<u>2010</u>
Gross patient service revenue	\$ 388,062,104	\$ 335,074,866
Less contractual and other adjustments	<u>(228,516,311)</u>	<u>(188,399,018)</u>
Net patient service revenue	<u>\$ 159,545,793</u>	<u>\$ 146,675,848</u>

The Group maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy. Charges foregone based on established rates, totaled approximately \$14,646,000 and \$14,587,000 for 2011 and 2010, respectively, and these foregone charges are included in the gross patient service revenue above.

Net patient service revenue includes additional funding of \$2,567,652 and \$2,056,140 for the years ended September 30, 2011 and 2010, respectively, received or accrued under an agreement with the Georgia Department of Community Health Division of Medical Assistance ("DMA") to provide outpatient indigent care assistance. Under the agreement, the Group pays into the Indigent Care Trust Fund and is then eligible to receive Indigent Care Trust Fund ("ICTF") payments.

The Group also transferred funds to DMA which were matched with available federal funds and used to make Upper Payment Limit ("UPL") Rate Adjustment payments back to the Group. Net patient service revenue includes additional funding of \$1,016,966 and \$1,275,952 for the years ended September 30, 2011 and 2010, respectively, which is net of contributions to the fund.

The federal government does not ensure future ICTF or UPL funding. Reduced ICTF or UPL funding may impact the Group's operations.

## 5 Investments and Assets Limited as to Use

Assets limited as to use include \$18,067,346 and \$20,157,302 for the years ended September 30, 2011 and 2010, respectively, limited by WGMC's Board under a policy of setting aside amounts for future capital improvements. Assets limited as to use by donors for specific purposes consist of funds raised by or transferred to the Foundation as well as from other sources (see note 12). Such amounts also include receivables which have been reduced to net amounts expected to be collected based on management's estimates of collectability. However, due to the uncertainty of the estimation, it is at least reasonably possible that management's estimates may change in the future.

Assets limited as to use consist of the following at September 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Assets limited as to use under bond agreements		
Cash equivalents	\$ 343,307	\$ 1,653,727
Assets limited as to use under deferred compensation arrangements		
Cash equivalents	407,953	603,409
Equity mutual funds	621,284	500,518
Bond mutual funds	<u>248,673</u>	<u>284,956</u>
	1,277,910	1,388,883
Assets limited as to use by Board for capital improvements		
Cash equivalents	145,140	280,284
Equity mutual funds	4,739,023	5,466,731
Bond mutual funds	8,528,992	11,450,600
Equity exchange traded funds	758,353	-
Fixed income exchange traded funds	<u>3,895,838</u>	<u>2,959,687</u>
	18,067,346	20,157,302

	<u>2011</u>	<u>2010</u>
Assets limited as to use by donors for specific purposes		
Cash equivalents	818,490	741,310
Equity mutual funds	1,833,231	1,333,484
Bond mutual funds	1,018,393	1,209,661
Hedge fund	1,426,417	1,324,806
Other equity securities	17,478	12,049
Contributions receivable, net	<u>379,291</u>	<u>288,655</u>
	<u>5,493,300</u>	<u>4,909,965</u>
	<u><u>\$ 25,181,863</u></u>	<u><u>\$ 28,109,877</u></u>

Investments consist of the following at September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash equivalents	\$ 212,314	\$ 327,005
Equity mutual funds	2,829,898	4,976,757
Bond mutual funds	4,972,377	8,551,098
Equity exchange traded funds	437,326	-
Fixed income exchange traded funds	2,246,648	1,835,808
Hedge fund	75,478	1,586,512
Other equity securities	<u>924</u>	<u>5,242</u>
	<u><u>\$ 10,774,965</u></u>	<u><u>\$ 17,282,422</u></u>

Income on unrestricted investments and assets limited as to use is comprised of the following for the years ending September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Interest and dividends	\$ 985,517	\$ 816,504
Realized gains (losses), net	566,991	(314,331)
Unrealized gains (losses), net	(1,027,222)	1,758,089
Investment fees	<u>(114,381)</u>	<u>(108,840)</u>
	<u><u>\$ 410,905</u></u>	<u><u>\$ 2,151,422</u></u>

