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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

2011

Open to Public Inspection

A For the 2011 calendar year, or tax year beginning 01-01-2011 and ending 12-31-2011

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

C Name of organization
AUGUSTA HEALTH CARE INC

Doing Business As
AUGUSTA HEALTH

Number and street (or P O box if mail is not delivered to street address) | Room/suite
PO BOX 1000

City or town, state or country, and ZIP + 4
FISHERSVILLE, VA 22939

D Employer identification number
54-1453954

E Telephone number
(540)932-4685

G Gross receipts $ 277,635,887

F Name and address of principal officer
MARY MANNIX
PO BOX 1000
FISHERSVILLE,VA 22939

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 AUGUSTAHEALTH COM

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1988 | **M** State of legal domicile VA

Part I Summary

1 Briefly describe the organization's mission or most significant activities
PROVISION OF FULL SERVICE HEALTHCARE

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**	15
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	12
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	2,340
6	Total number of volunteers (estimate if necessary)	**6**	330
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	4,794,696
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	577,799	279,819
	9 Program service revenue (Part VIII, line 2g)	255,784,985	261,953,944
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	13,743,914	11,789,808
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	3,381,705	2,902,225
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	273,488,403	276,925,796
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	253,782	136,272
	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)	101,522,021	105,541,325
	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–24e)	128,169,025	130,925,137
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	229,944,828	236,602,734
	19 Revenue less expenses Subtract line 18 from line 12	43,543,575	40,323,062

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	375,320,646	401,544,037
	21 Total liabilities (Part X, line 26)	70,947,788	79,762,414
	22 Net assets or fund balances Subtract line 21 from line 20	304,372,858	321,781,623

Part II Signature Block

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

Sign Here

****** 2012-11-08
Signature of officer — Date

JOHN HEIDER CFO
Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶ AMY BIBBY | Date | Check if self-employed ▶☐ | Preparer's taxpayer identification number (see instructions) P00445891

Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ DIXON HUGHES GOODMAN LLP
500 RIDGEFIELD COURT
ASHEVILLE, NC 28806

EIN ▶ 56-0747981

Phone no ▶ (828) 254-2254

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

Part III **Statement of Program Service Accomplishments**

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

1 Briefly describe the organization's mission

THE MISSION OF AUGUSTA HEALTH IS TO PROMOTE THE HEALTH AND WELL-BEING OF OUR COMMUNITY THROUGH ACCESS TO EXCELLENT CARE

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 organization's program service accomplishments for each of its three largest program services, as measured 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 $ 214,036,995 including grants of $ 136,272) (Revenue $ 257,509,749)

AUGUSTA HEALTH CARE, INC IS A 501(C)(3) ORGANIZATION DOING BUSINESS AS AUGUSTA HEALTH THE ORGANIZATION INCLUDES A MEDICAL CENTER WITH 255 INPATIENT BEDS, AN EMERGENCY DEPARTMENT TREATING APPROXIMATELY 59,000 COMMUNITY MEMBERS PER YEAR, A STATE OF THE ART CANCER CENTER PROVIDING TAILOR-MADE COMPREHENSIVE CARE INCLUDING MEDICAL ONCOLOGY AND RADIATION ONCOLOGY, A HOME HEALTH AND HOSPICE PROGRAM SERVING PATIENTS WHO WISH TO REMAIN AT HOME DURING THEIR TREATMENT OR FINAL DAYS, A WOUND HEALING CLINIC PROVIDING A COMPREHENSIVE TREATMENT REGIMEN FOR CHRONIC NON-HEALING WOUNDS, AND A SKILLED NURSING UNIT PROVIDING COMPREHENSIVE REHABILITATION FOR PATIENTS RECOVERING FROM ORTHOPEDIC SURGERY THE CAMPUS OF AUGUSTA HEALTH IS DESIGNED TO PROVIDE NOT ONLY HOSPITAL SERVICES BUT COMMUNITY ORIENTED SERVICES THE CAMPUS INCLUDES THE HOSPITAL PROPER, A MAJOR FITNESS CENTER, AN EDUCATIONAL BUILDING THAT HOUSES AUGUSTA HEALTH EDUCATIONAL SERVICES, A BRANCH OF A LOCAL COMMUNITY COLLEGE, A COMMUNITY BUILDING WITH LARGE CONFERENCE ROOMS AVAILABLE TO OTHER COMMUNITY ORGANIZATIONS, AND A BEHAVIORAL HEALTH BUILDING FOR THE PROVISION OF OUTPATIENT PSYCHIATRIC AND SUBSTANCE ABUSE SERVICES THIS WIDE RANGE OF FACILITIES HELPS TO SUPPORT AUGUSTA HEALTH'S VISION OF PROVIDING THE COMMUNITY WITH A FULL CONTINUUM OF HEALTH AND COMMUNITY SERVICES AUGUSTA HEALTH'S NET COMMUNITY BENEFIT FOR 2011 IS ESTIMATED TO BE $15,389,595 THIS BENEFIT CAN BE CATEGORIZED AS FOLLOWS CHARITY - $12,550,454 COMMUNITY HEALTH SERVICES - 722,844 HEALTH PROFESSIONAL EDUCATION - 209,171 SUBSIDIZED HEALTH SERVICES - 1,561,779 CASH & IN-KIND CONTRIBUTIONS - 345,347

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

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

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses** ▶ $ 214,036,995

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 instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which 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 temporarily restricted endowments, permanent endowments, 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	Yes	
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c	Yes	
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	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		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, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Part I*	14b	Yes	
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, Part 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, Part 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*	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.** All Form 990 filers that operated one or more hospitals must attach audited financial statements	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer questions 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**	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? *If "Yes," complete Schedule L, Part IV*	**28c**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	**35a**	Yes	
b	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*	**35b**	Yes	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	**1a**	234		
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**	2,340		
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 or securities account)?			**4a** Yes	
b	If "Yes," enter the name of the foreign country ▶ CJ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			**5a**	No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			**5b**	No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			**5c**	
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			**6a**	No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			**6b**	
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			**7a**	No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b**	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			**7c**	No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			**7e**	No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			**7f**	No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			**7g**	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			**7h**	
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			**8**	
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?			**9a**	
b	Did the organization make a distribution to a donor, donor advisor, or related person?			**9b**	
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	**10a**			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	**11a**			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	**11b**			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			**12a**	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state			**13a**	
b	Enter the aggregate 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 aggregate 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	15		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	12		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .		3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		4	Yes	
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .		5		No
6	Did the organization have members or stockholders?		6		No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		7a		No
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		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	Did the organization have local chapters, branches, or affiliates?	10a		No
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b		
11a	Has the organization provided a complete 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 the Form 990			
12a	Did the organization have a written conflict of interest policy? *If "No," go to line 13*	12a	Yes	
b	Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	12c	Yes	
13	Did the organization have a written whistleblower policy?	13	Yes	
14	Did 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," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b		No

Section C. Disclosure

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

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

SARAH HASH-RODGERS
159 MEDICAL CENTER DRIVE
FISHERSVILLE,VA 22939
(540)932-4685

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, or 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 organizations compensated any current or former officer, director, or trustee

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										

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 (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										
1b **Sub-Total**										
c **Total from continuation sheets to Part VII, Section A**										
d **Total (add lines 1b and 1c)**								4,213,204	0	455,345

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 17

			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 Report compensation for the calendar year ending with or within the organization's tax year

(A) Name and business address	(B) Description of services	(C) Compensation
SHENANDOAH SHARED HOSPITAL SERVICES 235 CANTRELL AVE HARRISONBURG, VA 22801	RADIOLOGY SERVICES	6,588,472
VALIANCE 304 NEFF AVE HARRISONBURG, VA 22801	RADIATION ONCOLOGY SERVICES	2,428,071
HEMATOLOGY ONCOLOGY PATIENT ENTERPRISES 459 LOCUST AVENUE CHARLOTTESVILLE, VA 22902	ONCOLOGY SERVICES	1,692,826
SODEXO INC & AFFILIATES PO BOX 536922 ATLANTA, GA 30353	FOOD SERVICES MANAGEMENT	1,439,057
G4S SECURE SOLUTIONS PO BOX 277469 ATLANTA, GA 30384	SECURITY SERVICES	961,457

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 29

Part VIII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . 1a				
	b	Membership dues 1b				
	c	Fundraising events 1c				
	d	Related organizations . . . 1d				
	e	Government grants (contributions) 1e				
	f	All other contributions, gifts, grants, and similar amounts not included above 1f 279,819				
	g	Noncash contributions included in lines 1a-1f $				
	h	**Total.** Add lines 1a-1f . . . . . ▶	279,819			
Program Service Revenue		Business Code				
	2a	NET PATIENT SERVICE RE	621400	248,405,271	248,405,271	
	b	RETAIL PHARMACY	446110	4,835,773	3,102,812	1,732,961
	c	DME	621400	3,709,887	3,466,528	243,359
	d	FITNESS CENTER	713940	2,292,265	1,065,904	1,226,361
	e	CAFETERIA/VENDING	722210	1,241,514		1,241,514
	f	All other program service revenue		1,469,234	1,469,234	
	g	**Total.** Add lines 2a–2f . . . . . ▶		261,953,944		
	3	Investment income (including dividends, interest and other similar amounts) . . . . . ▶		12,039,864		12,039,864
	4	Income from investment of tax-exempt bond proceeds . . ▶				
	5	Royalties . . . . . ▶				
		(i) Real / (ii) Personal				
	6a	Gross rents 1,111,276				
	b	Less rental expenses 460,035				
	c	Rental income or (loss) 651,241				
	d	Net rental income or (loss) . . . . . ▶	651,241			651,241
		(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory				
	b	Less cost or other basis and sales expenses 250,056				
	c	Gain or (loss) -250,056				
	d	Net gain or (loss) . . . . . ▶	-250,056			-250,056
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . . a				
	b	Less direct expenses . . . b				
	c	Net income or (loss) from fundraising events . . ▶				
	9a	Gross income from gaming activities See Part IV, line 19 . . . a				
	b	Less direct expenses . . . b				
	c	Net income or (loss) from gaming activities . . ▶				
	10a	Gross sales of inventory, less returns and allowances . a				
	b	Less cost of goods sold . . b				
	c	Net income or (loss) from sales of inventory . . ▶				
		Miscellaneous Revenue / Business Code				
	11a	SPA & FOOD COURT 722320	1,513,558		1,417,268	96,290
	b	TELEPHONE ANSWERING 900099	142,087		142,087	
	c	AFFILIATED REVENUES 900099	137,732			137,732
	d	All other revenue	457,607		32,660	424,947
	e	**Total.** Add lines 11a–11d . . . . . ▶	2,250,984			
	12	**Total revenue.** See Instructions . . . ▶	276,925,796	257,509,749	4,794,696	14,341,532

