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Form **990**

Department of the Treasury
Internal Revenue Service

# Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

**2010**

**Open to Public Inspection**

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

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

**C** Name of organization
Pleasant Valley Hospital

Doing Business As

Number and street (or P O box if mail is not delivered to street address) 2520 Valley Drive

Room/suite

City or town, state or country, and ZIP + 4
Pt Pleasant, WV 25550

**D Employer identification number**
55-0440086

**E Telephone number**
(304) 675-4340

**G** Gross receipts $ 70,989,465

**F** Name and address of principal officer
Thomas Schauer
2520 Valley Drive
Pt Pleasant, WV 25550

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

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

**H(c)** Group exemption number ▶

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

**J Website:** ▶ www pvalley org

**K** Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

**L** Year of formation 1955

**M** State of legal domicile WV

## Part I Summary

**1** Briefly describe the organization's mission or most significant activities
Provide quality inpatient and outpatient healthcare to the community regardless of ability to pay Provide a wellness center to promote community health through fitness programs

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

| | | | |
|---|---|---|---|
| **3** | Number of voting members of the governing body (Part VI, line 1a) | **3** | 19 |
| **4** | Number of independent voting members of the governing body (Part VI, line 1b) | **4** | 15 |
| **5** | Total number of individuals employed in calendar year 2010 (Part V, line 2a) | **5** | 861 |
| **6** | Total number of volunteers (estimate if necessary) | **6** | 79 |
| **7a** | Total unrelated business revenue from Part VIII, column (C), line 12 | **7a** | 247 |
| **b** | Net unrelated business taxable income from Form 990-T, line 34 | **7b** | 0 |

| | | Prior Year | Current Year |
|---|---|---|---|
| **8** | Contributions and grants (Part VIII, line 1h) | 282,315 | 193,897 |
| **9** | Program service revenue (Part VIII, line 2g) | 73,864,388 | 69,702,851 |
| **10** | Investment income (Part VIII, column (A), lines 3, 4, and 7d ) | 117,367 | 96,525 |
| **11** | Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) | 951,302 | 953,340 |
| **12** | Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) | 75,215,372 | 70,946,613 |
| **13** | Grants and similar amounts paid (Part IX, column (A), lines 1–3 ) | 0 | 17,997 |
| **14** | Benefits paid to or for members (Part IX, column (A), line 4) | 0 | 0 |
| **15** | Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10) | 41,872,167 | 40,775,854 |
| **16a** | Professional fundraising fees (Part IX, column (A), line 11e) | 0 | 0 |
| **b** | Total fundraising expenses (Part IX, column (D), line 25) ▶0 | | |
| **17** | Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f) | 34,105,052 | 32,513,865 |
| **18** | Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25) | 75,977,219 | 73,307,716 |
| **19** | Revenue less expenses Subtract line 18 from line 12 | -761,847 | -2,361,103 |

| | | Beginning of Current Year | End of Year |
|---|---|---|---|
| **20** | Total assets (Part X, line 16) | 44,280,503 | 41,613,039 |
| **21** | Total liabilities (Part X, line 26) | 18,042,366 | 17,709,086 |
| **22** | Net assets or fund balances Subtract line 21 from line 20 | 26,238,137 | 23,903,953 |

## Part II Signature Block

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

**Sign Here**

****** 2012-08-14
Signature of officer Date

Thomas Schauer CEO
Type or print name and title

**Paid Preparer Use Only**

| Print/Type preparer's name | Preparer's signature | Date | Check if self-employed ▶☐ | PTIN |
|---|---|---|---|---|
| Harry C Harless | Harry C Harless | | | |

Firm's name ▶ Arnett & Foster PLLC — Firm's EIN ▶

Firm's address ▶ P O Box 2629, Charleston, WV 25329 — Phone no ▶ (304) 346-0441

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

## Part III Statement of Program Service Accomplishments

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

**1** Briefly describe the organization's mission

To operate an acute care hospital facility for the citizens of Point Pleasant, West Virginia and the surrounding communities and counties

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

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

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

If "Yes," describe these changes on Schedule O

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

**4a** (Code ) (Expenses $ 61,466,977 including grants of $ 17,997 ) (Revenue $ 69,550,093 )

The hospital provided 44,156 acute, nursery, and skilled nursing days, 124,132 outpatient visits, 17,435 emergency room visits, 2,349 ambulatory surgeries, 1,710 observation visits, 8,693 home health visits, 1,625 hospice visits, and 50,642 physician office visits

**4b** (Code ) (Expenses $ 111,504 including grants of $ ) (Revenue $ 152,511 )

The hospital operates a wellness center which provides community health education and fitness programs that are available to hospital employees and all residents of the surrounding communities

**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** ▶ $ 61,578,481

## Part IV Checklist of Required Schedules

| | | | Yes | No |
|---|---|---|---|---|
| 1 | Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A* | 1 | Yes | |
| 2 | Is the organization required to complete Schedule B, Schedule of Contributors (see instruction)? | 2 | Yes | |
| 3 | Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I* | 3 | | No |
| 4 | **Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II* | 4 | | No |
| 5 | Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III* | 5 | | |
| 6 | Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I* | 6 | | No |
| 7 | Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II* | 7 | | No |
| 8 | Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III* | 8 | | No |
| 9 | Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV* | 9 | | No |
| 10 | Did the organization, directly or through a related organization, hold assets in term, permanent,or quasi-endowments? *If "Yes," complete Schedule D, Part V* | 10 | | No |
| 11 | If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable | | | |
| a | Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.* | 11a | Yes | |
| b | Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.* | 11b | | No |
| c | Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.* | 11c | | No |
| d | Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.* | 11d | | No |
| e | Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.* | 11e | Yes | |
| f | Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.* | 11f | | No |
| 12a | Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII* | 12a | | No |
| b | Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional* | 12b | Yes | |
| 13 | Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E* | 13 | | No |
| 14a | Did the organization maintain an office, employees, or agents outside of the United States? | 14a | | No |
| b | Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, and program service activities outside the United States? *If "Yes," complete Schedule F, Parts I and IV* | 14b | | No |
| 15 | Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Parts II and IV* | 15 | | No |
| 16 | Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Parts III and IV* | 16 | | No |
| 17 | Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)* | 17 | | No |
| 18 | Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II* | 18 | | No |
| 19 | Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III* | 19 | | No |
| 20a | Did the organization operate one or more hospitals? *If "Yes," complete Schedule H* | 20a | Yes | |
| b | If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions) | 20b | Yes | |

**Part IV Checklist of Required Schedules** *(continued)*

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

## Part V Statements Regarding Other IRS Filings and Tax Compliance

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

| | | | | Yes | No |
|---|---|---|---|---|---|
| 1a | Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . . | 1a | 46 | | |
| b | Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable | 1b | 0 | | |
| c | Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? . . . . . | | 1c | Yes | |
| 2a | Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return . . . . . | 2a | 861 | | |
| b | If at least one is reported on line 2a, did the organization file all required federal employment tax returns? | | 2b | | No |
| | **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions) | | | | |
| 3a | Did the organization have unrelated business gross income of $1,000 or more during the year? . . . . . | | 3a | | No |
| b | If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O* . . . . . | | 3b | | |
| 4a | At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)? . . . . | | 4a | | No |
| b | If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts | | | | |
| 5a | Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . . | | 5a | | No |
| b | Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? | | 5b | | No |
| c | If "Yes" to line 5a or 5b, did the organization file Form 8886-T? . . . . . | | 5c | | |
| 6a | Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible? . . . . . | | 6a | | No |
| b | If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? . . . . . | | 6b | | |
| 7 | **Organizations that may receive deductible contributions under section 170(c).** | | | | |
| a | Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor? . . . . . | | 7a | | No |
| b | If "Yes," did the organization notify the donor of the value of the goods or services provided? . . . . . | | 7b | | |
| c | Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? . . . . . | | 7c | | No |
| d | If "Yes," indicate the number of Forms 8282 filed during the year . . . . | 7d | | | |
| e | Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? . . . . . | | 7e | | No |
| f | Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . | | 7f | | No |
| g | If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required? . . . . . | | 7g | Yes | |
| h | If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C? . . . . . | | 7h | | No |
| 8 | **Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year? . . . . . | | 8 | | |
| 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 . . . . . | 1a 19 | | |
| b | Enter the number of voting members included in line 1a, above, who are independent . . . . . | 1b 15 | | |
| 2 | Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? . . . . . | 2 | | No |
| 3 | Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . . | 3 | | No |
| 4 | Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? | 4 | | No |
| 5 | Did the organization become aware during the year of a significant diversion of the organization's assets? . | 5 | | No |
| 6 | Does the organization have members or stockholders? . . . . . | 6 | | No |
| 7a | Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body? . . . . . | 7a | | No |
| b | Are any decisions of the governing body subject to approval by members, stockholders, or other persons? . . | 7b | | No |
| 8 | Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following | | | |
| a | The governing body? . . . . . | 8a | Yes | |
| b | Each committee with authority to act on behalf of the governing body? . . . . . | 8b | Yes | |
| 9 | Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O . . . . . | 9 | | No |

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

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

## Section C. Disclosure

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

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

☐ Own website ☐ Another's website ☑ Upon request

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

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

Thomas Schauer CEO
2520 Valley Drive
Point Pleasant, WV 25550
(304) 675-4340

## 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 | | | |
| See Additional Data Table | | | | | | | | | | |
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**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 | | | |
| See Additional Data Table | | | | | | | | | | |
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| | | | | | | | | | | |
| **1b** **Sub-Total** . . . . . ▶ | | | | | | | | | | |
| **c** **Total from continuation sheets to Part VII, Section A** . . . . ▶ | | | | | | | | | | |
| **d** **Total (add lines 1b and 1c)** . . . . . ▶ | | | | | | | | 3,522,015 | 0 | 309,198 |

**2** Total number of individuals (including but not limited to those listed above) who received more than $100,000 in reportable compensation from the organization ▶ 25

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

## Section B. Independent Contractors

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

| (A) Name and business address | (B) Description of services | (C) Compensation |
|---|---|---|
| NAPs Inc<br>714 1/2 Lee St<br>Charleston, WV 25301 | CRNA Services | 581,712 |
| Quest Diagnostics<br>PO Box 7407009<br>Atlanta, GA 30374 | Lab Services | 494,740 |
| Crest Services<br>735 Plaza Blvd 210<br>Copell, TX 75019 | Biomedical | 365,693 |
| Vanguard Financial Services<br>210 Brooks Street Suite 100<br>Charleston, WV 25301 | Billing | 254,763 |
| Virtual Radiologic Corp<br>11995 Singletree Lane Suite 500<br>Minneapolis, MN 55344 | Radiologists | 225,287 |
| **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 ▶ 14 | | |