Income on temporarily restricted assets limited as to use is comprised of the following for the years ending September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Interest and dividends	\$ 169,860	\$ 135,913
Realized gains (losses), net	(32,631)	125,359
Unrealized gains, net	32,436	401,771
Investment fees	<u>(13,461)</u>	<u>(14,323)</u>
	<u><u>\$ 156,204</u></u>	<u><u>\$ 648,720</u></u>

## 6 Property and Equipment

Property and equipment consist of the following at September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Land	\$ 3,645,647	\$ 3,645,647
Land improvements	9,161,568	9,274,502
Building and improvements	106,348,059	105,567,815
Fixed equipment	13,619,426	13,579,402
Major movable equipment	99,141,789	93,814,500
Construction in progress	<u>8,174,452</u>	<u>7,750,903</u>
	240,090,941	233,632,769
Less allowance for depreciation	<u>(123,034,813)</u>	<u>(113,286,374)</u>
	<u><u>\$ 117,056,128</u></u>	<u><u>\$ 120,346,395</u></u>

Depreciation expense for 2011 and 2010 was approximately \$11,057,000 and \$8,698,000, respectively. During 2010, approximately \$2,141,000 of interest expense was capitalized. No amounts were capitalized in 2011.

Construction in progress includes software and medical equipment in the process of installation and other projects. Total estimated cost to complete these projects at September 30, 2011 is approximately \$2,222,000.

## 7 Physician Notes and Guarantees

The Group has contractual relationships with certain physicians whereby the Group guarantees certain base annual payments and allowable expenses, not to exceed a pre-set amount during the initial contract period. The contractual relationships have terms of varying lengths. Upon completion of the initial contract period, all amounts drawn and outstanding under the agreements are treated as a loan bearing interest at two percent over prime, subject to repayment in equal monthly installments of principal and interest. The physician may repay the balance by virtue of the physician's continued practice in the community for the remaining months of the repayment period whereby the balance will be reduced ratably for each month of service.

The Group recorded a liability of approximately \$626,000 for the estimated fair value of the income guarantees at September 30, 2010. This amount is recorded in accounts payable and accrued expenses on the combined balance sheets. A corresponding asset was recorded in physician receivables and other in the accompanying combined balance sheets. There was no remaining guarantee liability at September 30, 2011. Amortization expense for physician notes and guarantees amounted to approximately \$490,000 and \$510,000 for 2011 and 2010, respectively.

8 Long-Term Debt

A summary of long-term debt follows

	<u>2011</u>	<u>2010</u>
2008A Revenue Anticipation Certificates bearing interest at varying rates (4.00% to 5.50%), principal and interest payments due each July maturing July 2038, secured by the gross revenues of the Group	\$ 45,120,000	\$ 45,870,000
2010 Revenue Anticipation Certificates with monthly principal and interest (fixed at 4.75%) payments of approximately \$137,000 through December 2014, with the remaining principal of approximately \$21,994,000 due January 2015, secured by the gross revenues of the Group	23,767,101	23,977,904
2010B Revenue Anticipation Certificates with monthly principal and interest (fixed at 5.61%) payments of \$66,649 through July 2016, secured by equipment	<u>3,278,232</u>	<u>3,864,156</u>
	72,165,333	73,712,060
Less unamortized discounts	1,033,740	1,072,264
Less current portion of long-term debt	<u>1,932,901</u>	<u>1,546,727</u>
Long-term debt, excluding current portion	<u>\$ 69,198,692</u>	<u>\$ 71,093,069</u>

In June 2010 pursuant to a Master Financing Agreement, the Authority issued a \$4,000,000 tax-exempt Revenue Anticipation Certificate ("2010B Certificate") to GE Government Finance, Inc ("GE Finance") to finance the purchase of equipment for WGMC's medical facilities. The 2010B Certificate may be redeemed at any time at the option of WGMC at a price determined by the Master Financing Agreement. The interest rate noted above is subject to increase if for any reason the interest is deemed taxable to GE Finance.