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

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 United States See Part IV, line 21	136,272	136,272		
2	Grants and other assistance to individuals in the United States See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	3,724,345	222,611	3,501,734	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	316,376		316,376	
7	Other salaries and wages	80,076,334	74,152,525	5,923,809	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	3,378,713	2,987,411	391,302	
9	Other employee benefits	12,055,662	10,659,450	1,396,212	
10	Payroll taxes	5,989,895	5,296,182	693,713	
11	Fees for services (non-employees)				
a	Management	1,070,367		1,070,367	
b	Legal	682,329		682,329	
c	Accounting	99,275		99,275	
d	Lobbying	9,115		9,115	
e	Professional fundraising *See Part IV, line 17* . .				
f	Investment management fees				
g	Other	19,294,940	14,476,419	4,818,521	
12	Advertising and promotion	1,118,047	20,120	1,097,927	
13	Office expenses	34,616,985	33,070,624	1,546,361	
14	Information technology	1,039,010	989,423	49,587	
15	Royalties . .				
16	Occupancy	4,674,606	4,674,606		
17	Travel	450,598	443,828	6,770	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	441,148	159,249	281,899	
20	Interest	1,576,607	1,576,607		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	12,742,413	12,742,413		
23	Insurance	1,108,432	1,108,432		
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	COST OF DRUGS SOLD	26,350,754	26,350,754		
b	BAD DEBT EXPENSE	14,950,193	14,950,193		
c	PHYSICIAN FEES	6,265,056	6,265,056		
d	MISCELLANEOUS EXPENSE	2,222,800	1,888,351	334,449	
e					
f	All other expenses	2,212,462	1,866,469	345,993	
25	**Total functional expenses.** Add lines 1 through 24f	236,602,734	214,036,995	22,565,739	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		16,375,231	1	35,551,770
	2	Savings and temporary cash investments			2	
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		29,191,815	4	25,885,395
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net		278,104	7	63,760
	8	Inventories for sale or use		5,044,782	8	5,379,568
	9	Prepaid expenses and deferred charges		1,534,824	9	1,595,868
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 251,399,543			
	b	Less accumulated depreciation	10b 151,436,537	102,506,751	10c	99,963,006
	11	Investments—publicly traded securities		207,800,714	11	198,575,303
	12	Investments—other securities See Part IV, line 11		11,473,682	12	22,308,395
	13	Investments—program-related See Part IV, line 11			13	10,936,050
	14	Intangible assets			14	323,743
	15	Other assets See Part IV, line 11		1,114,743	15	961,179
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		375,320,646	16	401,544,037
Liabilities	17	Accounts payable and accrued expenses		35,107,950	17	43,995,024
	18	Grants payable			18	
	19	Deferred revenue		87,111	19	138,842
	20	Tax-exempt bond liabilities		35,190,000	20	32,740,000
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*			21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		562,727	25	2,888,548
	26	**Total liabilities.** Add lines 17 through 25		70,947,788	26	79,762,414
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		300,252,552	27	318,058,032
	28	Temporarily restricted net assets		4,120,306	28	3,723,591
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		304,372,858	33	321,781,623
	34	Total liabilities and net assets/fund balances		375,320,646	34	401,544,037

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	276,925,796
2	Total expenses (must equal Part IX, column (A), line 25)	2	236,602,734
3	Revenue less expenses Subtract line 2 from line 1	3	40,323,062
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	304,372,858
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-22,914,297
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	321,781,623

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

2011

Open to Public Inspection

Name of the organization
AUGUSTA HEALTH CARE INC

Employer identification number
54-1453954

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 **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 IRC 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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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 (Explain in Part IV) Do not include gain or loss from the sale of capital assets						
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 2011 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 2010 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2011.** 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—2010.** 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—2011.** 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—2010.** 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 IRC 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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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 501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

15 Public Support Percentage for 2011 (line 8 column (f) divided by line 13 column (f))	15	
16 Public support percentage from 2010 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17 Investment income percentage for **2011** (line 10c column (f) divided by line 13 column (f))	17	
18 Investment income percentage from **2010** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2011.** 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—2010.** 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 explanation required by Part II, line 10; Part II, line 17a or 17b; or Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Explanation

Additional Data

Software ID:
Software Version:
EIN: 54-1453954
Name: AUGUSTA HEALTH CARE INC

Form 990, Special Condition Description:

Special Condition Description

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
REV JOHN C PETERSON CHAIRMAN	1 00	X		X				0	0	0
VICTOR M SANTOS VICE CHAIRMAN	1 00	X		X				0	0	0
MARY N MANNIX PRESIDENT & CEO	40 00	X		X				557,038	0	68,325
JOHN R HEIDER VICE PRESIDENT	40 00	X		X				349,473	0	42,848
ANN D MCPHERSON SECRETARY	1 00	X		X				0	0	0
WILLIAM L PFOST TREASURER	1 00	X		X				0	0	0
CHARLES F ANDERSON BOARD MEMBER	1 00	X						0	0	0
E STUART CROW BOARD MEMBER	1 00	X						0	0	0
JOHN B DAVIS BOARD MEMBER	1 00	X						0	0	0
WILLIAM FAULKENBERRY MD BOARD MEMBER	1 00	X						0	0	0
ROBERT G KNOWLES BOARD MEMBER	1 00	X						0	0	0
LAUREL L LANDES BOARD MEMBER	1 00	X						0	0	0
JOHN O MARSH MD BOARD MEMBER	1 00	X						0	0	0
BEVERLY S MORAN BOARD MEMBER	1 00	X						0	0	0
JOSEPH L RANZINI MD BOARD MEMBER	1 00	X						0	0	0
ARONA E RICHARD BOARD MEMBER	1 00	X						0	0	0
ROGER GILDERSLEEVE CHIEF MEDICAL INFORMATION OFFICER(THRU APRIL 2011)	40 00	X						220,676	0	1,935
GEORGE LINDBECK MD BOARD MEMBER (THRU APRIL 2011)	1 00	X						0	0	0
C RANDY ROBINSON MD BOARD MEMBER (THRU APRIL 2011)	1 00	X						0	0	0
DAVE DEERING VP OF SUPPORT SERVICES	40 00				X			319,515	0	52,912
FRED CASTELLO MD CHIEF MEDICAL OFFICER	40 00				X			376,326	0	43,055
KATHLEEN HEATWOLE VP OF PLANNING AND DEVELOPMENT	40 00				X			240,860	0	30,290
SUSAN KRZASTEK VP OF HUMAN RESOURCES	40 00				X			261,757	0	26,023
JANET MANGUN VP OF MEDICAL ADMINISTRATION	40 00				X			257,491	0	88,504
KAREN C CLARK VP OF PROFESSIONAL SERVICES	40 00				X			199,479	0	25,670

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
JAMES WILSON ASST VP FACILITIES	40 00				X			163,883	0	13,492
ELIZABETH CLINE VP/CNO	40 00				X			297,323	0	31,063
DOUGLAS HOLROYD PHARMACIST	40 00					X		152,905	0	6,466
CHARLOTTE MAIDEN RN - PACU	40 00					X		141,256	0	8,847
KRISTEN SAVOLA PHYSICIAN	40 00					X		404,557	0	6,125
STEPHEN HEDBURG PHARMACIST	40 00					X		137,255	0	6,062
JILL FISKE PHARMACIST	40 00					X		133,410	0	3,728

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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

2011

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, line 35c (Proxy Tax), then

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

Name of the organization	Employer identification number
AUGUSTA HEALTH CARE INC	54-1453954

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 on behalf of or in opposition to candidates for public office 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 (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)

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) 2008	(b) 2009	(c) 2010	(d) 2011	(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?	Yes		3,534
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV	Yes		18,544
j	Total lines 1c through 1i			22,078
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
EXPLANATION OF LOBBYING ACTIVITIES	PART II-B, LINE 1	THE HOSPITAL IS A MEMBER OF THE VIRGINIA HOSPITAL & HEALTHCARE ASSOCIATION (VHHA) THE VHHA ROUTINELY ENGAGES IN LOBBYING EFFORTS ON BEHALF OF ITS MEMBERSHIP BODY, AND A PORTION OF EACH MEMBER'S DUES ARE ALLOCATED TO THOSE LOBBYING EXPENDITURES FOR 2011, THE PORTION OF THE HOSPITAL'S DUES ALLOCATED TO LOBBYING WAS $ 18,544 ADDITIONALLY, MEMBERS OF THE BOARD AND THE EXECUTIVE STAFF ATTENDED DINNER WITH SEVERAL LEGISLATORS TO DISCUSS ISSUES AFFECTING HEALTHCARE ACROSS VIRGINA

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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, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
AUGUSTA HEALTH CARE INC

Employer identification number
54-1453954

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		3,228,598		3,228,598
b Buildings		78,491,712	48,957,852	29,533,860
c Leasehold improvements		9,962,295	6,130,602	3,831,693
d Equipment		156,566,682	96,348,083	60,218,599
e Other		3,150,256		3,150,256
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				99,963,006