**Part VIII Statement of Revenue**

| | | | (A) Total revenue | (B) Related or exempt function revenue | (C) Unrelated business revenue | (D) Revenue excluded from tax under sections 512, 513, or 514 |
|---|---|---|---|---|---|---|
| Contributions, gifts, grants and other similar amounts | 1a Federated campaigns . . 1a | | | | | |
| | b Membership dues . . . . 1b | | | | | |
| | c Fundraising events . . . . 1c | | | | | |
| | d Related organizations . . . 1d | | | | | |
| | e Government grants (contributions) 1e | 169,410 | | | | |
| | f All other contributions, gifts, grants, and similar amounts not included above 1f | 24,487 | | | | |
| | g Noncash contributions included in lines 1a-1f $ | | | | | |
| | h **Total.** Add lines 1a-1f . . . . . ▶ | | 193,897 | | | |
| Program Service Revenue | | Business Code | | | | |
| | 2a Patient Services | 622110 | 69,425,409 | 69,425,409 | | |
| | b Wellness Center | 621111 | 152,511 | 152,511 | | |
| | c From K-1 Premier Pur | 900099 | 124,931 | 124,684 | 247 | |
| | d | | | | | |
| | e | | | | | |
| | f All other program service revenue | | | | | |
| | g **Total.** Add lines 2a–2f . . . . . ▶ | | 69,702,851 | | | |
| | 3 Investment income (including dividends, interest and other similar amounts) . . . . . ▶ | | 96,525 | | | 96,525 |
| | 4 Income from investment of tax-exempt bond proceeds . . ▶ | | | | | |
| | 5 Royalties . . . . . ▶ | | | | | |
| | | (i) Real | (ii) Personal | | | |
| | 6a Gross Rents | 403,411 | | | | |
| | b Less rental expenses | 42,852 | | | | |
| | c Rental income or (loss) | 360,559 | | | | |
| | d Net rental income or (loss) . . . . . ▶ | | 360,559 | | | 360,559 |
| | | (i) Securities | (ii) Other | | | |
| | 7a Gross amount from sales of assets other than inventory | | | | | |
| | b Less cost or other basis and sales expenses | | | | | |
| | c Gain or (loss) | | | | | |
| | d Net gain or (loss) . . . . . ▶ | | | | | |
| Other Revenue | 8a Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . . a | | | | | |
| | b Less direct expenses . . . b | | | | | |
| | c Net income or (loss) from fundraising events . . ▶ | | | | | |
| | 9a Gross income from gaming activities See Part IV, line 19 . a | | | | | |
| | b Less direct expenses . . . . . b | | | | | |
| | c Net income or (loss) from gaming activities . . ▶ | | | | | |
| | 10a Gross sales of inventory, less returns and allowances . a | | | | | |
| | b Less cost of goods sold . . b | | | | | |
| | c Net income or (loss) from sales of inventory . . ▶ | | | | | |
| | Miscellaneous Revenue | Business Code | | | | |
| | 11a Cafeteria & vending | 722212 | 359,480 | | | 359,480 |
| | b Purchase discounts | 900099 | 94,371 | | | 94,371 |
| | c Gift shop | 453220 | 43,944 | | | 43,944 |
| | d All other revenue . . . . | | 94,986 | | | 94,986 |
| | e **Total.** Add lines 11a–11d . . . . . ▶ | | 592,781 | | | |
| | 12 **Total revenue.** See Instructions . . . ▶ | | 70,946,613 | 69,702,604 | 247 | 1,049,865 |

## 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 | 17,997 | 17,997 | | |
| 2 Grants and other assistance to individuals in the U S See Part IV, line 22 | | | | |
| 3 Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16 | | | | |
| 4 Benefits paid to or for members | | | | |
| 5 Compensation of current officers, directors, trustees, and key employees | 816,941 | 666,379 | 150,562 | |
| 6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) | | | | |
| 7 Other salaries and wages | 28,290,711 | 23,076,733 | 5,213,978 | |
| 8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions) | 1,357,434 | 1,107,259 | 250,175 | |
| 9 Other employee benefits | 8,321,752 | 6,788,053 | 1,533,699 | |
| 10 Payroll taxes | 1,989,016 | 1,622,440 | 366,576 | |
| a Fees for services (non-employees) Management | | | | |
| b Legal | 179,288 | | 179,288 | |
| c Accounting | 65,495 | | 65,495 | |
| d Lobbying | | | | |
| e Professional fundraising services *See Part IV, line 17* | | | | |
| f Investment management fees | | | | |
| g Other | 4,364,557 | 3,560,169 | 804,388 | |
| 12 Advertising and promotion | 360,811 | 294,314 | 66,497 | |
| 13 Office expenses | 8,780,412 | 7,156,443 | 1,623,969 | |
| 14 Information technology | 643,308 | 524,746 | 118,562 | |
| 15 Royalties | | | | |
| 16 Occupancy | 1,015,083 | 828,003 | 187,080 | |
| 17 Travel | 421,417 | 343,750 | 77,667 | |
| 18 Payments of travel or entertainment expenses for any federal, state, or local public officials | | | | |
| 19 Conferences, conventions, and meetings | | | | |
| 20 Interest | 467,738 | 381,534 | 86,204 | |
| 21 Payments to affiliates | | | | |
| 22 Depreciation, depletion, and amortization | 3,054,245 | 2,491,348 | 562,897 | |
| 23 Insurance | 638,796 | 521,066 | 117,730 | |
| 24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O ) | | | | |
| a Bad debts | 9,977,237 | 9,977,237 | | |
| b Repairs & maintenance | 1,421,864 | 1,159,814 | 262,050 | |
| c Medicaid provider tax | 650,551 | 650,551 | | |
| d Dues & subscriptions | 338,676 | 276,258 | 62,418 | |
| e Recruiting | 134,387 | 134,387 | | |
| f All other expenses | | | | |
| 25 **Total functional expenses.** Add lines 1 through 24f | 73,307,716 | 61,578,481 | 11,729,235 | 0 |
| 26 **Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation | | | | |

## Part X Balance Sheet

| | | | | (A) Beginning of year | | (B) End of year |
|---|---|---|---|---|---|---|
| Assets | 1 | Cash—non-interest-bearing | | 1,039,369 | 1 | 916,195 |
| | 2 | Savings and temporary cash investments | | 9,444,743 | 2 | 7,017,663 |
| | 3 | Pledges and grants receivable, net | | | 3 | |
| | 4 | Accounts receivable, net | | 11,779,089 | 4 | 11,499,660 |
| | 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 | | 108,560 | 7 | 123,040 |
| | 8 | Inventories for sale or use | | 1,175,304 | 8 | 1,182,891 |
| | 9 | Prepaid expenses and deferred charges | | 681,509 | 9 | 551,306 |
| | 10a | Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D* | 10a 72,342,710 | | | |
| | b | Less accumulated depreciation | 10b 53,554,951 | 18,645,607 | 10c | 18,787,759 |
| | 11 | Investments—publicly traded securities | | 227,903 | 11 | 224,441 |
| | 12 | Investments—other securities See Part IV, line 11 | | 89,376 | 12 | 162,927 |
| | 13 | Investments—program-related See Part IV, line 11 | | | 13 | |
| | 14 | Intangible assets | | | 14 | |
| | 15 | Other assets See Part IV, line 11 | | 1,089,043 | 15 | 1,147,157 |
| | 16 | **Total assets.** Add lines 1 through 15 (must equal line 34) | | 44,280,503 | 16 | 41,613,039 |
| Liabilities | 17 | Accounts payable and accrued expenses | | 7,111,953 | 17 | 5,378,062 |
| | 18 | Grants payable | | | 18 | |
| | 19 | Deferred revenue | | 28,900 | 19 | |
| | 20 | Tax-exempt bond liabilities | | 8,530,000 | 20 | 7,830,000 |
| | 21 | Escrow or custodial account liability *Complete Part IV of Schedule D* | | | 21 | |
| | 22 | Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L* | | | 22 | |
| | 23 | Secured mortgages and notes payable to unrelated third parties | | | 23 | |
| | 24 | Unsecured notes and loans payable to unrelated third parties | | | 24 | |
| | 25 | Other liabilities Complete Part X of Schedule D | | 2,371,513 | 25 | 4,501,024 |
| | 26 | **Total liabilities.** Add lines 17 through 25 | | 18,042,366 | 26 | 17,709,086 |
| Net Assets or Fund Balances | | **Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.** | | | | |
| | 27 | Unrestricted net assets | | 26,238,137 | 27 | 23,903,953 |
| | 28 | Temporarily restricted net assets | | | 28 | |
| | 29 | Permanently restricted net assets | | | 29 | |
| | | **Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.** | | | | |
| | 30 | Capital stock or trust principal, or current funds | | | 30 | |
| | 31 | Paid-in or capital surplus, or land, building or equipment fund | | | 31 | |
| | 32 | Retained earnings, endowment, accumulated income, or other funds | | | 32 | |
| | 33 | Total net assets or fund balances | | 26,238,137 | 33 | 23,903,953 |
| | 34 | Total liabilities and net assets/fund balances | | 44,280,503 | 34 | 41,613,039 |

## Part XI Reconcilliation of Net Assets

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

| | | | |
|---|---|---|---|
| 1 | Total revenue (must equal Part VIII, column (A), line 12) . . . | 1 | 70,946,613 |
| 2 | Total expenses (must equal Part IX, column (A), line 25) . . . . . | 2 | 73,307,716 |
| 3 | Revenue less expenses Subtract line 2 from line 1 . . . . | 3 | -2,361,103 |
| 4 | Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . . | 4 | 26,238,137 |
| 5 | Other changes in net assets or fund balances (explain in Schedule O) . . . . | 5 | 26,919 |
| 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 | 23,903,953 |

## Part XII Financial Statements and Reporting

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

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

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# SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

## Public Charity Status and Public Support

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

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

OMB No 1545-0047

**2010**

**Open to Public Inspection**

Name of the organization
Pleasant Valley Hospital

**Employer identification number**
55-0440086

**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?

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

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

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

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

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

## Section A. Public Support

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

## Section B. Total Support

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

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

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

## Section C. Computation of Public Support Percentage

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

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

16a **33 1/3% support test—2010.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support test—2009.** If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2010.** If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

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

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

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

## Section A. Public Support

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

## Section B. Total Support

| **Calendar year** (or fiscal year beginning in) | **(a)** 2006 | **(b)** 2007 | **(c)** 2008 | **(d)** 2009 | **(e)** 2010 | **(f)** Total |
|---|---|---|---|---|---|---|
| **9** Amounts from line 6 | | | | | | |
| **10a** Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources | | | | | | |
| **b** Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 | | | | | | |
| **c** Add lines 10a and 10b | | | | | | |
| **11** Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on | | | | | | |
| **12** Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV ) | | | | | | |
| **13** **Total support** (Add lines 9, 10c, 11 and 12 ) | | | | | | |

**14** **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section501(c)(3) organization, check this box and **stop here** ▶☐