In January 2010, the Authority issued \$24,000,000 in tax-exempt Revenue Anticipation Certificates ("2010 Certificates") to finance or refinance the cost of certain additions, extensions and improvements to the medical facilities leased by WGMC and to pay costs of issuance. At the option of WGMC, the 2010 Certificates may be redeemed prior to maturity, either in whole or in part at any time, at a redemption price of par and accrued interest. The 2010 Certificates are also subject to mandatory sinking fund redemption beginning on May 15, 2011 at a redemption price equal to the principal amount of each certificate to be redeemed plus accrued interest. The Authority loaned the proceeds of the sale of the 2010 Certificates to WGMC under a loan agreement dated January 1, 2010 and a supporting promissory note.

In July 2008, the Authority issued \$46,590,000 in Revenue Anticipation Certificates, Series 2008A ("2008A Certificates"), net of original issue discount of \$1,155,732, for the purpose of financing or refinancing the acquisition and construction of additional healthcare facilities and renovation of existing facilities in Troup County, fund the interest on the 2008A Certificates during the construction period and pay for the costs of issuance. The 2008A Certificates maturing July 1, 2038 may be redeemed prior to maturity at the option of the Authority either in whole or in part at any time and or after July 1, 2018 at par plus accrued interest. The 2008A Certificates maturing on July 1, 2018 are subject to mandatory sinking fund redemption on July 1, 2014 in amounts ranging from \$870,000 on July 1, 2014 to \$1,055,000 on July 1, 2018.

Pursuant to the lease and transfer agreement (note 1), WGMC pays amounts sufficient each year to pay the principal and interest on the Series 2008A Certificates. In addition, the Master Indenture related to the Authority's Revenue Anticipation Certificates Series 2008A was amended to include WGMC as an Obligated Issuer (as defined in the Master Indenture).

Scheduled maturities and mandatory escrow payments of long-term debt, exclusive of net unamortized original issue discount at September 30, 2011 are as follows:

Year Ending September 30

2012	\$ 1,932,901
2013	2,033,974
2014	2,138,334
2015	23,767,871
2016	1,537,253
Thereafter	<u>40,755,000</u>
	 \$ <u>72,165,333</u>

The Group is jointly and severally obligated under terms of the Master Indenture, as amended and as such, the Group has pledged the gross revenues of the Group to the payment of obligations issued or secured under the Master Indenture. The terms of the Master Indenture and related debt agreements contain financial and other covenants with which the Group must comply.

**9 Pension Plans**

Pursuant to the lease and transfer agreement between the Authority and WGMC (note 1), employees of the Authority became employees of WGMC on October 1, 2009. Pension benefit accruals under the Authority's pension plan were frozen on September 30, 2009. Employees who had participated in the Authority's pension plan (the "Authority's Plan") retained their accrued benefit and on October 1, 2009 began accruing benefits under a new defined benefit pension plan sponsored by WGMC (the "Plan"). Obligations under the Authority's Plan are reflected in the actuarial valuation related to that plan. Obligations related to the new Plan, including future salary increases related to past service as of October 1, 2009, are reflected in the funded status of the Plan. The lease and transfer agreement requires WGMC to fund all pension obligations of the Authority's Plan.

Actuarial services for the Plan are provided by an independent consulting firm WGMC is required to contribute the amounts necessary to fund the Plan, using the actuarial basis specified by the Plan. The participants are fully vested in their benefits under the Plan and the Authority's Plan and both plans are closed to new participants. Employees may retire at age 55 if they have completed ten years of service, normal retirement is at age 65 with five years of credited service. Upon retirement, each participant will receive a benefit under the plan sponsored by WGMC that is calculated on the basis of combined service with the Authority and WGMC, and is offset by the amount of his/her frozen benefit under the Authority's Plan.

