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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

Carilion Stonewall Jackson Hospital, part of Carilion Clinic, is a not-for-profit healthcare organization committed to improving health outcomes for every patient while advancing the quality of care in the community it serves

2

Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

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?

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 \$ 25,678,213 including grants of \$ 28,033) (Revenue \$ 29,524,779)

See Schedule O

4b

(Code) (Expenses \$ including grants of \$) (Revenue \$)

4c

(Code) (Expenses \$ including grants of \$) (Revenue \$)

4d

Other program services (Describe in Schedule O)












(Expenses \$ including grants of \$) (Revenue \$)

4e

Total program service expenses \$ 25,678,213

Part IV

Checklist of Required Schedules

		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A.</i> 	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instruction)? 	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I.</i>		No
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II.</i> 	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III.</i>		
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? <i>If "Yes," complete Schedule D, Part I.</i>		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? <i>If "Yes," complete Schedule D, Part II.</i>		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III.</i>		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV.</i>		No
10	Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V.</i>		No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI.</i> 	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII.</i> 	Yes	
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII.</i>		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX.</i> 	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X.</i> 	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X.</i> 	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII.</i> 	Yes	
b	Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional.</i> 	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E.</i>		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?		No
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the United States? <i>If "Yes," complete Schedule F, Parts I and IV.</i>		No
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U.S.? <i>If "Yes," complete Schedule F, Parts II and IV.</i>		No
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U.S.? <i>If "Yes," complete Schedule F, Parts III and IV.</i>		No
17	Did the organization report a total of more than \$15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I (see instructions).</i>		No
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II.</i>		No
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III.</i>		No
20a	Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H.</i> 	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? Note. Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions).	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? <i>If "Yes," complete Schedule I, Parts I and II</i>	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? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	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? <i>If "Yes," answer lines 24b–24d and complete Schedule K. If "No," go to line 25</i>	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</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? <i>If "Yes," complete Schedule L, Part I</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? <i>If "Yes," complete Schedule L, Part II</i>	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? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33	Yes	
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>	34	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)?	35		No
a	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	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? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance			
Check if Schedule O contains a response to any question in this Part V <input type="checkbox"/>			
		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	1a	0
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	1b	0
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	
2a	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return.	2a	319
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	2b	Yes
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	No
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3b	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a	Yes
b	If "Yes," enter the name of the foreign country: CA, CJ, EI, UK See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a	No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b	No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c	
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6a	No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b	
7	Organizations that may receive deductible contributions under section 170(c).		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c	
d	If "Yes," indicate the number of Forms 8282 filed during the year.	7d	
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e	No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f	
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h	
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8	
9	Sponsoring organizations maintaining donor advised funds.		
a	Did the organization make any taxable distributions under section 4966?	9a	
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b	
10	Section 501(c)(7) organizations. Enter:		
a	Initiation fees and capital contributions included on Part VIII, line 12.	10a	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	10b	
11	Section 501(c)(12) organizations. Enter:		
a	Gross income from members or shareholders.	11a	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	11b	
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b	
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.	13a	
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	13b	
c	Enter the amount of reserves on hand.	13c	
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a	No
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	14b	

Part VI

Governance, Management, and Disclosure

For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.
Check if Schedule O contains a response to any question in this Part VI

Section A. Governing Body and Management			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a10		
b	Enter the number of voting members included in line 1a, above, who are independent	1b7		
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	Yes	
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5		No
6	Does the organization have members or stockholders?	6	Yes	
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
Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)			Yes	No
10a	Does the organization have local chapters, branches, or affiliates?	10a		No
b	If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?	10b		
11a	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?	11a	Yes	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990			
12a	Does the organization have a written conflict of interest policy? If "No," go to line 13	12a	Yes	
b	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes	
c	Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done	12c	Yes	
13	Does the organization have a written whistleblower policy?	13	Yes	
14	Does the organization have a written document retention and destruction policy?	14	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	15a	Yes	
b	Other officers or key employees of the organization	15b	Yes	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (See instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a		No
b	If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?	16b		No
Section C. Disclosure				
17	List the States with which a copy of this Form 990 is required to be filed	VA		
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. <input type="checkbox"/> Own website <input checked="" type="checkbox"/> Another's website <input checked="" type="checkbox"/> 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			
	The Organization 213 S Jefferson Street Roanoke, VA 240111713 (540) 224-5112			

Part VII

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) James Crews MD Director	2.00	X						0	0	0
(2) Donald Halliwill Director	50.00	X						0	222,314	50,352
(3) Laurent Boetsch Director	2.00	X						0	0	0
(4) Melina Perdue Director	50.00	X						0	262,194	96,083
(5) Joseph Troise MD Director	2.00	X						0	0	0
(6) Rebecca Gates Director	2.00	X						0	0	0
(7) Richard Teaff Director	2.00	X						0	0	0
(8) Thomas McNamara DO President/CEO	50.00	X		X				289,024	0	67,280
(9) Charles Carr President/CEO	50.00	X		X				0	0	0
(10) H. E. Derrick Jr. Chairman	2.00	X		X				0	0	0
(11) Farris Hotchkiss Secretary	2.00	X		X				0	0	0
(12) Kermit Rockett Treasurer	2.00	X		X				0	0	0
(13) Donald Lorton Assistant Treasurer	50.00			X				0	521,051	332,850
(14) Briggs Andrews Assistant Secretary	50.00			X				0	334,006	207,297
(15) Regina Donald Pharmacy Manager	50.00					X		135,885	0	32,896
(16) Paul Bisbee Pharmacist	50.00					X		122,452	0	31,151

Part VII

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(17) Sheila Hatmaker Sr. Director	50.00					X		114,590	0	23,342
(18) Tonia McFaddin Nursing Supervisor	50.00					X		109,398	0	9,265
(19) Karen Lafon Manager	50.00					X		104,942	0	25,675
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								876,291	1,339,565	876,191

2

Total number of individuals (including but not limited to those listed above) who received more than \$100,000 in reportable compensation from the organization6

	Yes	No
3 Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>		No
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>	Yes	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>		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
Lexington VA Emergency Physicians PO Box 793 Traverse City, MI 496850793		Physician services	403,305
Anesthesia Healthcare Partners 3079 Peachtree Industrial Blvd Duluth, GA 30097		Anesthesia services	174,481
Carilion Labs LLC 213 S Jefferson 1202 Roanoke, VA 24011		Equipment maintenance	723,116
GE Medical Systems 5517 Collections Center Dr Chicago, IL 60693		Equipment maintenance	220,046
Cirrus Allied LLC 309 E Morehead St Charlotte, NC 28202		Staffing	230,087
2	Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization 6		

Part VIII

Statement of Revenue

					(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514		
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . .	1a		30,981					
	b	Membership dues	1b							
	c	Fundraising events	1c							
	d	Related organizations	1d							
	e	Government grants (contributions)	1e							
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	30,981						
	g	Noncash contributions included in lines 1a-1f \$								
	h	Total. Add lines 1a-1f								
	Program Service Revenue	2a	Business Code						29,250,716	29,250,716
		Net Patient Service Revenues 900099								
b										
c										
d										
e										
f		All other program service revenue								
g		Total. Add lines 2a-2f			29,250,716					
Other Revenue		3	Investment income (including dividends, interest and other similar amounts)			-94,605				
	4	Income from investment of tax-exempt bond proceeds . .			448,143			448,143		
	5	Royalties								
	6a	(i) Real		(ii) Personal	295,028			295,028		
		295,028								
		295,028								
	b	Less rental expenses								
	c	Rental income or (loss)								
	d	Net rental income or (loss)								
	7a	(i) Securities		(ii) Other	1,423,934			1,423,934		
		27,659,953		392						
		26,236,411								
		1,423,542		392						
	b	Less cost or other basis and sales expenses								
	c	Gain or (loss)								
	d	Net gain or (loss)								
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18								
		a								
		b	Less direct expenses							
c	Net income or (loss) from fundraising events . .									
9a	Gross income from gaming activities See Part IV, line 19 . . a									
	b	Less direct expenses b								
	c	Net income or (loss) from gaming activities . .								
10a	Gross sales of inventory, less returns and allowances a									
	b	Less cost of goods sold b								
	c	Net income or (loss) from sales of inventory . .								
Miscellaneous Revenue				Business Code	189,923	189,923				
11a	Contract Revenue 900099									
b	Cafeteria 900099			88,203						88,203
c	Other Revenue 900099			50,193					50,193	
d	All other revenue			33,947					33,947	
e	Total. Add lines 11a-11d			362,266						
12	Total revenue. See Instructions			31,716,463	29,524,779		2,160,703			

Part IX

Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the U S See Part IV, line 21	28,033	28,033		
2	Grants and other assistance to individuals in the U S See Part IV, line 22	0			
3	Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	247,172	247,172		
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7	Other salaries and wages	9,569,842	9,330,656	239,186	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	491,765	491,765		
9	Other employee benefits	1,114,144	1,067,309	46,835	
10	Payroll taxes	723,194	723,194		
a	Fees for services (non-employees)				
	Management	3,415,008		3,415,008	
b	Legal	3,178		3,178	
c	Accounting	33,250		33,250	
d	Lobbying	2,936	2,936		
e	Professional fundraising services See Part IV, line 17				
f	Investment management fees	0			
g	Other	3,243,507	3,154,378	89,129	
12	Advertising and promotion	3,229	3,229		
13	Office expenses	2,998,599	2,991,238	7,361	
14	Information technology	89,365	89,365		
15	Royalties	0			
16	Occupancy	566,821	566,821		
17	Travel	145,523	138,351	7,172	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	0			
20	Interest	1,988,891	1,988,891		
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	2,094,622	2,094,622		
23	Insurance	246,693	140,902	105,791	
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	1,779,712	1,779,712		
b	I/C Pracrice subsidy	789,799	789,799		
c	Dues Subscriptions	52,671	35,068	17,603	
d	Education	12,457	12,457		
e	Miscellaneous	20,613	2,400	18,213	
f	All other expenses	10,336	-85	10,421	
25	Total functional expenses. Add lines 1 through 24f	29,671,360	25,678,213	3,993,147	0
26	Joint costs. 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

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing			1,135	1	1,135
	2	Savings and temporary cash investments			24,076	2	612,621
	3	Pledges and grants receivable, net				3	
	4	Accounts receivable, net			3,502,179	4	3,014,053
	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				7	
	8	Inventories for sale or use			230,266	8	199,683
	9	Prepaid expenses and deferred charges			187,696	9	156,661
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a	43,171,201			
	b	Less: accumulated depreciation	10b	27,034,423	18,277,905	10c	16,136,778
	11	Investments—publicly traded securities			12,660,926	11	11,611,646
	12	Investments—other securities. See Part IV, line 11			7,555,384	12	9,340,678
	13	Investments—program-related. See Part IV, line 11				13	
	14	Intangible assets				14	
	15	Other assets. See Part IV, line 11			4,051,693	15	4,736,690
	16	Total assets. Add lines 1 through 15 (must equal line 34)			46,491,260	16	45,809,945
Liabilities	17	Accounts payable and accrued expenses			4,144,361	17	4,199,898
	18	Grants payable				18	
	19	Deferred revenue			42,735	19	59,477
	20	Tax-exempt bond liabilities			27,453,343	20	26,756,990
	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			2,891,450	24	2,777,972
	25	Other liabilities. Complete Part X of Schedule D			534,926	25	59,767
	26	Total liabilities. Add lines 17 through 25			35,066,815	26	33,854,104
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.						
	27	Unrestricted net assets			11,424,445	27	11,955,841
	28	Temporarily restricted net assets				28	
	29	Permanently restricted net assets				29	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.						
	30	Capital stock or trust principal, or current funds				30	
	31	Paid-in or capital surplus, or land, building or equipment fund				31	
	32	Retained earnings, endowment, accumulated income, or other funds				32	
	33	Total net assets or fund balances			11,424,445	33	11,955,841
	34	Total liabilities and net assets/fund balances			46,491,260	34	45,809,945