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	10,955,663	C
(3) Other		
(A) OTHER INVESTMENTS	89,320	F
(B) HEDGE FUNDS	11,263,412	F
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶	22,308,395	

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
(1) UNAMORTIZED BOND ISSUANCE COSTS	961,179
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	961,179

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
OTHER LIABILITIES	2,678,222
UNAMORTIZED BOND DISCOUNT	210,326
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	2,888,548

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	276,925,796
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	236,602,734
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	40,323,062
4	Net unrealized gains (losses) on investments	4	-4,590,391
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	-287
8	Other (Describe in Part XIV)	8	-18,323,619
9	Total adjustments (net) Add lines 4 - 8	9	-22,914,297
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	17,408,765

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	252,606,092
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	-4,590,391		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIV)	2d	-19,593,041		
e	Add lines **2a** through **2d**			2e	-24,183,432
3	Subtract line **2e** from line **1**			3	276,789,524
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	136,272		
c	Add lines **4a** and **4b**			4c	136,272
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	276,925,796

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

1	Total expenses and losses per audited financial statements			1	236,056,752
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	312		
e	Add lines **2a** through **2d**			2e	312
3	Subtract line **2e** from line **1**			3	236,056,440
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	546,294		
c	Add lines **4a** and **4b**			4c	546,294
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	236,602,734

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
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	THE HOSPITAL, MEDICAL GROUP, AND FOUNDATION ARE EXEMPT FROM FEDERAL AND STATE INCOME TAXES ON INCOME DERIVED FROM ITS EXEMPT PURPOSE AS A NONPROFIT ORGANIZATION UNDER THE PROVISIONS OF SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE, ACCORDINGLY, THE ACCOMPANYING CONSOLIDATED FINANCIAL STATEMENTS DO NOT REFLECT A PROVISION OR LIABILITY FOR FEDERAL AND STATE INCOME TAX THE COMPANY HAS DETERMINED THAT IT DOES NOT HAVE ANY MATERIAL UNRECOGNIZED TAX BENEFITS OR OBLIGATIONS AS OF DECEMBER 31, 2011
PART XI, LINE 8 - OTHER ADJUSTMENTS		FOUNDATION'S UNREALIZED GAIN/LOSS 1,053,887 CHANGE IN FUNDED STATUS OF PENSION PLAN - 6,525,855 SHENANDOAH HOUSE NET CHANGE IN ASSETS -80,329 OTHER THAN TEMPORARY IMPAIRMENTS - 12,771,322 TOTAL TO SCHEDULE D, PART XI, LINE 8 - 18,323,619
PART XII, LINE 2D - OTHER ADJUSTMENTS		FOUNDATION UNRESTRICTED NET INCOME 114,158 CHANGE IN STATUS OF PENSION FUNDING -6,525,855 ADMIN FEES NOT INCLUDED IN REVENUE -410,022 OTHER THAN TEMPORARY IMPAIRMENTS -12,771,322
PART XII, LINE 4B - OTHER ADJUSTMENTS		GRANT EXPENSE NET W/ REVENUES 136,272
PART XIII, LINE 2D - OTHER ADJUSTMENTS		SHENANDOAH HOUSE EXPENSES 312
PART XIII, LINE 4B - OTHER ADJUSTMENTS		GRANTS AND ALLOCATIONS NET W/ REVENUES 136,272 ADMIN FEES 410,022

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SCHEDULE F (Form 990)

Department of the Treasury
Internal Revenue Service

Statement of Activities Outside the United States

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 14b, 15, or 16.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
AUGUSTA HEALTH CARE INC

Employer identification number
54-1453954

Part I General Information on Activities Outside the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 14b.

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

2 **For grantmakers.** Describe in Part V the organization's procedures for monitoring the use of grant funds outside the United States

3 Activites per Region (Use Part V if additional space is needed)

(a) Region	(b) Number of offices in the region	(c) Number of employees or agents in region or independent contractors	(d) Activities conducted in region (by type) (e g , fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for region/investments in region
CENTRAL AMERICA AND THE CARIBBEAN -			BUSINESS	PARTICIPATION IN CAPTIVE INSURANCE COMPANY	1,182,393
3a Sub-total	0	0			1,182,393
b Total from continuation sheets to Part I	0	0			0
c **Totals** (add lines 3a and 3b)	0	0			1,182,393

Part II **Grants and Other Assistance to Organizations or Entities Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 15, for any recipient who received more than $5,000. Check this box if no one recipient received more than $5,000 . . . . . ▶ ☐
Use Part V if additional space is needed.

1 (a) Name of organization	(b) IRS code section and EIN (if applicable)	(c) Region	(d) Purpose of grant	(e) Amount of cash grant	(f) Manner of cash disbursement	(g) Amount of of non-cash assistance	(h) Description of non-cash assistance	(i) Method of valuation (book, FMV, appraisal, other)

2 Enter total number of recipient organizations listed above that are recognized as charities by the foreign country, recognized as tax-exempt by the IRS, or for which the grantee or counsel has provided a section 501(c)(3) equivalency letter . . . . . ▶ _____

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

Part III **Grants and Other Assistance to Individuals Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 16. Use Part V if additional space is needed.

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

Part IV Foreign Forms

1	Was the organization a U S transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926 (see instructions for Form 926)*	☐ Yes	☑ No
2	Did the organization have an interest in a foreign trust during the tax year? *If " Yes," the organization may be required to file Form 3520 and/or Form 3520-A. (see instructions for Forms 3520 and 3520-A)*	☐ Yes	☑ No
3	Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with respect to Certain Foreign Corporations. (see instructions for Form 5471)*	☑ Yes	☐ No
4	Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see instructions for Form 8621)*	☐ Yes	☑ No
5	Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with respect to Certain Foreign Partnerships. (see instructions for Form 8865)*	☐ Yes	☑ No
6	Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report (see instructions for Form 5713).*	☐ Yes	☑ No

Part V Supplemental Information

Complete this part to provide the information (see instructions) required in Part I, line 2, and any additional information.

Identifier	ReturnReference	Explanation

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493317019352

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

2011

Open to Public Inspection

Name of the organization
AUGUSTA HEALTH CARE INC

Employer identification number
54-1453954

Part I Charity Care and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a charity care policy? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization had multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals ☐ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☐ 100% ☑ 150% ☐ 200% ☐ Other _____ %	3a	Yes	
b	Did the organization use FPG to determine eligibility for providing *discounted* care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care ☐ 200% ☑ 250% ☐ 300% ☐ 350% ☐ 400% ☐ Other _____ %	3b	Yes	
c	If the organization did 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 policy provide 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 charity care expenses exceed the budgeted amount?	5b		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		
6a	Did the organization prepare a community benefit reportduring the tax year?	6a	Yes	
6b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Charity Care and Certain Other Community Benefits at Cost

Charity Care 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 Charity care at cost (from Worksheet 1)			8,262,627	0	8,262,627	3 730 %
b Medicaid (from Worksheet 3, column a)			17,806,236	13,518,409	4,287,827	1 930 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Charity Care and Means-Tested Government Programs			26,068,863	13,518,409	12,550,454	5 660 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			722,844		722,844	0 330 %
f Health professions education (from Worksheet 5)			224,121	14,950	209,171	0 090 %
g Subsidized health services (from Worksheet 6)			8,933,154	7,371,375	1,561,779	0 700 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			345,347		345,347	0 160 %
j **Total** Other Benefits			10,225,466	7,386,325	2,839,141	1 280 %
k **Total.** Add lines 7d and 7j			36,294,329	20,904,734	15,389,595	6 940 %

Part II Community Building Activities Complete this table if the organization conducted any community building activities.

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing						
2	Economic development	1	15	2,145		2,145	0 %
3	Community support	2		9,007		9,007	0 %
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building						
7	Community health improvement advocacy	1		86		86	0 %
8	Workforce development						
9	Other						
10	**Total**	4	15	11,238		11,238	

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1			No
2	Enter the amount of the organization's bad debt expense	2	5,783,680		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	2,859,331		
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	72,223,943		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	79,718,844		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-7,494,901		
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	Did the organization have a written debt collection policy during the tax year?	9a	Yes		
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI	9b			No

Part IV Management Companies and Joint Ventures (see instructions)

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

Part V Facility Information

Section A. Hospital Facilities

(list in order of size 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	AUGUSTA HEALTH CARE INC 78 MEDICAL CENTER DR FISHERSVILLE,VA 22939	X	X					X		HOME HEALTH, SNF, PSYCH, DME, HOSPICE

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

AUGUSTA HEALTH CARE INC

Name of Hospital Facility:

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 1

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)			
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8	1		
If "Yes," indicate what the Needs Assessment describes (check all that apply)			
a ☐ A definition of the community served by the hospital facility			
b ☐ Demographics of the community			
c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d ☐ How data was obtained			
e ☐ The health needs of the community			
f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g ☐ The process for identifying and prioritizing community health needs and services to meet those needs			
h ☐ The process for consulting with persons representing the community's interests			
i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j ☐ Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ___			
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3		
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4		
5 Did the hospital facility make its Needs Assessment widely available to the public?	5		
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)			
a ☐ Hospital facility's website			
b ☐ Available upon request from the hospital facility			
c ☐ Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)			
a ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community			
b ☐ Execution of the implementation strategy			
c ☐ Development of a community-wide community benefit plan for the facility			
d ☐ Participation in community-wide community benefit plan			
e ☐ Inclusion of a community benefit section in operational plans			
f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g ☐ Prioritization of health needs in the community			
h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i ☐ Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7		
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that			
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	9	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 150 000000000000%			
If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