## Section C. Computation of Public Support Percentage

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

## Section D. Computation of Investment Income Percentage

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

**19a** **33 1/3% support tests—2010.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

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

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

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

## Additional Data

**Software ID:**
**Software Version:**
**EIN:** 55-0440086
**Name:** Pleasant Valley Hospital

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

| (A) Name and Title | (B) Average hours per week | (C) Position (check all that apply) | | | | | | (D) Reportable compensation from the organization (W-2/1099-MISC) | (E) Reportable compensation from related organizations (W- 2/1099-MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Individual trustee or director | Institutional Trustee | Officer | Key employee | Highest compensated employee | Former | | | |
| Peter Allinder<br>Vice Chairman | 3 00 | X | | | | | | 0 | 0 | 0 |
| Scott Barnitz<br>Trustee | 3 00 | X | | | | | | 0 | 0 | 0 |
| Mike Bartrum<br>Trustee | 3 00 | X | | | | | | 0 | 0 | 0 |
| Annette Boyles<br>Secretary | 3 00 | X | | | | | | 0 | 0 | 0 |
| Jack Buxton<br>Trustee | 3 00 | X | | | | | | 0 | 0 | 0 |
| Clayton Faber<br>Trustee | 3 00 | X | | | | | | 0 | 0 | 0 |
| Randall Hawkins<br>Trustee | 3 00 | X | | | | | | 0 | 0 | 0 |
| Dallas Kayser<br>Trustee | 3 00 | X | | | | | | 0 | 0 | 0 |
| Dorsel Keefer<br>Trustee | 3 00 | X | | | | | | 0 | 0 | 0 |
| William Knight<br>Trustee | 3 00 | X | | | | | | 0 | 0 | 0 |
| Charles Lanham<br>Treasurer | 3 00 | X | | | | | | 0 | 0 | 0 |
| Michael Lieving<br>Trustee | 3 00 | X | | | | | | 0 | 0 | 0 |
| Mario Liberatore<br>Chairman | 3 00 | X | | | | | | 0 | 0 | 0 |
| James Lockart<br>Trustee | 3 00 | X | | | | | | 0 | 0 | 0 |
| Jim Rossi<br>Trustee | 3 00 | X | | | | | | 0 | 0 | 0 |
| Mike Shaw<br>Trustee | 3 00 | X | | | | | | 0 | 0 | 0 |
| William Tatterson<br>Trustee | 3 00 | X | | | | | | 0 | 0 | 0 |
| Lannes Williamson<br>Trustee | 3 00 | X | | | | | | 0 | 0 | 0 |
| Thomas Willoughby<br>Trustee | 3 00 | X | | | | | | 0 | 0 | 0 |
| Alvin Lawson<br>President/CEO | 40 00 | | | X | | | | 348,353 | 0 | 35,043 |
| Thomas Schauer<br>President/CEO | 40 00 | | | X | | | | 168,374 | 0 | 30,575 |
| William A Barker Jr<br>Vice President | 40 00 | | | X | | | | 159,729 | 0 | 23,273 |
| Sandra G Wood<br>Vice President | 40 00 | | | X | | | | 202,083 | 0 | 31,138 |
| Hugh Collins<br>President/CEO | 40 00 | | | X | | | | 60,940 | 0 | 8,542 |
| Ori Tzuk MD<br>Physician | 40 00 | | | | | X | | 634,625 | 0 | 39,625 |

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

| (A) Name and Title | (B) Average hours per week | (C) Position (check all that apply) | | | | | | (D) Reportable compensation from the organization (W-2/1099-MISC) | (E) Reportable compensation from related organizations (W- 2/1099-MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Individual trustee or director | Institutional Trustee | Officer | Key employee | Highest compensated employee | Former | | | |
| Clifford Roberson MD<br>Physician | 40 00 | | | | | X | | 530,948 | 0 | 27,899 |
| Robert Lewis MD<br>Physician | 40 00 | | | | | X | | 495,288 | 0 | 39,625 |
| James Toothman MD<br>Physician | 40 00 | | | | | X | | 490,988 | 0 | 33,853 |
| Suresh Agrawal MD<br>Physician | 40 00 | | | | | X | | 430,687 | 0 | 39,625 |

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**SCHEDULE D** (Form 990)

Department of the Treasury
Internal Revenue Service

# Supplemental Financial Statements

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

OMB No 1545-0047

**2010**

**Open to Public Inspection**

**Name of the organization**
Pleasant Valley Hospital

**Employer identification number**
55-0440086

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1a If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items

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

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

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

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

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

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

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

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

- a ☐ Public exhibition
- b ☐ Scholarly research
- c ☐ Preservation for future generations
- d ☐ Loan or exchange programs
- e ☐ Other

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

| Description of investment | (a) Cost or other basis (investment) | (b) Cost or other basis (other) | (c) Accumulated depreciation | (d) Book value |
|---|---|---|---|---|
| 1a Land | | 1,254,831 | | 1,254,831 |
| b Buildings | 320,643 | 23,874,224 | 14,769,358 | 9,425,509 |
| c Leasehold improvements | | 233,667 | 230,583 | 3,084 |
| d Equipment | | 42,650,319 | 36,753,482 | 5,896,837 |
| e Other | | 4,009,026 | 1,801,528 | 2,207,498 |
| **Total.** Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶ | | | | 18,787,759 |

**Part VII Investments—Other Securities.** See Form 990, Part X, line 12.

| (a) Description of security or category (including name of security) | (b) Book value | (c) Method of valuation Cost or end-of-year market value |
|---|---|---|
| (1) Financial derivatives | | |
| (2) Closely-held equity interests | | |
| Other | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| **Total.** *(Column (b) should equal Form 990, Part X, col (B) line 12 )* ▶ | | |

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

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

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

| (a) Description | (b) Book value |
|---|---|
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| **Total.** *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶ | |

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

| 1 (a) Description of Liability | (b) Amount |
|---|---|
| Federal Income Taxes | |
| Capital lease agreements | 2,702,404 |
| Estimated third party payor settlements | 1,798,620 |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| **Total.** *(Column (b) should equal Form 990, Part X, col (B) line 25 )* ▶ | 4,501,024 |

**2.** Fin 48 (ASC 740) Footnote In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC740)

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

| | | | |
|---|---|---|---|
| 1 | Total revenue (Form 990, Part VIII, column (A), line 12) | 1 | 70,946,613 |
| 2 | Total expenses (Form 990, Part IX, column (A), line 25) | 2 | 73,307,716 |
| 3 | Excess or (deficit) for the year Subtract line 2 from line 1 | 3 | -2,361,103 |
| 4 | Net unrealized gains (losses) on investments | 4 | |
| 5 | Donated services and use of facilities | 5 | |
| 6 | Investment expenses | 6 | |
| 7 | Prior period adjustments | 7 | |
| 8 | Other (Describe in Part XIV) | 8 | 26,919 |
| 9 | Total adjustments (net) Add lines 4 - 8 | 9 | 26,919 |
| 10 | Excess or (deficit) for the year per financial statements Combine lines 3 and 9 | 10 | -2,334,184 |

## 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 | 70,982,927 |
| 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 | 161,245 | | |
| e | Add lines **2a** through **2d** | | | 2e | 161,245 |
| 3 | Subtract line **2e** from line **1** | | | 3 | 70,821,682 |
| 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 | 124,931 | | |
| c | Add lines **4a** and **4b** | | | 4c | 124,931 |
| 5 | Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12 ) | | | 5 | 70,946,613 |

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

| | | | | | |
|---|---|---|---|---|---|
| 1 | Total expenses and losses per audited financial statements | | | 1 | 73,317,112 |
| 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 | 9,396 | | |
| e | Add lines **2a** through **2d** | | | 2e | 9,396 |
| 3 | Subtract line **2e** from line **1** | | | 3 | 73,307,716 |
| 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 | 0 |
| 5 | Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18 ) | | | 5 | 73,307,716 |

## Part XIV Supplemental Information

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

| Identifier | Return Reference | Explanation |
|---|---|---|
| Part XI, Line 8 - Other Adjustments | | Income per K-1 Premier Purchasing Partners -124,930<br>Distribution Premier Purchasing Partners 151,849 |
| Part XII, Line 2d - Other Adjustments | | Distributions from Premier Purchasing Partners 151,849<br>Depreciation included in rental expenses on 990 9,396 |
| Part XII, Line 4b - Other Adjustments | | From K-1 Premier Purchasing Partners 124,931 |
| Part XIII, Line 2d - Other Adjustments | | Depreciation included in rental expenses on 990 9,396 |

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

# Hospitals

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

OMB No 1545-0047

2010

Open to Public Inspection

**Name of the organization**
Pleasant Valley Hospital

**Employer identification number**
55-0440086

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

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

7 Financial Assistance and Certain Other Community Benefits at Cost

| Financial Assistance and Means-Tested Government Programs | (a) Number of activities or programs (optional) | (b) Persons served (optional) | (c) Total community benefit expense | (d) Direct offsetting revenue | (e) Net community benefit expense | (f) Percent of total expense |
|---|---|---|---|---|---|---|
| a Financial Assistance at cost (from Worksheets 1 and 2) | | | 671,145 | | 671,145 | 1 060 % |
| b Unreimbursed Medicaid (from Worksheet 3, column a) | | | 14,308,247 | 11,481,200 | 2,827,047 | 4 460 % |
| c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b) | | | | | | |
| d **Total** Financial Assistance and Means-Tested Government Programs | | | 14,979,392 | 11,481,200 | 3,498,192 | 5 520 % |
| **Other Benefits** | | | | | | |
| e Community health improvement services and community benefit operations (from (Worksheet 4) | | | | | | |
| 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) | | | 17,797 | | 17,797 | 0 030 % |
| j **Total** Other Benefits | | | 17,797 | | 17,797 | 0 030 % |
| k **Total.** Add lines 7d and 7j | | | 14,997,189 | 11,481,200 | 3,515,989 | 5 550 % |

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

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

**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 | 4,099,647 | | |
| 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 | 46,605 | | |
| 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 | 11,384,859 | | |
| 6 | Enter Medicare allowable costs of care relating to payments on line 5 | 6 | 10,655,350 | | |
| 7 | Subtract line 6 from line 5 This is the surplus or (shortfall) | 7 | 729,509 | | |
| 8 | Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used | | | | |

☐ Cost accounting system ☐ Cost to charge ratio ☑ Other

**Section C. Collection Practices**

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

**Part IV** **Management Companies and Joint Ventures**

| | (a) Name of entity | (b) Description of primary activity of entity | (c) Organization's profit % or stock ownership % | (d) Officers, directors, trustees, or key employees' profit % or stock ownership% | (e) Physicians' profit % or stock ownership % |
|---|---|---|---|---|---|
| 1 | | | | | |
| 2 | | | | | |
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| 13 | | | | | |

## Part V Facility Information

### Section A. Hospital Facilities

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

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

| | Name and address | Licensed hospital | General medical & surgical | Children's hospital | Teaching hospital | Critical access hospital | Research facility | ER-24 hours | ER-other | Other (Describe) |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Pleasant Valley Hospital<br>2520 Valley Drive<br>Pt Pleasant, WV 25550 | X | X | | | | | X | | Skilled nursing facility |
| | | | | | | | | | | |
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**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? _____

| Name and address | Type of Facility (Describe) |
|---|---|
| 1 | |
| 1 | |
| 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, 6i, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21