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	31,716,463
2	Total expenses (must equal Part IX, column (A), line 25)	2	29,671,360
3	Revenue less expenses Subtract line 2 from line 1	3	2,045,103
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	11,424,445
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-1,513,707
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	11,955,841

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?		No
b	Were the organization's financial statements audited by an independent accountant?	Yes	
c	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	Yes	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input checked="" 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?		No
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits		

SCHEDULE A
(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

► Attach to Form 990 or Form 990-EZ. ► See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Canlion Stonewall Jackson Hospital

Employer identification number
54-0568001

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	Yes	No	Yes	No	
Total									

Part II

Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

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


Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public Support. Subtract line 5 from line 4						



Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 Total support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (See instructions)					12	
13 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ▶						

Section C. Computation of Public Support Percentage		
14	Public Support Percentage for 2010 (line 6 column (f) divided by line 11 column (f))	14 0 %
15	Public Support Percentage for 2009 Schedule A, Part II, line 14	15
16a	33 1/3% support test—2010. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization	<input type="checkbox"/>
b	33 1/3% support test—2009. If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization	<input type="checkbox"/>
17a	10%-facts-and-circumstances test—2010. If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization	<input type="checkbox"/>
b	10%-facts-and-circumstances test—2009. If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization	<input type="checkbox"/>
18	Private Foundation If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions	<input type="checkbox"/>




Part III

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

Section A. Public Support						
Calendar year (or fiscal year beginning in) 	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public Support (Subtract line 7c from line 6)						

Section B. Total Support						
Calendar year (or fiscal year beginning in) 	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 Total support (Add lines 9, 10c, 11 and 12)						
14 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here 						

Section C. Computation of Public Support Percentage		
15 Public Support Percentage for 2010 (line 8 column (f) divided by line 13 column (f))	15	0 %
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	0 %
18 Investment income percentage from 2009 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2010. If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and stop here . The organization qualifies as a publicly supported organization 		
b 33 1/3% support tests—2009. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here . The organization qualifies as a publicly supported organization 		
20 Private Foundation If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions 		

Part IV

Supplemental Information. Supplemental Information. Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527
▶ **Complete if the organization is described below.**
▶ **Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.**

OMB No 1545-0047

2010

Open to Public Inspection

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

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

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

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

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

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

Name of the organization Carlion Stonewall Jackson Hospital	Employer identification number 54-0568001
--	--

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?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4a	Was a correction made?	<input type="checkbox"/> Yes <input type="checkbox"/> No
b	If “Yes,” describe in Part IV	

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

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

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

Part II-A

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

A

Check

☐

if the filing organization belongs to an affiliated group

B

Check

☐

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

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

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B

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

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

Part III-A

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

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

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

Part IV

Supplemental Information

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

Identifier	Return Reference	Explanation
II-B	1i	Lobbying expenses included in American Hospital Association and Virginia Hospital Healthcare Association dues

SCHEDULE D

(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2010

Open to Public
Inspection

Name of the organization
Canlion Stonewall Jackson Hospital

Employer identification number
54-0568001

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?	
	<div><input type="checkbox"/> Yes</div> <div><input type="checkbox"/> No</div>	
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	
	<div><input type="checkbox"/> Yes</div> <div><input type="checkbox"/> No</div>	

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

2a

Total number of conservation easements

2b

Total acreage restricted by conservation easements

2c

Number of conservation easements on a certified historic structure included in (a)

2d

Number of conservation easements included in (c) acquired after 8/17/06

	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	▶ \$ _____
	(ii) Assets included in Form 990, Part X	▶ \$ _____
2	If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items	
a	Revenues included in Form 990, Part VIII, line 1	▶ \$ _____
b	Assets included in Form 990, Part X	▶ \$ _____

Part III

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

3

Using the organization's accession and other records, check any of the following that are a significant use of its collection items (check all that apply)

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV

5

During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

☐ Yes

☐ No

Part IV

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

1a

Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?

☐ Yes

☐ No

b

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

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

2a

Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes

☒ No

b

If "Yes," explain the arrangement in Part XIV

Part V

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

	(a)Current Year	(b)Prior Year	(c)Two Years Back	(d)Three Years Back	(e)Four Years Back
1a	Beginning of year balance				
b	Contributions				
c	Investment earnings or losses				
d	Grants or scholarships				
e	Other expenditures for facilities and programs				
f	Administrative expenses				
g	End of year balance				

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶

b

Permanent endowment ▶

c

Term endowment ▶

3a

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

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

4

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

Part VI

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

Description of investment	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		235,816		235,816
b Buildings		25,282,536	11,927,214	13,355,322
c Leasehold improvements				
d Equipment		16,590,237	14,115,072	2,475,165
e Other		1,062,612	992,137	70,475
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				16,136,778

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	31,716,463
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	29,671,360
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	2,045,103
4	Net unrealized gains (losses) on investments	4	-1,488,514
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	-1,558
8	Other (Describe in Part XIV)	8	-23,635
9	Total adjustments (net) Add lines 4 - 8	9	-1,513,707
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	531,396

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	30,227,949
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	30,227,949
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	1,488,514
c	Add lines 4a and 4b	4c	1,488,514
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)	5	31,716,463

Part XIII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements	1	29,671,362
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	2
e	Add lines 2a through 2d	2e	2
3	Subtract line 2e from line 1	3	29,671,360
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	29,671,360

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
XI	8	Pension related changes other than net periodic pension cost 23,633 and rounding of 2
XII	4b	Net unrealized losses on investments 1,488,514
XIII	1d	Rounding of 2
X	2	Carilion had no material unrecognized tax benefits and no adjustments to its consolidated financial statements were required as of and for the years ended September 30, 2011 and 2010. Carilion does not expect that unrecognized tax benefits will materially increase within the next 12 months.

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Canlion Stonewall Jackson Hospital

Employer identification number
54-0568001

Part I

Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	Yes	
1b	If "Yes," is it a written policy?	Yes	
2	If the organization has multiple hospitals, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year <input checked="" type="checkbox"/> Applied uniformly to all hospitals <input type="checkbox"/> Applied uniformly to most hospitals <input type="checkbox"/> Generally tailored to individual hospitals		
3	Answer the following based on the the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year a Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing <i>free</i> care to low income individuals? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care <input checked="" type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input type="checkbox"/> Other _____ % b Does the organization use FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input checked="" type="checkbox"/> 400% <input type="checkbox"/> Other _____ % c If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care 4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	Yes	
5b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	Yes	
5c	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?		No
6a	Does the organization prepare a community benefit report during the tax year?	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	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)			1,917,652		1,917,652	6 460 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			1,090,221	792,744	297,477	1 000 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			3,007,873	792,744	2,215,129	7 460 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	51	3,909	39,041	600	38,441	0 130 %
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8)	17	247	16,565		16,565	0 060 %
j Total Other Benefits	68	4,156	55,606	600	55,006	0 190 %
k Total. Add lines 7d and 7j)	68	4,156	3,063,479	793,344	2,270,135	7 650 %

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	1		4,065		4,065	0 010 %
3 Community support	1	12	3,754		3,754	0 010 %
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building	6		699		699	
7 Community health improvement advocacy	4	61	864		864	
8 Workforce development						
9 Other						
10 Total	12	73	9,382		9,382	0 020 %

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	1	No
2	Enter the amount of the organization's bad debt expense (at cost)	2	705,242
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	333,661
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	12,140,895
6	Enter Medicare allowable costs of care relating to payments on line 5	6	12,263,516
7	Subtract line 6 from line 5. This is the surplus or (shortfall)	7	-122,621
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: <input type="checkbox"/> Cost accounting system <input type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other		

Section C. Collection Practices

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

Part IV

Management Companies and Joint Ventures

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

Schedule H (Form 990) 2010

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? 1

Name and address		Type of Facility (Describe)
1	Lexington Medical Building West 108 Houston Street Lexington,VA 24450	0
2		
3		
4		
5		
6		
7		
8		
9		
10		

Part VI

Supplemental Information

Complete this part to provide the following information

- 1
- Required descriptions.** Provide the description required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 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 3c		N/A

Identifier	ReturnReference	Explanation
Part I line 6a		Information on community benefit is reported annually through a consolidated report prepared by Carilion Clinic. Printed copies of this report are distributed throughout communities served by hospitals affiliated with Carilion Clinic. Additionally, the community benefit report is available on Carilion Clinics website.

Identifier	ReturnReference	Explanation
Part I line 7g		N/A

Identifier	ReturnReference	Explanation
Part I line 7 column f		Bad debt expense subtracted from total expenses for the calculation is 1,779,712

Identifier	ReturnReference	Explanation
Part I line 7		Ratio of cost-to-charges was used to calculate the expense

Identifier	ReturnReference	Explanation
Part III line 4		The audited financial statements footnote on bad debt states an allowance of uncollectible accounts is recorded based on historical bad debt experience and managements evaluation of the collectibility of the accounts receivable Balances are written off after all reasonable collection efforts have been made

Identifier	ReturnReference	Explanation
Part III line 4		Contd The bad debt expense reported on line 2 was calculated using the cost-to-charges ratio applied to the provision for bad debt reported in the financial statements

Identifier	ReturnReference	Explanation
Part III line 4		Contd The estimated amount of bad debt expense, reported on line 3, attributable to patients eligible for charity care was determined using external credit reporting data to identify the patients that were eligible and applying the cost-to-charges ratio to the charges of the patients so identified. Sufficient information was not available to make a definitive determination of their eligibility.

Identifier	ReturnReference	Explanation
Part III line 4		Contd Patient account balances are reduced by discounts allowed and payments

Identifier	ReturnReference	Explanation
Part III line 8		Medicare allowable costs are determined from the Medicare cost report using the cost-to-charges ratio

Identifier	ReturnReference	Explanation
Part III line 8		Contd The Hospital does not consider a Medicare shortfall as a community benefit

Identifier	ReturnReference	Explanation
Part III line 9b		When an uninsured self pay patient registers for medically necessary services, the patients account is electronically marked as being potentially eligible for charity care. Carilion Clinics Eligibility Assistance Service EAS screens the patient to determine if charity care is appropriate. The patient must apply for all entitlement programs for which he or she may be eligible i.e. Medicaid, Social Security Disability, etc. EAS assists the patient with the applications.

Identifier	ReturnReference	Explanation
Part III line 9b		Contd If the patient does not qualify for one of the programs then the Federal Poverty Guidelines FPG are used to determine eligibility for charity care A patient whose account balance is less than 1,500 and is at or below 100 of FPG is automatically given a 100 discount of their account

Identifier	ReturnReference	Explanation
Part III line 9b		Contd For balances greater than 1,500 the patient must complete a Financial Assistance Application and provide appropriate documentation A sliding scale of discounts is available for patients with incomes up to 400 of FPG

Identifier	ReturnReference	Explanation
Part III line 9b		Contd. An underinsured patient can apply for charity care Applications are available at all Patient Access/Registration points, offices of EAS, Carilion Clinics Internet website or by calling for an application

Identifier	ReturnReference	Explanation
Part V		N/A

Identifier	ReturnReference	Explanation
Part VI Line 3		The charity care policy is posted in all patient registration areas. At the time of registration all uninsured self pay patients are given a brochure explaining the charity care policy and how to apply. Also, see comments for Part III line 9b.