			Yes	No
10	Used FPG to determine eligibility for providing discounted care?	10	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 250 000000000000%			
	If "No," explain in Part VI the criteria the hospital facility used			
11	Explained the basis for calculating amounts charged to patients?	11	Yes	
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
	a ☑ Income level			
	b ☐ Asset level			
	c ☐ Medical indigency			
	d ☐ Insurance status			
	e ☐ Uninsured discount			
	f ☐ Medicaid/Medicare			
	g ☐ State regulation			
	h ☐ Other (describe in Part VI)			
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility?	13	Yes	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
	a ☑ The policy was posted at all times on the hospital facility's web site			
	b ☑ The policy was attached to all billing invoices			
	c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
	d ☑ The policy was posted in the hospital facility's admissions offices			
	e ☐ The policy was provided, in writing, to patients upon admission to the hospital facility			
	f ☑ The policy was available upon request			
	g ☐ Other (describe in Part VI)			

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
	a ☐ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments or arrests			
	e ☐ Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	16		No
	If "Yes," check all actions in which the hospital facility or a third party engaged			
	a ☐ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments			
	e ☐ Other similar actions (describe in Part VI)			
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply)			
	a ☐ Notified patients of the financial assistance policy upon admission			
	b ☐ Notified patients of the financial assistance policy prior to discharge			
	c ☐ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
	d ☐ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy			
	e ☐ Other (describe in Part VI)			

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

		Yes	No
18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	**18**	Yes	
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

Individuals Eligible for Financial Assistance

19 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b ☐ The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d ☐ Other (describe in Part VI)			
20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?	**20**		No
If "Yes," explain in Part VI			
21 Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient?	**21**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size 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		
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 descriptions 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, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21

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

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

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

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

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

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

Identifier	ReturnReference	Explanation
		PART I, LINE 7 FOR PURPOSES OF PART I, LINE 7(A) THE ORGANIZATION USED THE METHODS PROVIDED IN THE 2011 SCHEDULE H INSTRUCTIONS TO COMPUTE A COST-TO-CHARGES RATIO TO CONVERT CHARITY CARE WRITE-OFFS TO COST AMOUNTS REPORTED ON LINES 7(B) AND 7(G) WERE DERIVED FROM THE ORGANIZATION'S INTERNAL COST ACCOUNTING SYSTEM

Identifier	ReturnReference	Explanation
		PART I, LINE 7G INPATIENT BEHAVIORAL HEALTH SERVICES ACCOUNT FOR $998,960 OF THE NET COMMUNITY BENEFIT OF SUBSIDIZED SERVICES THESE SERVICES PROVIDE SHORT-TERM PSYCHIATRIC CARE FOR ADULTS AND GERIATRIC PATIENTS IN A SUPPORTIVE ENVIRONMENT WITH 24-HOUR NURSING CARE HOME HEALTH SERVICES PROVIDED BY THE ORGANIZATION CONTRIBUTED $218,306 IN NET COMMUNITY BENEFIT AUGUSTA HEALTH'S HOME HEALTH PROGRAM OFFERS SKILLED NURSING CARE, PHYSICAL THERAPY, OCCUPATIONAL THERAPY, SPEECH THERAPY, AND MEDICAL SOCIAL WORKERS AUGUSTA HEALTH ALSO PROVIDES DISCOUNTED PATIENT TRANSPORTATION, PROVDING A NET BENEFIT OF $344,513

Identifier	ReturnReference	Explanation
		PART I, L7 COL(F) TOTAL EXPENSES REPORTED ON FORM 990, PART IX, LINE 25 INCLUDES BAD DEBT IN THE AMOUNT OF $14,950,193 THIS AMOUNT FOR BAD DEBT HAS BEEN REMOVED FOR PURPOSES OF COMPUTING PERCENTAGE OF TOTAL EXPENSE ON SCHEDULE H, PART I, LINE 7, COL (F)

Identifier	ReturnReference	Explanation
		PART II THE PROGRAMS OF AHC COMMUNITY HEALTH FOUNDATION ADDRESS THE COMMUNITY BUILDING NEEDS IN 2001, THE BOARD OF AUGUSTA HEALTH RECOGNIZED THAT NO ONE ORGANIZATION ALONE COULD IMPACT THE COMMUNITY AND IMPROVE COMMUNITY HEALTH TO ADDRESS THE WIDE RANGE OF NEEDS, AUGUSTA HEALTH'S BOARD CREATED THE AHC COMMUNITY HEALTH FOUNDATION THE HOSPITAL BOARD AND THE FOUNDATION BOARD HAVE TAKEN A LEADERSHIP ROLE IN COORDINATING AND ORGANIZING COMMUNITY PARTNERSHIPS TO ADDRESS SYSTEMS THAT WILL LEAD TO A HEALTHIER COMMUNITY THE COMMUNITY HEALTH FORUM, THE AUGUSTA REGIONAL DENTAL CLINIC, THE WORKING ON WELLNESS PROGRAM (WOW), FIT FOR LIFE AND MENTORING THE NEXT GENERATION ARE ALL PROGRAMS THAT THE FOUNDATION AND THE HOSPITAL HAVE SUPPORTED OR INITIATED TO HELP CREATE AND SUSTAIN A HEALTHY COMMUNITY SPECIFICALLY FOR 2011, SENIOR LEADERS OF THE ORGANIZATION PARTICIPATED IN THE GREATER AUGUSTA CHAMBER OF COMMERCE AND IN VARIOUS COMMUNITY SERVICE ORGANIZATION BOARDS AND COMMITTEES THE ORGANIZATION ALSO HELD A MEETING WITH SCHOOL SYSTEM REPRESENTATIVES TO DISCUSS THE WORKING ON WELLNESS PROGRAM (WOW) WHICH PROVIDES NUTRITIONAL EDUCATION TO ELEMENTARY SCHOOL CHILDREN THROUGHOUT THE COMMUNITY

Identifier	ReturnReference	Explanation
		PART III, LINE 4 EXCERPT FROM 2011 FINANCIAL AUDIT, NOTE 1 PATIENT ACCOUNTS RECEIVABLE "PATIENT RECEIVABLES ARE RECORDED AT ESTABLISHED BILLING RATES WHEN PATIENT SERVICES ARE RENDERED ALLOWANCE FOR DOUBTFUL ACCOUNTS AND CONTRACTUAL ADJUSTMENTS ARE RECORDED AS DEDUCTIONS FROM PATIENT ACCOUNTS RECEIVABLE TO REDUCE RECORDED AMOUNTS TO THEIR NET REALIZABLE VALUE CONTRACTUAL ADJUSTMENTS REPRESENT THE DIFFERENCE BETWEEN ESTABLISHED BILLING RATES AND AMOUNTS REIMBURSED THE COMPANY PROVIDES AN ALLOWANCE FOR DOUBTFUL ACCOUNTS FOR ESTIMATED LOSSES RESULTING FROM THE UNWILLINGNESS OR INABILITY OF PATIENTS TO MAKE PAYMENTS FOR SERVICES THE ALLOWANCE IS DETERMINED BY ANALYZING HISTORICAL DATA AND TRENDS PATIENT ACCOUNTS RECEIVABLE ARE CHARGED OFF AGAINST THE ALLOWANCE FOR DOUBTFUL ACCOUNTS WHEN MANAGEMENT DETERMINES THAT RECOVERY IS UNLIKELY AND THE COMPANY CEASES COLLECTION EFFORTS "THE BAD DEBT AMOUNT LISTED IN PART III SECTION A, NUMBER 2 WAS CALCULATED USING WORKSHEET A ON PAGE 4 OF THE 2011 SCHEDULE H INSTRUCTIONS THE PORTION OF BAD DEBT ATTRIBUTABLE TO PATIENTS ELIGIBLE FOR FINANCIAL ASSISTANCE IS BASED ON DISCHARGES IN 2011 PATIENTS THAT WERE CLASSIFIED AS "SP" WERE UN-INSURED AND THEREFORE CONSIDERED WITHOUT RESOURCES THEIR ACCOUNT STATUS WAS "BD" MEANING THAT THE ACCOUNT WAS CONSIDERED UNCOLLECTABLE AT THE TIME OF THE REPORT

Identifier	ReturnReference	Explanation
		PART III, LINE 8 THE AREAS WITH THE LARGEST LOSSES WERE PSYCHIATRIC, SKILLED NURSING, REHAB, TRANSPORT, AND HOME HEALTH SERVICES THESE ARE ESSENTIAL SERVICES THAT BENEFIT THE COMMUNITY AUGUSTA HEALTH BELIEVES THAT 100% OF THE MEDICARE SHORTFALL IS A COMMUNITY BENEFIT THE COSTING METHOD USED IS THE METHOD GENERATED FROM THE MEDICARE COST REPORT

Identifier	ReturnReference	Explanation
		PART III, LINE 9B IF AT ANY TIME DURING THE COLLECTION PROCESS, IT IS DETERMINED THAT THE PATIENT QUALIFIES FOR CHARITY CARE OR FINANCIAL ASSISTANCE, THE ACCOUNT IS REMOVED FROM COLLECTION AND THE BALANCE IS ADJUSTED ACCORDINGLY

Identifier	ReturnReference	Explanation
AUGUSTA HEALTH CARE, INC		PART V, SECTION B, LINE 19D UTILIZED THE AVERAGE REIMBURSEMENT PERCENTAGE OF THREE LARGEST PAYORS TO CALCULATE THE DISCOUNT

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 THE AUGUSTA HEALTH FOUNDATION CONDUCTED A COMMUNITY NEEDS ASSESSMENT IN 2009 THE RESULT OF THE ASSESSMENT HAS BEEN A COOPERATIVE EFFORT BETWEEN AUGUSTA HEALTH CARE FOUNDATION, AUGUSTA HEALTH, AND OTHER NON-PROFIT ORGANIZATIONS IN THE AREA IN ADDRESSING SOME OF THE NEEDS IDENTIFIED IN THE STUDY EXAMPLES OF PARTNERSHIPS OR PROGRAMS THAT FOCUS ON COMMUNITY NEEDS ARE THE COMMUNITY HEATLH FORUM, THE AUGUSTA REGIONAL DENTAL CLINIC, WORKING ON WELLNESS PROGRAM, FIT FOR LIFE AND MENTORING THE NEXT GENERATION AS OF THIS FILING, THE ORGANIZATION IS WORKING ON ITS 2012 COMMUNITY HEALTH NEEDS ASSESSMENT

