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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
T J SAMSON COMMUNITY HOSPITAL

Doing Business As

Number and street (or P O box if mail is not delivered to street address) 1301 North Race Street

Room/suite

City or town, state or country, and ZIP + 4
Glasgow, KY 42141

**D Employer identification number**
61-0461767

**E Telephone number**
(270) 651-4114

**G** Gross receipts $ 126,647,269

**F** Name and address of principal officer
Anthony Sudduth
1301 North Race Street
Glasgow, KY 42141

**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 TJSAMSON ORG

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

**L** Year of formation 1928

**M** State of legal domicile KY

## Part I Summary

**1** Briefly describe the organization's mission or most significant activities
TJ SAMSON COMMUNITY HOSPITAL WILL PROMOTE AND PROVIDE FOR THE HEALTH AND WELL-BEING OF THOSE THEY SERVE

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

| | | | |
|---|---|---|---|
| **3** | Number of voting members of the governing body (Part VI, line 1a) | **3** | 11 |
| **4** | Number of independent voting members of the governing body (Part VI, line 1b) | **4** | 9 |
| **5** | Total number of individuals employed in calendar year 2010 (Part V, line 2a) | **5** | 1,123 |
| **6** | Total number of volunteers (estimate if necessary) | **6** | 82 |
| **7a** | Total unrelated business revenue from Part VIII, column (C), line 12 | **7a** | 25,165 |
| **b** | Net unrelated business taxable income from Form 990-T, line 34 | **7b** | 25,165 |

| | | Prior Year | Current Year |
|---|---|---|---|
| **Revenue** | | | |
| **8** | Contributions and grants (Part VIII, line 1h) | 5,000 | 5,121 |
| **9** | Program service revenue (Part VIII, line 2g) | 116,884,206 | 123,535,448 |
| **10** | Investment income (Part VIII, column (A), lines 3, 4, and 7d ) | 1,958,704 | 1,983,301 |
| **11** | Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) | 507,329 | 980,171 |
| **12** | Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) | 119,355,239 | 126,504,041 |
| **Expenses** | | | |
| **13** | Grants and similar amounts paid (Part IX, column (A), lines 1–3 ) | 0 | 0 |
| **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) | 59,439,542 | 60,059,982 |
| **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) | 54,759,391 | 64,500,845 |
| **18** | Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25) | 114,198,933 | 124,560,827 |
| **19** | Revenue less expenses Subtract line 18 from line 12 | 5,156,306 | 1,943,214 |

| | | Beginning of Current Year | End of Year |
|---|---|---|---|
| **Net Assets or Fund Balances** | | | |
| **20** | Total assets (Part X, line 16) | 124,226,796 | 156,424,783 |
| **21** | Total liabilities (Part X, line 26) | 42,087,446 | 65,319,178 |
| **22** | Net assets or fund balances Subtract line 21 from line 20 | 82,139,350 | 91,105,605 |

## Part II Signature Block

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

**Sign Here**

Signature of officer — Date: 2012-08-15

Anthony Sudduth CFO
Type or print name and title

**Paid Preparer Use Only**

| Print/Type preparer's name | Preparer's signature | Date | Check if self-employed ▶☐ | PTIN |
|---|---|---|---|---|
| Firm's name ▶ | | | | Firm's EIN ▶ |
| Firm's address ▶ | | | | Phone no ▶ |

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

TJ SAMSON COMMUITY HOSPITAL PROVIDES HEALTHCARE SERVICES TO BARREN AND SURROUNDING COUNTIES IN KENTUCKY

**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 $ 109,281,330 including grants of $ ) (Revenue $ 123,535,448 )

ACUTE HOSPITAL AND EMERGENCY ROOM CARE PATIENT DAYS-25,086 ER VISITS-31,553 OUTPATIENT VISITS-71,712 THE HOSPITAL ALSON PROVIDES CARE TO PATIENTS WITHOUT REGARD TO THE PATIENT'S ABILITY TO PAY THE AMOUNT OF CHARGES FORGONE AS CHAR

**4b** (Code ) (Expenses $ including grants of $ ) (Revenue $ )

**4c** (Code ) (Expenses $ including grants of $ ) (Revenue $ )

**4d** Other program services (Describe in Schedule O )

(Expenses $ 0 including grants of $ 0 ) (Revenue $ 0 )

**4e** **Total program service expenses** ▶ $ 109,281,330

## 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 | | No |
| 3 | Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I* | 3 | | No |
| 4 | **Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II* | 4 | Yes | |
| 5 | Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III* | 5 | | No |
| 6 | Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I* | 6 | | No |
| 7 | Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II* | 7 | | No |
| 8 | Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III* | 8 | | No |
| 9 | Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV* | 9 | | No |
| 10 | Did the organization, directly or through a related organization, hold assets in term, permanent,or quasi-endowments? *If "Yes," complete Schedule D, Part V* | 10 | | 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** | | No |
| **22** | Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III* | **22** | | No |
| **23** | Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J* | **23** | Yes | |
| **24a** | Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b–24d and complete Schedule K. If "No," go to line 25* | **24a** | Yes | |
| **b** | Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? | **24b** | | No |
| **c** | Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? | **24c** | | No |
| **d** | Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? | **24d** | | No |
| **25a** | **Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I* | **25a** | | No |
| **b** | Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I* | **25b** | | No |
| **26** | Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II* | **26** | | No |
| **27** | Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III* | **27** | | No |
| **28** | Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions) | | | |
| **a** | A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV* | **28a** | | No |
| **b** | A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV* | **28b** | | No |
| **c** | An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV* | **28c** | | No |
| **29** | Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M* | **29** | | No |
| **30** | Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M* | **30** | | No |
| **31** | Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I* | **31** | | No |
| **32** | Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II* | **32** | | No |
| **33** | Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I* | **33** | | No |
| **34** | Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1* | **34** | Yes | |
| **35** | Is any related organization a controlled entity within the meaning of section 512(b)(13)? | **35** | Yes | |
| **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** | Yes | |
| **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 | 62 | | |
| 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 | 1,123 | | | |
| b | If at least one is reported on line 2a, did the organization file all required federal employment tax returns? | | | 2b | Yes | |
| | **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions) | | | | | |
| 3a | Did the organization have unrelated business gross income of $1,000 or more during the year? . . . . . | | | 3a | Yes | |
| b | If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O* . . . . . | | | 3b | Yes | |
| 4a | At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)? . . . . | | | 4a | | No |
| b | If "Yes," enter the name of the foreign country ▶ _____ See 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 | Yes | |
| f | Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . | | | 7f | Yes | |
| 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 | Yes | |
| 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 | 11 | | |
| b | Enter the number of voting members included in line 1a, above, who are independent . . . . . | 1b | 9 | | |
| 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 | Yes | |
| 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 | Yes | |
| 11a | Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form? | 11a | Yes | |
| b | Describe in Schedule O the process, if any, used by the organization to review this Form 990 . . . . . | | | |
| 12a | Does the organization have a written conflict of interest policy? *If "No," go to line 13* . . . . . | 12a | Yes | |
| b | Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts? . . . . . | 12b | Yes | |
| c | Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done . . . . . | 12c | Yes | |
| 13 | Does the organization have a written whistleblower policy? . . . . . | 13 | Yes | |
| 14 | Does the organization have a written document retention and destruction policy? . . . . . | 14 | Yes | |
| 15 | Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision? | | | |
| a | The organization's CEO, Executive Director, or top management official . . . . . | 15a | Yes | |
| b | Other officers or key employees of the organization . . . . . | 15b | Yes | |
| | If "Yes" to line 15a or 15b, describe the process in Schedule O (See instructions ) | | | |
| 16a | Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? . . . . . | 16a | Yes | |
| b | If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements? . . . . . | 16b | Yes | |

## Section C. Disclosure

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

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 ▶

TJ SAMSON COMMUNITY HOSPITAL
1020 COUNTRY CLUB ROAD
GLASGOW, KY 42141
(270) 651-4112

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

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

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

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

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

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

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

| (A) Name and Title | (B) Average hours per week (describe hours for related organizations in Schedule O) | (C) Position (check all that apply) | | | | | | (D) Reportable compensation from the organization (W-2/1099-MISC) | (E) Reportable compensation from related organizations (W- 2/1099-MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Individual trustee or director | Institutional Trustee | Officer | Key employee | Highest compensated employee | Former | | | |
| (1) HENRY ROYSE CHAIRMAN | 1 3 | X | | X | | | | 0 | 0 | 0 |
| (2) DAN FOUTCH VICE CHAIRMAN | 1 2 | X | | X | | | | 0 | 0 | 0 |
| (3) BUDDY UNDERWOOD SECRETARY | 1 2 | X | | X | | | | 0 | 0 | 0 |
| (4) FOLLIS CROW III TREASURER | 1 2 | X | | X | | | | 0 | 0 | 0 |
| (5) ELLEN BALE DIRECTOR | 1 | X | | | | | | 0 | 0 | 0 |
| (6) KAREN SMALL DIRECTOR | 1 | X | | | | | | 0 | 0 | 0 |
| (7) MIKE BRYANT DIRECTOR | 1 00 | X | | | | | | 0 | 0 | 0 |
| (8) CHRIS LAWERENCE DIRECTOR | 1 | X | | | | | | 0 | 0 | 0 |
| (9) JOEY BOTTS DIRECTOR | 1 00 | X | | | | | | 0 | 0 | 0 |
| (10) VENKATA REDDY CHIEF OF STAFF | 40 | X | | | X | | | 506,035 | 0 | 0 |
| (11) BOGDAN MARCOL INCOME CHIEF OF STAFF | 40 | X | | | | X | | 518,220 | 0 | 0 |
| (12) WILLIAM KINDRED CEO | 40 | | | X | X | X | | 280,250 | 0 | 0 |
| (13) ANTHONY SUDDUTH CFO/COO | 40 | | | X | X | X | | 221,580 | 0 | 0 |
| (14) NEIL THORNBURY CHIEF OF PATIENT CARE SERVICES | 40 | | | | X | | | 129,023 | 0 | 0 |
| (15) MARGARET BILLINGSLEY CHIEF OF NURSING SERVICES | 40 | | | | X | | | 105,064 | 0 | 0 |
| (16) MELANIE WATSON CHEIF OF COMPLIANCE | 40 | | | | X | | | 132,816 | 0 | 0 |

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

| (A) Name and Title | (B) Average hours per week (describe hours for related organizations in Schedule O) | (C) Position (check all that apply) | | | | | | (D) Reportable compensation from the organization (W-2/1099-MISC) | (E) Reportable compensation from related organizations (W-2/1099-MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Individual trustee or director | Institutional Trustee | Officer | Key employee | Highest compensated employee | Former | | | |
| (17) LAURA BELCHER<br>CHIEF OF BUSINESS PLAN AND DEVELOPMENT | 40 | | | | X | | | 90,025 | 0 | 0 |
| (18) JOHN NESBITT<br>PHYSICIAN | 40 | | | | | X | | 514,079 | 0 | 0 |
| (19) RODNEY SAAMAN<br>PHYSICIAN | 40 | | | | | X | | 206,253 | 0 | 0 |
| (20) KEVIN ADAMS<br>PHARMACIST | 40 | | | | | X | | 131,845 | 0 | 0 |
| (21) KENNETH JOHNSON<br>PHARMACIST | 40 | | | | | X | | 134,941 | 0 | 0 |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| **1b** **Sub-Total** . . . . . ▶ | | | | | | | | | | |
| **c** **Total from continuation sheets to Part VII, Section A** . . . . ▶ | | | | | | | | | | |
| **d** **Total (add lines 1b and 1c)** . . . . . ▶ | | | | | | | | 2,970,131 | 0 | 0 |