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2010

Open to Public
Inspection

Name of the organization
Carilion Stonewall Jackson Hospital

Employer identification number
54-0568001

Part I General Information on Grants and Assistance

1

Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?

☒ Yes ☐ No

2

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

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

1 (a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) CARILION CLINIC FOUNDATION213 S JEFFERSON STE 807 ROANOKE,VA 24011	54-1190773	501c3	22,500				Community grants

2

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

▶ 1

3

Enter total number of other organizations

▶

Part III

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

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

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
1	2	As part of the Carilion Clinic system, the organization donates funds to Carilion Clinic Foundation, which provides grants to other organizations in the Hospitals service area intended to further the health and well-being of the community. Expenditure of such funds is overseen and monitored by the Foundations independent community board.

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2010

Open to Public Inspection

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.

Name of the organization
Carilion Stonewall Jackson Hospital

Employer identification number
54-0568001

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		
	<div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input checked="" type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Discretionary spending account</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div>		
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		
	<div><div><input checked="" type="checkbox"/> Compensation committee</div><div><input checked="" type="checkbox"/> Written employment contract</div><div><input checked="" type="checkbox"/> Independent compensation consultant</div><div><input checked="" type="checkbox"/> Compensation survey or study</div><div><input type="checkbox"/> Form 990 of other organizations</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div>		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization		
a	Receive a severance payment or change-of-control payment from the organization or a related organization?	4a	No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b	Yes
c	Participate in, or receive payment from, an equity-based compensation arrangement?	4c	No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III		
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.		
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of		
a	The organization?	5a	No
b	Any related organization?	5b	No
	If "Yes," to line 5a or 5b, describe in Part III		
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of		
a	The organization?	6a	No
b	Any related organization?	6b	No
	If "Yes," to line 6a or 6b, describe in Part III		
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	7	Yes
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	8	No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	9	

Part II **Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use duplicate copies if additional space is needed.

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) Donald Halliwill	(i) (ii)	220,387	10,823	-8,896	29,782	20,570	272,666	
(2) Melina Perdue	(i) (ii)	244,617	11,787	5,790	85,628	10,455	358,277	
(3) Thomas McNamara DO	(i) (ii)	185,400	103,805	-181	44,080	23,200	356,304	
(4) Donald Lorton	(i) (ii)	436,800	21,491	62,760	316,614	16,236	853,901	61,212
(5) Briggs Andrews	(i) (ii)	301,600	14,812	17,594	195,902	11,395	541,303	
(6) Regina Donald	(i) (ii)	121,146	15,051	-312	12,466	20,430	168,781	
(7) Paul Bisbee	(i) (ii)	111,147	14,886	-3,581	17,785	13,366	153,603	
(8)								
(9)								
(10)								
(11)								
(12)								
(13)								
(14)								
(15)								
(16)								

Part IIISupplemental 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
I	7	The organization pays annual bonus compensation to management based on scorecard performance. While the scorecard contains a formula as a basis for determining overall performance, senior managers have discretion to include additional elements in their assessment of managers reporting to them. In addition, for top management, the actual bonus awarded is in the discretion of the Carilion Clinic Compensation Committee, although it is based on the scorecard measures.
I	4b	Donald Lorton - 131,084 and Briggs Andrews - 60,550

SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2010

Open to Public
Inspection

Name of the organization Carlton Stonewall Jackson Hospital	Employer identification number 54-0568001
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Identifier	Return Reference	Explanation
Form 990 Part VI	11b	The final Form 990 was emailed or delivered in hard copy to each member of the Board of Directors several days prior to filing and Board members were encouraged to call with any questions they might have

Identifier	Return Reference	Explanation
Form 990 Part VI	12c	A Conflict of Interest Questionnaire, along with a copy of the Policy, is sent out annually to all officers, directors and key employees. In addition, such individuals are instructed to inform the organization of potential conflicts which arise during the year. Answers to the Questionnaires are reviewed by the Internal Audit Department. Potential conflicts for officers and key employees are reviewed by an internal Conflict of Interest Committee, which follows up on any potential issues to ensure compliance with all policies of the organization. The answers for Directors are reviewed by the Carilion Clinic Audit and Compliance Committee.

Identifier	Return Reference	Explanation
Form 990 Part VI	12c Contd	In addition, the governing body of the organization is provided with a list of the answers annually to make all Board members aware of potential conflicts in order to ensure compliance with policies on how to handle transactions with Board members that may involve potential conflict situations

Identifier	Return Reference	Explanation
Form 990 Part VI	15a and 15b	Executive compensation is reviewed annually by the Carilion Clinic Compensation Committee. This committee is made up of Board members of Carilion Clinic who do not have a conflict of interest with any of the executives being reviewed. With respect to Carilion Clinic, the Compensation Committee reviews the compensation of the President and Chief Executive Officer, Executive Vice Presidents, which include the Chief Financial Officer and the Chief Medical Officer. For the fiscal year covered by this return, the Compensation Committee also used the same process to review the compensation of other Disqualified Individuals, including the Hospital Vice Presidents. This review was performed in October 2010. A similar review was last performed in October 2011.

Identifier	Return Reference	Explanation
Form 990 Part VI	15a and 15b Contd	<p>This review included a comprehensive report from an outside compensation consultant specializing in healthcare organizations. The report included a detailed comparison of total compensation and each element thereof, including base salary, bonuses and other cash compensation, and benefits, including deferred and retirement benefits. Compensation was compared to a peer group of organizations similar in size and structure to the organization, which list was reviewed by the Compensation Committee. Detailed minutes of the meetings of the Compensation Committee are kept and approved at the next meeting of the Committee, setting forth the deliberations and decisions regarding the compensation of these executives.</p>

Identifier	Return Reference	Explanation
Form 990 Part VI	15a and 15b Contd	In addition, the Compensation Committee annually reviews the compensation plan and philosophy for all vice presidents and senior vice presidents, as well as all employed physicians and physicians in leadership roles

Identifier	Return Reference	Explanation
Form 990 Part VI	19	The organizations governing documents, conflict of interest statement and financial statements are not generally available to the public, but are released from time to time upon request. The Articles of Incorporation are available from the Virginia State Corporation Commission. The consolidated audited financial statements of Carilion Clinic and of the Obligated Group are released annually to the local newspaper. Limited financial information is available on our web site.

Identifier	Return Reference	Explanation
Form 990 Part VI	3	Certain management and related services for the organization are provided by the management and employees of Carillon Services, Inc , a related organization and supporting organization of the organization

Identifier	Return Reference	Explanation
Form 990 Part VI	6	The organization has two classes of members. Carilion Clinic, a charitable tax-exempt healthcare organization, has an 80 membership interest and is entitled to elect directors having 80 of the vote on any issue. The Stonewall Jackson Community Foundation, a tax-exempt community foundation which supports healthcare within the local community, has a 20 membership interest and is entitled to elect directors having 20 of the vote on any issue.

Identifier	Return Reference	Explanation
Form 990 Part VI	7a	The organization has two classes of members. Carilion Clinic, a charitable tax-exempt healthcare organization, has an 80 membership interest and is entitled to elect one class of directors having 80 of the vote on any issue. The Stonewall Jackson Community Foundation, a tax-exempt community foundation which supports healthcare within the local community, has a 20 membership interest but is not entitled to elect directors. The remaining class of directors, which has 20 of the vote on any issue, came from the local community and those directors elect their own successors.

Identifier	Return Reference	Explanation
Form 990 Part VI	7b	Under the laws of the Commonwealth of Virginia certain extraordinary actions require member approval, such as mergers, consolidations, liquidations and the sale of substantially all of the assets of the organization

Identifier	Return Reference	Explanation
Form 990	Lines 1-10	Carilion Stonewall Jackson Hospital provided support of economic and workforce development in Rockbridge County through financial and in-kind support of the Lexington-Rockbridge County Chamber of Commerce. In-kind support was provided for the American Cancer Society's annual Relay for Life awareness and fundraising event. Grant funding was provided to Blue Ridge Autism and Achievement Center to purchase technology that supports education for autistic children. In-kind support was provided to Rockbridge 2020, a coalition of healthcare organizations within the community that assess health and wellness needs in the community and develop strategies to address opportunities for improvement.

Identifier	Return Reference	Explanation
Form 990	2	Carilion Stonewall Jackson Hospital uses demographic information and data on patients treated to determine community health needs. Additionally, information from public databases compiled on the Virginia Atlas of Community Health website is reviewed for the entire geographic area served by Carilion Stonewall Jackson Hospital. A comprehensive community health needs assessment is scheduled for completion by September 30, 2012 along with a strategic implementation plan to address identified needs.

Identifier	Return Reference	Explanation
Form 990	4	Carilion Stonewall Jackson Hospital is a 25-bed critical access facility serving the approximately 36,000 residents of the Rockbridge County community. Rockbridge County is centrally located in the historic and scenic Shenandoah Valley in west-central Virginia. The County is bordered on the west by the lower elevations of the Allegheny Mountains and on the east by the crest of the Blue Ridge Mountains. With 610 square miles of diverse, rolling terrain, Rockbridge County includes the cities of Lexington and Buena Vista and incorporated towns of Glasgow and Goshen. Approximately 17% of adults under age 64 and 9% of children who live in the Rockbridge area are uninsured. Additionally, 13% of residents live below the poverty level and 21% of adults 25 years of age or older did not graduate from high school. 19% of residents are 65 years of age or older.

Identifier	Return Reference	Explanation
Form 990	5	Carilion Stonewall Jackson Hospital serves all patients regardless of their ability to pay. The Hospital's governing Board is elected annually and the majority of members are neither employees nor contractors of the Hospital. Medical staff privileges are extended to qualified providers. In addition to clinical care, the hospital works to achieve its mission through the education of health professionals and the community. Any surplus funds are reinvested in new technology, clinical initiatives, education and charitable efforts. This includes providing free, discounted and subsidized care as well as critical medical services that operate at a loss. The Hospital provides support of the local EMS crews through replenishment of medications used for patient care or product with an expired use by date.

Identifier	Return Reference	Explanation
Form 990	5 Contd	During fiscal year 2011, 3,909 Rockbridge Area residents received health education by attending one of the 51 community health outreach events including screenings, health fairs and presentations. Included are Healthy U seminars featuring healthcare providers who educate community members on a variety of health topics during the six programs offered annually. Additional health improvement services include assistance with enrollment in public medical programs such as Medicaid. Carilion Stonewall Jackson Hospital provided grant funding to Rockbridge Area Hospice for training, resource materials, and outreach to veterans receiving hospice care. Rockbridge Area Transportation System for replacement of an aging wheelchair van and the local Program for Aging Services for creation of an aging and disability resource center.

Identifier	Return Reference	Explanation
Form 990	6	Carilion Stonewall Jackson Hospital is an affiliate of Carilion Clinic, a not-for-profit healthcare organization serving nearly one million people in Virginia through a physician specialty group, advanced primary care practices, hospitals and outpatient centers. Led by clinical teams with a shared philosophy that puts the patient first, Carilion is committed to improving the community's health while advancing the quality of care through medical education and research. Carilion Clinic is based in Roanoke, Virginia and serves the residents of 18 counties and six cities in Western Virginia and southern West Virginia. Carilion Clinic employees 575 physicians representing more than 60 specialties who provide care at 160 practice sites.