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 INFORMATION REGARDING FINANCIAL ASSISTANCE IS PRINTED ON THE BACK OF A PATIENT'S ACCOUNT STATEMENT, SIGNAGE ABOUT THE PROGRAM AND CONTACT INFORMATION IS PROVIDED THROUGHOUT THE HOSPITAL, AND THE FINANCIAL POLICY AND APPLICATIONS CAN BE DOWNLOADED FROM THE AUGUSTA HEALTH WEBSITE PRINTED BROCHURES ARE PRESENT IN THE AUGUSTA MEDICAL GROUP PHYSICIAN'S OFFICES, FINANCIAL COUNSELORS ARE ON-SITE TO DISCUSS THE PROGRAM, SOCIAL SERVICES PERSONNEL COMMUNICATE THE PROGRAM TO THEIR CLIENTS, AND THE HOSPITAL PROVIDES ON-SITE ASSISTANCE FOR MEDICAID QUALIFICATION TO PATIENTS AND MEMBERS OF THE COMMUNITY AT NO CHARGE

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 AUGUSTA HEALTH SERVES A LARGE RURAL AREA THE LAND AREA OF AUGUSTA COUNTY IS APPROXIMATELY 2,000 SQUARE MILES THE POPULATION OF THE COMBINED SERVICE AREA IS APPROXIMATELY 120,000 THE SERVICE AREA INCLUDES THE CITIES OF STAUNTON AND WAYNESBORO, THE COUNTY OF AUGUSTA, AND PORTIONS OF ALBEMARLE AND ROCKBRIDGE COUNTY CURRENTLY, OUR AREA HAS A HIGHER PERCENTAGE OF PERSONS LIVING BELOW THE POVERTY LEVEL THAN THE VIRGINIA STATE AVERAGE THE PRIMARY SERVICE AREA HAS AN INCREASING POPULATION OF ELDERLY WITH 16% OF THE POPULATION AT 65 OR OLDER COMPARED TO THE STATE AVERAGE OF 12% BY 2020, IT IS PROJECTED THAT THIS AGE GROUP WILL REFLECT 20% OF THE POPULATION IN THE SERVICE AREA, COMPARED TO THE STATE AVERAGE PROJECTION OF 15%

Identifier	ReturnReference	Explanation
		PART VI, LINE 5 THE AUGUSTA HEALTH BOARD OF DIRECTORS RECOGNIZES THAT THE HEALTH OF THE COMMUNITY IS MULTI-FACETED THE HEALTH OF THE COMMUNITY INVOLVES A WIDE RANGE OF SOCIAL, ECONOMIC, EDUCATIONAL, BEHAVIOR AND LIFE-STYLE ISSUES AUGUSTA HEALTH PARTICIPATES WITH OVER 110 AGENCIES AND ORGANIZATIONS IN THE COMMUNITY HEALTH FORUM BY DONATING STAFF SUPPORT AND RESOURCES TO COORDINATE THE MEETINGS THE GOALS OF THE FORUM ARE TO DETERMINE COMMUNITY NEEDS AND MEASURE RESULTS, IDENTIFY GAPS AND DUPLICATION IN SERVICES AND COORDINATE EFFORTS, FACILITATE COMMUNICATION AND EDUCATION AMONG ALL FORUM PARTICIPANTS ON COMMUNITY HEALTH NEEDS AUGUSTA HEALTH SUPPORTS SPECIAL SERVICES FOR PATIENTS WHICH ARE NOT BILLED TO THE PATIENT BUT IMPROVE THE HEALTHCARE EXPERIENCE FOR THE PATIENT THESE SUPPORT SERVICES INCLUDE SUPPORT GROUPS FOR STROKE PATIENTS, CANCER PATIENTS AND THOSE WITH CHRONIC DISEASE AND MENTAL ILLNESS, EDUCATIONAL PROGRAMS, FREE SCREENINGS FOR SKIN CANCER, HIGH BLOOD PRESSURE AND DIABETES, FREE ASSISTANCE IN QUALIFYING FOR MEDICAID, AND A LANGUAGE LINE THAT PROVIDES TRANSLATION FOR MORE THAN 140 LANGUAGES, 24 HOURS, 7 DAYS A WEEK BECAUSE A COMMUNITY HOSPITAL IS THE FIRST PLACE ONE TURNS DURING A DISASTER, AUGUSTA HEALTH FEELS THAT IT IS PART OF ITS MISSION AND OBLIGATION TO THE COMMUNITY TO BE READY AT ALL TIMES FOR ANY MAJOR COMMUNITY EMERGENCY AUGUSTA HEALTH IS AN ACTIVE PARTICIPANT WITH THE VIRGINIA DEPARTMENT OF HEALTH IN IDENTIFYING AND SUPPORTING REGIONAL AND STATE-WIDE DISASTER PREPAREDNESS AUGUSTA HEALTH HAS BEEN DESIGNATED AS AN ALTERNATE SITE FACILITY IN THE EVENT OF A STATE-WIDE DISASTER AS A COMMUNITY HOSPITAL, 100% OF THE SURPLUS GOES BACK INTO THE COMMUNITY THROUGH FACILITY UPGRADES, STATE OF THE ART EQUIPMENT PURCHASES, INCREASED PATIENT CARE SERVICES AND PATIENT CARE ACCESS POINTS THROUGHOUT THE SERVICE AREA, AS WELL AS PROVIDING SUPPORT TO OTHER LOCAL NON-PROFIT AGENCIES THAT COMPLIMENT AND/OR SUPPORT THE MISSION OF AUGUSTA HEALTH

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 THE ORGANIZATION IS NOT PART OF AN AFFILIATED HEALTH CARE SYSTEM

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

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
AUGUSTA HEALTH CARE INC

Employer identification number
54-1453954

Part I General Information on Grants and Assistance

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

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

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

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than $5,000. Check this box if no one recipient received more than $5,000. Use Part IV and Schedule I-1 (Form 990) if additional space is needed . . . . . ▶ ☐

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) VIRGINIA REGIONAL TRANSIT109 N BAILEY LANE PURCELLVILLE,VA 20132	62-1441965	501(C)(3)	49,708				FUNDING FOR PATIENT TRANSPORTATION
(2) WILDLIFE CENTER OF VIRGINIAPO BOX 1557 WAYNESBORO,VA 22980	54-1215402	501(C)(3)		26,186	COST	LAB TESTS	FREE LAB TESTING
(3) AUGUSTA REGIONAL FREE CLINIC INCPO BOX 153 FISHERVILLE,VA 22939	54-1651896	501(C)(3)	101,478	108,201	COST	LAB TESTS	FUNDING FOR FREE LAB TESTING & EMPLOYEE BENEFITS
(4) CENTRAL SHENANDOAH EMS COUNCILPO BOX 256 FISHERVILLE,VA 22939	54-1906904	501(C)(3)	10,000				FUNDING FOR COMMUNITY TRAINING
(5) BLUE RIDGE COMMUNITY COLLEGEPO BOX 80 WEYERS CAVE,VA 24486	54-1268283	501(C)(3)	30,000				FUNDS TO BE ALLOCATED TO THE NURSING PROGRAM

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . . ▶ 5

3 Enter total number of other organizations listed in the line 1 table . . . . . ▶

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

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

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

Identifier	Return Reference	Explanation
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 AUGUSTA HEALTH CONTRIBUTES TOWARD A STATE AND FEDERAL MATCHING GRANT TO VRTA CURRENTLY, AUGUSTA HEALTH SUBSIDIZES THE SHUTTLE OPERATION ALONG THE ROUTE 250 CORRIDOR BETWEEN WAYNESBORO AND STAUNTON THIS SERVICE IS VITAL TO THE RESIDENTS OF THE COMMUNITY AS FOR SOME, THIS IS THEIR ONLY MODE OF TRANSPORTATION TO AND FROM THE AUGUSTA HEALTH CAMPUS

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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

2011

Open to Public Inspection

Name of the organization
AUGUSTA HEALTH CARE INC

Employer identification number
54-1453954

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items			
	☐ First-class or charter travel	☐ Housing allowance or residence for personal use		
	☑ Travel for companions	☐ Payments for business use of personal residence		
	☐ Tax idemnification and gross-up payments	☐ Health or social club dues or initiation fees		
	☐ Discretionary spending account	☐ Personal services (e g , maid, chauffeur, chef)		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement orprovision of all the expenses described above? If "No," complete Part III to explain	**1b**	Yes	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**	Yes	
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply			
	☑ Compensation committee	☐ Written employment contract		
	☑ Independent compensation consultant	☐ Compensation survey or study		
	☐ Form 990 of other organizations	☑ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**	Yes	
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 Schedule J-1 if additional space 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) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, columns (D) and (E) for that individual