**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 ▶ 14

| | | | 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 |
|---|---|---|
| APOGEE MEDICAL MANAGEMENT<br>2525 E CAMELBACK RD SUITE 1100<br>PHOENIX, AZ 85016 | HOSPITALIST | 1,330,794 |
| SURGICAL SOLUTIONS<br>702 A BARRETT BLVD<br>HENDERSON, KY 42420 | SURGERY | 849,891 |
| STENGEL HILL ARCHITECTURE<br>613 WEST MAIN<br>LOUISVILLE, KY 40202 | ARCHITECTURE | 732,764 |
| UNIDINE<br>ONE GATEWAY CENTER SUITE 751<br>NEWTON, MA 02458 | DINING SERVICES | 657,398 |
| DEPARTMENT OF FAMILY & COMM MEDICINE<br>501 E BROADWAY 2ND FLOOR SUITE 26<br>LOUISVILLE, KY 40202 | MEDICAL DIRECTOR | 396,429 |

**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 ▶ 27

**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 | 0 | | | | |
| | b Membership dues . . . . 1b | 0 | | | | |
| | c Fundraising events . . . . 1c | 0 | | | | |
| | d Related organizations . . . 1d | 0 | | | | |
| | e Government grants (contributions) 1e | 0 | | | | |
| | f All other contributions, gifts, grants, and similar amounts not included above 1f | 5,121 | | | | |
| | g Noncash contributions included in lines 1a-1f $ | 0 | | | | |
| | h **Total.** Add lines 1a-1f . . . . . ▶ | | 5,121 | | | |
| Program Service Revenue | | Business Code | | | | |
| | 2a HOSPITAL PROGRAM SERVICE | 622000 | 123,150,537 | 123,150,537 | 0 | 0 |
| | b PARTNERSHIP INCOME | 541900 | 272,492 | 271,957 | 535 | 0 |
| | c OUTSIDE LAB | 621500 | 112,419 | 0 | 112,419 | 0 |
| | d | | | | | |
| | e | | | | | |
| | f All other program service revenue | | 0 | 0 | 0 | 0 |
| | g **Total.** Add lines 2a–2f . . . . . ▶ | | 123,535,448 | | | |
| | 3 Investment income (including dividends, interest and other similar amounts) . . . . . ▶ | | 1,984,528 | 0 | 0 | 1,984,528 |
| | 4 Income from investment of tax-exempt bond proceeds . . ▶ | | 0 | 0 | 0 | 0 |
| | 5 Royalties . . . . . ▶ | | 0 | 0 | 0 | 0 |

| | | (i) Real | (ii) Personal | | | | |
|---|---|---|---|---|---|---|---|
| | 6a Gross Rents | 176,495 | 0 | | | | |
| | b Less rental expenses | 84,001 | 0 | | | | |
| | c Rental income or (loss) | 92,494 | 0 | | | | |
| | d Net rental income or (loss) . . . . . ▶ | | | 92,494 | 92,494 | 0 | 0 |

| | | (i) Securities | (ii) Other | | | | |
|---|---|---|---|---|---|---|---|
| | 7a Gross amount from sales of assets other than inventory | 0 | 58,000 | | | | |
| | b Less cost or other basis and sales expenses | 0 | 59,227 | | | | |
| | c Gain or (loss) | 0 | -1,227 | | | | |
| | d Net gain or (loss) . . . . . ▶ | | | -1,227 | -1,227 | 0 | 0 |
| Other Revenue | 8a Gross income from fundraising events (not including $ 0 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 CHILD CARE SERVICES | 624410 | -45,390 | 42,319 | -87,709 | 0 |
| b LAUNDRY | 812300 | -80 | 0 | -80 | 0 |
| c PRIME ADVANTAGE | 624100 | 10,341 | 10,341 | 0 | 0 |
| d All other revenue . . . . | | 922,806 | 701,038 | 0 | 221,768 |
| e **Total.** Add lines 11a–11d . . . . . ▶ | | 887,677 | | | |
| 12 **Total revenue.** See Instructions . . . ▶ | | 126,504,041 | 124,267,459 | 25,165 | 2,206,296 |

## 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 | 0 | 0 | | |
| 2 Grants and other assistance to individuals in the U S See Part IV, line 22 | 0 | 0 | | |
| 3 Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16 | 0 | 0 | | |
| 4 Benefits paid to or for members | 0 | 0 | | |
| 5 Compensation of current officers, directors, trustees, and key employees | 1,201,114 | 0 | 1,201,114 | 0 |
| 6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) | 0 | 0 | 0 | 0 |
| 7 Other salaries and wages | 45,530,643 | 40,522,272 | 5,008,371 | 0 |
| 8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions) | 4,048,244 | 3,602,937 | 445,307 | 0 |
| 9 Other employee benefits | 5,914,006 | 5,263,465 | 650,541 | 0 |
| 10 Payroll taxes | 3,365,975 | 2,995,176 | 370,799 | 0 |
| a Fees for services (non-employees) Management | 0 | 0 | 0 | 0 |
| b Legal | 362,264 | 0 | 362,264 | 0 |
| c Accounting | 170,811 | 0 | 170,811 | 0 |
| d Lobbying | 0 | 0 | 0 | 0 |
| e Professional fundraising services *See Part IV, line 17* | 0 | | | 0 |
| f Investment management fees | 8,250 | 0 | 8,250 | 0 |
| g Other | 3,176,732 | 3,176,732 | 0 | 0 |
| 12 Advertising and promotion | 459,445 | 459,445 | 0 | 0 |
| 13 Office expenses | 554,558 | 493,557 | 61,001 | 0 |
| 14 Information technology | 0 | 0 | 0 | 0 |
| 15 Royalties | 0 | 0 | 0 | |
| 16 Occupancy | 1,656,267 | 1,656,267 | 0 | 0 |
| 17 Travel | 490,602 | 490,602 | 0 | 0 |
| 18 Payments of travel or entertainment expenses for any federal, state, or local public officials | 0 | 0 | 0 | 0 |
| 19 Conferences, conventions, and meetings | 7,372 | 0 | 7,372 | 0 |
| 20 Interest | 260,452 | 260,452 | 0 | |
| 21 Payments to affiliates | 4,579,706 | 0 | 4,579,706 | |
| 22 Depreciation, depletion, and amortization | 5,758,552 | 5,758,552 | 0 | 0 |
| 23 Insurance | 977,302 | 977,302 | 0 | 0 |
| 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 SUPPLIES | 21,945,093 | 19,531,132 | 2,413,961 | 0 |
| b REPAIRS | 3,698,910 | 3,698,910 | 0 | 0 |
| c TAXES | 2,148,467 | 2,148,467 | 0 | 0 |
| d CONTRACT SERVICES | 4,751,491 | 4,751,491 | 0 | 0 |
| e BAD DEBT | 11,801,701 | 11,801,701 | 0 | 0 |
| f All other expenses | 1,692,870 | 1,692,870 | 0 | 0 |
| 25 **Total functional expenses.** Add lines 1 through 24f | 124,560,827 | 109,281,330 | 15,279,497 | 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 | | 1,763,265 | 1 | 368,398 |
| | 2 | Savings and temporary cash investments | | 50,562,584 | 2 | 76,058,264 |
| | 3 | Pledges and grants receivable, net | | 0 | 3 | 0 |
| | 4 | Accounts receivable, net | | 21,589,355 | 4 | 21,172,436 |
| | 5 | Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L | | 0 | 5 | 0 |
| | 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 | | 0 | 6 | 0 |
| | 7 | Notes and loans receivable, net | | 4,444 | 7 | 3,330 |
| | 8 | Inventories for sale or use | | 2,211,827 | 8 | 2,289,884 |
| | 9 | Prepaid expenses and deferred charges | | 2,763,905 | 9 | 4,101,782 |
| | 10a | Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D* | 10a 128,620,640 | | | |
| | b | Less accumulated depreciation | 10b 86,682,385 | 38,019,221 | 10c | 41,938,255 |
| | 11 | Investments—publicly traded securities | | 2,017,395 | 11 | 4,230,248 |
| | 12 | Investments—other securities See Part IV, line 11 | | 0 | 12 | 0 |
| | 13 | Investments—program-related See Part IV, line 11 | | 2,594,684 | 13 | 3,270,466 |
| | 14 | Intangible assets | | 0 | 14 | 0 |
| | 15 | Other assets See Part IV, line 11 | | 2,700,116 | 15 | 2,991,720 |
| | 16 | **Total assets.** Add lines 1 through 15 (must equal line 34) | | 124,226,796 | 16 | 156,424,783 |
| Liabilities | 17 | Accounts payable and accrued expenses | | 30,240,905 | 17 | 25,540,847 |
| | 18 | Grants payable | | 0 | 18 | 0 |
| | 19 | Deferred revenue | | 0 | 19 | 0 |
| | 20 | Tax-exempt bond liabilities | | 10,932,482 | 20 | 39,174,702 |
| | 21 | Escrow or custodial account liability *Complete Part IV of Schedule D* | | 0 | 21 | 0 |
| | 22 | Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L* | | 0 | 22 | 0 |
| | 23 | Secured mortgages and notes payable to unrelated third parties | | 0 | 23 | 0 |
| | 24 | Unsecured notes and loans payable to unrelated third parties | | 0 | 24 | |
| | 25 | Other liabilities Complete Part X of Schedule D | | 914,059 | 25 | 603,629 |
| | 26 | **Total liabilities.** Add lines 17 through 25 | | 42,087,446 | 26 | 65,319,178 |
| 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 | | 82,139,350 | 27 | 91,105,605 |
| | 28 | Temporarily restricted net assets | | 0 | 28 | 0 |
| | 29 | Permanently restricted net assets | | 0 | 29 | 0 |
| | | **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 | | 82,139,350 | 33 | 91,105,605 |
| | 34 | Total liabilities and net assets/fund balances | | 124,226,796 | 34 | 156,424,783 |

## 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 | 126,504,041 |
| 2 | Total expenses (must equal Part IX, column (A), line 25) | 2 | 124,560,827 |
| 3 | Revenue less expenses Subtract line 2 from line 1 | 3 | 1,943,214 |
| 4 | Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) | 4 | 82,139,350 |
| 5 | Other changes in net assets or fund balances (explain in Schedule O) | 5 | 7,023,041 |
| 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 | 91,105,605 |