Identifier	Return Reference	Explanation
Form 990	6 Contd	To advance the coordination of care and quality, an electronic medical record has been implemented in all Carilion Clinic affiliated hospitals and physician practices, allowing physicians to easily and efficiently collaborate through the use of shared patient records

Identifier	Return Reference	Explanation
Form 990	6 Contd	Additional improvements in medical programs and services include a nationally certified Stroke Alert protocol that speeds lifesaving care to stroke patients hypothermia therapy for the treatment of cardiac arrest patients a neonatal pediatric mobile ICU outfitted with life-saving, state of the art medical technology certification by the National Committee for Quality Assurance NCQA of 11 Carilion Clinic Family Medicine practices as Patient-Centered Medical Homes, a new model of care designed to keep patients healthy and prevent illness and MyChart, an online tool that gives patients secure access to their health information

Identifier	Return Reference	Explanation
Form 990	6 Contd	<p>To advance education of health professionals, Jefferson College of Health Sciences, within Carilion Medical Center, is a professional health sciences college offering the Master of Science in Nursing, Physician Assistant and Occupational Therapy and 10 baccalaureate and associate healthcare programs. As one of few private healthcare colleges in the Southern United States, the students have demonstrated excellent licensure pass rates in professional programs. Approximately 1,000 undergraduate students and 80 graduate students are enrolled annually with 87 receiving some type of financial aid. Through a unique public-private partnership, in 2010 Virginia Tech and Carilion Clinic opened Virginia Tech Carilion School of Medicine and Research Institute in Roanoke. 84 students are enrolled in the first two classes and there are 421 appointed faculty members.</p>

Identifier	Return Reference	Explanation
Form 990	6 Contd	Additionally, graduate medical education is provided for 190 residents and 16 fellows. Included are ten residency programs, eight sponsored by Carilion Clinic Emergency Medicine, Family Medicine, Internal Medicine, Neurosurgery, Obstetrics/Gynecology, Psychiatry, Surgery, and Transitional Year and two by the University of Virginia Orthopaedics and Otolaryngology. Twelve fellowship programs include Addiction Psychology, Adult Joint Reconstruction, Advanced Endoscopy, Cardiovascular Disease, Child and Adolescent Psychiatry, Hospice and Palliative Care, Infectious Disease, Medical Informatics, Pulmonary Critical Care and Surgery Critical Care.

Identifier	Return Reference	Explanation
Form 990	6 Contd	At the Virginia Tech Carilion VTC Research Institute, senior researchers recruited from across the country are working to unlock the secrets of the human brain as part of the Roanoke Brain Study, which examines the neural basis of human decision-making and its impact on health over a lifetime. The project's goal is to predict illnesses such as Alzheimers and other brain diseases. An additional benefit to the community is Carilion Clinics economic contribution to the region. As the area's largest employer, jobs are provided for nearly 11,000 residents of the region, with a payroll of more than 600 million in 2011.

Identifier	Return Reference	Explanation
Form 990 Part III	4a	Carilion Stonewall Jackson Hospital, a critical access hospital, exists to serve the health care needs of its community, regardless of patient ability to pay. Stonewall's acute hospital admitted 1,321 patients and provided 5,045 days of care during the year. Hospital programs include provision of nursing care, extensive outpatient and inpatient surgical and endoscopic services, and diagnostic imaging services including CT, MRI, and mammography. Stonewall provides a number of services targeting the specific health needs of its population, including diabetes management, home health, physical, speech, and occupational therapy programs, and cardiac and respiratory rehab.

Identifier	Return Reference	Explanation
Form 990 Part III	4a Contd	<p>Stonewall also provides an emergency department with 24-hour care, emergency transportation, and a chest pain and stroke program. With 16,140 visits, Stonewall's emergency services are a critical component of the health safety net in its service area, acting as a key health provider for a significant number of uninsured patients, who comprise 19 percent of ED visits. Stonewall supports community screenings and education on chronic disease prevention and management, sponsoring 51 events touching over 3,900 people. In furtherance of its mission, Stonewall provides extensive uncompensated care. Stated at cost, charity, charity-eligible bad debt, and unreimbursed Medicaid costs for the year exceeded 2.5 million.</p>

Identifier	Return Reference	Explanation
Form 990 Part XI	5	Decrease for transfer for pension-related changes of 23,635 Decrease for unrealized losses on investments of 1,488,514 Decrease for FAS 158 Adjustment related to 2010 of 1558 Net change of -1,513,707

Identifier	Return Reference	Explanation
		<p>Form 990 Part VI Section B Line 11b The final Form 990 was emailed or delivered in hard copy to each member of the Board of Directors several days prior to filing and Board members were encouraged to call with any questions they might have Form 990 Part VI Section B Line 12c A Conflict of Interest Questionnaire, along with a copy of the Policy, is sent out annually to all officers, directors and key employees In addition, such individuals are instructed to inform the organization of potential conflicts which arise during the year Answers to the Questionnaires are reviewed by the Internal Audit Department Potential conflicts for officers and key employees are reviewed by an internal Conflict of Interest Committee, which follows up on any potential issues to ensure compliance with all policies of the organization The answers for Directors are reviewed by the Carilion Clinic Audit and Compliance Committee Form 990 Part VI Section B Line 12c Contd In addition, the governing body of the organization is provided with a list of the answers annually to make all Board members aware of potential conflicts in order to ensure compliance with policies on how to handle transactions with Board members that may involve potential conflict situations Form 990 Part VI Section B Line 15a and 15b Executive compensation is reviewed annually by the Carilion Clinic Compensation Committee This committee is made up of Board members of Carilion Clinic who do not have a conflict of interest with any of the executives being reviewed With respect to Carilion Clinic, the Compensation Committee reviews the compensation of the President and Chief Executive Officer, Executive Vice Presidents, which include the Chief Financial Officer and the Chief Medical Officer For the fiscal year covered by this return, the Compensation Committee also used the same process to review the compensation of other Disqualified Individuals, including the Hospital Vice Presidents This review was performed in October 2010 A similar review was last performed in October 2011 Form 990 Part VI Section B Line 15a and 15b Contd This review included a comprehensive report from an outside compensation consultant specializing in healthcare organizations The report included a detailed comparison of total compensation and each element thereof, including base salary, bonuses and other cash compensation, and benefits, including deferred and retirement benefits Compensation was compared to a peer group of organizations similar in size and structure to the organization, which list was reviewed by the Compensation Committee Detailed minutes of the meetings of the Compensation Committee are kept and approved at the next meeting of the Committee, setting forth the deliberations and decisions regarding the compensation of these executives Form 990 Part VI Section B Line 15a and 15b Contd In addition, the Compensation Committee annually reviews the compensation plan and philosophy for all vice presidents and senior vice presidents, as well as all employed physicians and physicians in leadership roles Form 990 Part VI Section C Line 19 The organizations governing documents, conflict of interest statement and financial statements are not generally available to the public, but are released from time to time upon request The Articles of Incorporation are available from the Virginia State Corporation Commission The consolidated audited financial statements of Carilion Clinic and of the Obligated Group are released annually to the local newspaper Limited financial information is available on our web site Form 990 Part VI Section A Line 3 Certain management and related services for the organization are provided by the management and employees of Carilion Services, Inc , a related organization and supporting organization of the organization Form 990 Part VI Section A Line 6 The organization has two classes of members Carilion Clinic, a charitable tax-exempt healthcare organization, has an 80 membership interest and is entitled to elect directors having 80 of the vote on any issue The Stonewall Jackson Community Foundation, a tax-exempt community foundation which supports healthcare within the local community , has a 20 membership interest and is entitled to elect directors having 20 of the vote on any issue Form 990 Part VI Section A Line 7a The organization has two classes of members Carilion Clinic, a charitable tax-exempt healthcare organization, has an 80 membership interest and is entitled to elect one class of directors having 80 of the vote on any issue The Stonewall Jackson Community Foundation, a tax-exempt community foundation which supports healthcare within the local community, has a 20 membership interest but is not entitled to elect directors The remaining class of directors, which has 20 of the vote on any issue, came from the local community and those directors elect their own successors Form 990 Part VI Section A Line 7b Under the laws of the</p>

Identifier	Return Reference	Explanation
		<p>Commonwealth of Virginia certain extraordinary actions require member approval, such as mergers, consolidations, liquidations and the sale of substantially all of the assets of the organization Form 990 Section Schedule H, Part II Line Lines 1-10 Carilion Stonewall Jackson Hospital provided support of economic and workforce development in Rockbridge County through financial and in-kind support of the Lexington-Rockbridge County Chamber of Commerce In-kind support was provided for the American Cancer Societys annual Relay for Life awareness and fundraising event Grant funding was provided to Blue Ridge Autism and Achievement Center to purchase technology that supports education for autistic children In-kind support was provided to Rockbridge 2020, a coalition of healthcare organizations within the community that assess health and wellness needs in the community and develop strategies to address opportunities for improvement Form 990 Section Schedule H, Part VI Line 2 Carilion Stonewall Jackson Hospital uses demographic information and data on patients treated to determine community health needs Additionally, information from public databases compiled on the Virginia Atlas of Community Health website is reviewed for the entire geographic area served by Carilion Stonewall Jackson Hospital A comprehensive community health needs assessment is scheduled for completion by September 30, 2012 along with a strategic implementation plan to address identified needs Form 990 Section Schedule H, Part VI Line 4 Carilion Stonewall Jackson Hospital is a 25-bed critical access facility serving the approximately 36,000 residents of the Rockbridge County community Rockbridge County is centrally located in the historic and scenic Shenandoah Valley in west-central Virginia The County is bordered on the west by the lower elevations of the Allegheny Mountains and on the east by the crest of the Blue Ridge Mountains With 610 square miles of diverse, rolling terrain, Rockbridge County includes the cities of Lexington and Buena Vista and incorporated towns of Glasgow and Goshen Approximately 17 of adults under age 64 and 9 of children who live in the Rockbridge area are uninsured Additionally, 13 of residents live below the poverty level and 21 of adults 25 years of age or older did not graduate from high school 19 of residents are 65 years of age or older Form 990 Section Schedule H, Part VI Line 5 Carilion Stonewall Jackson Hospital serves all patients regardless of their ability to pay The Hospitals governing Board is elected annually and the majority of members are neither employees nor contractors of the Hospital Medical staff privileges are extended to qualified providers In addition to clinical care, the hospital works to achieve its mission through the education of health professionals and the community Any surplus funds are reinvested in new technology, clinical initiatives, education and charitable efforts This includes providing free, discounted and subsidized care as well as critical medical services that operate at a loss The Hospital provides support of the local EMS crews through replenishment of medications used for patient care or product with an expired use by date Form 990 Section Schedule H, Part VI Line 5 Contd During fiscal year 2011, 3,909 Rockbridge Area residents received health education by attending one of the 51 community health outreach events including screenings, health fairs and presentations Included are Healthy Us seminars featuring healthcare providers who educate community members on a variety of health topics during the six programs offered annually Additional health improvement services include assistance with enrollment in public medical programs such as Medicaid Carilion Stonewall Jackson Hospital provided grant funding to Rockbridge Area Hospice for training, resource materials, and outreach to veterans receiving hospice care Rockbridge Area Transportation System for replacement of an ag</p>

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Carlion Stonewall Jackson Hospital

Employer identification number
54-0568001

Part I

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

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) Stonewall Jackson Ambulatory Health LLC PO Box 12385 Roanoke, VA 24025 20-3842434	Inactive	VA			N/A

Part II

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
See Additional Data Table							

Part III

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

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

Part IV

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership

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

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

No

Yes

No

No

No

No

No

No

Yes

No

Yes

Yes

No

No

No

No

No

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)			

Schedule R (Form 990) 2010

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.