(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) MARY N MANNIX	(i)	442,986	96,552	17,500	59,002	9,323	625,363	114,052
	(ii)	0	0	0	0	0	0	0
(2) JOHN R HEIDER	(i)	282,060	41,226	26,187	35,125	7,723	392,321	58,772
	(ii)	0	0	0	0	0	0	0
(3) ROGER GILDERSLEEVE	(i)	210,548	0	10,128	0	1,935	222,611	0
	(ii)	0	0	0	0	0	0	0
(4) DAVE DEERING	(i)	236,075	22,500	60,940	47,487	5,425	372,427	50,548
	(ii)	0	0	0	0	0	0	0
(5) FRED CASTELLO MD	(i)	302,288	44,710	29,328	36,168	6,887	419,381	61,770
	(ii)	0	0	0	0	0	0	0
(6) KATHLEEN HEATWOLE	(i)	183,864	26,573	30,423	26,652	3,638	271,150	43,464
	(ii)	0	0	0	0	0	0	0
(7) SUSAN KRZASTEK	(i)	179,163	23,557	59,037	24,190	1,833	287,780	40,193
	(ii)	0	0	0	0	0	0	0
(8) JANET MANGUN	(i)	149,788	21,098	86,605	84,640	3,864	345,995	37,709
	(ii)	0	0	0	0	0	0	0
(9) KAREN C CLARK	(i)	162,299	24,896	12,284	17,097	8,573	225,149	37,180
	(ii)	0	0	0	0	0	0	0
(10) JAMES WILSON	(i)	139,121	12,556	12,206	9,670	3,822	177,375	19,566
	(ii)	0	0	0	0	0	0	0
(11) ELIZABETH CLINE	(i)	255,291	27,799	14,233	27,176	3,887	328,386	42,032
	(ii)	0	0	0	0	0	0	0
(12) DOUGLAS HOLROYD	(i)	137,077	10,438	5,390	3,501	2,965	159,371	10,438
	(ii)	0	0	0	0	0	0	0
(13) CHARLOTTE MAIDEN	(i)	135,806	395	5,055	3,508	5,339	150,103	395
	(ii)	0	0	0	0	0	0	0
(14) KRISTEN SAVOLA	(i)	404,557	0	0	6,125	0	410,682	0
	(ii)	0	0	0	0	0	0	0

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
	PART I, LINE 1A	ANNUALLY, AUGUSTA HEALTH HOLDS A LEADERSHIP RETREAT FOR BOARD MEMBERS, MEDICAL STAFF, SENIOR MANAGEMENT AND DIRECTORS SPOUSES ARE INVITED TO ATTEND THE RETREAT AT THE EXPENSE OF THE ORGANIZATION THE VALUE PLACED ON THE HOTEL/MEALS FOR THE TWO DAY PERIOD IS $245 PER PERSON
	PART I, LINE 4B	THE FOLLOWING INDIVIDUALS PARTICIPATED IN A SUPPLEMENTAL NON-QUALIFIED RETIREMENT PLAN FOR 2011, AS FOLLOWS THE AMOUNTS ARE REPRESENTED IN PART II, COLUMN (C) MARY MANNIX $ 36,377 JOHN HEIDER 12,500 DAVID DEERING 1,172 FRED CASTELLO 13,543 JANET MANGUN 219 KATHLEEN HEATWOLE 5,464 SUSAN KRZASTEK 3,339 ELIZABETH CLINE 4,551
	PART I, LINE 6	IN 2011, THE TOP EXECUTIVES OF AUGUSTA HEALTH WERE REQUIRED TO SET ANNUAL PERFORMANCE GOALS THAT ALIGNED WITH THE ORGANIZATION'S COMMITMENT TO EXCELLENCE THE GOALS WERE ESTABLISHED WITH FOCUS ON THE FOLLOWING SIX AREAS SERVICE, QUALITY, PEOPLE, FINANCE, GROWTH AND COMMUNITY EACH GOAL WAS REQUIRED TO HAVE MEASURABLE OUTCOMES AND REVIEWED AND APPROVED BY THE COMPENSATION COMMITTEE OF THE BOARD TO ENSURE THAT IT SUPPORTS THE ORGANIZATION'S QUEST FOR SERVICE AND OPERATIONAL EXCELLENCE WHILE NET EARNINGS WERE A CONSIDERATION IN THE AREA OF FINANCE, GOALS CENTERED AROUND SERVICE, QUALITY, PEOPLE, GROWTH AND COMMUNITY WERE EQUALLY CONSIDERED WHEN AWARDING INCENTIVE COMPENSATION THE COMPENSATION COMMITTEE OF THE BOARD REVIEWED THE YEAR-END ACCOMPLISHMENTS OF THE TOP EXECUTIVES AND AWARDED INCENTIVE COMPENSATION BASED ON THEIR ACTUAL PERFORMANCE AS COMPARED TO THE ESTABLISHED PERFORMANCE BENCHMARKS THESE AMOUNTS WERE ACCRUED TO THE INDIVIDUALS FOR THE 2011 REPORTING YEAR, BUT WERE NOT PAID OUT UNTIL 2012 IN 2012, THE AMOUNTS WILL APPEAR AS TAXABLE INCOME TO THE RECIPIENTS BONUS AMOUNTS THAT WERE EARNED IN 2011 AND PAID OUT IN 2012 ARE SHOWN IN COLUMN (B)(II) THE AMOUNTS ACCRUED IN 2011 FOR EACH EXECUTIVE ARE AS FOLLOWS MARY MANNIX $102,321 DAVID DEERING 28,170 FRED CASTELLO 53,701 JOHN HEIDER 51,838 KATHLEEN HEATWOLE 28,118 SUSAN KRZASTEK 25,186 KAREN CLARK 25,778 JAMES WILSON 13,496

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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

2011

Open to Public Inspection

Name of the organization
AUGUSTA HEALTH CARE INC

Employer identification number
54-1453954

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	INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF AUGUSTA VA	54-1311681	05112MCP8	12-17-2003	33,510,000	CURRENT REFUNDING		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	2,985,000			
2	Amount of bonds defeased				
3	Total proceeds of issue	38,384,615			
4	Gross proceeds in reserve funds	2,498,329			
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrow				
7	Issuance costs from proceeds	374,087			
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds				
11	Other spent proceeds	33,483,213			
12	Other unspent proceeds				
13	Year of substantial completion	1994			

		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?								
2	Are there any lease arrangements that may result in private business use of bond-financed property?								

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?								
b	If 'Yes' to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?								
d	If 'Yes' to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶								
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶								
6	Total of lines 4 and 5								
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?								

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 Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations . . . . . ☐ Yes ☑ No

Part VI Supplemental Information

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

Identifier	Return Reference	Explanation
SCHEDULE K, PART I, DESCRIPTION OF PURPOSE		THE SERIES 2003 BONDS WERE ISSUED FOR THE PURPOSE OF 1) REFUNDING THE ISSUER'S PRIOR SERIES 1993 BONDS, 2) FUNDING A DEBT SERVICE RESERVE FUND FOR THE SERIES 2003 BONDS, AND 3) PAYING COST OF ISSUANCE EXPENSES
SCHEDULE K, PART II, LINE 11, OTHER SPENT PROCEEDS		THE AMOUNTS PRESENT ON PART II, LINE 11 REPRESENT AMOUNTS USED TO CURRENTLY REFUND BONDS ISSUED IN 1993
SCHEDULE K, PART III		THE SERIES 2003 BONDS WERE ISSUED ENTIRELY TO REFUND A PRIOR ISSUE DATED BEFORE JANUARY 1, 2003 AND WERE NOT USED TO ACQUIRE NEW PROPERTY, THEREFORE, SCHEDULE K, PART III IS NOT REQUIRED TO BE COMPLETED FOR THIS ISSUE

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
AUGUSTA HEALTH CARE INC

Employer identification number
54-1453954

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of grant or type of assistance

Part IV **Business Transactions Involving Interested Persons.**

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

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

Part V **Supplemental Information**

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

Identifier	Return Reference	Explanation

Additional Data

Software ID:
Software Version:
EIN: 54-1453954
Name: AUGUSTA HEALTH CARE INC

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

(a) Name of interested person	**(b)** Relationship between interested person and the organization	**(c)** Amount of transaction $	**(d)** Description of transaction	**(e)** Sharing of organization's revenues?	
				Yes	**No**
BLUE RIDGE PATHOLOGY	BUSINESS RELATIONSHIP WITH BOARD MEMBER C RANDY ROBINSON, MD	639,498	COMPENSATION FOR PATHOLOGY SERVICES TO AUGUSTA HEALTH CARE, INC		No
HEATHER SMITH	FAMILY RELATIONSHIP WITH BOARD MEMBER E STUART CROW	46,603	COMPENSATION AS EMPLOYEE OF AUGUSTA HEALTH CARE, INC		No
BRENDA CASTELLO	FAMILY RELATIONSHIP WITH KEY EMPLOYEE FRED CASTELLO, MD	30,351	COMPENSATION AS EMPLOYEE OF AUGUSTA HEALTH CARE, INC		No
H & R CONTRACTORS INC	BUSINESS RELATIONSHIP WITH BOARD MEMBER LAURA LANDES	42,665	COMPENSATION FOR SHREDDING SERVICES TO AUGUSTA HEALTH CARE, INC		No
SCOTT KRZASTEK	FAMILY RELATIONSHIP WITH KEY EMPLOYEE SUSAN KRZASTEK	48,082	COMPENSATION AS EMPLOYEE OF AUGUSTA HEALTH CARE, INC		No
JENNIFER KRZASTEK	FAMILY RELATIONSHIP WITH KEY EMPLOYEE SUSAN KRZASTEK	74,035	COMPENSATION AS EMPLOYEE OF AUGUSTA HEALTH CARE, INC		No
					No
JOE ANN DAY	FAMILY RELATIONSHIP WITH BOARD MEMBER ANN MCPHERSON	69,137	COMPENSATION AS EMPLOYEE OF AUGUSTA HEALTH CARE, INC		No
PATTI KANNEY	FAMILY RELATIONSHIP WITH BOARD MEMBER WILLIAM PFOST	30,523	COMPENSATION AS EMPLOYEE OF AUGUSTA MEDICAL GROUP, A RELATED ORGANIZATION THE BOARD OF DIRECTORS OF AUGUSTA HEALTH CARE, INC SETS THE COMPENSATION LEVELS FOR AUGUSTA MEDICAL GROUP THIS COST IS NOT REFLECTED IN AUGUSTA HEALTH CARE'S TOTAL EXPENSE		No

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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