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

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

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

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

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

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

| Identifier | ReturnReference | Explanation |
|---|---|---|
| | | Part I, Line 7 The cost of charity care and unreimbursed Medicaid were estimated using a cost to charge ratio derived from Worksheet 2 of the Schedule H Instructions The cost of community health improvement services was obtained from the hospital's accounting records |

| Identifier | ReturnReference | Explanation |
| --- | --- | --- |
| | | Part I, Line 7, Column (f) The Bad Debt expense included on Form 990, Part IX, Line 25, Column (A), but subtracted for purposes of calculating the percentage in this column is $ 9977237 |

| Identifier | ReturnReference | Explanation |
| --- | --- | --- |
| | | Part II Our weight loss challenge gives the community the ability to use our wellness services Our wellness services includes cardio and weight lifting machines and certified exercise physiologists Blood pressure, weight, body fat were monitored before the challenge and after the challenge This promotes a healthly lifestyle in the community Mason County is a medically underserved area and the hospital spends money for recruitment for this area The amount shown for workforce development is the amount paid to recruit new physicians to the area |

| Identifier | ReturnReference | Explanation |
| --- | --- | --- |
| | | Part III, Line 4 Patient accounts receivable are carried at the original charge less an estimate made for doubtful or uncollectible accounts The allowance is based upon a review of the outstanding balances aged by financial class Management uses collection percentages based upon historical collection experience to determine collectibility Management also reviews, troubled, aged accounts to determine collection potential Patient accounts receivable are written off when deemed uncollectible Recoveries of accounts previously written off are recorded as a reduction to bad debt expense when received Interest is not charged on patient accounts receivable Cost of bad debts was estimated using a cost to charge ratio derived from Worksheet 2 of the Schedule H instructions |

| Identifier | ReturnReference | Explanation |
| --- | --- | --- |
| | | Part III, Line 8 Medicare allowable costs were estimated using Worksheet B of the Schedule H instructions |

| Identifier | ReturnReference | Explanation |
| --- | --- | --- |
| | | Part III, Line 9b Pleasant Valley Hospital has a charity care policy and a Collection and Bad Debt policy that discusses qualifying and eligibility for charity care, collection practices and handling of bad debt accounts It is a practice to handle all patient accounts in the same manner/precedent Patients are sent monthly statements - even while applying and pending financial assistance and will continue to receive statements until determination is made Once determination is made the account balance or the % portion of the account balance is adjusted to "Financial Assistance" |

| Identifier | ReturnReference | Explanation |
| --- | --- | --- |
| | | Part VI, Line 2 |

| Identifier | ReturnReference | Explanation |
| --- | --- | --- |
| | | Part VI, Line 3 The process in place offers the uninsured and underinsured patient the ability to apply for charity care through a formal application process established by reviewing both income and expense to make a final determination of eligibility It requires proper verification of income through a pay stub, tax return, etc It is also verified that the patient is not eligible for a state assisted program via a denial letter from the program or verification through the state caseworker The patient will either be contacted by the Business Office or will contact the Business Office during the collection and statement process to discuss financial arrangements regarding their patient account All options of payments will be discussed and charity care offered as an alternative option after screening the patient's financial ability to make payment Once a patient has been deemed eligible for charity care, they are not eligible again for 12 months from the approval date |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| | | Part VI, Line 4 Pleasant Valley Hospital is a rural hospital in Point Pleasant, WV Pleasant Valley Hospital serves mainly the people of Mason and Jackson County, WV and Meigs and Gallia County, OH We are a federally designated medically underserved area Mason County has approximately 27,000 residents, the median Household income is $35,000, and 20 4% are below poverty levels Jackson County has approximately 29,000 residents, the median household income is $39,000, and 13 5% are below poverty levels Meigs County has approximately 24,000 residents, the median household income is $34,359, and 20 0% are below poverty levels Gallia County has 31,000 residents, the median household income is $31,000 and 20 9% are below poverty levels Medicaid patients made up 26% of our total discharges and 16% of our total outpatient and emergency room visits There is one other not-for-profit hospital within 15 miles of PVH They serve many of the same areas that we do |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| | | Part VI, Line 6 The majority of the organization's governing body is comprised of persons who reside in the organization's primary service area, who are neither employees or contractors of the organization, nor family members thereof The hospital extends medical staff privileges to all qualified physicians in its community The hospital provides a 24 hour emergency room and is available to all regardless of the ability to pay All the services provided by the hospital are provided regardless of the ability to pay The hospital has an auxiliary that helps our patients and visitors if they need a wheelchair when they arrive The hospital provides Breast Cancer Screenings/mammograms free to patients who cannot pay for the service The hospital has a fitness center for the community and it also conducts many healthfairs throughout the year The hospital provides many health screenings througout the year in addition to a nutritional program Our SNF provides transportation to health facilities The hospital also has support groups for members of the community |

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**Schedule I (Form 990)**

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

**2010**

**Open to Public Inspection**

Name of the organization
Pleasant Valley Hospital

**Employer identification number**
55-0440086

## 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 |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
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| | | | | | | | |

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

3 Enter total number of other organizations . . . . . ▶

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

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

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**Schedule J** (Form 990)

Department of the Treasury
Internal Revenue Service

# Compensation Information

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

OMB No 1545-0047

**2010**

**Open to Public Inspection**

**Name of the organization**
Pleasant Valley Hospital

**Employer identification number**
55-0440086

## Part I Questions Regarding Compensation

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

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

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

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

| (A) Name | | (B) Breakdown of W-2 and/or 1099-MISC compensation | | | (C) Retirement and other deferred compensation | (D) Nontaxable benefits | (E) Total of columns (B)(i)-(D) | (F) Compensation reported in prior Form 990 or Form 990-EZ |
|---|---|---|---|---|---|---|---|---|
| | | (i) Base compensation | (ii) Bonus & incentive compensation | (iii) Other reportable compensation | | | | |
| (1) Alvin Lawson | (i) | 319,248 | 29,105 | 0 | 21,296 | 14,205 | 383,854 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (2) Thomas Schauer | (i) | 162,273 | 6,101 | 0 | 13,770 | 17,285 | 199,429 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (3) William A Barker Jr | (i) | 153,628 | 6,101 | 0 | 6,468 | 17,285 | 183,482 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (4) Sandra G Wood | (i) | 196,083 | 6,000 | 0 | 17,044 | 14,094 | 233,221 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (5) Ori Tzuk MD | (i) | 576,924 | 57,701 | 0 | 21,296 | 18,809 | 674,730 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (6) Clifford Roberson MD | (i) | 513,847 | 17,101 | 0 | 21,296 | 7,083 | 559,327 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (7) Robert Lewis MD | (i) | 309,261 | 186,027 | 0 | 21,296 | 18,809 | 535,393 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (8) James Toothman MD | (i) | 490,887 | 101 | 0 | 15,524 | 18,809 | 525,321 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (9) Suresh Agrawal MD | (i) | 430,586 | 101 | 0 | 21,296 | 18,809 | 470,792 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ( 10 ) | | | | | | | | |
| ( 11 ) | | | | | | | | |
| ( 12 ) | | | | | | | | |
| ( 13 ) | | | | | | | | |
| ( 14 ) | | | | | | | | |
| ( 15 ) | | | | | | | | |
| ( 16 ) | | | | | | | | |

## Part III Supplemental Information

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

| Identifier | Return Reference | Explanation |
|---|---|---|
| | Part I, Line 4a | Sandra G Wood $50,000, Hugh H Collins $124,998 |

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**Schedule K (Form 990)**

Department of the Treasury
Internal Revenue Service

# Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

**2010**

**Open to Public Inspection**

Name of the organization
Pleasant Valley Hospital

**Employer identification number**
55-0440086

## Part I Bond Issues

| | (a) Issuer Name | (b) Issuer EIN | (c) CUSIP # | (d) Date Issued | (e) Issue Price | (f) Description of Purpose | (g) Defeased | | (h) On Behalf of Issuer | | (i) Pool financing | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Yes | No | Yes | No | Yes | No |
| A | The County Commission of Mason County WV | 55-6000352 | 575194BM6 | 06-17-2003 | 7,805,000 | To refund Series 1993 bonds | | X | | X | | X |
| B | The County Commission of Mason County WV | 55-6000352 | 575194CH6 | 10-12-2006 | 3,895,000 | Capital improvements & equipment acquisition | | X | | X | | X |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |

## Part II Proceeds

| | | A | B | C | D |
|---|---|---|---|---|---|
| 1 | Amount of bonds retired | 2,260,000 | 1,610,000 | | |
| 2 | Amount of bonds legally defeased | | | | |
| 3 | Total proceeds of issue | 7,805,000 | 3,895,000 | | |
| 4 | Gross proceeds in reserve funds | 7,021,907 | 389,500 | | |
| 5 | Capitalized interest from proceeds | | | | |
| 6 | Proceeds in refunding escrow | | | | |
| 7 | Issuance costs from proceeds | 156,100 | 77,900 | | |
| 8 | Credit enhancement from proceeds | 626,993 | | | |
| 9 | Working capital expenditures from proceeds | | | | |
| 10 | Capital expenditures from proceeds | 3,427,600 | 3,427,600 | | |
| 11 | Other spent proceeds | | | | |
| 12 | Other unspent proceeds | | | | |
| 13 | Year of substantial completion | 2003 | 2008 | | |

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

## Part III Private Business Use

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

## Part III Private Business Use *(Continued)*

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

## Part IV Arbitrage

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

## Part V Supplemental Information

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

| Identifier | Return Reference | Explanation |
|---|---|---|
| | | |
| | | |
| | | |

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**Schedule L** (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

# Transactions with Interested Persons

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

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

OMB No 1545-0047

**2010**

**Open to Public Inspection**

**Name of the organization**
Pleasant Valley Hospital

**Employer identification number**
55-0440086

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

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

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

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

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

## Part II Loans to and/or From Interested Persons.

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

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

## Part III Grants or Assistance Benefitting Interested Persons.

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

| (a) Name of interested person | (b) Relationship between interested person and the organization | (c) Amount of grant or type of assistance |
|---|---|---|
| | | |
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**Part IV** **Business Transactions Involving Interested Persons.**

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

| (a) Name of interested person | (b) Relationship between interested person and the organization | (c) Amount of transaction | (d) Description of transaction | (e) Sharing of organization's revenues? | |
|---|---|---|---|---|---|
| | | | | Yes | No |
| See Additional Data Table | | | | | |
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**Part V** **Supplemental Information**