[illegible]

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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Software ID: 10000149

Software Version: 2010.2.15

EIN: 54-0568001

Name: Carilion Stonewall Jackson Hospital

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled organization	
						Yes	No
Carilion Clinic PO Box 12385 Roanoke, VA 24025 54-1190771	Supporting organization	VA	501c3	11 Type I	N/A		No
Carilion Clinic Foundation PO Box 12385 Roanoke, VA 24025 54-1190773	Supporting organization	VA	501c3	11 Type I	N/A		No
Carilion Franklin Memorial Hospital PO Box 12385 Roanoke, VA 24025 54-0480606	Healthcare	VA	501c3	3	N/A		No
Carilion Giles Community Hospital PO Box 12385 Roanoke, VA 24025 54-0549603	Healthcare	VA	501c3	3	N/A		No
Carilion Medical Center PO Box 12385 Roanoke, VA 24025 54-0506332	Healthcare	VA	501c3	3	N/A		No
Carilion New River Valley Medical Center PO Box 12385 Roanoke, VA 24025 54-0553805	Healthcare	VA	501c3	3	N/A		No
Carilion Services Inc PO Box 12385 Roanoke, VA 24025 54-1190879	Supporting organization	VA	501c3	11 Type I	N/A		No
Carilion Tazewell Community Hospital PO Box 12385 Roanoke, VA 24025 54-6074580	Healthcare	VA	501c3	3	N/A		No
Hugh Trout Memorial Foundation PO Box 12385 Roanoke, VA 24025 51-0236357	Supporting organization	VA	501c3	11 Type I	N/A		No

Financial Statements
Years Ended
September 30, 2011 and 2010

Carilion Stonewall Jackson Hospital



DIXON HUGHES GOODMAN

Carilion Stonewall Jackson Hospital

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DIXON HUGHES GOODMAN

Report of Independent Auditors

Board of Directors

Carilion Stonewall Jackson Hospital

We have audited the accompanying balance sheet of ***Carilion Stonewall Jackson Hospital*** (Hospital) as of September 30, 2011, and the related statements of operations and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the management of ***Carilion Stonewall Jackson Hospital***. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements as of September 30, 2010 were audited by Goodman & Company, LLP, who merged into Dixon Hughes Goodman LLP as of April 1, 2011, and whose report dated January 18, 2011 expressed an unqualified opinion on those statements.

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 financial statements are free of material misstatement. An audit includes consideration of internal control 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 Hospital'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 financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2011 financial statements referred to above present fairly, in all material respects, the financial position of ***Carilion Stonewall Jackson Hospital*** as of September 30, 2011, and the results of its operations, changes in net assets, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Notes 2, 7 and 16 to the financial statements, the financial statements include investments valued at \$9,531,312 (21% of total assets) and \$7,626,892 (16% of total assets) as of September 30, 2011 and 2010, respectively, whose fair values have been estimated by management in the absence of readily determinable fair values. In addition, the defined benefit postretirement plan assets discussed in Note 11 include investments of 40% and 36% of plan assets as of September 30, 2011 and 2010, respectively, whose fair values have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by the fund managers or the general partners.

Dixon Hughes Goodman LLP

Roanoke, Virginia
January 13, 2012

Carilion Stonewall Jackson Hospital

Balance Sheets

September 30,	2011	2010
Assets		
Current assets		
Cash and cash equivalents	\$ 613,756	\$ 1,192,886
Assets whose use is limited	657,916	658,699
Accounts receivable - net	3,002,146	3,501,749
Inventories	211,375	230,266
Prepaid expenses and other current assets	156,661	187,696
Due from affiliated companies	235,848	-
Total current assets	4,877,702	5,771,296
Assets whose use is limited	23,238,694	22,506,542
Property and equipment - net	16,136,778	17,806,268
Other assets	1,556,771	1,574,829
	\$ 45,809,945	\$ 47,658,935
Liabilities and Net Assets		
Current liabilities		
Current portion of bonds payable	\$ 730,000	\$ 690,000
Current portion of gift annuity payable	66,000	66,000
Current portion of capital lease payable	208,174	180,079
Accounts payable	496,424	754,811
Due to third-party payors	2,385,550	1,791,892
Accrued salaries and wages	159,230	520,591
Accrued vacation	590,613	602,251
Other current liabilities	627,558	517,552
Due to affiliated companies	-	1,196,675
Total current liabilities	5,263,549	6,319,851
Bonds payable - net of current portion	26,301,164	27,009,423
Gift annuity payable - net of current portion	587,396	603,658
Capital lease payable - net of current portion	1,642,228	1,795,632
Other long-term liabilities	59,767	505,926
Total liabilities	33,854,104	36,234,490
Net assets		
Unrestricted	11,955,841	11,424,445
	\$ 45,809,945	\$ 47,658,935

The accompanying notes are an integral part of these financial statements

Carilion Stonewall Jackson Hospital

Statements of Operations and Changes in Net Assets

Years Ended September 30,	2011	2010
Unrestricted operating revenues and gains		
Net patient service revenue	\$ 29,250,716	\$ 30,156,957
Other operating revenue	685,537	796,183
Total unrestricted operating revenues and gains	29,936,253	30,953,140
Operating expenses		
Salaries and outside labor	10,555,810	11,492,880
Benefits	2,329,103	2,620,709
Supplies and other expenses	7,508,215	7,491,372
Corporate services	3,415,008	3,649,126
Depreciation	2,054,235	2,158,984
Provision for bad debts	1,779,712	3,513,793
Interest expense	2,029,279	2,098,219
Total operating expenses	29,671,362	33,025,083
Operating income (loss)	264,891	(2,071,943)
Nonoperating income		
Investment income	265,984	1,152,296
Other nonoperating income	25,712	11,896
Total nonoperating income	291,696	1,164,192
Excess (deficiency) of unrestricted revenues and gains over operating expenses	556,587	(907,751)
Other changes in unrestricted net assets		
Pension related changes other than net periodic pension cost	(25,191)	(4,712)
Change in unrestricted net assets	531,396	(912,463)
Net assets - beginning of year	11,424,445	12,336,908
Net assets - end of year	\$ 11,955,841	\$ 11,424,445

The accompanying notes are an integral part of these financial statements

*Carilion Stonewall Jackson Hospital**Statements of Cash Flows*

Years Ended September 30,	2011	2010
Cash flows from operating activities		
Change in net assets	\$ 531,396	\$ (912,463)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	2,054,235	2,158,984
Amortization of bond discount and issue costs	40,387	37,858
Provision for bad debts	1,779,712	3,513,793
Net realized gains on investments	(1,423,543)	(810,154)
Change in the value of gift annuity payable	49,738	50,571
Gain from sale of property and equipment	-	(132,463)
Pension related changes other than net periodic pension cost	25,191	4,712
Changes in		
Accounts receivable	(1,280,109)	(2,394,800)
Inventories	18,891	(9,327)
Prepaid expenses and other current assets	31,035	(46,048)
Prepaid pension cost	-	55,653
Due from affiliated companies	(1,432,523)	1,990,638
Accounts payable	(258,387)	(360,032)
Due to third-party payors	593,658	(458,597)
Accrued salaries and wages	(361,361)	(23,606)
Accrued vacation	(11,638)	(26,005)
Other current liabilities	110,006	(139,710)
Other long-term liabilities	(471,350)	103,116
Net cash from operating activities	(4,662)	2,602,120
Cash flows from investing activities		
Purchases of property and equipment	(316,107)	(271,105)
Proceeds from sale of property and equipment	-	150,250
Changes in assets whose use is limited	692,174	(1,353,141)
Change in other assets	(588)	(2,050)
Net cash from investing activities	375,479	(1,476,046)
Cash flows from financing activities		
Principal payment on bonds payable	(690,000)	(645,000)
Principal payments on capital lease payable	(193,947)	(165,551)
Payment on gift annuity	(66,000)	(66,000)
Net cash from financing activities	(949,947)	(876,551)
Net increase (decrease) in cash and cash equivalents	(579,130)	249,523
Cash and cash equivalents - beginning of year	1,192,886	943,363
Cash and cash equivalents - end of year	\$ 613,756	\$ 1,192,886
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ 1,999,674	\$ 2,070,355

The accompanying notes are an integral part of these financial statements

Carilion Stonewall Jackson Hospital

Notes to Financial Statements

September 30, 2011 and 2010

1. Organization and Nature of Activities

Carilion Stonewall Jackson Hospital (Hospital) is a tax-exempt, not-for-profit, nonstock corporation, which operates an acute care hospital and home health facility in Lexington, Virginia.

Carilion Clinic (Carilion) has an 80% membership interest in Carilion Stonewall Jackson Hospital, and Stonewall Jackson Community Health Foundation (Foundation) has a 20% membership interest.

The Hospital agreed to transfer to the Foundation the Hospital's charitable gift annuity, endowment fund, and pledges received or receivable after November 30, 2004, along with certain land adjacent to the Hospital. To the extent the transfer of these assets to the Foundation would be prohibited by the terms of the annuity, endowment or pledges, or contrary to any existing bond covenant, the assets will remain with the Hospital until they can be legally transferred. As of October 1, 2008, the Hospital transferred the assets to the Foundation, with the exception of the land adjacent to the Hospital and the charitable gift annuity. The land was reclassified as held-for-sale and is included in other assets on the balance sheet. At September 30, 2011, the value of the charitable gift annuity net of the gift annuity payable is \$265,839.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Hospital are consolidated in a separate report with the financial statements of Carilion. The purpose of these statements is to show the financial position and results of operations of the Hospital on an unconsolidated basis.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of demand deposits, temporary investments in bank repurchase agreements, certificates of deposit, and overnight master notes with banks. The Hospital considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. The carrying amounts of cash and cash equivalents approximate fair value.

The Hospital pools a portion of its cash deposits with other Carilion affiliates at local and regional banks. Pooled deposits were \$235,848 and \$0 at September 30, 2011, respectively, and are included in due from affiliated companies in the accompanying balance sheets.

Assets Whose Use is Limited

The Hospital's investments include assets whose use is limited, which are held in Carilion's system-wide investment pool. Assets whose use is limited primarily includes assets held by trustees under a Master Trust Indenture agreement and assets designated by the Carilion Board of Directors (the "Board") for future capital improvements, over which the Board retains control and may, at its discretion, subsequently use for other purposes.

The Hospital's investments and assets whose use is limited, excluding alternative investments, are classified as trading securities and measured at fair value at September 30, 2011 and 2010 with the related interest and dividends and realized and unrealized gains and losses reported in investment income (loss) in the statements of operations, unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. Management determined that the trading security category is appropriate based on the Hospital's investment strategy and policies. Investment managers may execute individual purchases and sales of investments without prior approval from the Hospital, as long as they comply with the Hospital's investment strategy and policies.

Alternative investments, which are not readily marketable and are less liquid compared to the Hospital's other investments, are classified as available for-sale securities and include hedge funds, limited partnerships, limited liability corporations, and off-shore investment funds and represent 40% and 33% of total investments and assets whose use is limited as of September 30, 2011 and 2010, respectively (see Note 7). These instruments may contain elements of both credit and market risk. Such risks could include, but are not limited to, limited liquidity, absence of oversight, dependence upon key individuals, emphasis on speculative investments (both interest rate swaps and nonmarketable investments), and nondisclosure of portfolio composition. Investments of the limited partnerships include certain types of financial instruments, including, among others, futures and forward contracts, options, and securities sold not yet purchased, intended to hedge against changes in the market value of investments. These financial instruments, which involve varying degrees of off-balance-sheet risk for the limited partnerships, limited liability corporations, and off-shore investment funds, may result in a loss due to changes in the market (market risk).