Net pension liability recognized in the combined balance sheets consists of the following at September 30:

	<u>2011</u>	<u>2010</u>
Funded status of the Plan	\$ (8,794,048)	\$ (8,658,564)
Receivable (payable) due from/to Authority related to net pension asset of the Authority's Plan	<u>(310,081)</u>	<u>231,564</u>
	<u>\$ (9,104,129)</u>	<u>\$ (8,427,000)</u>

The following table presents a reconciliation of the beginning and ending balances of the Plan's projected benefit obligation, the fair value of plan assets, and the funded status of the Plan:

	<u>2011</u>	<u>2010</u>
Projected benefit obligation, beginning of year	\$ 10,726,481	\$ 8,341,048
Change in projected benefit obligation		
Service cost	1,671,135	1,465,536
Interest cost	666,413	479,610
Actuarial loss	1,387,789	440,527
Benefits paid	<u>(15,659)</u>	<u>(240)</u>
Projected benefit obligation, end of year	<u>\$ 14,436,159</u>	<u>\$ 10,726,481</u>
Fair value of Plan assets, beginning of year	\$ 2,067,917	-
Change in Plan assets		
Actual return on Plan assets	(110,147)	-
Contributions from the Plan's sponsor	3,700,000	2,068,157
Benefits paid	<u>(15,659)</u>	<u>(240)</u>
Fair value of plan assets, end of year	<u>\$ 5,642,111</u>	<u>\$ 2,067,917</u>
Funded status of the Plan at end of year	<u>\$ (8,794,048)</u>	<u>\$ (8,658,564)</u>

In accordance with GAAP, WGMC is required to recognize the funded status of the Plan as an asset or liability and gains or losses and prior service costs or credits not yet recognized as pension expense as a change in unrestricted net assets.

Amounts recognized in unrestricted net assets consist of the following at September 30

	<u>2011</u>	<u>2010</u>
Unrecognized net actuarial loss	\$ (2,138,141)	\$ (440,527)
Unrecognized transition obligation	<u>(7,228,908)</u>	<u>(7,784,978)</u>
	(9,367,049)	(8,225,505)
Deficit of cumulative employer contributions to net periodic pension cost	<u>573,001</u>	<u>(433,059)</u>
	\$ <u>(8,794,048)</u>	\$ <u>(8,658,564)</u>

Net periodic pension cost and other amounts recognized in unrestricted net assets excluding amounts transitioned from the Authority effective October 1, 2009, consist of the following at September 30

	<u>2011</u>	<u>2010</u>
Net periodic pension cost components		
Service cost	\$ 1,671,135	\$ 1,465,536
Interest cost	666,413	479,610
Expected return on assets	(274,254)	-
Amortization of unrecognized loss	74,576	-
Amortization of unrecognized transition obligation	<u>556,070</u>	<u>556,070</u>
Net periodic pension cost	\$ <u>2,693,940</u>	\$ <u>2,501,216</u>
Other changes in unrestricted net assets		
Amortization of transition obligation	\$ (556,070)	\$ (556,070)
Amortization of net loss	(74,576)	-
Net actuarial loss	<u>1,772,190</u>	<u>440,527</u>
Total loss (gain) recognized in unrestricted net assets	\$ <u>1,141,544</u>	\$ <u>(115,543)</u>
Total recognized in net periodic pension cost and unrestricted net assets	\$ <u>3,835,484</u>	\$ <u>2,385,673</u>

The estimated amount of the transition obligation that will be amortized into net periodic pension cost in 2012 is \$556.070. WGMC expects to make contributions to the Plan of approximately \$3,000,000 in 2012.

The actuarial assumptions used for the Plan as of September 30, 2011 are as follows

	<u>2011</u>	<u>2010</u>
Net periodic pension cost	5.50%	5.75%
Benefit obligations	5.50%	5.50%
Expected return on Plan assets	7.00%	7.00%

The long-term rate of return of 7% was developed using anticipated rates of return on each asset category. All of the Plan's assets at September 30, 2011 and 2010 are invested in cash equivalents and mutual funds.