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

| Identifier | Return Reference | Explanation |
|---|---|---|

## Additional Data

**Software ID:**
**Software Version:**
**EIN:** 55-0440086
**Name:** Pleasant Valley Hospital

### Form 990, Schedule L, Part IV - Business Transactions Involving Interested Persons

| (a) Name of interested person | (b) Relationship between interested person and the organization | (c) Amount of transaction $ | (d) Description of transaction | (e) Sharing of organization's revenues? | |
|---|---|---|---|---|---|
| | | | | Yes | No |
| Carrie Dillard MD | Family member of James Lockhart, Trustee | 10,000 | The hospital is in a federally designated medically underserved area To aid in physician recruitment, the hospital received grant funds to help pay student loans of Dr Dillard The grant funds were paid directly to the educational institution | | No |
| Farmers Bank | Hospital trustee, Mike Lieving, is an officer at Farmers Bank | 10,264 | Interest on certificates of deposit | | No |
| Lee Anne Kayser | Family member of Dallas Kayser, Trustee | 55,777 | Wages | | No |
| Wes Lieving DO | Family member of Mike Lieving, Trustee | 218,251 | Wages | | No |
| Carrie Dillard MD | Family member of James Lockhart, Trustee | 155,881 | Wages | | No |
| Heather Lloyd | Family member of James Lockhart, Trustee | 34,420 | Fees for service-independent contractor | | No |
| Jane Zirkle | Family member of Mike Lieving, Trustee | 24,045 | Wages | | No |
| Ohio Valley Bank | Hospital officer, Mario Liberatore, is an officer at Ohio Valley Bank | 9,284 | Interest on certificates of deposit | | No |
| People's Bank | Hospital trustee, James Lockhart, is a board member at Peple's Bank | 1,483 | PVH has accounts at People's bank | | No |
| Ohio Valley Bank | Hospital trustee, Lannes Williamson, is a board member at Ohio Valley Bank | | | | No |

| efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493227031162 |
|---|---|---|

**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**
Pleasant Valley Hospital

**Employer identification number**
55-0440086

| Identifier | Return Reference | Explanation |
|---|---|---|
| Form 990, Part VI, Section B, line 11 | | The 990 is prepared by the Hospital's independent accountants It is then reviewed by the CFO and CEO and a copy is provided to the governing board before it is filed with the IRS |

| Identifier | Return Reference | Explanation |
|---|---|---|
| | Form 990, Part VI, Section B, line 12c | Each board member fills out a questionnaire at the end of the fiscal year The questionnaire has questions on it that determine independence status and other relationships between board members and between the board member and the hospital This helps in determining possible conflicts that may arise In addition, the board members must sign a conflict of interest policy that requires them with due diligence to state that they have a conflict of interest when that conflict arises The board member must leave the board meeting during discussions and voting |

| Identifier | Return Reference | Explanation |
|---|---|---|
| | Form 990, Part VI, Section B, line 15 | The compensation committee is made up of independent board members These members are appointed by the board The compensation committee decides the compensation of the CEO and VPs The compensation committee consults with an independent consultant to determine a fair compensation for the CEO and VPs based on peer data The Compensation committee has used this study to determine base salary for the CEO and VPs The CEO contract is taken back to the board for final approval |

| Identifier | Return Reference | Explanation |
|---|---|---|
| | Form 990, Part VI, Section C, line 19 | These documents are available upon request for inspection at the hospital or by mailing a copy upon request |

| Identifier | Return Reference | Explanation |
|---|---|---|
| Changes in Net Assets or Fund Balances | Form 990, Part XI, line 5 | Income per K-1 Premier Purchasing Partners -124,930 Distribution Premier Purchasing Partners 151,849 Total to Form 990, Part XI, Line 5 26,919 |

| Identifier | Return Reference | Explanation |
|---|---|---|
| Clarification of Item Marked Yes | Form 990, Part XI, Line 2c | The audit committee, which is made up of independent board members, oversees the audit of the financial statements This process has not changed since last year |

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# SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

## Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

**2010**

**Open to Public Inspection**

**Name of the organization**
Pleasant Valley Hospital

**Employer identification number**
55-0440086

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

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Exempt Code section | (e) Public charity status (if section 501(c)(3)) | (f) Direct controlling entity | (g) Section 512(b)(13) controlled organization | |
|---|---|---|---|---|---|---|---|
| | | | | | | Yes | No |
| **(1)** Pleasant Valley Hospital Foundation Inc<br>2420 Valley Dr<br>Pt Pleasant, WV 25550<br>20-0120079 | Fundraising | WV | 501(c)(3) | 9 | N/A | | No |
| **(2)** Pleasant Valley Hospital Health Foundation Inc<br>2420 Valley Dr<br>Pt Pleasant, WV 25550<br>55-0649849 | Scholarships/Healthcare | WV | 501(c)(3) | 11, Type II | N/A | | No |
| | | | | | | | |
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**Part III** **Identification of Related Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.)

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Direct controlling entity | (e) Predominant income (related, unrelated, excluded from tax under sections 512-514) | (f) Share of total income | (g) Share of end-of-year assets | (h) Disproprtionate allocations? Yes | (h) No | (i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065) | (j) General or managing partner? Yes | (j) No | (k) Percentage ownership |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | |
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**Part IV** **Identification of Related Organizations Taxable as a Corporation or Trust** (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Direct controlling entity | (e) Type of entity (C corp, S corp, or trust) | (f) Share of total income | (g) Share of end-of-year assets | (h) Percentage ownership |
|---|---|---|---|---|---|---|---|
| **(1)** Pleasant Valley Home Medical Equipment<br>Viand St<br>Pt Pleasant, WV25550<br>55-0653315 | Retail - Medical equipment sales & rental | WV | N/A | C | 74,642 | 2,382,412 | 100 000 % |
| | | | | | | | |
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## Part V Transactions With Related Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35, 35A, or 36.)

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

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

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

| (a) Name of other organization | (b) Transaction type(a-r) | (c) Amount involved | (d) Method of determining amount involved |
|---|---|---|---|
| **(1)** Pleasant Valley Hospital Foundation Inc | C | 17,372 | Cash received |
| **(2)** | | | |
| **(3)** | | | |
| **(4)** | | | |
| **(5)** | | | |
| **(6)** | | | |

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

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

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

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

| Identifier | Return Reference | Explanation |
|---|---|---|

# PLEASANT VALLEY HOSPITAL, INC.
# AND SUBSIDIARIES

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***Consolidated***
***Financial and***
***Compliance Report***

***September 30, 2011***

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**CONTENTS**

ARNETT & FOSTER
Certified Public Accountants P.L.L.C.

## INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To the Board of Trustees
Pleasant Valley Hospital, Inc
and subsidiaries
Point Pleasant, West Virginia

We have audited the accompanying consolidated balance sheets of Pleasant Valley Hospital, Inc and subsidiaries as of September 30, 2011 and 2010, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended These financial statements are the responsibility of the Company's management Our responsibility is to express an opinion on these financial statements based on our audits

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Pleasant Valley Hospital, Inc and subsidiaries as of September 30, 2011 and 2010, and the results of their operations, changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America

In accordance with *Government Auditing Standards*, we have also issued our report dated April 4, 2012, on our consideration of Pleasant Valley Hospital, Inc and subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, provisions of contracts, and grant agreements and other matters for the year ended September 30, 2011 We issued a similar report for the year ended September 30, 2010, dated January 13, 2011, which has not been included with the 2011 financial statements The purpose of those reports are to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit for each year

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole The accompanying schedule of RHEP grant activity is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole

**ARNETT & FOSTER, P. L. L. C.**

Arnett + Foster, P.L.L.C.

Charleston, West Virginia
April 4, 2012

**PLEASANT VALLEY HOSPITAL, INC. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**
**September 30, 2011 and 2010**

| ASSETS | 2011 | 2010 |
|---|---|---|
| **Current Assets** | | |
| Cash and cash equivalents | **$ 4,831,709** | $ 6,531,549 |
| Investments | **1,984,512** | 2,018,431 |
| Patient accounts receivable, net of allowance for doubtful accounts of $7,336,259 in 2011, $6,511,765 in 2010 | **12,155,828** | 12,261,313 |
| Other receivables | **647,332** | 835,413 |
| Supplies inventories | **1,534,062** | 1,513,481 |
| Prepaid expenses and other assets | **556,126** | 697,554 |
| Assets limited as to use | **486,673** | 485,569 |
| **Total current assets** | **22,196,242** | 24,343,310 |
| **Assets Limited as to Use, net of current portion** | **2,864,328** | 3,071,725 |
| **Property and Equipment, net** | **19,318,203** | 19,234,562 |
| **Other Assets** | | |
| Bond issue costs, net of accumulated amortization | **47,193** | 78,679 |
| Other | **162,927** | 89,376 |
| **Total other assets** | **210,120** | 168,055 |
| **Total assets** | **$ 44,588,893** | $ 46,817,652 |
| **LIABILITIES AND NET ASSETS** | | |
| **Current Liabilities** | | |
| Current portion of long-term obligations | **$ 1,433,482** | $ 1,178,587 |
| Accounts payable | **1,546,854** | 1,435,951 |
| Employee compensation, payroll withholdings and taxes payable | **1,879,341** | 2,587,603 |
| Accrued expenses | **929,528** | 1,256,982 |
| Estimated third-party payor settlements | **1,253,576** | 265,633 |
| **Total current liabilities** | **7,042,781** | 6,724,756 |
| **Long-Term Obligations, less current portion** | **9,098,922** | 9,357,245 |
| **Estimated Third-Party Payor Settlements** | **545,044** | - |
| **Other Accrued Expenses** | **1,198,977** | 1,833,636 |
| **Total liabilities** | **17,885,724** | 17,915,637 |
| **Net Assets, Unrestricted** | **26,703,169** | 28,902,015 |
| **Total liabilities and net assets** | **$ 44,588,893** | $ 46,817,652 |

**PLEASANT VALLEY HOSPITAL, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS**
**Years Ended September 30, 2011 and 2010**

| | 2011 | 2010 |
|---|---|---|
| **Unrestricted revenues, gains and other support:** | | |
| Net patient service revenue | **$ 71,785,401** | $ 75,606,751 |
| Investment income | **120,775** | 173,305 |
| Contributions | **74,693** | 67,846 |
| Other | **1,671,428** | 2,068,362 |
| **Total revenues, gains and other support** | **73,652,297** | 77,916,264 |
| **Expenses:** | | |
| Salaries | **29,536,236** | 31,136,222 |
| Employee benefits | **11,929,858** | 11,466,459 |
| Supplies and other expenses | **20,426,436** | 21,810,967 |
| Interest | **437,081** | 495,738 |
| Depreciation and amortization | **3,417,225** | 3,468,993 |
| Provision for bad debts | **10,104,307** | 10,231,380 |
| **Total expenses** | **75,851,143** | 78,609,759 |
| **Deficiency of revenues, gains and other support over expenses and decrease in unrestricted net assets** | **(2,198,846)** | (693,495) |
| **Unrestricted net assets, beginning of year** | **28,902,015** | 29,595,510 |
| **Unrestricted net assets, end of year** | **$ 26,703,169** | $ 28,902,015 |