## 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 | | No |
| b | If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits | 3b | | |

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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
T J SAMSON COMMUNITY HOSPITAL

**Employer identification number**
61-0461767

**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).

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# SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

## Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

**2010**

**Open to Public Inspection**

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

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

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

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

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

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

| Name of the organization | Employer identification number |
|---|---|
| T J SAMSON COMMUNITY HOSPITAL | 61-0461767 |

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

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

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

A Check ☐ if the filing organization belongs to an affiliated group
B Check ☐ if the filing organization checked box A and "limited control" provisions apply

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

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

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

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

### Lobbying Expenditures During 4-Year Averaging Period

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

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

| | | (a) Yes | (a) No | (b) Amount |
|---|---|---|---|---|
| 1 | During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of | | | |
| a | Volunteers? | | No | |
| b | Paid staff or management (include compensation in expenses reported on lines 1c through 1i)? | | No | |
| c | Media advertisements? | | No | |
| d | Mailings to members, legislators, or the public? | | No | |
| e | Publications, or published or broadcast statements? | | No | |
| f | Grants to other organizations for lobbying purposes? | | No | |
| g | Direct contact with legislators, their staffs, government officials, or a legislative body? | | No | |
| h | Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means? | Yes | | 11,866 |
| i | Other activities? If "Yes," describe in Part IV | | No | |
| j | Total lines 1c through 1i | | | 11,866 |
| 2a | Did the activities in line 1 cause the organization to be not described in section 501(c)(3)? | | No | |
| b | If "Yes," enter the amount of any tax incurred under section 4912 | | | |
| c | If "Yes," enter the amount of any tax incurred by organization managers under section 4912 | | | |
| d | If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year? | | | |

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

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

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

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

## Part IV Supplemental Information

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

| Identifier | Return Reference | Explanation |
|---|---|---|
| SchC_P2B_S00_L01 | Schedule C, Part II-B, Line 1 | THE HOSPITAL PAYS MEMBERSHIP DUES TO THE AMERICAN HOSPITAL ASSOCIATION AS WELL AS THE KENTUCKY HOSPITAL ASSOCIATION OF WHICH SOME OF THE DUES ARE USED FOR LOBBYING PURPOSES |

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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**
T J SAMSON COMMUNITY HOSPITAL

**Employer identification number**
61-0461767

## 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 | 0 | 1,961,573 | | 1,961,573 |
| b Buildings | 0 | 38,896,375 | 17,058,076 | 21,838,299 |
| c Leasehold improvements | 0 | 1,653,940 | 1,281,180 | 372,760 |
| d Equipment | 0 | 86,108,752 | 68,343,129 | 17,765,623 |
| e Other | 0 | 0 | 0 | 0 |
| **Total.** Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶ | | | | 41,938,255 |

**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 | 0 |
| THIRD PARTY PAYOR SETTLEMENTS | 424,984 |
| PROVIDER TAX PAYABLE | 178,645 |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| **Total.** *(Column (b) should equal Form 990, Part X, col (B) line 25 )* ▶ | 603,629 |

**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 | |
| 2 | Total expenses (Form 990, Part IX, column (A), line 25) | 2 | |
| 3 | Excess or (deficit) for the year Subtract line 2 from line 1 | 3 | |
| 4 | Net unrealized gains (losses) on investments | 4 | |
| 5 | Donated services and use of facilities | 5 | |
| 6 | Investment expenses | 6 | |
| 7 | Prior period adjustments | 7 | |
| 8 | Other (Describe in Part XIV) | 8 | |
| 9 | Total adjustments (net) Add lines 4 - 8 | 9 | |
| 10 | Excess or (deficit) for the year per financial statements Combine lines 3 and 9 | 10 | |

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

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

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

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

## Part XIV Supplemental Information

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

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

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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**
T J SAMSON COMMUNITY HOSPITAL

**Employer identification number**
61-0461767

## 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<br>☐ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals<br>☐ 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<br>☑ 100% ☐ 150% ☐ 200% ☐ Other _____ % | 3a | Yes | |
| b | Does the organization use FPG to determine eligibility for providing *discounted* care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care . . . . .<br>☑ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☐ Other _____ % | 3b | Yes | |
| c | If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care | | | |
| 4 | Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"? . . . . . | 4 | Yes | |
| 5a | Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? . . . | 5a | Yes | |
| b | If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? . . . . | 5b | Yes | |
| c | If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care? . . . . . | 5c | | No |
| 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) | | | 3,098,994 | 944,132 | 2,154,862 | |
| b Unreimbursed Medicaid (from Worksheet 3, column a) | | | 15,647,512 | 12,406,581 | 3,240,931 | |
| c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b) | | | | | | |
| d **Total** Financial Assistance and Means-Tested Government Programs | 0 | 0 | 18,746,506 | 13,350,713 | 5,395,793 | 0 % |
| **Other Benefits** | | | | | | |
| e Community health improvement services and community benefit operations (from (Worksheet 4) | | | | | 300,000 | |
| f Health professions education (from Worksheet 5) | | | 815,000 | 0 | 815,000 | |
| g Subsidized health services (from Worksheet 6) | | | | | 23,000 | |
| h Research (from Worksheet 7) | | | | | | |
| i Cash and in-kind contributions to community groups (from Worksheet 8) | | | | | 64,350 | |
| j **Total** Other Benefits | 0 | 0 | 815,000 | 0 | 1,202,350 | 0 % |
| k **Total.** Add lines 7d and 7j | 0 | 0 | 19,561,506 | 13,350,713 | 6,598,143 | 0 % |

## 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 | | | 500 | | 500 | |
| 2 | Economic development | | | 75,350 | | 75,350 | |
| 3 | Community support | | | 2,485 | | 2,485 | |
| 4 | Environmental improvements | | | | | | |
| 5 | Leadership development and training for community members | | | 7,423 | | 7,423 | |
| 6 | Coalition building | | | 26,126 | | 26,126 | |
| 7 | Community health improvement advocacy | | | 22,640 | | 22,640 | |
| 8 | Workforce development | | | 30,000 | | 30,000 | |
| 9 | Other | | | | | | |
| 10 | **Total** | 0 | 0 | 164,524 | 0 | 164,524 | 0 % |

## 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 | Yes | |
| 2 | Enter the amount of the organization's bad debt expense (at cost) | 2 | 4,679,386 | | |
| 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 | 1,263,434 | | |
| 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 | 29,704,348 |
| 6 | Enter Medicare allowable costs of care relating to payments on line 5 | 6 | 36,933,006 |
| 7 | Subtract line 6 from line 5 This is the surplus or (shortfall) | 7 | -7,228,658 |
| 8 | Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used | | |

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

### Section C. Collection Practices

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

## Part IV Management Companies and Joint Ventures

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

## Part V Facility Information

### Section A. Hospital Facilities

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

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

| | Name and address | Licensed hospital | General medical & surgical | Children's hospital | Teaching hospital | Critical access hospital | Research facility | ER-24 hours | ER-other | Other (Describe) |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | TJ SAMSON COMMUNITY HOSPITAL<br>1301 NORTH RACE STREET<br>GLASGOW, KY 42141 | X | X | | | | | X | | |
| | | | | | | | | | | |
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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 |
|---|---|---|
| SchH_P01_S00_L07 | Schedule H, Part I, Line 7 | THIS IS REPORTED AS COST THAT IS CALCULATED BY APPLYING THE TOTAL COST TO CHARGES RATIO |

| Identifier | ReturnReference | Explanation |
| --- | --- | --- |
| SchH_P01_S00_L072f | Schedule H, Part I, Line 7, Column f | N/A |

| Identifier | ReturnReference | Explanation |
| --- | --- | --- |
| SchH_P01_S00_L07g | Schedule H, Part I, Line 7g | N/A |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| SchH_P02_S00_L00 | Schedule H, Part II | THE HOSPITAL TRIES TO PERFORM BUILDING ACTIVITIES TO IMPROVE RESIDENTS HEALTH |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| SchH_P03_S0A_L04 | Schedule H, Part III, Section A, Line 4 | FOOTNOTE- PATIENT ACCOUNTS RECEIVABLE ARE STATED AT NET REALIZABLE VALUE THE HOSPITAL AND PARTNERS MAINTAIN ALLOWANCES FOR UNCOLLECTIBLE ACCOUNTS AND FOR ESTIMATED LOSSES RESULTING FROM A PAYOR'S INABILITY TO MAKE PAYMENTS ON ACCOUNTS MANAGEMENT ESTIMATES THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS BASED ON THEIR ASSESSMENT OF HISTORICAL AND EXPECTED NET COLLECTIONS CONSIDERING HISTORICAL AND CURRENT BUSINESS AND ECONOMIC CONDITIONS, TRENDS IN HEALTH CARE COVERAGE, AND OTHER COLLECTION INDICATORS ACCOUNTS RECEIVABLE ARE CHARGED TO THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS WHEN THEY ARE DEEMED UNCOLLECTIBLE |

| Identifier | ReturnReference | Explanation |
| --- | --- | --- |
| SchH_P03_S0B_L08 | Schedule H, Part III, Section B, Line 8 | THE HOSPITAL BELIEVES THAT 100% OF THE SHORTFALL IS COMMUNITY BENEFIT SINCE IT IS AN UNREIMBURSED COST TO THE HOSPITAL FOR PROVIDING THE GOVERNMENT PROGRAM |

| Identifier | ReturnReference | Explanation |
| --- | --- | --- |
| SchH_P03_S0C_L09b | Schedule H, Part III, Section C, Line 9b | THE HOSPITAL PROVIDES ASSISTANCE TO PATIENTS THAT QUALIFY UNDER THE GUIDELINES |

| Identifier | ReturnReference | Explanation |
| --- | --- | --- |
| SchH_P06_S00_L02 | Schedule H, Part VI, Line 2 | THE HOSPITAL PARTICIPATES IN A COMMUNITY NEEDS ASSESSMENT WITH OTHER LOCAL HEALTH PROVIDERS |

| Identifier | ReturnReference | Explanation |
| --- | --- | --- |
| SchH_P06_S00_L03 | Schedule H, Part VI, Line 3 | THE HOSPITAL HAS EMPLOYEES THAT WORK WITH PATIENTS TO DETERMINE IF THEY QUALIFY FOR ANY TYPE OF ASSISTANCE PATIENTS ARE NOTIFIED UPON REGISTRATION |

| Identifier | ReturnReference | Explanation |
| --- | --- | --- |
| SchH_P06_S00_L04 | Schedule H, Part VI, Line 4 | THE HOSPITAL SERVES A 3 COUNTY PRIMARY SERVICE AREA AND AN 8 COUNTY SECONDARY MARKET AREA |

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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**
T J SAMSON COMMUNITY HOSPITAL