WGMC's Benefits Committee establishes investment policies and strategies and regularly monitors the performance of the funds. WGMC's investment strategy with respect to pension assets is to invest the assets in accordance with ERISA and fiduciary standards. The long-term primary objectives for the Plan are to (1) provide for a reasonable amount of long-term growth of capital, without undue exposure to risk, (2) protect the assets from erosion of purchasing power, and (3) provide investment results that meet or exceed the Plan's actuarially assumed long-term rate of return.

Estimated future benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows

Year Ending September 30,	
2012	\$ 53,024
2013	105,976
2014	177,889
2015	263,206
2016	385,333
2017-2021	4,685,621

The actuarial value of assets and the actuarial liabilities related to the Authority's Plan were \$46,903.496 and \$54,574.110, respectively, at January 1, 2011, the date of the latest valuation. The unfunded actuarial liability calculated for the Authority's Plan was \$7,670.614 as determined by the independent actuary. Assets of the Authority's Plan are invested in cash equivalents and mutual funds.

Pension expense related to the Authority's Plan for the year ended September 30, 2011 and 2010 was \$541,644 and \$319,188, respectively. Actuarial methods and assumptions include the entry age normal actuarial cost method, 7.25% investment return rate, a level dollar amortization method with a closed basis amortization period (27 years on the initial base, 18.75 years on plan amendments base and 14 years on experience base) and an asset valuation method determined under a three year smoothing method.

The target allocation for the pension plan is as follows as of September 30, 2011 and 2010

	<u>Target</u>
Cash and cash equivalents	0-10%
Fixed income	35-100%
Equities	0-65%

On a quarterly basis, the investment committee evaluates and monitors such factors as general economic and financial market conditions and trends, overall diversification of the investment options, the adherence of each option to its stated investment objective, and the role of the investment option in determining the asset allocation strategy for funding of the Plan. The Group utilizes an outside investment consultant to implement its investment strategy.

Fair values of the pension plan investments are summarized as follows

	Quoted Prices in Active Markets For Identical Assets <u>(Level 1)</u>	Significant Other Observable Inputs <u>(Level 2)</u>	Significant Unobservable Inputs <u>(Level 3)</u>
<b>Pension Assets at Fair Value as of September 30, 2011</b>			
Money market funds	\$ 151,080	\$ -	\$ -
Equity mutual funds			
Large cap	2,260,050	-	-
Mid cap	420,763	-	-
Small cap	158,582	-	-
Bond mutual funds			
Intermediate term	2,261,388	-	-
Short term	267,399	-	-
Other	122,849	-	-

**Pension Assets at Fair Value as of September 30, 2010**

Money market funds	\$ 2,067,917	\$ -	\$ -
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**10 Other Retirement Plans**

The Authority's Section 403(b) plan was amended, restated, and renamed effective October 1, 2009 to reflect a transfer of sponsorship from the Authority to WGMC. Substantially all employees of WGMC are eligible to enroll in the plan on their date of hire. Participants may contribute through payroll deferrals, up to 100% of their eligible compensation, subject to certain limitations as determined annually by law. WGMC matches 100% of employees' contributions up to a maximum of 4% of eligible compensation. Employee benefits expense for the years ended September 30, 2011 and 2010 includes \$1,102,023 and \$874,524, respectively, related to this plan.

In addition, WGMC adopted the Authority's Section 457(f) plan for certain executives. Accrued salaries, benefits, vacation and amounts withheld in the combined balance sheets include \$870,000 and \$650,000 at September 30, 2011 and 2010, respectively, related to this plan. WGMC incurred expenses of \$220,000 and \$0 related to this plan in 2011 and 2010, respectively.

**11 Related Organizations and Related Party Transactions**

Vernon Woods Retirement Community, Inc (VWRC) is an Affiliate of WGHS which is its sole corporate member. VWRC is a nonprofit, 46-unit assisted living center. Due from uncombined affiliates at September 30, 2011 and 2010 includes approximately \$762,000 and \$852,000, respectively, in amounts due from VWRC for advances and services provided under a management agreement which terminated prior to 2006. The amount is being repaid pursuant to a \$1,500,000 informal line of credit. Interest accrues on the outstanding principal at the Wall Street Journal listed prime rate on an annum basis. Interest earned during 2011 and 2010 amounted to \$13,000 and \$16,000, respectively. WGMC extended the line of credit to October 2012. VWRC has a positive net asset position and management expects ultimate realization of all amounts due.