**PLEASANT VALLEY HOSPITAL, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**Years Ended September 30, 2011 and 2010**

| | 2011 | 2010 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Decrease in unrestricted net assets | **$ (2,198,846)** | $ (693,495) |
| Adjustments to reconcile decrease in unrestricted net assets to net cash provided by operating activities | | |
| Depreciation and amortization | **3,417,225** | 3,468,993 |
| Provision for bad debts | **10,104,307** | 10,231,380 |
| Gain on sale of property and equipment | **(8,471)** | - |
| Change in assets and liabilities | | |
| (Increase) decrease in patient accounts receivables | **(9,998,822)** | (9,652,319) |
| (Increase) decrease in other receivables | **188,081** | (128,542) |
| (Increase) decrease in supplies inventory | **(20,581)** | 59,332 |
| (Increase) decrease in prepaid expenses and other assets | **67,877** | (40,693) |
| Increase (decrease) in accounts payable | **110,903** | (380,173) |
| Increase (decrease) in employee compensation, withholdings and taxes payable | **(708,262)** | (91,821) |
| Increase (decrease) in accrued expenses | **(327,454)** | (373,985) |
| Increase (decrease) increase in estimated third-party payor settlements | **1,532,987** | 571,072 |
| Increase (decrease) increase in other accrued expenses | **(634,659)** | 223,849 |
| **Net cash provided by operating activities** | **1,524,285** | 3,193,598 |
| **Cash flows from investing activities** | | |
| Purchases of property and equipment | **(2,194,248)** | (1,831,354) |
| (Increase) decrease in assets limited as to use and investments | **240,212** | (274,540) |
| **Net cash used in investing activities** | **(1,954,036)** | (2,105,894) |
| **Cash flows from financing activities** | | |
| Principal payments on long-term debt | **(1,270,089)** | (1,222,227) |
| **Net cash used in financing activities** | **(1,270,089)** | (1,222,227) |
| **Net decrease in cash and cash equivalents** | **(1,699,840)** | (134,523) |
| **Cash and cash equivalents, beginning of year** | **6,531,549** | 6,666,072 |
| **Cash and cash equivalents, end of year** | **$ 4,831,709** | $ 6,531,549 |
| **Supplemental Disclosure of Cash Flow Information** | | |
| Cash payments for interest | **$ 445,995** | $ 499,869 |
| Cash payments for taxes | **$ 325,147** | $ 553,936 |

**Supplemental Schedule of Noncash Investing and Financing Activities:**

The Hospital entered into capital lease obligations for new equipment of $1,266,661 in 2011

**PLEASANT VALLEY HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

## Note 1. Nature of Operations and Significant Accounting Policies

**Nature of operations:** Pleasant Valley Hospital, Inc and subsidiaries (the Company) are located in Point Pleasant, West Virginia Pleasant Valley Hospital, Inc (the Hospital) is a not-for-profit healthcare entity The Hospital provides residents of Mason County and surrounding areas acute inpatient, outpatient, emergency care, physician care, skilled and intermediate care, home health care, home medical equipment, rehab and wellness services

Pleasant Valley Home Medical Equipment, Inc , a wholly-owned subsidiary of Pleasant Valley Hospital, Inc , sells and rents durable medical equipment and supplies to residents of Mason County and surrounding areas

Pleasant Valley Hospital Health Foundation, Inc (the Health Foundation) was formed on January 7, 1985, for the purpose of furthering the development of new and existing health care services in Mason County, West Virginia and surrounding areas The Health Foundation accomplishes this by granting scholarships, grants and loans to persons pursuing health care education The Hospital is the sole corporate member of the Health Foundation and the entities have some common board members Upon dissolution of the Health Foundation, the remaining assets of the Health Foundation, after satisfaction of all liabilities, shall be conveyed to the Hospital

Pleasant Valley Hospital Foundation, Inc (the Foundation) was activated in 2004 to further the development of new and existing health care services in Mason and other surrounding counties in West Virginia, and to provide for and carry on such other charitable work in connection therewith as may be consistent with the history and purpose of the corporation The Foundation accomplishes this by providing funds to the Hospital for capital projects The Hospital is the sole corporate member of the Foundation, and the entities have common board members

**Principles of consolidation:** The accompanying financial statements include the account balances and activity of Pleasant Valley Hospital, Inc (the Hospital), Pleasant Valley Home Medical Equipment, Inc (HME), Pleasant Valley Hospital Foundation, Inc (the Foundation) and Pleasant Valley Hospital Health Foundation, Inc (the Health Foundation)

All intercompany account balances and transactions have been eliminated in these consolidated financial statements

**A summary of significant accounting policies is as follows:**

**Use of estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements Estimates also affect the reported amounts of revenues and expenses during the reporting period Actual results could differ from those estimates Significant estimates used in preparing these financial statements include those used in determining the allowance for uncollectibles, estimated third-party payor settlements and accrued malpractice liabilities It is at least reasonably possible that the significant estimates will change within the next year

**Cash and cash equivalents:** The Company considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents

**PLEASANT VALLEY HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

---

**Patient accounts receivable:** Patient accounts receivable are carried at the original charge less an estimate made for doubtful or uncollectible accounts The allowance is based upon a review of the outstanding balances aged by financial class Management uses collection percentages based upon historical collection experience to determine collectibility Management also reviews troubled, aged accounts to determine collection potential Patient accounts receivable are written off when deemed uncollectible Recoveries of accounts previously written off are recorded as a reduction to bad debt expense when received Interest is not charged on patient accounts receivable

**Supplies inventory:** Supplies inventory is stated at lower of cost (first-in, first-out method) or market

**Assets limited as to use:** Assets limited as to use primarily include assets held by trustees under indenture agreements and designated assets set aside by the Board of Trustees for future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes Amounts required to meet current liabilities of the Company have been reclassified in the balance sheet at September 30, 2011 and 2010

**Investments:** Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value on the balance sheet Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in the deficiency of revenues, gains and other support over expenses and decrease in unrestricted net assets unless the income or loss is restricted by donor or law Unrealized gains and losses on investments are excluded from the deficiency of revenues, gains and other support over expenses and decrease in unrestricted net assets unless the investments are trading securities

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

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

**Bond issue costs:** Bond issue costs are amortized over the remaining life of the bonds using the straight-line method, which approximates the interest method

**Net assets:** Unrestricted net assets are those assets presently available for use by the Company at the discretion of the Board of Trustees

Temporarily restricted net assets (none at September 30, 2011 and 2010) are those assets which have been contributed with donor imposed time or purpose restrictions

Permanently restricted assets (none at September 30, 2011 and 2010) are resources subject to donor imposed restrictions that they be maintained permanently by the Company

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

**Net patient service revenue:** 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

Revenue from the Medicare and Medicaid programs accounted for approximately 29 percent and 13 percent, respectively, of the Hospital's net patient revenue for the year ended 2011, and approximately 31 percent and 14 percent, respectively, of the Hospital's net patient revenue for the year ended 2010 Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term

**Charity care:** The Company provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates Because the Company does not pursue collection of amounts determined to qualify as charity care, they are not reported in net patient revenue

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

**Estimated malpractice costs:** The provision for estimated medical malpractice claims include estimates of the ultimate costs for both reported claims and claims incurred but not reported

**Income taxes:** The Hospital, Foundation and Health Foundation are exempt from Federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state statutes relating to not-for-profit organizations In addition, the Foundation and the Health Foundation have been classified as organizations other than a private foundation meaning of Section 509(a) of the Internal Revenue Code

Pleasant Valley Home Medical Equipment, Inc , the wholly-owned subsidiary corporation, is not exempt from Federal and state income taxes Income tax expense, when incurred, is based upon reported income, with deferred income taxes provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment Temporary differences result primarily from using accelerated depreciation methods and from reporting bad debts when incurred for tax purposes

**Unrelated business income tax:** There is currently very little guidance in the IRS Code on what activities should be subject to unrelated business income tax (UBIT) The IRS has indicated that they are studying the issue and may issue additional guidance As a result, at this time, there is uncertainty regarding whether the Company should pay income tax on certain types of net taxable income from activities that may be considered by taxing authorities as unrelated to the purpose for which the Company was granted non-taxable status In the opinion of management, any liabilities resulting from taxing authorities imposing income taxes on the net taxable income from activities deemed to be unrelated to the Company's non-taxable status is not expected to have a material effect on the Company's financial position or results of operations

The Company is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress The management of the Company believes it is no longer subject to income tax examinations for years prior to the fiscal year ended September 30, 2008

**Statement of operations:** For purposes of display, transactions deemed by management to be ongoing, major or central to the provision of health care services are reported as revenues and expenses Peripheral or incidental transactions are reported as nonoperating revenues and expenses

**Subsequent events:** The Company has evaluated subsequent events through April 4, 2012, the date on which the financial statements were available to be issued

**New or recent accounting pronouncements:** Health Care Entities Topic 954 (Accounting Standards Update No 2010-23) of the FASB Accounting Standards Codification *Measuring Charity Care for Disclosure* is effective for fiscal years beginning after December 15, 2010 Management's policy for providing charity care, as well as the level of charity care provided, shall be disclosed in the financial statements Such disclosure shall be measured based on the provider's costs of providing charity care services If costs cannot be specifically attributed to services provided to charity care patients (for example, based on a cost accounting system), management may estimate the costs of those services using reasonable techniques This should be applied retrospectively to all prior periods presented Earlier application is permitted The Company will be required to adopt Topic 954 (No 2010-23) in its 2012 annual financial statements

Health Care Entities Topic 954 (Accounting Standards Update No 2010-24) of the FASB Accounting Standards Codification *Presentation of Insurance Claims and Related Insurance Recoveries* is effective for fiscal years beginning after December 15, 2010 A health care entity should not net insurance recoveries for medical malpractice claims against a related medical malpractice claim liability Additionally, the amount of the claim liability should be determined without consideration of insurance recoveries A cumulative-effect adjustment should be recognized in opening net assets in the period of adoption if a difference exists between any liability and insurance receivables recorded as a result of application Early application is permitted The Company will be required to adopt Topic 954 (No 2010-24) in its 2012 annual financial statements

On July 25, 2011, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2011-07, Health Care Entities (Topic 954) Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities The amendments in this Update, which become effective for fiscal years ending after December 15, 2012, require certain health care entities to change the presentation of their statement of operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue (net of contractual allowances and discounts) Additionally, those health care entities are required to provide enhanced disclosure about their policies for recognizing revenue and assessing bad debts The amendments also require disclosures of patient service revenue (net of contractual allowances and discounts) as well as qualitative and quantitative information about changes in the allowance for doubtful accounts The Company will be required to adopt Topic 954 (No 2011-07) in its 2013 annual financial statements

Management does not believe these new standards will have a material impact on the financial statements

### Note 2. Cash Concentrations

The Company maintains cash in demand deposit accounts with Federally insured banks At times the balance in these accounts may be in excess of Federally insured limits In management's opinion, the amounts in excess of FDIC limits do not pose a significant risk to the Company