**Employer identification number**
61-0461767

## 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** | | |
| **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** | | |
| **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** | | No |
| **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) WILLIAM KINDRED | (i) | 238,110 | 42,140 | 0 | 20,315 | 14,080 | 314,645 | 312,579 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (2) ANTHONY SUDDUTH | (i) | 189,679 | 31,901 | 0 | 18,373 | 13,594 | 253,547 | 248,902 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (3) VENKATA REDDY | (i) | 506,035 | 0 | 0 | 20,315 | 5,700 | 532,050 | 522,451 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | |
| (4) BOGDAN MARCOL | (i) | 518,220 | 0 | 0 | 20,315 | 15,535 | 554,070 | 549,024 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (5) NEIL THORNBURY | (i) | 114,647 | 14,376 | 0 | 10,698 | 15,882 | 155,603 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | |
| (6) MARGARET BILLINGSLEY | (i) | 105,061 | 3 | 0 | 8,712 | 5,490 | 119,266 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | |
| (7) MELANIE WATSON | (i) | 118,554 | 14,262 | 0 | 11,012 | 12,030 | 155,858 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (8) LAURA BELCHER | (i) | 90,025 | 0 | 0 | 7,465 | 12,218 | 109,708 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (9) JOHN NESBITT | (i) | 514,079 | 0 | 0 | 20,315 | 20,382 | 554,776 | 546,171 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | |
| (10) RODNEY SAAMAN | (i) | 206,253 | 0 | 0 | 17,102 | 5,516 | 228,871 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (11) KENNETH JOHNSON | (i) | 134,941 | 0 | 0 | 11,189 | 9,980 | 156,110 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (12) KEVIN ADAMS | (i) | 131,845 | 0 | 0 | 10,932 | 12,430 | 155,207 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ( 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 |
|---|---|---|

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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
T J SAMSON COMMUNITY HOSPITAL

**Employer identification number**
61-0461767

## 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 | CITY OF GLASGOW KENTUCKY | 61-6001831 | 376844AT3 | 08-24-2011 | 29,632,455 | FOR CONSTRUCTION | | X | | X | | X |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |

## Part II Proceeds

| | | A | B | C | D |
|---|---|---|---|---|---|
| 1 | Amount of bonds retired | 0 | | | |
| 2 | Amount of bonds legally defeased | 0 | | | |
| 3 | Total proceeds of issue | 30,000,000 | | | |
| 4 | Gross proceeds in reserve funds | 2,212,852 | | | |
| 5 | Capitalized interest from proceeds | 1,646,869 | | | |
| 6 | Proceeds in refunding escrow | 0 | | | |
| 7 | Issuance costs from proceeds | 221,767 | | | |
| 8 | Credit enhancement from proceeds | 0 | | | |
| 9 | Working capital expenditures from proceeds | 0 | | | |
| 10 | Capital expenditures from proceeds | 0 | | | |
| 11 | Other spent proceeds | 0 | | | |
| 12 | Other unspent proceeds | 0 | | | |
| 13 | Year of substantial completion | 2013 | | | |

| | | 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 | | | | | | |
| 15 | Were the bonds issued as part of an advance refunding issue? | | X | | | | | | |
| 16 | Has the final allocation of proceeds been made? | X | | | | | | | |
| 17 | Does the organization maintain adequate books and records to support the final allocation of proceeds? | 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 | | | | | | |
| 2 | Are there any lease arrangements that may result in private business use of bond-financed property? | | 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 | | | | | | |
| b | Are there any research agreements that may result in private business use of bond-financed property? | | 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 | | | | | | |
| 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 | | 0 % | | | | | | |
| 7 | Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities? | 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 | | | | | | |
| 2 | Is the bond issue a variable rate issue? | | X | | | | | | |
| 3a | Has the organization or the governmental issuer entered into a hedge with respect to the bond issue? | | 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 | | | | | | |
| 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 | | | | | | |
| 6 | Did the bond issue qualify for an exception to rebate? | | 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 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**
T J SAMSON COMMUNITY HOSPITAL

**Employer identification number**
61-0461767

| Identifier | Return Reference | Explanation |
|---|---|---|
| F990_P06_S0B_L11b | Form 990, Part VI, Section B, Line 11b | THE 990 IS REVIEWED BY THE CFO BEFORE SUBMISSION |

| Identifier | Return Reference | Explanation |
|---|---|---|
| F990_P06_S0B_L12c | Form 990, Part VI, Section B, Line 12c | MEMBERS ARE REQUIRED TO COMPLETE ANNUAL DISCLOSURE |

| Identifier | Return Reference | Explanation |
|---|---|---|
| F990_P06_S0B_L15 | Form 990, Part VI, Section B, Line 15 | THE HOSPITAL USES OUTSIDE AGENCY TO HELP DETERMINE COMPENSATION LEVELS |

| Identifier | Return Reference | Explanation |
|---|---|---|
| F990_P06_S0C_L19 | Form 990, Part VI, Section C, Line 19 | THESE ARE MADE AVAILABLE TO THE PUBLIC UPON REQUEST |

| Identifier | Return Reference | Explanation |
|---|---|---|
| F990_P11_S00_L05 | Form 990, Part XI, Line 5 | NET UNREALIZED LOSS -322560, CHANGE IN PENSION PLAN 7,407,452- DIFFERENCE IN BOOK RECORD AND K-1 RECORDING OF PREMIER -49,147, GIFT SHOP PROFIT 12,703 |

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493228036522

# 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**
T J SAMSON COMMUNITY HOSPITAL

**Employer identification number**
61-0461767

**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)** TJ REGIONAL HEALTH INC<br>1301 NORTH RACE STREET<br>GLASGOW, KY 42141<br>27-3988336 | PARENT ORGANIZATION OF HEALTHCARE FACILITY | KY | 501c3 | | N/A | Yes | |
| | | | | | | | |
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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) Disproportionate allocations? Yes | (h) No | (i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065) | (j) General or managing partner? Yes | (j) No | (k) Percentage ownership |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **(1)** TJ HEALTH PARTNERS LLC<br><br>1301 NORTH RACE STREET<br>GLASGOW, KY42141<br>27-3988456 | TO PROVIDE DOCTOR SERVICES IN BARREN AND SURROUNDING COUNTIES IN KENTUCKY | KY | N/A | | | | | | | | | |
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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 |
|---|---|---|---|---|---|---|---|
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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 | Yes | |
| **c** Gift, grant, or capital contribution from other organization(s) | 1c | | No |
| **d** Loans or loan guarantees to or for other organization(s) | 1d | | No |
| **e** Loans or loan guarantees by other organization(s) | 1e | | No |
| **f** Sale of assets to other organization(s) | 1f | | No |
| **g** Purchase of assets from other organization(s) | 1g | | No |
| **h** Exchange of assets | 1h | | No |
| **i** Lease of facilities, equipment, or other assets to other organization(s) | 1i | | 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 | Yes | |
| **n** Sharing of paid employees | 1n | Yes | |
| **o** Reimbursement paid to other organization for expenses | 1o | Yes | |
| **p** Reimbursement paid by other organization for expenses | 1p | | No |
| **q** Other transfer of cash or property to other organization(s) | 1q | | 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)** TJ REGIONAL HEALTH INC | b | 4,579,708 | CASH AMOUNT DONATED TO TJ REGIONAL HEALTH INC |
| **(2)** TJ HEALTH PARTNERS LLC | d | 1,342,473 | BOOK (COST) AMOUNT DUE FROM TJ HEALTH PARTNERS |
| **(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 |
|---|---|---|

# T. J. REGIONAL HEALTH, INC.

## FINANCIAL STATEMENTS

## SEPTEMBER 30, 2011

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# TAYLOR, POLSON & COMPANY, PSC

CERTIFIED PUBLIC ACCOUNTANTS
101 McKENNA STREET, P. O. BOX 1804
GLASGOW, KENTUCKY 42142-1804

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees
T. J. Regional Health, Inc.
Glasgow, Kentucky

We have audited the accompanying consolidated balance sheet of T. J. Regional Health, Inc., as of September 30, 2011, and the related consolidated statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion.

An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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 audit provides 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 T. J. Regional Health, Inc., as of September 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

Taylor, Polson & Company, PSC
Certified Public Accountants

February 21, 2012

## FINANCIAL STATEMENTS

T. J. REGIONAL HEALTH, INC.
BALANCE SHEET
SEPTEMBER 30, 2011

ASSETS

| | |
|---|---|
| **CURRENT ASSETS** | |
| Cash and Cash Equivalents | 2,745,025 |
| Investments | 10,107,798 |
| Patient Accounts Receivable, Net of Allowance for Doubtful Accounts of $10,470,805 | 23,369,556 |
| Estimated Third-Party Payor Settlements | 625,068 |
| Other Receivables | 148,604 |
| Inventories | 2,345,717 |
| Prepaid Expenses | 1,555,973 |
| Notes and Interest Receivable | 3,329 |
| **Total Current Assets** | **40,901,070** |
| **ASSETS WHOSE USE IS LIMITED** | |
| Internally Designated - Depreciation Funds | 36,923,191 |
| Held by Trustee - Bond Funds | 31,428,083 |
| **Total Assets Whose Use is Limited** | **68,351,274** |
| **PROPERTY, PLANT, AND EQUIPMENT** | |
| Land | 1,961,573 |
| Land Improvements | 1,653,940 |
| Buildings | 19,750,954 |
| Building Improvements | 13,849,651 |
| Fixed Equipment | 23,861,560 |
| Movable Equipment | 62,563,366 |
| Construction in Progress | 5,295,771 |
| | **128,936,815** |
| Accumulated Depreciation | ( 86,747,370) |
| **Net Property, Plant, and Equipment** | **42,189,445** |
| **OTHER ASSETS** | |
| Equity Interests | |
| Barren River Regional Cancer Center, Inc. | 3,270,466 |
| Premier LLP | 93,361 |
| Intangibles | 207,092 |
| Deposits and Advances | 2,596,293 |
| Physician Contracts | 1,620,378 |
| **Total Other Assets** | **7,787,590** |
| **TOTAL ASSETS** | **159,229,379** |

## LIABILITIES AND NET ASSETS

| | |
|---|---|
| **CURRENT LIABILITIES** | |
| Accounts Payable | 3,648,044 |
| Accrued Wages | 1,684,389 |
| Accrued Vacation Pay | 2,393,575 |
| Accrued Health Insurance | 859,620 |
| Payroll Withholdings | 255,418 |
| Provider Tax Payable | 178,645 |
| Estimated Third-Party Payor Settlements | 1,252,017 |
| Other Liabilities | 33,284 |
| Current Portion of Capital Lease | 49,980 |
| Current Portion of Bonds Payable | 1,230,000 |
| Accrued Interest on Bonds | 4,631 |
| **Total Current Liabilities** | **11,589,603** |
| **NON-CURRENT LIABILITIES** | |
| Capital Lease Payable, Net of Current Portion | 8,330 |
| Bonds Payable, Net of Current Portion | 37,940,071 |
| Accrued Pension Costs | 17,826,803 |
| **Total Non-Current Liabilities** | **55,775,204** |
| **TOTAL LIABILITIES** | **67,364,807** |
| **NET ASSETS** | |
| Unrestricted | |
| Internally Designated for Capital Acquisition and Debt Retirement | 68,351,274 |
| Undesignated | 23,513,298 |
| **TOTAL NET ASSETS** | **91,864,572** |
| **TOTAL LIABILITIES AND NET ASSETS** | **159,229,379** |

See accompanying notes to financial statements.