The Hospital has elected the fair value option to account for its investments in limited partnerships and limited liability corporations. Management determined the fair value option is appropriate based on the Hospital's investment strategy and policies with respect to investments in limited partnerships and limited liability corporations. Management estimates the fair value of its investments in limited partnerships and limited liability corporations based on information provided by the fund managers.

Accounting principles generally accepted in the United States of America permit, as a practical expedient, a reporting entity to measure the fair value of certain investments without readily determinable fair values by using the reported net asset value (NAV) per share of the investment without further adjustment if the investment is in an entity that meets the description of an investment company whose underlying investments are measured at fair value as set forth in Financial Accounting Board Accounting Standards Codification (ASC). Accordingly, the Hospital generally estimates the fair value of its investments in limited partnerships and limited liability corporations using the NAV per share reported by the respective fund managers.

The estimated fair value of certain alternative investments, such as private equity interests, is based on valuations performed prior to the balance sheet date by the external investment managers, and adjusted for cash receipts, cash disbursements, and securities distributions through September 30. Because alternative investments are not readily marketable, their estimated fair value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed. Such differences could be material.

Inventories

Inventories consist principally of drugs and supplies and are valued at the lower of cost, as determined on the average cost basis, or market.

Patient Accounts Receivable and Net Patient Service Revenue

Patient accounts receivable and net patient service revenue are derived from patients who reside primarily in the Hospital's local geographical region. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on

an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

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. Net patient service revenue for the years ended September 30, 2011 and 2010, increased by approximately \$850,000 and \$251,000, respectively, due to the effect of settlement adjustments.

Allowance for Uncollectible Accounts

An allowance for uncollectible accounts is recorded based on historical bad debt experience and management's evaluation of the accounts receivable. Balances are written off after all reasonable collection efforts have been made.

Property and Equipment

Property and equipment acquisitions are recorded at cost, if purchased, or at fair market value on the date received, if donated. Upon sale or retirement of the asset, the cost and related accumulated depreciation are relieved from the respective accounts and the resulting gain or loss is credited or charged to other income. Depreciation is provided over the estimated useful lives of the depreciable assets and is computed using the straight-line method. The estimated useful life of buildings is 39 years. The estimated useful life of fixed equipment is 10 to 20 years. The estimated useful life of movable equipment is 3 to 15 years. Capital expenditures greater than \$1,000 are capitalized and depreciated over the life of the asset. Capital expenditures less than \$1,000 are expensed as incurred.

Long-lived assets are reviewed for impairment whenever events or changes indicate that their carrying amount may not be recoverable. The recoverability of long-lived assets is evaluated by comparing the carrying amount to the estimated undiscounted cash flows. If the carrying amount exceeds the estimated undiscounted cash flows, an impairment charge would be recognized for the amount by which the carrying amount exceeds the fair value of the long-lived asset. Management determined there was no impairment of long-lived assets during 2011 and 2010.

Deferred Financing Costs

Bond issue costs are amortized over the period the obligation is outstanding using the straight-line method, which approximates the effective interest method, and are included in other assets on the balance sheets.

Classification of Net Assets

The Hospital reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Unrestricted amounts are those currently available at the discretion of the Board of Directors for use in the Hospital's operations and those resources invested in equipment.

Temporarily restricted amounts are those that are stipulated by donors for specific operating purposes or for the acquisition of equipment. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying financial statements. The Hospital did not have any temporarily restricted net assets at September 30, 2011 and 2010.

Permanently restricted amounts are restricted to investments in perpetuity, the income from which is expendable in accordance with the conditions of each specific donation. The Hospital did not have any permanently restricted net assets at September 30, 2011 and 2010.

The statements of operations include excess (deficiency) of unrestricted revenues and gains over operating expenses. Changes in unrestricted net assets which are excluded from excess (deficiency) of unrestricted revenues and gains over operating expenses, consistent with industry practice, include net assets released from restrictions for purchase of property and equipment, and pension-related changes other than net periodic pension cost.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions. Adjustments to estimates are recorded, as appropriate, in the periods in which they are determined.

Charity Care

Under the Hospital's charity care policy, care to patients meeting certain established criteria is provided without charge or at amounts less than established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, these amounts are excluded from net patient service revenues in the accompanying financial statements.

Income Taxes

The Hospital is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. The Hospital has determined that it does not have any material unrecognized tax benefits or obligations as of September 30, 2011. Fiscal years ending on or after September 30, 2008 remain subject to examination by federal and state authorities.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

Subsequent Events

In preparing these financial statements, the Hospital has evaluated events and transactions for potential recognition or disclosure through January 13, 2012, the date the financial statements were available to be issued.

3. Charity Care

The Hospital is committed to providing quality health care to all, regardless of ability to pay. Under the Hospital's charity care policy, patients meeting certain criteria receive care without charge or at a significant discount. Also, management believes that most of the provision for bad debts relating to patient service revenue represents charity care. The estimated cost of providing care to patients in these two categories was \$2,337,058 and \$2,744,527 for 2011 and 2010, respectively.

Management also believes that the excess of its cost above amounts received from the Medicaid program represents a component of charity care. These amounts were \$459,970 and \$287,009 for 2011 and 2010, respectively.

To support its mission to improve the health of the communities it serves, the Hospital also operates an emergency room open 24 hours per day, seven days a week; sponsors community health screenings and educational classes; and promotes health and provides preventive care through partnerships with schools,

community centers, and medical clinics in underserved areas. Costs incurred for these activities are not specifically accumulated.

4. Net Patient Service Revenue

Net patient service revenue is presented net of provisions for contractual adjustments and other allowances. The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare

The Hospital has received designation as a critical access hospital. With this designation, the Hospital receives cost reimbursement for substantially all inpatient and outpatient services. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by a Medicare fiscal intermediary.

Medicaid

Inpatient acute care services rendered to Medicaid program beneficiaries are reimbursed based on prospectively determined rates per discharge. Outpatient services and certain other costs are reimbursed based on 75% of reasonable costs. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by Medicaid.

Other Payors

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

In the opinion of management, adequate provisions have been made in the financial statements for adjustments which would result from audits by third-party payors.

Net patient service revenue consists of the following:

	2011	2010
Patient service revenue		
Inpatient service revenue	\$ 16,337,934	\$ 16,957,160
Outpatient service revenue	47,375,305	45,677,334
Professional fees	199,582	209,374
Total patient service revenue	63,912,821	62,843,868
Less - contractual adjustments	(34,662,105)	(32,686,911)
	\$ 29,250,716	\$ 30,156,957

5. Accounts Receivable

Accounts receivable consists of the following:

	2011	2010
Gross patient accounts receivable	\$ 9,127,134	\$ 9,224,354
Less - allowance for estimated uncollectible accounts	(1,666,714)	(1,937,240)
allowance for contractual adjustments	(4,460,151)	(3,796,963)
Patient accounts receivable – net	3,000,269	3,490,151
Other	1,877	11,598
	<u>\$ 3,002,146</u>	<u>\$ 3,501,749</u>

6. Property and Equipment

Property and equipment consists of the following:

	2011	2010
Land and improvements	\$ 1,298,428	\$ 1,298,428
Buildings	25,282,535	25,143,251
Fixed equipment	1,794,855	1,794,855
Major movable equipment	14,795,382	14,589,437
	43,171,200	42,825,971
Less – accumulated depreciation	(27,034,422)	(25,019,703)
	<u>\$ 16,136,778</u>	<u>\$ 17,806,268</u>

7. Assets Whose Use is Limited

Investments in assets whose use is limited are included in the investment pool of Carilion. The detail of those investments, stated at fair value, is summarized as follows.

	2011	2010
Short-term money market investments	\$ 5,344,484	\$ 4,911,573
U.S. Treasury bills and bill pools	-	26,823
U.S. government agency securities	-	175,909
Asset-backed securities	-	22,143
Corporate obligations	-	133,194
Mutual funds:		
Fixed income	2,932,485	4,001,869
Domestic equity	631,860	-
International equity	1,369,335	2,657,828
Common stock	1,289,272	2,038,248

	2011	2010
International common stocks	2,797,198	1,105,978
Alternative investments:		
Core hedge funds	3,233,180	3,196,710
Low volatility hedge funds	469,406	623,067
Real estate and commodities funds limited partnerships	2,816,886	1,342,748
Inflation sensitive	997,396	178,992
Macro trading	995,208	1,428,098
Private equity limited partnerships and limited liability corporations	1,019,236	857,277
Accrued interest receivable	593	38,135
Total investment pool	23,896,539	22,738,592
Plus assets whose use is limited under rabbi trust agreement	71	426,649
Investments whose use is limited	\$ 23,896,610	\$ 23,165,241

Assets whose use is limited that are required for obligations classified as current liabilities are reported as current assets. The composition of assets whose use is limited is as follows:

	2011	2010
Assets whose use is limited under board restrictions	\$ 20,624,523	\$ 19,462,519
Assets whose use is limited under bond indenture agreements	3,272,016	3,276,073
Assets whose use is limited under rabbi trust agreement	71	426,649
Total assets whose use is limited	23,896,610	23,165,241
Less - portion required for current liabilities	(657,916)	(658,699)
Noncurrent assets whose use is limited	\$ 23,238,694	\$ 22,506,542

Unrestricted investment income is summarized as follows:

	2011	2010
Dividends and interest	\$ 429,708	\$ 292,576
Change in present value of gift annuity payable	(49,738)	(50,571)
Investment fees	(49,015)	(39,285)
Net unrealized and realized gain (loss) on investments	(64,971)	949,576
	\$ 265,984	\$ 1,152,296

8. Bonds Payable

Bonds payable consist of the following:

	2011	2010
Industrial Development Authority of the City of Lexington, Virginia (Authority), Hospital Facility Revenue Bonds, Series 2000; collateralized by property and equipment:		
Serial bonds, due in graduated annual installments ranging from \$730,000 in 2012 to \$890,000 in 2015, with interest payable semiannually at annual rates ranging from 6.25% to 6.625%	\$ 3,235,000	\$ 3,925,000
Term bonds, due in 2020 with interest payable semiannually at an annual rate of 6.875%, with mandatory sinking fund requirements beginning in 2016	5,485,000	5,485,000
Term bonds, due in 2025 with interest payable semiannually at an annual rate of 7%	7,760,000	7,760,000
Term bonds, due in 2030 with interest payable semiannually at an annual rate of 7%	11,015,000	11,015,000
	27,495,000	28,185,000
Less – current portion	(730,000)	(690,000)
Less – unamortized bond discount	(463,836)	(485,577)
	<u>\$ 26,301,164</u>	<u>\$ 27,009,423</u>

In October 2000, the Hospital issued a note for \$33,225,000 to finance the renovation and expansion of the facility and to refund the outstanding principal amount of the Series 1998 bonds. The note was issued to the Authority, which in turn issued the bonds in the same amount.

The note related to the Series 2000 bonds requires the Hospital to make monthly payments to the trustee in amounts sufficient to pay the principal and interest on the Series 2000 bonds as they become due. The note related to the Series 2000 bonds is collateralized by a deed of trust of the Hospital's real and personal property and a pledge of the gross receipts of the Hospital (as defined). The Hospital must comply with certain financial covenants and certain other restrictions. At September 30, 2011 and 2010, the Hospital was in compliance with these covenants and restrictions.

Scheduled principal repayments on bonds payable for future years are as follows:

2012	\$ 730,000
2013	780,000
2014	835,000
2015	890,000
2016	950,000
Thereafter	23,310,000
	<u>\$ 27,495,000</u>

9. Capital Lease

The Hospital is the lessee of an office building leased from Lexington Medical Building-West, L.C., a related party. The owners of Lexington Medical Building-West, L.C. are employees of Carilion. The capital lease expires in November 2018. The asset and liability under the capital lease are recorded at the fair market value of the building. The building is amortized over ten years, the life of the lease. Amortization of the building is included in depreciation expense for the years ended September 30, 2011 and 2010.