A summary of VWRC's assets, liabilities, and net assets as of September 30, 2011 and 2010 and its revenue and expenses for the year then ended are as follows

	<u>2011</u>	<u>2010</u>
	(as restated)	
<b>Assets</b>		
Current assets	\$ 386,393	\$ 211,823
Property and equipment, net	<u>11,438,111</u>	<u>11,867,956</u>
	<u><u>\$ 11,824,504</u></u>	<u><u>\$ 12,079,779</u></u>
<b>Liabilities</b>		
Current liabilities	\$ 149,661	\$ 174,407
Other liabilities (primarily due to WGMC)	762,163	849,174
Net assets (primarily permanently restricted)	<u>10,912,680</u>	<u>11,056,198</u>
	<u><u>\$ 11,824,504</u></u>	<u><u>\$ 12,079,779</u></u>
<b>Revenues</b>	2,682,903	2,357,241
<b>Expenses</b>	<u>2,826,421</u>	<u>2,835,441</u>
<b>Excess of expenses over revenues</b>	<u><u>\$ (143,518)</u></u>	<u><u>\$ (478,200)</u></u>

## 12 Temporarily and Permanently Restricted Net Assets

The George E Sims, Jr Nursing Scholarship Fund was set up during 1967 in memory of the late George E Sims, Jr Funds are granted by the Fuller E Callaway Foundation for the purpose of administering the nursing scholarship fund The scholarships require that the recipients return to work for a specified period of time after they complete their nursing degree If the recipient does not return and work the required period of time, the funds disbursed on their behalf become due immediately and interest is charged until the funds are repaid Other current and long-term receivables at September 30, 2011 and 2010 include approximately \$1,246,000 and \$1,187,000, respectively, which is net of \$840,000 and \$715,000 in estimated allowance for uncollectible accounts, respectively, for scholarship funds outstanding to students in school, graduates working at WGMC and amounts due from others out of the program Assets limited as to use by donors for specific purposes includes \$3,461 and \$100,113 at September 30, 2011 and 2010, respectively, in cash related to the scholarship program

All assets and liabilities of the Authority transferred to WGMC are subject to the restrictions and covenants required by the Callaway Foundation, Inc and the Fuller E Callaway Foundation Permanently restricted net assets consist of land and the assets attached thereto contributed with donor-imposed restrictions by the Callaway Foundation, Inc The restrictions limit the use of the property to hospital purposes and purposes related thereto In the event the property ceases to be used for such purposes, said land, along with all assets attached, shall revert to the Callaway Foundation, Inc, its successors or assigns, without any requirements upon the Callaway Foundation, Inc to give prior notice or to make re-entry Changes to permanently restricted net assets consist of a reduction for depreciation in 2011 and depreciation and loss on disposal in 2010 related to the

restricted property. The loss on disposal in 2010 consisted of the demolition of a building and amounted to approximately \$1,059,000.

Permanently restricted net assets also include \$912,000 at September 30, 2011 and 2010 held in an endowment. Income from the endowment is expendable to support cancer treatment and research.

Temporarily restricted net assets consist of the following at September 30:

	<u>2011</u>	<u>2010</u>
Foundation assets restricted by donors for specific capital and other purposes	\$ 4,577,839	\$ 3,888,666
Sims scholarship funds	<u>1,249,530</u>	<u>1,286,842</u>
<b>Total restricted net assets</b>	<b>\$ 5,827,369</b>	<b>\$ 5,175,508</b>

Permanently restricted net assets consist of the following at September 30:

	<u>2011</u>	<u>2010</u>
Foundation assets restricted under endowment agreement	\$ 912,000	\$ 912,000
Property and improvements permanently restricted for hospital purposes due to proximity on restricted land	5,842,447	6,136,920
Collections permanently restricted	<u>2,235,250</u>	<u>2,235,250</u>
<b>Total restricted net assets</b>	<b>\$ 8,989,697</b>	<b>\$ 9,284,170</b>

As discussed in Note 8, long-term debt was issued for the purposes of funding significant renovations to WGMC's facilities. The Foundation solicited donations to supplement the funding of this project. During 2011 and 2010, approximately \$0 and \$1,415,000, respectively, of temporarily restricted net assets was released from restrictions for the purchase of property and equipment.