T. J. REGIONAL HEALTH, INC.
STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2011

| | |
|---|---|
| **REVENUES AND OTHER SUPPORT** | |
| Net Patient Service Revenue | 127,675,207 |
| Other Revenue | 2,808,930 |
| **Total Revenues and Other Support** | **130,484,137** |
| **OPERATING EXPENSES** | |
| Salaries and Wages | 52,225,929 |
| Benefits | 14,858,902 |
| Contract Labor | 120,078 |
| Medical Supplies | 8,636,897 |
| Drugs | 5,319,792 |
| Food | 733,147 |
| Professional Services | 3,776,940 |
| Contract Services | 5,705,084 |
| Rents and Leases | 1,101,780 |
| Repairs and Maintenance | 3,826,174 |
| Utilities | 1,989,690 |
| Other Supplies | 7,731,826 |
| Travel | 713,194 |
| Dues and Subscriptions | 264,925 |
| Taxes | 2,215,604 |
| Bad Debt | 11,801,701 |
| Hospital Insurance | 1,145,810 |
| Depreciation | 5,823,536 |
| Miscellaneous | 896,317 |
| **Total Operating Expenses** | **128,887,326** |
| **INCOME FROM OPERATIONS** | **1,596,811** |
| **OTHER INCOME (EXPENSE)** | |
| Investment Income | 1,307,765 |
| Interest Expense | ( 264,246) |
| **Net Other Income** | **1,043,519** |
| **REVENUES OVER EXPENSES** | **2,640,330** |
| Change in Funded Status of Pension Plan | 7,407,452 |
| Unrealized Loss on Investments | ( 322,560) |
| **INCREASE IN UNRESTRICTED NET ASSETS** | **9,725,222** |
| **NET ASSETS - BEGINNING OF YEAR** | 82,139,350 |
| **NET ASSETS - END OF YEAR** | **91,864,572** |

See accompanying notes to financial statements.

T. J. REGIONAL HEALTH, INC.
STATEMENT OF CASH FLOWS
SEPTEMBER 30, 2011

| | |
|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | |
| Income from Operations | 1,596,811 |
| Adjustments to Reconcile Income from Operations | |
| to Net Cash Provided by Operating Activities | |
| Depreciation and Amortization | 5,823,536 |
| Gain on the Sale of Assets | ( 572) |
| (Increase) Decrease in | |
| Patient Accounts Receivable | ( 800,106) |
| Estimated Third-Party Payor Settlements | ( 402,592) |
| Other Receivables | 456,539 |
| Inventories | ( 133,890) |
| Prepaid Expenses | ( 459,007) |
| Receivable from Medicaid Lawsuit | 148,902 |
| Equity Interests | ( 675,782) |
| Physician Contracts | ( 774,548) |
| Increase (Decrease) in | |
| Accounts Payable | 22,817 |
| Accrued Wages | ( 1,250,058) |
| Accrued Vacation Pay | 476,671 |
| Accrued Health Insurance | 117,506 |
| Payroll Withholdings | 88,043 |
| Provider Tax Payable | ( 4,788) |
| Estimated Third-Party Payor Settlements | 269,835 |
| Other Liabilities | 1,894 |
| Accrued Pension Costs | 4,051,536 |
| **Net Cash Provided by Operating Activities** | **8,552,747** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | |
| Investment Income | 1,307,765 |
| Property and Equipment Purchases and Deposits | (11,107,362) |
| Purchase of Intangibles | ( 207,092) |
| Proceeds from Sale of Equipment | 58,000 |
| (Increase) Decrease in | |
| Investments | ( 1,747,512) |
| Interest Receivable | ( 15,540) |
| Notes and Interest Receivable | 1,115 |
| **Net Cash Used by Investing Activities** | **(11,710,626)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | |
| Payments on Bonds | ( 1,160,000) |
| Interest Paid on Bonds | ( 245,213) |
| Proceeds of Bond Issue | 29,383,188 |
| Payments on Capital Lease | ( 49,980) |
| **Net Cash Provided by Financing Activities** | **27,927,995** |
| **NET INCREASE IN CASH** | **24,770,116** |
| **CASH - BEGINNING OF YEAR** | 15,325,399 |
| **CASH - END OF YEAR** | **40,095,515** |

See accompanying notes to financial statements.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Organization

T. J. Samson Community Hospital (the Hospital) was established in 1929, as a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code. The Hospital serves the city of Glasgow, Barren County, and surrounding counties.

To facilitate the implementation of its strategic plan of becoming a regional provider and increased participation in physician practice ownership, the Organization was reorganized on January 1, 2011.

As part of this reorganization, two new entities were formed: T. J. Regional Health, Inc., (TJRH) and T. J. Health Partners, LLC. TJRH was formed as a 501(c)(3) not-for-profit organization (application pending) and will serve as the parent organization of the Hospital and the LLC. T. J. Health Partners, LLC (Partners) is considered a pass-through entity to TJRH, the sole member of the LLC. Partners will be the company that operates all physician-related practices.

### Basis of Consolidation

The consolidated financial statements include the accounts of T. J. Regional Health, Inc., and its wholly-owned subsidiaries, T. J. Samson Community Hospital (a not-for-profit corporation) and T. J. Health Partners, LLC (a limited liability company). All significant intercompany transactions and account balances have been eliminated in consolidation.

### Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles 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 consolidated financial statements, as well as reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### New Accounting Pronouncements

In August 2010, the FASB issued ASU 2010-23, ***Measuring Charity Care for Disclosure.*** The provisions of ASU 2010-23 are intended to reduce the diversity in how charity care is calculated and disclosed across healthcare entities that provide it. Charity care is required to be measured at cost, defined as the direct and indirect costs of providing the charity care. Funds received to offset or subsidize the cost of charity care provided, for example from gifts or grants restricted for charity care, should be separately disclosed. As a healthcare entity does not recognize revenue when charity care is provided, this update will only require enhanced disclosures and will have no effect on the consolidated statements of activities and changes in net assets. This new guidance is effective for fiscal years beginning after December 15, 2010, with retrospective application required and with early application permitted. T. J. Regional Health, Inc., will adopt this guidance in fiscal year 2012.

In July 2011, the FASB issued ASU 2011-07, ***Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities.*** ASU 2011-07 requires healthcare entities that recognize significant amounts of patient service revenue at the time of service even though they do not assess the patient's ability to pay to present the provision for bad debts related to patient service revenue as a deduction from patient service revenue on the statement of operations. In addition, enhanced disclosure about

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

### New Accounting Pronouncements - Concluded

the entity's policies for recognizing revenue and assessing bad debts, including 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, is required. This new guidance is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2011, with early adoption permitted. This guidance will be effective for T. J. Regional Health, Inc., in fiscal year 2013. T. J. Regional Health, Inc., is evaluating the effect this guidance will have on its consolidated financial statements.

### Investments

Certificates of deposit, demand deposits, money market funds, and similar negotiable instruments that are not reported as cash and cash equivalents are reported as investments at contract value, which approximates fair value.

Mutual funds are reported at fair value based on the fund's market price. Other investments are generally reported at fair value.

Investment income, including changes in the fair value of investments, is reported as nonoperating income in the consolidated statement of activities. Due to the nature of these investments, substantially all of the investment income is interest income.

### Patient Accounts Receivable

Patient accounts receivable are stated at net realizable value. The Hospital and Partners maintain allowances for uncollectible accounts and for estimated losses resulting from a payor's inability to make payments on accounts. Management estimates the allowance for uncollectible accounts based on their assessment of historical and expected net collections considering historical and current business and economic conditions, trends in healthcare coverage, and other collection indicators. Accounts receivable are charged to the allowance for uncollectible accounts when they are deemed uncollectible.

### Inventory

Inventory is valued at the lower of cost or market with cost being determined on the first-in, first-out (FIFO) method. Inventory consists of medical supplies and pharmaceuticals.

### Property, Plant, and Equipment

Property, plant, and equipment are stated at cost, or donor's basis if donated. The assets are depreciated on the straight-line method over the estimated useful lives of the related assets, in accordance with American Hospital Association guidelines. The useful lives are as follows:

| | |
|---|---|
| Buildings | 10-50 Years |
| Improvements | 10-20 Years |
| Equipment and Fixtures | 5-10 Years |

Costs for repairs and maintenance that do not add to an asset's value or estimated useful life are expensed as incurred. When items are disposed of, the cost and accumulated depreciation are removed, and any gain or loss is included in the results of operations.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

### Intangibles

All intangibles are indefinite-lived assets. No amortization is recorded.

### Asset Impairment

Management considers whether indicators of impairment are present and performs the necessary tests to determine if the carrying value of an asset is appropriate. Impairment write-downs are recognized in operating income at the time the impairment is identified. There was no impairment of long-lived assets recognized in 2011.

### Bond Issuance Cost and Bond Discount

Management provides for the amortization of costs incurred for the issuance of bonds over the life of the bonds. Management also amortizes the bond discounts using the effective interest method over the life of the related debt.

### Income Taxes

T. J. Regional Health, Inc., is in the process of obtaining exemption under Section 501(c)(3).

T. J. Samson Community Hospital is a not-for-profit corporation and has been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code.

T. J. Health Partners, LLC, is a single member limited liability company organized in Kentucky. The sole member is T. J. Regional Health, Inc.

### Net Patient Service Revenue

The Hospital and Partners have agreements with third-party payors that provide for payments at amounts different from their established rates. Payment arrangements include prospectively determined rates per admission or visit, reimbursed costs, discounted charges, and per diem rates. Net patient service revenue is reported at the estimated net amount due from patients and third-party payors for services rendered, including estimated adjustments under reimbursement agreements with third-party payors, certain of which are subject to audit by administering agencies. These adjustments are accrued on an estimated basis and are adjusted, as needed, in future periods.

### Advertising

The Organization's advertising consists of media promotion and human resource opportunities. The expense is recognized as incurred, or the first time the advertising takes place. Total advertising costs expensed for year ended September 30, 2011, was $491,781.

### Consolidated Statements of Cash Flows

For the purpose of consolidated statements of cash flows, cash and cash equivalents include demand deposits and highly liquid short-term investments with maturities of ninety days or less from date of purchase.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONCLUDED

### Charity Care

T. J. Samson Community Hospital provides care to patients without regard to their ability to pay. The amount of charges foregone as charity care was $1,580,905 for the year ended September 30, 2011.

## 2. NET PATIENT SERVICE REVENUE

The Organization provides care to patients under payment arrangements with Medicare, Medicaid, Anthem, other managed care programs, and other third-party payors. Services provided under those arrangements are paid at predetermined rates and/or reimbursable costs, as defined. Reported costs and/or services provided under certain of the arrangements are subject to retroactive audit and adjustment. Changes in Medicare and Medicaid programs and reduction of funding levels could have an adverse effect on the Organization.