### Note 3. Property and Equipment

A summary of property and equipment follows

| | 2011 | 2010 |
|---|---|---|
| Land and land improvements | **$ 3,379,570** | $ 3,203,705 |
| Building | **24,247,535** | 23,495,424 |
| Equipment | **45,472,809** | 43,519,137 |
| Construction in progress | **1,884,287** | 1,559,536 |
| | **74,984,201** | 71,777,802 |
| Less accumulated depreciation and amortization | **55,665,998** | 52,543,240 |
| | **$ 19,318,203** | $ 19,234,562 |

Total rental property, net of accumulated depreciation, included in property, plant and equipment at September 30, 2011 and 2010, was $206,336 and $130,651, respectively

Capital lease assets at September 30, 2011 and 2010, included in property and equipment are as follows

| | 2011 | 2010 |
|---|---|---|
| Equipment | **$ 5,893,795** | $ 4,608,926 |
| Less accumulated amortization | **3,561,354** | 2,743,414 |
| | **$ 2,332,441** | $ 1,865,512 |

### Note 4. Assets Limited As To Use and Investments

**Assets limited as to use and investments:** The composition of assets limited as to use and investments at September 30, 2011 and 2010 is as follows with investments stated at fair value

| | 2011 | 2010 |
|---|---|---|
| Held by trustee under indenture agreement | | |
| Debt service funds | | |
| Cash and cash equivalents | **$ 1,017,602** | $ 1,262,102 |
| Principal and interest funds | | |
| Cash and cash equivalents | **486,673** | 485,569 |
| | **1,504,275** | 1,747,671 |
| Internally designated | | |
| By Board for scholarships, grants and loans | | |
| Cash and cash equivalents | **200** | 203 |
| Certificates of deposit | **892,530** | 900,600 |
| Mutual funds | **224,441** | 227,903 |
| Equity securities | **1,302** | 1,302 |
| | **1,118,473** | 1,130,008 |
| Medical malpractice reserve fund | | |
| Certificates of deposit | **708,044** | 663,860 |
| | **708,044** | 663,860 |

**PLEASANT VALLEY HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

| | 2011 | 2010 |
|---|---|---|
| Held in trust for long-term care residents | | |
| Cash and cash equivalents | **20,209** | 15,755 |
| **Total assets limited as to use** | **3,351,001** | 3,557,294 |
| Less portion required for current obligations | **(486,673)** | (485,569) |
| | **$ 2,864,328** | $ 3,071,725 |

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

| | 2011 | 2010 |
|---|---|---|
| Certificates of deposit | **$ 1,984,512** | $ 2,018,431 |

**Other:** Other investments at September 30, 2011 and 2010, consist of the following

| | 2011 | 2010 |
|---|---|---|
| Other than trading | | |
| Sun Health common stock, at fair market value | **$ 162,927** | $ 89,376 |

Investment income and gains for assets limited as to use, cash equivalents and other investments are comprised of the following for the years ending September 30, 2011 and 2010

| | 2011 | 2010 |
|---|---|---|
| Investment income | | |
| Interest and dividend income | **$ 120,775** | $ 173,305 |

**Note 5. Note Payable - Line of Credit**

The Hospital had available a line of credit of $500,000 with a local financial institution at September 30, 2011 with interest rate approximating prime plus 75%, or 4% (current prime rate is 3 25%) No amounts were outstanding at September 30, 2011 or 2010

**Note 6. Long-Term Obligations and Subsequent Event**

A summary of long-term obligations is as follows

| | 2011 | 2010 |
|---|---|---|
| Notes payable, Series 2003 Revenue Bonds, principal maturing in varying annual amounts, starting January 2005 with final maturity January 2023, interest at varying amounts of 1 9% - 4 9%, interest payable semiannually, secured by a pledge of the Company's revenues | **$ 5,545,000** | $ 5,905,000 |
| Notes payable, Series 2006 Revenue Bonds, principal maturing in varying annual amounts, starting July 2007 with final maturity July, 2021, interest at varying amounts of 3 8% to 4 5%, interest payable semi-annually, secured by a deed of trust for a portion of the Hospital facilities and equipment | **2,285,000** | 2,625,000 |
| Capital lease obligations with interest rates ranging from 88% to 7 3% due in monthly installments ranging from $1,946 to $16,481 through 2016, secured by related property and equipment | **2,702,404** | 2,005,832 |
| | **10,532,404** | 10,535,832 |
| Less current maturities of long-term obligations | **1,433,482** | 1,178,587 |
| Long-term obligations | **$ 9,098,922** | $ 9,357,245 |

**PLEASANT VALLEY HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

On June 1, 2003, Mason County, West Virginia, acting by and through the County Commission of Mason County, West Virginia, issued $7,805,000 Hospital Refunding Revenue Bonds The proceeds of the sale of the 2003 bonds were loaned by the issuer to Pleasant Valley Hospital, Inc under the terms of agreement requiring the Hospital to make payments sufficient to pay principal and interest on the 2003 bonds as they become due

In October 2006 Mason County, West Virginia, acting by and through the County Commission of Mason County, West Virginia, issued $3,895,000 Hospital Revenue Bonds The proceeds of the sale of the 2006 bonds were loaned by the issuer to Pleasant Valley Hospital, Inc under the terms of an agreement requiring the Hospital to make payments sufficient to pay principal and interest as they become due The proceeds of the bonds will be used for capital expenditures and renovation and improvements to the Hospital and physician offices

Under the terms of the 2003 and 2006 revenue notes, the Hospital is required to maintain certain deposits with a trustee Such deposits are included with assets limited as to use in the financial statements The documents relating to the revenue bonds also place limits on additional borrowings and require that the Hospital satisfy certain measures of financial performance as long as the bonds are outstanding The Hospital was not in compliance with the rate covenant which required a debt coverage ratio of 120 percent of the maximum annual debt service requirements on all long-term debt The Hospital's rate covenant calculation was impacted by a one-time Medicaid settlement of $1,090,088 recorded in fiscal 2011 Without this one-time settlement item which was recorded in the 2011 financial statements, as a reduction of net patient service revenue, the Hospital would have met the 120 percent debt coverage ratio requirement

The Hospital provided notice to the bond trustee for the revenue bonds of the covenant violation along with an explanation of the unusual settlement issue and information on the Hospital's subsequent positive results of operations, the operating outlook for fiscal 2012 and information regarding an operational review performed by a nationally recognized healthcare consultant The trustee notified the bond holders of the covenant violation and included information that the Hospital provided in their notice to the trustee The notice provided to the bond holders informed them that the Trustee did not intend to take further action with respect to the debt service coverage violation unless directed to do so by the bond holders in writing by March 30, 2012 The trustee has advised the Hospital that it did not receive any such written direction from the bond holders by March 30, 2012, and accordingly, does not intend to take any further action with respect to the covenant violation described above

Based upon the above information, Management has classified the bond debt based upon the original terms of the agreement in the accompanying Company balance sheet at September 30, 2011

Scheduled principal repayments on long-term debt and payments on capital lease obligations are as follows

| | Long-Term Debt | Capital Lease Obligations |
|---|---|---|
| 2012 | $ 720,000 | $ 769,081 |
| 2013 | 750,000 | 679,058 |
| 2014 | 575,000 | 645,578 |
| 2015 | 605,000 | 509,916 |
| 2016 | 635,000 | 245,397 |
| Thereafter | 4,545,000 | - |
| | 7,830,000 | 2,849,030 |
| Less amount representing interest under capital lease obligations | - | 146,626 |
| | $ 7,830,000 | $ 2,702,404 |

## Note 7. Net Patient Service Revenue

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

- **Medicare**

  Inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors including regional wage variation Inpatient non-acute services and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology 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 the Medicare fiscal intermediary

  Outpatient services are paid on a prospective payment system (PPS) based on Ambulatory Payment Classifications (APCs) The outpatient payment amounts are adjusted for regional wage differences and additional payments may be made for high cost and new technology procedures

  The Hospital's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization The Centers for Medicare and Medicaid Services (CMS) selects a random sample of paid claims from the common working file, which is the file for determining eligibility for Medicare, for testing by the peer review organization The peer review organization reviews the claims and makes adjustments as necessary The peer review organization sends a copy of the adjustments to the respective hospital as well as to Medicare

- **Medicaid**

  Inpatient services are reimbursed based on prospectively determined rates per discharge Medicaid outpatient services are reimbursed based upon the lesser of the Hospital's charge or predetermined fee schedules amount

  Medicaid classification of patients under the program is done by pre-admission/pre-certification for all inpatient claims West Virginia Medical Institute, Inc is the peer review organization for the West Virginia Medicaid Program

- **Commercial Insurance Carriers**

  The Hospital also entered into payment agreements with certain commercial insurance carriers The basis for payment to the Hospital under these agreements include various discounts from established charges

- **West Virginia Health Care Authority**

  The Legislature of the State of West Virginia has created the Health Care Authority to regulate the Hospital's gross patient revenue based on limitation orders compiled from rate schedules and budgets submitted by the Hospital on a periodic basis If a hospital's charges are held to be excessive or unreasonable, the Health Care Authority may require rebates to consumers or adjustments to subsequent year revenue limits

A summary of gross and net patient service revenue for all payors for the years ended September 30, 2011 and 2010

| | 2011 | 2010 |
|---|---|---|
| Gross patient service revenue | **$ 154,695,135** | $ 153,238,512 |
| Less provisions for | | |
| Contractual adjustments under third-party reimbursement agreements | **(81,274,916)** | (77,047,542) |
| Charity care | **(1,634,818)** | (584,219) |
| Net patient service revenue | **$ 71,785,401** | $ 75,606,751 |

Included in net patient service revenue is Medicaid disproportionate share revenues of approximately $139,000 and $181,000 for the years ended September 30, 2011 and 2010 Future receipt of these funds will be strictly dependent upon the continuation of applicable Federal and state laws and regulations

As disclosed in Note 8 in the accompanying financial statements, the Hospital has recorded amounts for cost report settlements with Medicare and Medicaid The 2011 and 2010 net patient service revenue decreased approximately $1 1 million and $411,000 as a result of settlements at amounts different than originally estimated

### Note 8. Estimated Third-Party Payor Settlements

Estimated third-party payor settlements consist of amounts due from/to the Medicare and Medicaid programs for settlement of current and prior year cost reports and disproportionate share payments These estimated settlements by program are as follows

| | 2011 | 2010 |
|---|---|---|
| Medicare | **$ (786,532)** | $ (173,930) |
| Medicaid | **-** | (139,703) |
| Medicaid – Enhanced Payment Program Settlement | **(1,090,088)** | - |
| Medicaid Disproportionate Share | **78,000** | 48,000 |
| | **$ (1,798,620)** | $ (265,633) |