### 13 Commitments and Contingencies

The Group maintains \$10,000,000 in commercial insurance on a claims-made basis for professional liability, as well as other commercial insurance to cover general liabilities. The insurance provides for a deductible of \$1,500,000 per occurrence and \$4,500,000 in the aggregate annually.

The Group intends to maintain such insurance in the future. The Group is involved in litigation arising from its operations. Management is of the opinion that the insurance coverage is adequate to cover any potential losses on asserted claims in excess of deductible amounts. Provisions for reported claims, including a per-claim deductible, have been estimated and recorded by management, and management is unaware of any other incidents which would ultimately result in a loss in excess of the Group's insurance coverage. No amounts have been accrued for potential losses related to unreported incidents or reported incidents which have not yet resulted in asserted claims as WGMC is not able to estimate such amounts.

The Group is self-insured for medical and other healthcare benefits provided to its employees and their families. Reinsurance, covering costs incurred above \$200,000 per individual and up to

approximately \$2,000,000, less the deductible, maximum lifetime benefit per individual, is maintained through a commercial excess coverage policy. A provision for estimated incurred but not reported claims has been provided in the combined financial statements. Accrued expenses at September 30, 2011 and 2010 include \$1,120,691 and \$970,349, respectively, related to employee health benefits. Employee benefits expense for the year then ended 2011 and 2010 include \$8,839,758 and \$7,466,097, respectively, related to employee health benefits.

The Group is self-insured for workers' compensation with reinsurance through a commercial excess workers' compensation policy. The Group retains \$400,000 per occurrence and \$1,000,000 in the aggregate per year and is required to maintain a \$530,000 letter of credit on behalf of the Georgia Self-Insurers Guaranty Trust Fund. Estimated liabilities for reported and unreported claims are recorded based on an analysis of workers' compensation losses performed by an outside party. Accrued expenses at September 30, 2011 and 2010 include \$534,600 and \$431,600, respectively, related to worker's compensation. Employee benefits expense for the year then ended 2011 and 2010 include \$435,048 and \$88,629, respectively, related to worker's compensation.

The Group has an incentive program for substantially all employees. Payments under this program are contingent upon WGMC's operating results. Accrued expenses at September 30, 2011 and 2010, respectively, include \$610,596 and \$765,948 related to this and other incentive programs.

The Group leases office space, facilities, and equipment under separate operating leases which expire at various times. Renewal and purchase options vary depending on the individual lease agreements. Certain medical equipment leases provide for lease payments based on the number of medical procedures performed. The Group incurred total lease expense of approximately \$1,722,000 and \$1,812,000 in 2011 and 2010, respectively. Future minimum lease payments under noncancellable operating leases with initial or remaining lease terms in excess of one year at September 30, 2011 are not significant.

The Group outsources its billing operations to a consulting services organization. The agreement expires in 2016 and contains certain early termination options, as defined in the agreement. Expense related to this agreement for the years ended September 30, 2011 and 2010 was approximately \$4,805,000 and \$3,817,000 which is included in professional fees and services in the combined statement of operations.