Provision has been made in the accompanying consolidated financial statements for contractual adjustments, which represent the difference between the standard charges for services and the actual or estimated payment.

The Organization grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix by payor source of patient accounts receivable, before deducting estimated uncollectibles, at September 30, 2011, was as follows:

| | |
|---|---|
| Medicare | 35% |
| Medicaid | 10% |
| Anthem/Blue Cross | 9% |
| Other Third-Party Payors | 13% |
| Self-Pay | 33% |
| | **100%** |

The following is a summary of net patient service revenue for the year ended September 30, 2011:

| | |
|---|---|
| Inpatient Routine Services | 25,157,584 |
| Inpatient Ancillary Services | 67,303,410 |
| Outpatient Ancillary Services | 165,679,964 |
| Physician Clinics | 10,236,623 |
| **Gross Patient Service Revenues** | **268,377,581** |
| Contractual Allowances | (133,911,665) |
| Charity Care | ( 1,580,905) |
| Other Adjustments | ( 5,209,802) |
| **Net Patient Service Revenue** | **127,675,207** |

## 3. INVESTMENTS

Investments are recorded at fair value and consist of the following as of September 30, 2011:

| | |
|---|---|
| Cash and Cash Equivalents | 97,783 |
| Fixed Income | 10,010,015 |
| | **10,107,798** |

Investment income is reported net of fees of $73,950.

## 4. ASSETS WHOSE USE IS LIMITED

The classification of assets whose use is limited includes:

- **Internally Designated** - Amounts designated by the Organization's Board of Trustees for future capital improvements over which the Board retains control and may, at is discretion, subsequently use for other purposes.
- **Funds Held by Trustee** - Organization funds deposited with a trustee and limited as to use in accordance with the requirements of a trust indenture for debt service and capital construction

Assets whose use is limited that are required for obligations classified as current liabilities are reported in current assets. The composition of assets limited as to use includes the following as of September 30, 2011:

| | |
|---|---|
| **Internally Designated** | |
| Cash and Cash Equivalents | 5,824,624 |
| Equities | 1,643,699 |
| Fixed Income | 29,256,643 |
| Interest Receivable | 198,225 |
| | **36,923,191** |
| **Held by Trustee** | |
| Cash and Cash Equivalents | 31,428,083 |
| **Total Assets Whose Use is Limited** | **68,351,274** |

## 5. DEPOSITS AND INVESTMENTS

Deposits and investments consist of the following as of September 30, 2011:

| | |
|---|---|
| **Carrying Amount** | |
| Deposits | 40,095,515 |
| Fixed Income | 39,266,658 |
| Equity Securities | 1,643,699 |
| | **81,005,872** |
| **Included in Balance Sheet Captions** | |
| Cash and Cash Equivalents | 2,745,025 |
| Investments | 10,107,798 |
| Internally Designated | 36,724,966 |
| Held by Trustee | 31,428,083 |
| | **81,005,872** |

See Note 6 for related fair value disclosures.

## 6. FAIR VALUE MEASUREMENTS

The carrying values of cash and cash equivalents, patient accounts receivable, estimated receivables from third-party payors, accounts payable, accrued expenses and other current liabilities, and short-term borrowings are reasonable estimates of their fair values due to the short-term nature of these financial instruments. The estimated fair value of the long-term debt portfolio, including the current portion, is based on quoted market prices for the same or similar issues approximates the carrying amount.

The methodologies used to determine fair value of assets and liabilities reflect market participant objectives and are based on the applications of a three-level valuation hierarchy that prioritizes observable market inputs over unobservable inputs. The three levels are defined as follows:

- **Level 1** - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

- **Level 2** - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

- **Level 3** - Inputs to the valuation methodology are unobservable but reflect the assumptions market participants would use in pricing the asset or liability.

There are no significant transfers into or out of Level 1 or Level 2 that took place between October 1, 2010 and September 30, 2011.

A financial instrument's categorization within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The following table represents the fair value hierarchy for financial assets and liabilities measured at fair value on a recurring basis as of September 30, 2011:

| | Fair Value Measurements at Reporting Date Using | | | |
|---|---|---|---|---|
| | Carrying Amount at Fair Value | Quoted Prices In Active Markets for Identical Assets/Liabilities (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Cash and Cash Equivalents | 40,095,515 | 40,095,515 | - | - |
| Fixed Income | 39,266,658 | 39,266,658 | - | - |
| Equity Securities | 1,643,699 | 1,643,699 | - | - |
| | **81,005,872** | **81,005,872** | **-** | **-** |

All assets have been valued using a market approach. There have been no changes in valuation techniques and related inputs.

## 7. LEASE AGREEMENTS

### Capital Lease

In the previous year, the Hospital acquired equipment under the provisions of a long-term lease. For financial reporting purposes, minimum lease payments relating to the equipment have been capitalized and included in equipment on the balance sheet. The leased equipment under capital lease as of September 30, 2011, has a cost of $149,940. Accumulated depreciation relating to the leased equipment was $91,630. The following is a schedule of future minimum lease payments:

| | |
|---|---|
| September 30, 2012 | 49,980 |
| September 30, 2013 | 8,330 |
| | **58,310** |

### Operating Leases

The Hospital has entered into lease agreements with Cardinal Health/Pyxis Corporation for the rental of several medication-dispensing units. The agreements require various monthly payments for the rental of these units and customer support for a term of sixty months; the customer support agreement may not be terminated early. Remaining minimum required lease and support payments under agreements existing at September 30, 2011.

| | |
|---|---|
| September 30, 2012 | 417,036 |
| September 30, 2013 | 113,173 |
| September 30, 2014 | 17,800 |
| September 30, 2015 | 891 |
| | **548,900** |

The Hospital has a lease agreement with Lanier for copiers in various departments. The leases generally are for sixty months. As of September 30, 2011, remaining minimum lease payments are as follows:

| | |
|---|---|
| September 30, 2012 | 70,287 |
| September 30, 2013 | 69,031 |
| September 30, 2014 | 68,014 |
| September 30, 2015 | 58,381 |
| September 30, 2016 | 25,044 |
| | **290,757** |

The Hospital and Partners lease other medical equipment from various suppliers. These leases range from three to five years. As of September 30, 2011, the remaining minimum lease payments are as follows:

| | |
|---|---|
| September 30, 2012 | 350,010 |
| September 30, 2013 | 129,686 |
| September 30, 2014 | 145,707 |
| | **625,403** |

## 7. LEASE AGREEMENTS - CONCLUDED

The Hospital has leased vehicles from Enterprise. The lease was for fifteen vehicles for five years. As of September 30, 2011, the remaining lease payments are as follows:

| | |
|---|---|
| September 30, 2012 | 77,515 |
| September 30, 2013 | 77,515 |
| September 30, 2014 | 77,515 |
| September 30, 2015 | 77,515 |
| September 30, 2016 | 38,758 |
| | **348,818** |

The Hospital and Partners lease certain facilities under various noncancelable operating leases. Most terms range between three to five years, with options to renew for additional years at a renegotiated monthly rental. Following is a schedule of remaining minimum rental payments required under the current leases as of September 30, 2011:

| | |
|---|---|
| September 30, 2012 | 556,203 |
| September 30, 2013 | 307,508 |
| September 30, 2014 | 70,802 |
| September 30, 2015 | 18,700 |
| | **953,213** |

The facilities rental expenses were offset by $25,200 in sublease rental income during the year ended September 30, 2011. Total rent expense was $1,091,987 for the year ended September 30, 2011.

## 8. BONDS PAYABLE

In March 2000, the Hospital issued $20 million of variable rate demand revenue bonds, Series 1998. The purpose of the bond issue is to reimburse capital expenditures made under Phase I of the long-term construction and expansion plan. The bonds are payable in monthly principal and interest payments beginning May 15, 2000 and ending July 15, 2018. A discount in connection with the bonds, in the amount of $661,176, is being amortized pro-rata over the life of the bond indenture.

In August 2011, the Hospital issued $30 million of revenue bonds. The rates of interest vary and range from 3.85% to 6.45%. The proceeds of the bonds will be used to acquire, construct, renovate, and/or equip a healthcare facility for various outpatient services as well as a medical office building. Principal on the bonds is paid annually with interest paid semi-annually. Payment on this issue begins February 1, 2013, and ends February 1, 2041.

The bonds are collateralized by real property carried at an amount of $3,751,618, included in construction in progress on the balance sheet, and the remaining construction funds of $27,197,835, included in assets limited as to use. Discount and bond issue costs in connection with the bonds in the amount of $950,004 are being amortized over the life of the bonds.

## 8. BONDS PAYABLE - CONCLUDED

Aggregate principal maturities for the next five years are as follows:

| | |
|---|---|
| September 30, 2012 | 1,230,000 |
| September 30, 2013 | 1,765,000 |
| September 30, 2014 | 1,875,000 |
| September 30, 2015 | 1,975,000 |
| September 30, 2016 | 2,090,000 |
| | **8,935,000** |

## 9. RETIREMENT PLAN

### Defined Benefit Plan

In March 2011, the Hospital approved a soft freeze for its defined benefit pension plan, effective October 2011. No new participants will be admitted to the plan; however, current participants will stay in the plan and accrue benefits. Pension benefits vest after five years of service and are based on years of service and average salary as defined by the plan. The Hospital's funding policy is to contribute funds to a trust as necessary to provide for current service and for any unfunded projected benefit obligation over a reasonable period. Employer contributions for the year ended September 30, 2011, were $0; benefits paid out were $2,508,620. The expected contributions for the year ending September 30, 2012, are $282,449. There are no expected refunds of previously made contributions.