The interest rate used is the Hospital's incremental borrowing rate at the inception of the lease of 3.25%.

The present value of the minimum lease payments exceed 90% of the fair market value of the building.

Property held under the capital lease is as follows:

Building	\$ 2,372,077
Accumulated amortization	<u>(657,021)</u>
	<u>\$ 1,715,056</u>

Scheduled repayments on the capital lease payable for future years are as follows:

2012	\$ 265,164
2013	273,119
2014	281,312
2015	289,751
2016	298,444
Thereafter	<u>677,044</u>
Net minimum lease payments	2,084,834
Amount representing interest	<u>(234,432)</u>
Present value of net minimum lease payments	1,850,402
Less – current portion	<u>(208,174)</u>
	<u>\$ 1,642,228</u>

10. Gift Annuity Payable

In 2001, the Hospital received an unrestricted \$1,000,000 charitable gift under a split-interest agreement. The gift was recorded at its fair market value on the date of contribution. The liability was recorded at the present value at the date of the contribution using a 6.8% effective interest rate. Under terms of the split-interest agreement, the Hospital is required to make quarterly payments of \$16,500 to the donors until the death of both members of the couple. For 2011 and 2010, the change in value of the split-interest agreement recorded in investment income in the statement of operations is \$49,738 and \$50,571, respectively.

11. Employee Benefit Plans

The Hospital participates in a defined benefit pension plan (Plan), sponsored by Carilion which covers substantially all Carilion employees. Plan benefits are based on years of service and the employee's highest average of total earnings for five consecutive Plan years or the employee's compensation during five of the last ten years of employment. Carilion contributes to the Plan annually based on actuarially determined funding guidelines. Contributions are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future. The measurement date used to determine pension benefits for the plan is September 30.

Information related to projected and accumulated benefit obligations, fair values of plan assets, employer contributions, and benefits paid to participants is not available separately for the Hospital.

The Plan's change in benefit obligation, change in Plan assets, current funded status, components of net periodic benefit cost, and pension-related changes other than net periodic pension cost as of and for the years ended September 30, 2011 and 2010, are as follows:

	2011	2010
Change in benefit obligation:		
Benefit obligation - beginning	\$ 608,907,841	\$ 562,246,034
Assumption changes	54,612,650	(14,684,783)
Service cost	27,689,755	28,368,298
Interest cost	34,839,592	33,301,255
Actuarial loss	7,180,620	13,495,015
Effect of acquisitions	659,202	570,676
Benefit payments	(17,460,211)	(14,388,654)
Benefit obligation - ending	716,429,449	608,907,841
Change in plan assets:		
Fair value of plan assets - beginning	455,283,687	419,415,677
Actual return on plan assets	(3,803,263)	30,256,664
Employer contribution	32,835,000	20,000,000
Benefit payments	(17,460,211)	(14,388,654)
Fair value of plan assets - ending	466,855,213	455,283,687
Funded status	\$ (249,574,236)	\$ (153,624,154)
Components of net periodic pension cost:		
Service cost	\$ 27,689,755	\$ 28,368,298
Interest cost	34,839,592	33,301,255
Expected return on plan assets	(39,015,002)	(38,879,997)
Prior service benefit recognized	14,355	(51,565)
Recognized actuarial losses	6,570,346	5,095,124
Net periodic pension cost	30,099,046	27,833,115
Other changes in plan assets and benefit obligations not yet recognized in net periodic pension cost.		
Net loss arising during the period	105,270,737	8,004,241
Amortization of loss	(6,570,346)	(5,095,124)
Amortization of prior service credit	(14,355)	51,565
Pension-related changes other than net periodic pension cost	98,686,036	2,960,682
Total recognized in net periodic pension cost and other pension-related changes	\$ 128,785,082	\$ 30,793,797

The accumulated benefit obligation for the Plan was \$630,571,463 and \$526,747,738 at September 30, 2011 and 2010, respectively.

During 2011 and 2010 Carilion contributed \$32,835,000 and \$20,000,000 respectively, to the Plan. Carilion expects to contribute approximately \$27,000,000 to the Plan in 2012.

Amounts recognized by Carilion as changes in unrestricted net assets but not yet reclassified as components of net periodic pension cost at September 30, 2011, consist of net loss and prior service cost of \$275,602,213 and \$411,072 respectively.

The estimated net loss and prior service credit recognized as changes in unrestricted net assets that will be amortized to net periodic pension cost over the next fiscal year are \$14,323,858 and \$14,355 respectively.

The following table presents the significant assumptions used in determining the actuarial present value of the projected benefit obligation of the Plan:

	2011	2010
Weighted-average discount rate	5.35%	5.80%
Expected long-term rate of return on assets	7.70%	7.70%
Rate of compensation increase	3.00%	3.00%

The weighted-average discount rates used to determine net periodic pension cost for the years ended September 30, 2011 and 2010, were 5.8% and 6.0%, respectively.

The investment policy for the Plan is structured to maintain a diversified portfolio of equity securities, debt securities, cash equivalents, and alternative investment strategies including real estate, private equity, fund-of-fund hedge funds, and global trading. The structure is designed to reduce risk and generate absolute returns in various market conditions. The portfolio is rebalanced periodically throughout the year.

Investments in debt and equity securities with readily determinable fair values are measured at fair value based on quoted market prices. Plan assets include alternative investments of approximately, \$188,929,000 and \$163,892,000 at September 30, 2011 and 2010, respectively, whose fair values have been estimated by management in the absence of readily determinable fair values. Carilion reviews and evaluates the values provided by the investment managers for alternative investments and agrees with the valuation methods and assumptions used in determining the fair value of alternative investments.

Carilion's overall expected long-term rate of return on assets is 7.0% to 8.0% for equity securities and other investments, 3.0% for cash, 5.0% for fixed income securities, 10% for real estate investments, and 12.0% for private equities. The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The expected long-term rate of return reflects management's estimate of future returns for the target asset allocation, and is based primarily on historical returns.

The Plan's target allocation for 2011 and plan asset allocation as of September 30, 2011 and 2010 are as follows:

	Target Allocation 2011	Percentage of Plan Assets at September 30,	
		2011	2010
Equity securities	30%	34%	30%
Hedge funds	20%	21%	26%
Fixed income securities	25%	22%	34%
Inflation sensitive	20%	20%	-
Real estate	-	-	7%
Other investments	5%	3%	3%
	100%	100%	100%

The benefits expected to be paid by Carilion in fiscal year 2012 to 2016 are approximately \$18,483,840, \$20,616,398, \$22,888,811, \$25,805,714, and \$28,497,002, respectively. The aggregate benefits expected to

be paid in the five years 2017 to 2021 are approximately \$201,833,219. The expected benefits are based on the same assumptions used to measure Carilion's benefit obligation at September 30 and include estimated future employee service.

The Hospital has recorded net pension cost of approximately \$492,000 and \$463,000 for its share of the pension plan for 2011 and 2010, respectively. In addition, the Hospital has recorded a pension plan liability, included in other long-term liabilities, of approximately \$60,000 and \$79,000 at September 30, 2011 and 2010, respectively.

Carilion also maintains a 403(b) defined contribution retirement plan, which covers substantially all of the Hospital's employees. The Hospital matches a percentage of employee contributions. The match was approximately \$6,000 and \$32,000 for 2011 and 2010, respectively.

12. Related Party Transactions

The Hospital receives various services from Carilion. Related party expenses consist of the following:

	2011	2010
Included in supplies and other expenses.		
Reference lab services	\$ 991,635	\$ 1,007,209
Laundry services	148,257	142,237
Medical services	1,403,961	1,253,015
Health fund	22,500	22,332
Collection fees	164	10,309
Insurance (BRIC)	138,691	142,559
Other	16,661	-
	<u>\$ 2,721,869</u>	<u>\$ 2,577,661</u>

The Hospital leases a facility from Lexington Medical Building-West L C., with whom they share employees. This lease is more fully discussed in Note 9.

13. Corporate Services

The Hospital has an agreement to receive management and technical services from Carilion. Total expenses under this agreement were \$3,415,008 and \$3,649,126 for 2011 and 2010, respectively.

14. Concentrations of Credit Risk and Market Risk

Financial instruments that potentially subject the Hospital to concentration of credit risk consist of interest-bearing transaction accounts. The Hospital places its interest-bearing accounts in high credit quality financial institutions. The Hospital has not experienced any losses in these accounts. At September 30, 2011 and 2010, the Hospital's bank balances were in excess of the FDIC insurance limit by \$378,943 and \$943,320, respectively.

The Hospital grants credit to patients, most of whom are local residents and are insured under third-party payor agreements. The Hospital generally does not receive collateral or other security in extending credit to patients; however, the Hospital routinely obtains assignment of patients' benefits payable under their health insurance programs, plans, or policies.

The mix of receivables from patients and third-party payors at September 30, 2011 and 2010, was as follows:

	2011	2010
Medicare	42%	40%
Medicaid	7%	6%
Anthem	15%	13%
Other third-party payors	18%	19%
Patients	18%	22%
	100%	100%

15. Functional Expenses

The Hospital provides various health care services primarily to the residents within its geographic location. Expenses related to providing these services consist of the following:

	2011	2010
Health care services	\$ 25,817,256	\$ 28,829,141
General and administrative	3,854,106	4,195,942
	<u>\$ 29,671,362</u>	<u>\$ 33,025,083</u>

16. Fair Value of Measurements

In accordance with accounting principles generally accepted in the United States of America, certain assets and liabilities are required to be measured at fair value on a recurring basis. For the Hospital, the assets and liabilities that are adjusted at fair value on a recurring basis are investments, and assets whose use is limited.

Accounting principles generally accepted in the United States of America define fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Additionally, the inputs used to measure fair value are prioritized based on a three-level hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1 — Valuations based on unadjusted quoted prices for identical instruments in active markets that are available as of the measurement date

Level 2 — Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly

Level 3 — Valuations based on inputs that are unobservable and significant to the overall fair value measurement

Assets Whose Use is Limited — Valuations classified as Level 1 include investments in U.S. Treasury notes, corporate obligations, common stocks, and publicly traded mutual funds for which unadjusted quoted market prices for identical securities are available as of the measurement date. Valuations classified as Level 2 include short-term investments, such as certificates of deposit, and U.S. government agency securities, for which fair values are determined based on observable inputs. Valuations classified as Level 3 include alternative investments, for which fair values are determined based on inputs that are unobservable and significant to the overall fair value measurement.

The fair value hierarchy classification of the Hospital's assets whose use is limited held in the Carilion system-wide investment pool at September 30, 2011 is summarized as follows.

	Level 1	Level 2	Level 3	Total
Short-term money market investments	\$ 5,344,484	\$ -	\$ -	\$ 5,344,484
Mutual funds	4,933,751	-	-	4,933,751
Common stocks	1,289,272	-	-	1,289,272
International common stocks	2,797,198	-	-	2,797,198
Alternative investments	-	-	9,531,312	9,531,312
Accrued interest receivable	593	-	-	593
	<u>\$ 14,365,298</u>	<u>\$ -</u>	<u>\$ 9,531,312</u>	<u>\$ 23,896,610</u>

The fair value hierarchy classification of the Hospital's assets whose use is limited held in the Carilion system-wide investment pool at September 30, 2010 is summarized as follows.