2011

Open to Public Inspection

Name of the organization
AUGUSTA HEALTH CARE INC

Employer identification number
54-1453954

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 1	THE EXECUTIVE COMMITTEE SHALL CONSIST OF THE CHAIR, THE VICE-CHAIR, THE PRESIDENT, THE SECRETARY, THE TREASURER AND TWO OTHER MEMBERS OF THE BOARD THE CHAIR OF THE BOARD SHALL BE THE CHAIR OF THE EXECUTIVE COMMITTEE IT SHALL BE THE DUTY OF THE EXECUTIVE COMMITTEE TO REVIEW AND ORGANIZE MATTERS TO BE CONSIDERED BY THE BOARD, TO DELIBERATE MATTERS OF A SIGNIFICANT STRATEGIC OR ADMINISTRATIVE NATURE, AND TO ADVISE THE BOARD AND ADMINISTRATION ON SUCH MATTERS THE EXECUTIVE COMMITTEE MAY ACT ON BEHALF OF THE BOARD BUT ONLY WHEN SPECIFICALLY AUTHORIZED BY THE BOARD TO DO SO

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 4	THE BYLAWS OF AUGUST HEALTH WERE AMENDED TO INCLUDE THE FOLLOWING CHANGES NO LONGER ARE A MINIMUM OF FOUR PRACTICING PHYSICIANS REQUIRED TO SERVE ON THE BOARD, INCLUSIVE OF THE IMMEDIATE PAST PRESIDENT OF THE MEDICAL STAFF THE TERMS OF DIRECTORS, OTHER THAN EX-OFFICIO DIRECTORS, SHALL NOW BE STAGGERED AND ELECTED IN CLASSES OF APPROPRIATE EQUAL SIZE AS THE BOARD SHALL DETERMINE A DIRECTOR IS NOW ALLOWED TO SERVE NO MORE THAN THREE CONSECUTIVE THREE-YEAR TERMS REMOVAL OF A BOARD MEMBER REQUIRES A TWO-THIRDS VOTE FROM DIRECTORS, WHEREAS THE SUPERSEDED BYLAWS PROVIDED NO QUANTIFICATION THE GOVERNANCE COMMITTEE NOW CONSISTS OF THREE MEMBERS OF THE BOARD VERSUS FOUR THE DUTIES OF THIS COMMITTEE WERE CLARIFIED AND NOW INCLUDE THE FOLLOWING A ADVISE THE BOARD AND ADMINISTER MATTERS RELATING TO THE PROCESS OF GOVERNING THE CORPORATION TO ASSURE THAT THE HIGHEST STANDARDS OF ORGANIZATIONAL CONDUCT ARE MET B OVERSEE THE ORGANIZATIONAL RELATIONSHIP WITH SUBSIDIARIES AND RELATED ENTITIES AS DIRECTED BY THE BOARD AND IN ACCORDANCE WITH OTHER ARTICLES OF THESE BYLAWS C MAINTAIN IN GOOD FORM THE BYLAWS AND ALL PERTINENT ORGANIZATIONAL DOCUMENTS AND POLICIES OF THE CORPORATION D RECOMMEND TO THE BOARD CANDIDATES TO SERVE AS DIRECTORS, COMMITTEE MEMBERS, AND OFFICERS OF THE CORPORATION AND OTHER ENTITIES FOR WHICH THE CORPORATION HAS ELECTION OR NOMINATION AUTHORITY E MAINTAIN A SUCCESSION PLAN THAT SEEKS OUT AND DEVELOPS POTENTIAL MEMBERS FOR THE BOARD F DEVISE, MAINTAIN, AND ADMINISTER A CORPORATE CONFLICT OF INTEREST POLICY IN ACCORDANCE WITH ARTICLES IX OF THE BYLAWS G DEVISE AND ADMINISTER A PROGRAM FOR ORIENTATION, CONTINUING EDUCATION, AND EVALUATION FOR THE BOARD AND COMMITTEE MEMBERS IT IS NO LONGER THE GOVERNANCE COMMITTEE'S DUTY TO SHARE RESPONSIBILITY WITH THE FINANCE COMMITTEE TO OVERSEE THE AUDIT BUT RATHER THE EXECUTIVE COMMITTEE.

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 11	THE DIRECTOR OF ACCOUNTING WILL MAKE COPIES OF THE FORM 990 AVAILABLE TO THE CFO AND CEO FOR REVIEW ALL QUESTIONS WILL BE RESOLVED AND ANSWERED BEFORE PRESENTATION TO THE FINANCE COMMITTEE OF THE BOARD THE FINAL VERSION OF THE RETURN WILL BE POSTED ON THE ORGANIZATION'S INTERNAL WEBSITE WITH ACCESS RESTRICTED TO THE BOARD AND KEY ADMINISTRATIVE PERSONNEL FOR REVIEW

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	THE GOVERNANCE COMMITTEE IS CHARGED WITH REVIEWING THE CONFLICT OF INTEREST STATEMENTS EACH YEAR THE REVIEW IS CONDUCTED AFTER THE ANNUAL BOARD MEETING IN APRIL CONFLICT OF INTEREST REVIEWS OCCUR AT THE BEGINNING OF EACH BOARD AND COMMITTEE MEETING IN CONNECTION WITH ANY ACTUAL OR POSSIBLE CONFLICT OF INTEREST, AN INTERESTED PERSON MUST DISCLOSE THE EXISTENCE OF THE FINANCIAL INTEREST AND BE GIVEN THE OPPORTUNITY TO DISCLOSE ALL MATERIAL FACTS TO THE DIRECTORS AND MEMBERS OF THE COMMITTEES WITH BOARD DELEGATED POWERS CONSIDERING THE PROPOSED TRANSACTION OR ARRANGEMENT THOSE FOUND TO BE IN A CONFLICT OF INTEREST ARE REQUIRED TO LEAVE THE BOARD MEETING DURING DISCUSSION AND ABSTAIN FROM VOTING ON THE MATTER

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	AUGUSTA HEALTH UTILIZES THE SERVICES OF INTEGRATED HEALTHCARE STRATEGIES, 901 MARQUETTE AVENUE SOUTH SUITE 2100 MINNEAPOLIS, MINNESOTA TO DETERMINE COMPETITIVE WAGE RANGES, VARIABLE COMPENSATION AND PREQUISITES FOR EXECUTIVE POSITIONS IT IS THE GOAL OF THE AUGUSTA HEALTH BOARD TO SATISFY THE FOLLOWING OBJECTIVES 1) COMPETITIVENESS THE PROCESS MUST PRODUCE COMPENSATION AND BENEFIT LEVELS THAT ENABLE THE BOARD TO ATTRACT AND RETAIN THE MANAGEMENT LEADERSHIP ESSENTIAL TO CARRYING OUT ITS MISSION 2) STRATEGIC ALIGNMENT THE PROCESS MUST ALIGN EXECUTIVE COMPENSATION WITH THE INSTITUTION'S STRATEGIC GOALS IT MUST REWARD MANAGEMENT FOR ACCOMPLISHING THESE GOALS 3) REGULATORY COMPLIANCE THE PROCESS MUST ASSURE THAT THE INSTITUTION MEETS ITS CHARITABLE PURPOSE OBLIGATIONS TO REMAIN TAX-EXEMPT AND THEREFORE WILL REVIEW AND APPROVE ALL FORMS OF EXECUTIVE COMPENSATION AND BENEFITS IN A MANNER NECESSARY TO QUALIFY FOR THE "REBUTTABLE PRESUMPTION OF REASONABLENESS" UNDER THE INTERMEDIATE SANCTIONS RULES OF SECTION 4958 OF THE IRC SO AS TO AVOID THE IMPOSITION OF INTERMEDIATE SANCTIONS IN THE FORM OF EXCISE TAXES PENALTIES ON ITS TRUSTEES AND EXECUTIVES 4) PUBLIC TRUST BOARD MEMBERS ARE INVESTED WITH A PUBLIC TRUST TO SHEPHERD INSTITUTIONAL ASSETS AS RESPONSIBLE FIDUCIARIES AND REPRESENTATIVES THEREFORE, THE PROCESS MUST ASSURE THAT COMPENSATION AND BENEFIT LEVELS ARE REASONABLE, NOT EXCESSIVE, AND DEFENSIBLE IF AND WHEN SUBJECTED TO PUBLIC SCRUTINY THE BASE SALARY BENCHMARKS USED ARE 50TH OR 60TH PERCENTILE OF SIMILAR POSITIONS IN PEER INSTITUTIONS FOR EXPERIENCED PROFESSIONALS SENIOR EXECUTIVES ARE ELIGIBLE FOR VARIABLE COMPENSATION THE TOTAL OF SALARY AND VARIABLE COMPENSATION WILL NOT BE MORE THAN THE 75TH PERCENTILE. COMPENSATION, INDIVIDUAL PERFORMANCE AND COMPETITIVE DATA ARE REVIEWED ANNUALLY FOR ALL EXECUTIVE POSITIONS AS FOLLOWS CEO CNO VP OF SUPPORT SERVICES SR VP MEDICAL AFFAIRS VP MEDICAL ADMINISTRATION CFO VP HUMAN RESOURCES VP PLANNING AVP FACILITIES VP PROFESSIONAL SERVICES THE BOARD OF DIRECTORS RECEIVED A FULL REPORT FROM THE EXECUTIVE COMMITTEE ON THE FULL COMPENSATION PROGRAM AT AUGUSTA HEALTH IN AN EXECUTIVE SESSION OF THE BOARD CONFLICTED MEMBERS ARE EXCUSED FROM THE MEETING MATERIAL COVERED INCLUDED THE DESIGN OF THE COMPENSATION PROGRAM, AS WELL AS ACTUAL BASE SALARIES, MARKET BENCHMARK DATA, AND INCENTIVE COMPENSATION EARNED BY EACH EXECUTIVE. ADDITIONALLY, PREREQUISITES SUCH AS THE SERP PROGRAM AND OTHER RELATED BENEFITS WERE REVIEWED WITH THE BOARD FOR THOSE MEMBERS WHO WERE NOT PRESENT FOR THIS MEETING AND REMAINED FREE OF CONFLICT OF INTEREST, THE CHAIRMAN OF THE BOARD PRESENTED THE SAME MATERIAL IN A SEPARATE SESSION