The components of the net periodic pension cost for the year ended September 30, 2011, are as follows:

| | |
|---|---|
| Service Cost | 2,974,562 |
| Interest Cost | 3,762,080 |
| Expected Return on Plan Assets | (3,541,406) |
| Amortization of Prior Service Cost | 5,405 |
| Amortization of Net Loss | 850,895 |
| **Net Periodic Pension Cost** | **4,051,536** |

As of September 30, 2011, the following weighted-average assumptions have been used to determine net periodic pension cost and the benefit obligation:

| | |
|---|---|
| **Net Periodic Pension Cost** | |
| Discount Rate | 5.5% |
| Plan Asset Rate | 7.5% |
| Compensation Increases | 3% |
| **Benefit Obligation** | |
| Discount Rate | 5.5% |
| Rate of Compensation Increase | 2% |
| Measurement Date | 9/30 |

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

## 9. RETIREMENT PLAN - CONTINUED

### Defined Benefit Plan - Continued

The following table sets forth the change in projected benefit obligations, change in plan assets, and funded status of the plan for the year ended September 30, 2011 (measured as of September 30):

| | |
|---|---|
| **Change in Benefit Obligation** | |
| **Benefit Obligation, Beginning of Year** | 69,701,463 |
| Service Cost | 2,974,562 |
| Interest Cost | 3,762,080 |
| Actuarial (Gain) Loss | ( 3,926,278) |
| Benefits Paid | ( 2,508,620) |
| Other | ( 6,791,686) |
| **Benefit Obligation, End of Year** | **63,211,521** |
| **Change in Plan Assets** | |
| **Fair Value of Plan Assets, Beginning of Year** | 48,518,744 |
| Actual Return on Plan Assets | ( 625,406) |
| Employer Contributions | - |
| Benefits Paid | ( 2,508,620) |
| **Fair Value of Plan Assets, End of Year** | **45,384,718** |
| **Funded Status** | **(17,826,803)** |
| **Net Amount Recognized as a Non-Current Liability in the Balance Sheet** | **(17,826,803)** |

The accumulated benefit obligations were $63,211,521 at September 30, 2011.

| | |
|---|---|
| **Amounts Not Yet Reflected in Net Periodic Pension Cost and Included in Change in Unrestricted Net Assets** | |
| Prior Service Cost | 6,748,766 |
| Accumulated Gain (Loss) | (16,655,617) |
| **Accumulated Amounts Recognized** | **( 9,906,851)** |
| Cumulative Employer Contributions in Excess of Net Periodic Pension Cost | ( 7,919,952) |
| **Net Amount Recognized** | **(17,826,803)** |
| **Other Amounts Recognized in Change in Net Assets** | |
| Net (Gain) Loss Arising During Period | 240,534 |
| Amortization of Prior Service Cost | ( 5,405) |
| Amortization of Loss | ( 850,895) |
| Prior Service Cost (Credit) | (6,791,686) |
| **Total Recognized in Change in Net Assets** | **(7,407,452)** |

## 9. RETIREMENT PLAN - CONTINUED

### Defined Benefit Plan - Concluded

Prior service cost has been amortized on a straight-line basis over the average remaining service period of participants expected to receive benefits under the plan.

Unrecognized gains and losses in excess of 10% of the greater of the projected benefit obligation or market-related value of plan assets are amortized on a straight-line basis over the average remaining service period of participants expected to receive benefits under the plan.

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

| | |
|---|---|
| September 30, 2012 | 2,620,000 |
| September 30, 2013 | 2,660,000 |
| September 30, 2014 | 2,720,000 |
| September 30, 2015 | 2,900,000 |
| September 30, 2016 | 2,710,000 |
| September 30, 2017-2021 | 17,140,000 |
| | **30,750,000** |

The expected net periodic benefit cost for the upcoming year ending September 30, 2012, is as follows:

| | |
|---|---|
| **Components of Net Periodic Benefit Cost** | |
| Service Cost | 2,572,672 |
| Interest Cost | 3,404,584 |
| Expected Return on Plan Assets | (3,309,946) |
| Amortization of Net (Gain) Loss | 876,545 |
| Amortization of Prior Service Cost/(Credit) | ( 572,414) |
| **Net Periodic Benefit Cost** | **2,971,441** |
| **Weighted-Average Assumptions Used to Determine Net Periodic Benefit Cost** | |
| Discount Rate | 5.5% |
| Expected Long-Term Rate of Return | 7.5% |
| Rate of Compensation Increase | 2.0% |

These amounts represent the estimated portion of the net (gain) loss, transition (asset) obligation, and net prior service cost (credit) remaining in unrestricted net assets that is expected to be recognized as a component of net periodic benefit cost over the upcoming year.

The above calculations were made by the actuary for the plan, Principal Life Insurance Company, Atlanta, Georgia, and are based on assets of the T. J. Samson Community Hospital Retirement Trust. The plan is reported on using an end-of-the-year valuation date and benefit information.

### Defined Contribution Plans

The Hospital also sponsors a 403(b) plan covering substantially all full-time employees. For the year ended September 30, 2011, the Hospital made no contribution to the plan.

## 9. RETIREMENT PLAN - CONCLUDED

### Defined Contribution Plans - Concluded

Partners sponsor a 401(k) Plan covering substantially all of its employees. The plan includes an employer matching contribution of up to 5% of compensation. Employer and employee contributions are self-directed by plan participants. Employer contributions to the plan for the year ended September 30, 2011, were $115,914.

## 10. SELF-INSURANCE ACCRUALS

The Organization is self-insured up to certain limits for employee healthcare benefits. At September 30, 2011, the estimated liability accrued is $859,620. The Organization accounts for these costs through measurement of claims outstanding and projected payments. Such measurement requires the consideration of historical cost experience and judgments about the present and expected levels of cost per claim. The Organization believes the use of this method provides a consistent and effective way to measure this accrual. However, the use of any estimation technique is inherently sensitive, given the claims involved and the length of time until the ultimate cost is known. Changes in healthcare costs and other factors can materially affect the estimates for this liability.

## 11. FUNCTIONAL EXPENSES

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

| | |
|---|---|
| Health Care Services | 118,122,028 |
| General and Administrative | 11,029,544 |
| | **129,151,572** |

## 12. JOINT VENTURES

T.J. Samson Community Hospital, Inc., and Bowling Green-Warren County Community Hospital Corporation entered into a 50% ownership agreement in the Barren River Regional Cancer Center, Inc., on February 13, 2003. The Barren River Regional Cancer Center, Inc., is organized exclusively as a charitable organization, currently providing radiation oncology services for residents of Barren and surrounding counties.

The Ambulance Service Corporation, Inc., a non-stock, non-profit corporation, is a joint venture involving the following entities: Barren County, Kentucky; City of Glasgow, Kentucky; Metcalfe County, Kentucky; and T.J. Samson Community Hospital. A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain an ongoing financial interest or an ongoing financial responsibility. The purpose of this joint venture is to provide emergency medical care service and transportation to the citizens of Barren County, City of Glasgow, and Metcalfe County.

## 13. CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of temporary cash investments and accounts receivable. The Hospital places its temporary cash investments with various financial institutions and limits the amount of credit exposure to any one financial institution. Concentrations of credit risk with respect to receivables are limited due to the large number of accounts comprising the Hospital's patient base and their dispersion across different demographic and geographic groups. However, approximately 72% of inpatient days for the year ended September 30, 2011, were for Medicare and Medicaid recipients.

## 14. COMMITMENTS AND CONTINGENCIES

From time to time, the Hospital is named as a defendant in court cases involving various claims. According to correspondence from the Hospital's legal counsel, there are several cases pending at this time. The Hospital and its insurance carriers are defending the claims. It is impossible to predict if the Hospital will have any liability beyond its policy limits.

The Hospital is committed under various agreements from time to time in the normal course of business. One significant commitment at September 30, 2011, is for anesthesiology services. A contract with Anesthesiology Associates of Glasgow, PSC, requires annual payments of $300,000 for the primary term, which expired August 31, 2009, it is renewable from year-to-year.

The Center for Medicare and Medicaid Services (CMS) has contracted with four Recovery Audit Contractors (RACs) to conduct recovery audits for improper Medicare payments from healthcare providers throughout the United States. A demonstration project from 2005 - 2008 covering six states resulted in $900 million in improper payments being returned to Medicare, while $38 million in underpayments were refunded to healthcare providers. CGI is the RAC for Region B, which includes Kentucky. Healthcare providers have had some automated reviews and requests for medical records. Reviews may take place of any Medicare services paid as of October 1, 2007. At this time, there is no definitive way to estimate the potential financial risk to T. J. Regional Health, Inc.. Policies and procedures are in place to accept and respond to requests and to prepare appeals on denied claims. Various risk areas already evaluated have not revealed significant weaknesses.

The Hospital has received notification from the Office of Inspector General (OIG) of a potential civil monetary penalty following an administrative action and subsequent resolution by Centers for Medicare and Medicaid Services (CMS). The Hospital's attorneys are negotiating with OIG; however, the amount of any penalty is undetermined at this time.

The Hospital has entered into a contract with Siemens Medical Solutions USA, Inc. Under the agreement, Siemens will provide information systems operations managed services, including equipment, software, and support, as well as personnel. As a part of the transition, the managed services have replaced the Hospital's HIS department. The contract requires equipment and software costs in the approximate amount of $5.2 million, to be paid upon delivery, which is expected to be within the next year. In addition, the Managed Services Agreement will require payments over the next eleven years of $2 - $3 million annually. The new system will enable the Hospital to comply with recent changes in Medicare requirements. Subject to timely completion and approval, the Hospital expects to be compensated by Medicare for approximately $5.6 million.

## 15. SUBSEQUENT EVENTS

The Hospital is in the process of refinancing its Series 1998 bonds, issued in March 2000. The remaining bonds in the amount of $10,110,000, less a reserve account balance of $2 million, will be refinanced at a lower interest rate. The new debt will be payable over the term of the original issue.

Management has evaluated subsequent events through February 21, 2012, the date the financial statements were available to be issued.

# TAYLOR, POLSON & COMPANY, PSC

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## INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

Board of Trustees
T. J. Regional Health, Inc.
Glasgow, Kentucky

We have audited the consolidated financial statements of T. J. Regional Health, Inc., as of and for the year ended September 30, 2011, and our report dated February 21, 2012, which expressed an unqualified opinion on those financial statements, appears on Page 3. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information on Pages 25-31 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual entities, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Taylor, Polson & Company, PSC

Certified Public Accountants

February 21, 2012

SUPPLEMENTARY INFORMATION

T. J. REGIONAL HEALTH, INC.
CONSOLIDATING BALANCE SHEET
SEPTEMBER 30, 2011

ASSETS

| | T.J. Regional Health, Inc. |
|---|---|
| **CURRENT ASSETS** | |
| Cash | 872 |
| Investments | - |
| Patient Accounts Receivable, Net | - |
| Estimated Third-Party Payor Settlements | - |
| Other Receivables | - |
| Inventories | - |
| Prepaid Expenses | - |
| Notes and Interest Receivable | - |
| **Total Current Assets** | 872 |
| **ASSETS LIMITED AS TO USE** | |
| Internally Designated - Depreciation Fund | - |
| Held by Trustee - Bond fund | - |
| **Total Assets Limited as to Use** | 0 |
| **PROPERTY, PLANT, AND EQUIPMENT** | |
| Land | - |
| Land Improvements | - |
| Buildings | - |
| Building Improvements | - |
| Fixed Equipment | - |
| Movable Equipment | 316,174 |
| Construction in Progress | - |
| | 316,174 |
| Accumulated Depreciation | ( 64,984) |
| **Net Property, Plant, and Equipment** | 251,190 |
| **OTHER ASSETS** | |
| Equity Interests | |
| Investment in Subsidiary | 4,055,450 |
| Barren River Regional Cancer Center, Inc. | - |
| Premier LLP | - |
| Intangibles | 207,092 |
| Due from Subsidiary | - |
| Deposits and Advances | - |
| Physician Contracts | - |
| **Total Other Assets** | 4,262,542 |
| **TOTAL ASSETS** | 4,514,604 |