	Level 1	Level 2	Level 3	Total
Short-term money market investments	\$ 4,911,573	\$ -	\$ -	\$ 4,911,573
U.S. Treasury bills and bill pools	26,823	-	-	26,823
U.S. government agency securities	-	175,909	-	175,909
Asset-backed securities	-	22,143	-	22,143
Corporate obligations	133,194	-	-	133,194
Mutual funds	7,086,346	-	-	7,086,346
Common stocks	2,038,248	-	-	2,038,248
International common stocks	1,105,978	-	-	1,105,978
Alternative investments	-	-	7,626,892	7,626,892
Accrued interest receivable	38,135	-	-	38,135
	<u>\$ 15,340,297</u>	<u>\$ 198,052</u>	<u>\$ 7,626,892</u>	<u>\$ 23,165,241</u>

The table below provides a reconciliation of changes in beginning and ending balances for investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended September 30, 2011:

	Private Equity Securities	Core Hedge Funds	Low Volatility Hedge Funds	Real Estate	Inflation Sensitive	Macro Trading	Total Level 3
Beginning balance – October 1, 2010	\$ 857,277	\$ 3,196,710	\$ 623,067	\$ 1,342,748	\$ 178,992	\$ 1,428,098	\$ 7,626,892
Net change in fair value	242,339	(5,533)	(18,038)	299,291	(153,697)	(50,929)	313,433
Purchases and sales	(80,380)	42,003	(135,623)	1,174,847	972,101	(381,961)	1,590,987
Ending balance – September 30, 2011	<u>\$ 1,019,236</u>	<u>\$ 3,233,180</u>	<u>\$ 469,406</u>	<u>\$ 2,816,886</u>	<u>\$ 997,396</u>	<u>\$ 995,208</u>	<u>\$ 9,531,312</u>

The table below provides a reconciliation of changes in beginning and ending balances for investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended September 30, 2010.

	Hedge Funds	Private Equity Limited Partnerships and Limited Liability Corporations	Real Estate and Commodities Funds Limited Partnerships	Collateralized Loan Obligations	Total
Beginning balance – October 1, 2009	\$ 3,892,092	\$ 778,901	\$ 1,161,857	\$ 839,983	\$ 6,672,833
Total gains and (losses) realized/unrealized	236,347	173,648	113,314	54,556	577,865
Purchases and sales	182,719	(95,272)	246,569	42,178	376,194
Ending balance – September 30, 2010	\$ 4,311,158	\$ 857,277	\$ 1,521,740	\$ 936,717	\$ 7,626,892

Bonds Payable — Fair values of the Hospital's bonds are based on quoted market prices for identical securities available as of the measurement date and were \$28,101,699 and \$29,271,490 as of September 30, 2011 and 2010, respectively.

The table below discloses the redemption frequency and redemption notice period for each applicable investment as of September 30, 2011, which have been estimated using the net asset value per share of the investments

	2011	2010	Redemption Frequency
Core hedge funds (a)	\$ 1,959,075	\$ 2,563,234	Quarterly
Core hedge funds (a)	1,274,036	633,476	Annually
Low volatility hedge funds (b)	469,407	623,067	Scheduled Liquidation
Private equity funds (c)	1,019,236	857,277	n/a
Real estate private equity funds (c)	171,234	193,715	n/a
Real estate (d)	2,645,720	1,149,033	Quarterly
Inflation sensitive (e)	844,652	-	Monthly
Inflation sensitive (f)	152,744	178,992	Scheduled Liquidation
Macro trading (g)	995,208	1,428,098	Monthly/Quarterly
Total	\$ 9,531,312	\$ 7,626,892	

- a) This class includes investments in fund of fund hedge funds that invest both long and short primarily in domestic common stocks. The funds strategy is to maintain a low correlation to the market and low volatility. The fair values of the investments in this category class have been estimated using the net asset value of the investments. The restriction period for these investments range from quarterly to annually.
- b) This class includes investments in fund of fund hedge funds that which seek to achieve long-term, non-market directional returns with low relative volatility by utilizing a variety of defensive hedge fund strategies. The fair value of the investments in this category class have been estimated using the net asset value of the investments. These investments are currently being liquidated via a scheduled liquidation.
- c) This class includes several private equity funds. These investments can never be redeemed with the funds. Instead, the nature of the investments in this category class is that distributions are received through the liquidation of the underlying assets of the fund. If these investments were held, it is estimated that the underlying assets of the fund would be liquidated over 5 to 8 years. The fair values of the investments in this class category have been estimated using the fund manager's estimated value.
- d) This class includes a real estate investment trust which is core in nature with relatively low leverage and a fund made up of participating mortgages. The fair values of the investments in this class category have been estimated using the fund manager's estimated value. The restriction period for these investments is quarterly.
- e) This class invests in liquid asset categories that offer strong relative performance in a rising-inflation environment. The fair values of the investments in this class category have been estimated using the fund manager's estimated value. The restriction period for these investments is monthly.
- f) This class provides core real estate exposure with access to a fully diversified (both public and private) real estate portfolio. The fair values of the investments in this class category have been estimated using the fund manager's estimated value. These investments are currently being liquidated via a scheduled liquidation.
- g) This class invests in a 1) global macro hedge fund strategy that combines both systematic and discretionary trading in the world's major asset classes and financial markets and 2) a vehicle which invests in the leveraged bank loan market. The fair values of the investments in this call category have been estimated using the fund manager's estimated value. The restriction period for these investments is monthly to quarterly.

Other Assets and Liabilities — The carrying amounts reported in the balance sheets for cash and cash equivalents, accounts receivable, and accrued expenses and other liabilities approximate fair value because of the short maturity of these instruments.

Pension Plan Assets - The fair value hierarchy classification of pension plan assets at September 30, 2011 and 2010 is summarized in the tables below:

Fair Value Measurement at September 30, 2011 (rounded to the nearest thousand)				
	Quoted prices in Active Markets for Identical Assets Level 1	Significant other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
Short-term money market investments	\$ 34,157,000	\$ -	\$ -	\$ 34,157,000
Mutual funds				
Fixed income (1)	84,977,000	-	-	84,977,000
Domestic equity (2)	14,670,000	-	-	14,670,000
Global equity (3)	113,005,000	-	-	113,005,000
Domestic and international equity securities	31,117,000	-	-	31,117,000
Alternative investments	-	-	188,929,000	188,929,000
	<u>\$ 277,926,000</u>	<u>\$ -</u>	<u>\$ 188,929,000</u>	<u>\$ 466,855,000</u>

- (1) Core bond holding fund focused on high-quality intermediate-term bonds.
(2) Domestic value fund using discounted cash-flow analysis and asset values to find companies trading at discounts 40% or more to their intrinsic value.
(3) Global growth and income funds (2) and a global value fund investing in both publicly traded equities and convertible securities issued to medium-to-large global companies, including emerging markets.

Fair Value Measurement at September 30, 2010 (rounded to the nearest thousand)				
	Quoted prices in Active Markets for Identical Assets Level 1	Significant other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
Short-term money market investments	\$ 28,613,000	\$ -	\$ -	\$ 28,613,000
U S government agency securities	-	6,257,000	-	6,257,000
Asset-backed securities	-	668,000	-	668,000
Corporate obligations	5,165,000	-	-	5,165,000
Mutual funds				
Fixed income (1)	118,247,000	-	-	118,247,000
Domestic equity (2)	31,685,000	-	-	31,685,000
Global equity (3)	32,300,000	-	-	32,300,000
Domestic and international equity securities	68,457	-	-	68,457,000
Alternative investments	-	-	163,892,000	163,892,000
	<u>\$ 284,467,000</u>	<u>\$ 6,925,000</u>	<u>\$ 163,892,000</u>	<u>\$ 455,284,000</u>

A reconciliation of changes in beginning and ending balances for Plan investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended September 30, 2011 and 2010.

Fair Value Measurements Using Significant Unobservable Inputs Level 3 (rounded to the nearest thousand)							
	Private Equity Funds	Core Hedge Funds	Low Volatility Hedge Funds	Real Estate	Inflation Sensitive Funds	Macro Trading Funds	Total
Beginning balance – September 30, 2010	\$ 11,272,000	\$ 84,717,000	\$ 13,332,000	\$ 30,188,000	\$ 3,181,000	\$ 21,202,000	\$ 163,892,000
Total gains & (losses) realized unrealized	2,116,000	1,283,000	(675,000)	4,849,000	(3,662,000)	(1,230,000)	2,681,000
Purchases and sales	(484,000)	(13,900,000)	(3,766,000)	16,498,000	24,008,000	-	22,356,000
Ending balance – September 30, 2011	\$ 12,904,000	\$ 72,100,000	\$ 8,891,000	\$ 51,535,000	\$ 23,527,000	\$ 19,972,000	\$ 188,929,000

Fair Value Measurements Using Significant Unobservable Inputs Level 3 (rounded to the nearest thousand)							
	Private Equity Securities	Core Hedge Funds	Low Volatility Hedge Funds	Real Estate	Inflation Sensitive	Macro Trading	Total
Beginning balance – September 30, 2009	\$ 9,370,000	\$ 60,218,000	\$ 33,888,000	\$ 27,249,000	\$ 3,147,000	\$ 20,828,000	\$ 154,700,000
Total gains & (losses) realized unrealized	1,501,000	4,964,000	668,000	3,389,000	34,000	374,000	10,930,000
Purchases and sales	401,000	19,535,000	(21,224,000)	(450,000)	-	-	(1,738,000)
Ending balance – September 30, 2010	\$ 11,272,000	\$ 84,717,000	\$ 13,332,000	\$ 30,188,000	\$ 3,181,000	\$ 21,202,000	\$ 163,892,000

17. Commitments and Contingencies

The Hospital has professional and general liability insurance to cover possible claims. There are known claims and incidents that may result in the assertion of additional claims, as well as claims from unknown incidents that may be asserted arising from services provided to patients. Management and legal counsel to the Hospital believe that under existing Virginia statutes, the Hospital will not be liable in excess of its insurance coverage.

The health care 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 health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for amounts previously received for patient services. The Hospital believes it is in compliance with all applicable laws and regulations and are not aware of any pending or threatened investigations involving allegations of potential wrongdoing that would have a material impact on their financial position or results of operations. Compliance with these and other laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

In recent years, legislative and regulatory changes have resulted in limitations on and, in some cases, reductions in levels of payments to health care providers for certain services under the Medicare program. The Budget Control Act of 2011 (BCA) provides for deficit reduction. These reductions will be in addition to the Health Reform Law, which provides for material reductions in the growth of Medicare program spending, including reductions in Medicare market basket updates and Medicare disproportionate share hospital (DSH)

funding. From time to time, CMS revises the reimbursement systems used to reimburse health care providers, which may include additional changes to the MS-DRG system and other payment systems. These changes may result in reduced Medicare payments.

The Commonwealth of Virginia must operate with balanced budgets and since the Medicaid program is one of the state's largest programs, it is possible that Virginia will enact or consider enacting legislation designed to reduce its Medicaid expenditures.

The 2010 Health Reform Law requires states to at least maintain Medicaid eligibility standards established prior to the enactment of the law for adults until January 1, 2014, and for children until October 1, 2019. The Health Reform Law provides for significant expansions to the Medicaid program, but these changes are not required until 2014. In addition, the Health Reform Law will result in increased state legislative and regulatory changes in order for states to comply with new federal mandates, such as the requirement to establish exchanges, and to participate in grants and other incentive opportunities. The Health Reform Law also provides for reductions to Medicaid DSH funding.

The Hospital is unable at this time to predict what impact these legislative and regulatory changes will have on its combined financial position, results of operations, or cash flows.

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