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, Medicare fraud and abuse and patient records privacy and security. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

#### 14 Concentrations of Risk

The Group grants credit to patients, substantially all of whom reside in western Georgia. The Group generally does not require collateral or other security in extending credit to patients, however, they routinely obtain assignment of (or are otherwise entitled to receive) patients' benefits payable under their health programs, plans, or policies (e.g. Medicare, Medicaid, Blue Cross, and other preferred provider arrangements and commercial insurance policies)

The mix of receivables from patients and third-party payors was as follows

	<u>2011</u>	<u>2010</u>
Medicare	25%	33%
Medicaid	17	14
Blue Cross	9	7
Commercial	11	10
Private pay	<u>38</u>	<u>36</u>
	<u>100%</u>	<u>100%</u>

#### 15 Fair Value of Financial Instruments

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

*Cash and cash equivalents* - The carrying amounts reported in the combined balance sheets for cash and cash equivalents approximate their fair value

*Investments* - Fair values, which are the amounts reported in the combined balance sheets, are based on quoted market prices, if available, estimated using quoted market prices for similar securities, or estimated using pricing models, discounted cash flow methodologies, or similar techniques

*Patient accounts receivable* - The carrying amounts reported in the combined balance sheets for patient accounts receivable approximate their fair values

*Assets limited as to use* - Fair values, which are the amounts reported in the combined balance sheets, are based on quoted market prices, if available, or estimated using quoted market prices for similar securities

*Accounts payable, accrued salaries and benefits, and other accrued expenses* - The carrying amounts reported in the combined balance sheets for accounts payable and accrued expenses approximate their fair value

*Estimated third-party payor settlements* - The carrying amounts reported in the combined balance sheets for estimated third-party payor settlements approximate their fair value

*Debt* - The fair value of the Group's various financing transactions approximate their carrying value, as interest rates and other terms are commensurate with the credit and interest rate risks involved

Prices for certain investment securities are readily available in the active markets in which those securities are traded, and the resulting fair values are categorized as Level 1. These include cash equivalents, mutual funds, and corporate equities.

Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Group's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the fair value of the assets and their placement within the fair value hierarchy levels. The September 30, 2011 fair value disclosure is disaggregated below to comply with Accounting Standard Update ("ASU") No 2010-06, Fair Value Measurements and Disclosures, under Accounting Standard Codification ("ASC") topic 820. The following table sets forth by level, within the fair value hierarchy, the Group's financial assets accounted for at fair value on a recurring basis.

The following summarizes the Group's financial assets included in investments and assets limited by use by level.

	Assets at Fair Value as of September 30, 2011		
	Quoted prices in active markets for identical assets <u>(Level 1)</u>	Significant other observable inputs <u>(Level 2)</u>	Significant unobservable inputs <u>(Level 3)</u>
Cash and cash equivalents	\$ 1,049,367	\$ -	\$ -
Equity exchange traded funds	1,201,820	-	-
Fixed income exchange traded funds	6,174,036	-	-
Equity mutual funds			
Small cap	587,619	-	-
Mid cap	1,557,317	-	-
Large cap	7,686,230	-	-
Other	230,648	-	-
Other equities	18,403	-	-
Bond mutual funds			
High yield	826,699	-	-
Intermediate term	10,371,761	-	-
Ultra-short term	3,486,751	-	-
Other	152,295	-	-
Hedge fund	-	-	1,501,895

	Assets at Fair Value as of September 30, 2010		
	Quoted prices in active markets for identical assets <u>(Level 1)</u>	Significant other observable inputs <u>(Level 2)</u>	Significant unobservable inputs <u>(Level 3)</u>
Cash and cash equivalents	\$ 1,183,447	\$ -	\$ -
Fixed income exchange traded funds	4,837,229	-	-
Equity mutual funds			
Small cap	891,790	-	-
Mid cap	2,160,659	-	-
Large cap	9,184,409	-	-
Other	108,532	-	-
Other equities	26,479	-	-
Bond mutual funds			
High yield	855,998	-	-
Intermediate term	9,916,401	-	-
Ultra-short term	4,463,488	-	-
Short term	6,304,232	-	-
Other bond funds	117,658	-	-
Hedge fund	-	-	2,911,318

The table below sets forth a summary of changes in the fair value of the Group's level 3 assets for the year ended September 30, 2011

Beginning balance	\$ 2,911,318
Realized losses	(31,149)
Unrealized gains	121,726
Sales, net	(1,500,000)
Ending balance	<u>\$ 1,501,895</u>