| T.J. Samson Community Hospital | T.J. Health Partners, LLC | Eliminations | Total |
|---|---|---|---|
| 2,396,064 | 348,089 | - | 2,745,025 |
| 10,107,798 | - | - | 10,107,798 |
| 21,634,922 | 1,734,634 | - | 23,369,556 |
| 625,068 | - | - | 625,068 |
| 148,604 | - | - | 148,604 |
| 2,289,884 | 55,833 | - | 2,345,717 |
| 1,422,723 | 133,250 | - | 1,555,973 |
| 3,329 | - | - | 3,329 |
| **38,628,392** | **2,271,806** | **0** | **40,901,070** |
| 36,923,191 | - | - | 36,923,191 |
| 31,428,083 | - | - | 31,428,083 |
| **68,351,274** | **0** | **0** | **68,351,274** |
| 1,961,573 | - | - | 1,961,573 |
| 1,653,940 | - | - | 1,653,940 |
| 19,750,954 | - | - | 19,750,954 |
| 13,849,651 | - | - | 13,849,651 |
| 23,861,560 | - | - | 23,861,560 |
| 62,247,192 | - | - | 62,563,366 |
| 5,295,771 | - | - | 5,295,771 |
| **128,620,641** | **0** | **0** | **128,936,815** |
| ( 86,682,386) | - | - | ( 86,747,370) |
| **41,938,255** | **0** | **0** | **42,189,445** |
| - | - | (4,055,450) | - |
| 3,270,466 | - | - | 3,270,466 |
| 93,361 | - | - | 93,361 |
| - | - | - | 207,092 |
| 1,342,473 | - | (1,342,473) | - |
| 2,596,293 | - | - | 2,596,293 |
| 1,031,303 | 589,075 | - | 1,620,378 |
| **8,333,896** | **589,075** | **(5,397,923)** | **7,787,590** |
| **157,251,817** | **2,860,881** | **(5,397,923)** | **159,229,379** |

T. J. REGIONAL HEALTH, INC.
CONSOLIDATING BALANCE SHEET - CONCLUDED
SEPTEMBER 30, 2011

## LIABILITIES AND NET ASSETS

| | T.J. Regional Health, Inc. |
|---|---|
| **CURRENT LIABILITIES** | |
| Accounts Payable | - |
| Accrued Wages | - |
| Accrued Vacation Pay | - |
| Accrued Health Insurance | - |
| Payroll Withholdings | - |
| Provider Tax Payable | - |
| Estimated Third-Party Payor Settlements | - |
| Other Liabilities | - |
| Current Portion of Capital Lease | - |
| Current Portion of Bonds Payable | - |
| Accrued Interest on Bonds | - |
| **Total Current Liabilities** | 0 |
| **NON-CURRENT LIABILITIES** | |
| Capital Lease Payable, Net of Current Portion | - |
| Bonds Payable, Net of Current Portion | - |
| Due to Subsidiary | - |
| Accrued Pension Costs | - |
| **Total Non-Current Liabilities** | 0 |
| **TOTAL LIABILITIES** | 0 |
| **NET ASSETS** | |
| Unrestricted | |
| Internally Designated for Capital Acquisition and Debt Retirement | - |
| Undesignated | 4,514,604 |
| **TOTAL NET ASSETS** | **4,514,604** |
| **TOTAL LIABILITIES AND NET ASSETS** | **4,514,604** |

| T.J. Samson Community Hospital | T.J. Health Partners, LLC | Eliminations | Total |
|---|---|---|---|
| 3,504,849 | 143,195 | - | 3,648,044 |
| 1,230,161 | 454,228 | - | 1,684,389 |
| 1,806,498 | 587,077 | - | 2,393,575 |
| 859,620 | - | - | 859,620 |
| 221,738 | 33,680 | - | 255,418 |
| 178,645 | - | - | 178,645 |
| 1,252,017 | - | - | 1,252,017 |
| 32,868 | 416 | - | 33,284 |
| 49,980 | - | - | 49,980 |
| 1,230,000 | - | - | 1,230,000 |
| 4,631 | - | - | 4,631 |
| **10,371,007** | **1,218,596** | **0** | **11,589,603** |
| 8,330 | - | - | 8,330 |
| 37,940,071 | - | - | 37,940,071 |
| - | 1,342,473 | (1,342,473) | - |
| 17,826,803 | - | - | 17,826,803 |
| **55,775,204** | **1,342,473** | **(1,342,473)** | **55,775,204** |
| **66,146,211** | **2,561,069** | **(1,342,473)** | **67,364,807** |
| 68,351,274 | - | - | 68,351,274 |
| 22,754,332 | 299,812 | (4,055,450) | 23,513,298 |
| **91,105,606** | **299,812** | **(4,055,450)** | **91,864,572** |
| **157,251,817** | **2,860,881** | **(5,397,923)** | **159,229,379** |

T. J. REGIONAL HEALTH, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2011

| | T.J. Regional Health, Inc. |
|---|---|
| **REVENUES AND OTHER SUPPORT** | |
| Net Patient Service Revenue | - |
| Other Revenue | 4,579,706 |
| **Total Revenues and Other Support** | **4,579,706** |
| **OPERATING EXPENSES** | |
| Salaries and Wages | - |
| Benefits | - |
| Contract Labor | - |
| Medical Supplies | - |
| Drugs | - |
| Food | - |
| Professional Services | - |
| Contract Services | - |
| Rents and Leases | - |
| Repairs and Maintenance | - |
| Utilities | - |
| Other Supplies | 118 |
| Travel | - |
| Dues and Subscriptions | - |
| Taxes | - |
| Bad Debt | - |
| Hospital Insurance | - |
| Depreciation | 64,984 |
| Miscellaneous | - |
| **Total Operating Expenses** | **65,102** |
| **INCOME FROM OPERATIONS** | **4,514,604** |
| **OTHER INCOME (EXPENSE)** | |
| Investment Income | - |
| Interest Expense | - |
| **Net Other Income (Expense)** | **0** |
| **REVENUES OVER (UNDER) EXPENSES** | **4,514,604** |
| Change in Funded Status of Pension Plan | - |
| Unrealized Loss on Investments | - |
| **INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS** | **4,514,604** |
| **NET ASSETS - BEGINNING OF YEAR** | - |
| **NET ASSETS - END OF YEAR** | **4,514,604** |

| T.J. Samson Community Hospital | T.J. Health Partners, LLC | Eliminations | Total |
|---|---|---|---|
| 122,881,007 | 4,794,200 | - | 127,675,207 |
| 2,796,029 | 12,901 | (4,579,706) | 2,808,930 |
| **125,677,036** | **4,807,101** | **(4,579,706)** | **130,484,137** |
| 46,669,458 | 5,556,471 | - | 52,225,929 |
| 13,503,446 | 1,355,456 | - | 14,858,902 |
| 117,377 | 2,701 | - | 120,078 |
| 8,635,538 | 1,359 | - | 8,636,897 |
| 5,212,799 | 106,993 | - | 5,319,792 |
| 729,474 | 3,673 | - | 733,147 |
| 3,718,057 | 58,883 | - | 3,776,940 |
| 5,204,210 | 500,874 | - | 5,705,084 |
| 840,919 | 260,861 | - | 1,101,780 |
| 3,725,821 | 100,353 | - | 3,826,174 |
| 1,921,963 | 67,727 | - | 1,989,690 |
| 7,497,579 | 234,129 | - | 7,731,826 |
| 670,909 | 42,285 | - | 713,194 |
| 246,259 | 18,666 | - | 264,925 |
| 2,211,820 | 3,784 | - | 2,215,604 |
| 11,801,701 | - | - | 11,801,701 |
| 977,302 | 168,508 | - | 1,145,810 |
| 5,758,552 | - | - | 5,823,536 |
| 5,399,801 | 76,222 | (4,579,706) | 896,317 |
| **124,842,985** | **8,558,945** | **(4,579,706)** | **128,887,326** |
| **834,051** | **(3,751,844)** | **0** | **1,596,811** |
| 1,307,765 | - | - | 1,307,765 |
| ( 260,452) | ( 3,794) | - | ( 264,246) |
| **1,047,313** | **( 3,794)** | **0** | **1,043,519** |
| **1,881,364** | **(3,755,638)** | **0** | **2,640,330** |
| 7,407,452 | - | - | 7,407,452 |
| ( 322,560) | - | - | ( 322,560) |
| **8,966,256** | **(3,755,638)** | **0** | **9,725,222** |
| 82,139,350 | - | - | 82,139,350 |
| **91,105,606** | **(3,755,638)** | **0** | **91,864,572** |

T. J. SAMSON COMMUNITY HOSPITAL
STATEMENTS OF ACTIVITIES
SEPTEMBER 30, 2011 AND 2010

| | 9-30-11 | 9-30-10 |
|---|---|---|
| **REVENUES AND OTHER SUPPORT** | | |
| Net Patient Service Revenue | 122,881,007 | 115,838,633 |
| Other Revenue | 2,796,029 | 1,847,857 |
| **Total Revenues and Other Support** | **125,677,036** | **117,686,490** |
| **OPERATING EXPENSES** | | |
| Salaries and Wages | 46,669,458 | 47,074,065 |
| Benefits | 13,503,446 | 12,658,027 |
| Contract Labor | 117,377 | 44,826 |
| Medical Supplies | 8,635,538 | 7,061,092 |
| Drugs | 5,212,799 | 5,208,559 |
| Food | 729,474 | 668,724 |
| Professional Services | 3,718,057 | 3,339,022 |
| Contract Services | 5,204,210 | 5,393,236 |
| Rents and Leases | 840,919 | 1,078,992 |
| Repairs and Maintenance | 3,725,821 | 3,342,188 |
| Utilities | 1,921,963 | 2,000,426 |
| Other Supplies | 7,497,579 | 6,927,649 |
| Travel | 670,909 | 536,801 |
| Dues and Subscriptions | 246,259 | 277,739 |
| Taxes | 2,211,820 | 2,203,364 |
| Bad Debt | 11,801,701 | 8,594,402 |
| Hospital Insurance | 977,302 | 1,279,491 |
| Depreciation | 5,758,552 | 5,543,288 |
| Miscellaneous | 5,399,801 | 709,651 |
| **Total Operating Expenses** | **124,842,985** | **113,941,542** |
| **INCOME FROM OPERATIONS** | **834,051** | **3,744,948** |
| **OTHER INCOME (EXPENSE)** | | |
| Investment Income | 1,307,765 | 1,642,819 |
| Interest Expense | ( 260,452) | ( 257,384) |
| **Net Other Income** | **1,047,313** | **1,385,435** |
| **REVENUES OVER EXPENSES** | **1,881,364** | **5,130,383** |
| Change in Funded Status of Pension Plan | 7,407,452 | ( 7,050,340) |
| Unrealized Gain on Investments | ( 322,560) | 457,969 |
| **INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS** | **8,966,256** | **( 1,461,988)** |
| **NET ASSETS - BEGINNING OF YEAR** | 82,139,350 | 83,601,338 |
| **NET ASSETS - END OF YEAR** | **91,105,606** | **82,139,350** |