### Note 9. Employee Benefit Plans

The Hospital has a money purchase defined contribution retirement plan (the Plan) covering substantially all its employees Under the provisions of the Plan, the Hospital is required to make contributions for each participant in the amount of 3% of each covered employees' compensation up to $106,800 and 6% of compensation above that level up to $295,000 Participants are 100% vested in the Hospital's contributions after three years Pension expense was $1,388,889 in 2011 and $1,618,553 in 2010

### Note 10. Rental Expense

Leases that do not meet the criteria for capitalization are classified as operating leases with related rentals charged to operations as incurred

Future minimum lease payments under operating leases as of September 30, 2011 that have initial or remaining lease terms in excess of one year are as follows

| | |
|---|---|
| 2012 | $ 159,555 |
| 2013 | 135,624 |
| 2014 | 135,624 |
| 2015 | 65,923 |
| 2016 | 12,375 |
| | $ 509,101 |

Total rental expense in 2011 and 2010 for all operating leases was $516,042 and $424,570, respectively

### Note 11. Contingencies and Medical Malpractice Insurance

The Hospital is partially self-insured with respect to medical malpractice claims The Hospital carries claims-made insurance coverage for claims in excess of $250,000 up to a cap of $1,000,000 per claim and a $3,000,000 annual aggregate

The accrued malpractice costs, included in other accrued expenses, are based upon information provided by risk managers, legal counsel, actuaries and past experience and represents management's best estimate The ultimate amount of claims is dependent upon future events It is reasonably possible that a change in estimate will occur in the near term Adjustments, if any, to estimates recorded are reflected in operations in the periods such adjustments are known Amounts accrued for estimated malpractice costs were approximately $1,199,000 and $1,834,000 at September 30, 2011 and 2010, respectively

The Hospital is involved in litigation arising in the ordinary course of business Claims alleging malpractice have been asserted against the Hospital and its physicians and are currently in various stages of litigation It is the opinion of management, however, that estimated malpractice costs accrued at September 30, 2011 and 2010, are adequate to provide for potential losses resulting from pending or threatened litigation as well as claims arising from unknown incidents from services provided to patients that may be asserted

### Note 12. Health Insurance Plan

The Hospital is partially self-insured with respect to employee health insurance claims Claims are submitted to a third party administrator for payment of actual claims Claims in excess of $200,000 are covered by an excess coverage insurance policy The Hospital has recorded a liability of approximately $486,000 and $541,000 at September 30, 2011 and 2010, respectively, for the estimated cost of claims incurred, but not yet paid Total health insurance expense for the years ended September 30, 2011 and 2010, was approximately $7,948,000 and $7,219,000, respectively

### Note 13. Concentrations of Credit Risk

The Hospital is located in Point Pleasant, West Virginia The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements The mix of net receivables from the Hospital's patients, third-party payors, and the physician clinics' patients is as follows

| | **2011** | 2010 |
|---|---|---|
| Medicare | **13%** | 17% |
| Medicaid | **13%** | 12% |
| Other third-party payors | **35%** | 24% |
| Private pay | **39%** | 47% |
| | **100%** | 100% |

PLEASANT VALLEY HOSPITAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Note 14. Functional Expenses

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

| | 2011 | 2010 |
|---|---|---|
| Health care services | **$ 63,381,215** | $ 65,686,315 |
| General and administrative | **12,418,428** | 12,874,992 |
| Fund raising | **51,500** | 48,452 |
| | **$ 75,851,143** | $ 78,609,759 |

### Note 15. Advertising Expense

The Company expenses costs for advertising as they are incurred Advertising costs included in expenses were approximately $325,000 and $323,000 for 2011 and 2010, respectively

### Note 16. Health Care Legislation and Regulation

The health care industry is subject to numerous laws and regulations of Federal, state and local governments Government activity has increased with respect to investigations and allegations concerning possible violations of various statutes and regulations by health care providers Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time Management believes that the Hospital is in compliance with fraud and abuse as well as other applicable government laws and regulations While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs

### Note 17. Income Tax Matters

Pleasant Valley Home Medical Equipment, Inc , a consolidated wholly-owned subsidiary, is a taxable entity for Federal and state income tax purposes The Company has temporary differences between book and tax income, however, such amounts and the deferred tax liabilities are immaterial

The provision for income taxes charged to continuing operations for the years ended September 30, 2011 and 2010 was $(23,648) and $100,122, respectively

### Note 18. Fair Value Measurements

The Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements

This Topic defines 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 on the measurement date This Topic also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value The Topic describes three levels of inputs that may be used to measure fair value

**Level 1:** Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date

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

**Level 3:** Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability

**Fair Value Measurements**

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying balance sheets, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy

**Investments and Assets Limited as to Use:** Investment securities and assets limited as to use are recorded at fair value on a recurring basis Fair value measurement is based upon quoted prices, if available If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating Level 1 securities include those traded by dealers or brokers in active over-the-counter markets and money market funds A substantial amount of the Company's investments consist of short-term interest bearing accounts with financial institutions whose carrying value at cost plus accrued interest approximates fair value

**Assets at Fair Value on a Recurring Basis**

The table below presents the recorded amount of assets measured at fair value on a recurring basis

| | Total at September 30, 2011 | Fair Value Measurements Using | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| **Assets:** | | | | |
| Assets limited as to use and investments | | | | |
| Cash and cash equivalents | $ 1,524,684 | $ 1,524,684 | $ - | $ - |
| Certificates of deposit | 3,585,086 | - | 3,585,086 | - |
| Mutual funds | 224,441 | 224,441 | - | - |
| Other | 1,302 | 1,302 | - | - |
| | $ 5,335,513 | $ 1,750,427 | $ 3,585,086 | $ - |

| | Total at September 30, 2010 | Fair Value Measurements Using | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| **Assets:** | | | | |
| Assets limited as to use and investments | | | | |
| Cash and cash equivalents | $ 1,763,629 | $ 1,763,629 | $ - | $ - |
| Certificates of deposit | 3,582,891 | - | 3,582,891 | - |
| Mutual funds | 227,903 | 227,903 | - | - |
| Other | 1,302 | 1,302 | - | - |
| | $ 5,575,725 | $ 1,992,834 | $ 3,582,891 | $ - |

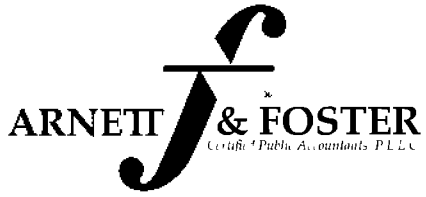
**Assets and Liabilities Recorded at Fair Value on a Nonrecurring Basis**

The Company has no assets or liabilities that are recorded at fair value on a nonrecurring basis

**PLEASANT VALLEY HOSPITAL, INC. AND SUBSIDIARIES**
**SUPPLEMENTAL INFORMATION**

**SCHEDULE OF RHEP GRANT ACTIVITY**
**Period from July 1, 2010 through June 30, 2011**

| | | RHEP FY 10-11 Approved Budget | RHEP FY 10-11 YTD Expenditures | RHEP FY 10-11 Unexpended Budget |
|---|---|---|---|---|
| | **Budget Line Items** | | | |
| 1 | Total Salaries | $ 87,249 | $ 78,184 | $ 9,065 |
| 2 | Employee Benefits | 28,792 | 25,532 | 3,260 |
| 3 | On-Site Clinical Director – Contractual | 8,000 | 7,998 | 2 |
| 4 | Operating Costs (LRC and Office) | 8,800 | 8,899 | (99) |
| 5 | Travel – Staff | 2,500 | 2,735 | (235) |
| 6 | Development – Staff | - | - | - |
| 7 | Annual Honorarium | - | - | - |
| 8 | Faculty Development – (Preceptor's Only) | - | - | - |
| 9 | IDS Prep and Present | 1,000 | 150 | 850 |
| 10 | Graduate Medical Education | 16,500 | 16,500 | - |
| 11 | Recruitment and Retention | - | - | - |
| 12 | Community Service/Health Promotion | - | - | - |
| 13 | Student/Resident Housing | 5,465 | 7,369 | (1,904) |
| 14 | Administrative Cost – Lead Agency | 9,650 | 5,000 | 4,650 |
| 15 | **Subtotal** | 167,956 | 152,367 | 15,589 |
| 16 | **Property and Equipment > $1,000 (Itemize) (Designate if Housing Related by an "H")** | | | |
| 16a | | - | - | - |
| 16b | | - | - | - |
| 16c | | - | - | - |
| 17 | **Subtotal** | - | - | - |
| 18 | **SPECIAL PROJECTS (Other Programs)** | | | |
| 18a | CARDIAC Expenses (Revenue to 21a) | 6,000 | 8,004 | (2,004) |
| 18b | GEC Expenses (Revenue to 21b) | - | - | - |
| 18c | Oral Health Project (Revenue to 21c) | - | - | - |
| 19 | **Subtotal** | 6,000 | 8,004 | (2,004) |
| 20 | **TOTAL PROJECT COST** | $ 173,956 | $ 160,371 | $ 13,585 |
| 21 | **(LESS):** | | | |
| 21a | CARDIAC Income | $ 6,000 | $ 4,196 | $ 1,804 |
| 21b | GEC Income | - | - | - |
| 21c | Childhood Oral Health Income | - | - | - |
| 21d | WVAHEC Income (Grant) | - | - | - |
| 21e | Other Grant/Special Project Income | - | - | - |
| 21f | Other Income Earned | - | - | - |
| 21g | Lead Agency Contributed Funds | 19,937 | 8,156 | 11,781 |
| 22 | **Subtotal** | 25,937 | 12,352 | 13,585 |
| 23 | **TOTAL RHEP GRANT** | $ 148,019 | $ 148,019 | $ - |




## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees
Pleasant Valley Hospital, Inc and subsidiaries
Point Pleasant, West Virginia

We have audited the consolidated financial statements of Pleasant Valley Hospital, Inc and subsidiaries as of and for the year ended September 30, 2011 and have issued our report thereon dated April 4, 2012 We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States

**Internal Control over Financial Reporting**

Management of Pleasant Valley Hospital, Inc and subsidiaries is responsible for establishing and maintaining effective internal control over financial reporting In planning and performing our audit, we considered Pleasant Valley Hospital, Inc and subsidiaries' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pleasant Valley Hospital, Inc and subsidiaries' internal control over financial reporting Accordingly, we do not express an opinion on the effectiveness of Pleasant Valley Hospital, Inc and subsidiaries' internal control over financial reporting

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above

**Compliance and Other Matters**

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

This report is intended solely for the information and use of the Board of Trustees, management, Federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties

**ARNETT & FOSTER, P.L.L.C.**

Arnett + Foster, P.L.L.C.

Charleston, West Virginia
April 4, 2012

**PLEASANT VALLEY HOSPITAL, INC. AND SUBSIDIARIES**

**SCHEDULE OF FINDINGS AND RESPONSES**
**Year Ended September 30, 2011**

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**Reportable Conditions in Internal Control:**

No matters were reported

**Compliance Findings:**

No matters were reported