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 18	PHOTOCOPIES OF THE FORM 990 ARE AVAILABLE UPON REQUEST AT THE ORGANIZATION'S ACCOUNTING OFFICE. IN ADDITION, RECENT FILINGS OF THE FORM 990 ARE AVAILABLE ONLINE AT WWW.GUIDESTAR.ORG

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	COPIES OF THE ORGANIZATION'S GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND AUDITED FINANCIAL STATEMENTS ARE AVAILABLE UPON REQUEST AT THE ORGANIZATION'S ACCOUNTING OFFICE. PLEASE DIRECT ALL REQUESTS TO: AUGUSTA HEALTH CARE, INC. ATTN: DIRECTOR OF ACCOUNTING P.O. BOX 1000 FISHERSVILLE, VA 22939-1000

Identifier	Return Reference	Explanation
	FORM 990, PART VI, LINE 16B, JOINT VENTURES POLICY	WHILE THERE IS NOT A WRITTEN POLICY IN PLACE REFERENCING JOINT VENTURES SPECIFICALLY, THE BOARD PRIORITIZES COMPLIANCE ISSUES AND HAS TWO BOARD STANDING COMMITTEES THAT CONTINUOUSLY SURVEY THE HEALTH SYSTEM'S ACTIVITIES AS IT RELATES TO SAFE GUARDING THE ORGANIZATIONS TAX EXEMPT STATUS THE TWO COMMITTEES ARE THE COMPLIANCE COMMITTEE AND THE GOVERNANCE COMMITTEE ADDITIONALLY, CORPORATE COUNSEL FREQUENTLY ATTENDS BOARD MEETINGS AND EXECUTIVE COMMITTEE MEETINGS TO ASSURE ALL BUSINESS OF THE HEALTH SYSTEM IS CONDUCTED TO SAFE GUARD TAX EXEMPT STATUS EVIDENCE OF SUCH CAN BE FOUND IN MINUTES OF THE BOARD AND COMMITTEE MEETINGS

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED LOSSES ON INVESTMENTS -4,590,391 PRIOR PERIOD ADJUSTMENTS -287 FOUNDATION'S UNREALIZED GAIN/LOSS 1,053,887 CHANGE IN FUNDED STATUS OF PENSION PLAN -6,525,855 SHENANDOAH HOUSE NET CHANGE IN ASSETS -80,329 OTHER THAN TEMPORARY IMPAIRMENTS -12,771,322 TOTAL TO FORM 990, PART XI, LINE 5 -22,914,297

Identifier	Return Reference	Explanation
	FORM 990, PART XII, LINE 2C	THE PROCESS HAS NOT CHANGED FROM THE PRIOR YEAR

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
AUGUSTA HEALTH CARE INC

Employer identification number
54-1453954

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) AHC COMMUNITY HEALTH FOUNDATION PO BOX 1000 FISHERSVILLE, VA 22939 54-2042365	SUPPORTING ORGANIZATION	VA	501(C)(3)	LINE 11A, I	AUGUSTA HEALTH CARE INC	Yes	
(2) AUGUSTA MEDICAL GROUP PO BOX 1000 FISHERSVILLE, VA 22939 26-2559916	HEALTHCARE	VA	501(C)(3)	LINE 9	AUGUSTA HEALTH CARE INC	Yes	

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

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

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

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

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

		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 related organization(s)	**1b**	**No**
c	Gift, grant, or capital contribution from related organization(s)	**1c**	**No**
d	Loans or loan guarantees to or for related organization(s)	**1d**	**No**
e	Loans or loan guarantees by related organization(s)	**1e**	**No**
f	Sale of assets to related organization(s)	**1f**	**No**
g	Purchase of assets from related organization(s)	**1g**	**Yes**
h	Exchange of assets with related organization(s)	**1h**	**No**
i	Lease of facilities, equipment, or other assets to related organization(s)	**1i**	**Yes**
j	Lease of facilities, equipment, or other assets from related organization(s)	**1j**	**No**
k	Performance of services or membership or fundraising solicitations for related organization(s)	**1k**	**Yes**
l	Performance of services or membership or fundraising solicitations by related organization(s)	**1l**	**No**
m	Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	**1m**	**Yes**
n	Sharing of paid employees with related organization(s)	**1n**	**Yes**
o	Reimbursement paid to related organization(s) for expenses	**1o**	**No**
p	Reimbursement paid by related organization(s) for expenses	**1p**	**Yes**
q	Other transfer of cash or property to related organization(s)	**1q**	**Yes**
r	Other transfer of cash or property from related organization(s)	**1r**	**Yes**

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) AHC COMMUNITY HEALTH FOUNDATION	M	150,020	
(2) AUGUSTA MEDICAL GROUP	L	2,120,083	
(3) AUGUSTA MEDICAL GROUP	Q	20,089,188	INTERCO A/R
(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) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	

Schedule R (Form 990) 2011

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation	

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TY 2011 Earnings and Profits Other Adjustments Statement

Name: AUGUSTA HEALTH CARE INC

EIN: 54-1453954

Description	Amount
RELATED PARTY PREMIUMS	-8,540,943
RELATED PARTY UNDERWRITING EXP	4,334,250

AUGUSTA HEALTH CARE, INC.
and AFFILIATES

Consolidated Financial Statements

Years Ended December 31, 2011 and 2010
with Report of Independent Auditors

Officers

Rev John C Peterson	Chairman
Victor M Santos	Vice Chairman
Mary N Mannix	President/CEO
John R Heider	Vice President
Ann D McPherson	Secretary
William L Pfost	Treasurer

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DIXON HUGHES GOODMAN LLP

REPORT OF INDEPENDENT AUDITORS

Board of Directors
Augusta Health Care, Inc and Affiliates

We have audited the accompanying consolidated balance sheets of Augusta Health Care, Inc and Affiliates (the "Company") as of December 31, 2011 and 2010, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended These consolidated financial statements are the responsibility of the Company's management Our responsibility is to express an opinion on these consolidated financial statements based on our audits

We conducted our audits in accordance with auditing standards generally accepted in the United States of America Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated 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 Company's internal control over financial reporting Accordingly, we express no such opinion An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation We believe that our audits provide a reasonable basis for our opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America

Dixon Hughes Goodman LLP

March 30, 2012

AUGUSTA HEALTH CARE, INC. and AFFILIATES

Consolidated Balance Sheets

December 31, 2011 and 2010

Assets	2011	2010
Current assets		
Cash	$ 35,704,571	$ 16,928,271
Patient accounts receivable, net of allowance for doubtful accounts of approximately $11,064,000 and $10,188,000 in 2011 and 2010, respectively	24,654,210	28,731,936
Other receivables	2,184,684	633,575
Inventories	5,379,568	5,044,782
Prepaid expenses	1,626,945	1,640,834
Current portion of assets limited as to use	3,087,851	3,003,836
Total current assets	72,637,829	55,983,234
Assets limited as to use		
Internally designated by the Board of Directors for capital acquisition and operations	200,612,513	200,731,330
Externally restricted under temporary donor restriction	3,612,370	3,940,399
Externally restricted under bond indenture agreement - held by trustee	5,613,832	5,407,744
	209,838,715	210,079,473
Less current portion	(3,087,851)	(3,003,836)
	206,750,864	207,075,637
Property and equipment, net	100,944,259	102,268,379
Other assets		
Unamortized bond issuance costs	961,178	1,114,742
Investments in affiliates	8,024,007	8,636,275
Land held for future use	1,139,222	1,139,222
Investment in radiation therapy	2,462,328	-
Other	882,391	558,648
Total other assets	13,469,126	11,448,887
Total assets	$ 393,802,078	$ 376,776,137

AUGUSTA HEALTH CARE, INC. and AFFILIATES

Consolidated Balance Sheets, Continued

December 31, 2011 and 2010

Liabilities and Net Assets	2011	2010
Current liabilities		
Current portion of long-term debt	$ 2,575,000	$ 2,450,000
Accounts payable	16,047,735	10,099,236
Accrued salaries and related expenses	13,715,923	13,014,558
Other accrued expenses	3,329,914	962,712
Total current liabilities	35,668,572	26,526,506
Long-term debt, less current portion	30,375,326	32,979,661
Accrued pension and other postretirement benefits	15,537,425	12,720,036
Total liabilities	81,581,323	72,226,203
Net assets		
Unrestricted	308,497,164	300,429,628
Temporarily restricted	3,723,591	4,120,306
Total net assets	312,220,755	304,549,934
Total liabilities and net assets	$ 393,802,078	$ 376,776,137

AUGUSTA HEALTH CARE, INC. and AFFILIATES

Consolidated Statements of Operations

For Years Ended December 31, 2011 and 2010

	2011	2010
Unrestricted revenues, gains, and other support		
Net patient service revenue	$ 275,529,555	$ 268,355,402
Other operating revenue	3,018,207	2,784,296
Net assets released from restriction	241,042	355,865
Total revenues, gains, and other support	278,788,804	271,495,563
Expenses		
Salaries and wages	100,605,374	96,600,745
Employee benefits	24,147,314	22,997,870
Physicians and related fees	6,258,702	4,327,586
Food, drugs, and supplies	57,145,376	53,873,723
Outside services and rentals	32,086,871	33,835,226
Utilities and telephone	3,758,319	3,601,522
Depreciation and amortization	12,999,093	11,819,843
Interest	1,576,607	1,730,520
Provision for bad debts	15,826,475	16,921,293
General and administrative	4,639,522	4,090,990
Total expenses	259,043,653	249,799,318
Operating income	19,745,151	21,696,245
Nonoperating income (loss)		
Unrestricted contributions	135,611	215,971
Investment income	11,988,603	13,990,753
Foundation revenue, net of expenses	114,158	226,470
Rental revenue, net of expenses of approximately $460,000 in 2011 and $475,000 in 2010	352,372	409,206
Other loss	(235,523)	(165,089)
Net nonoperating income	12,355,221	14,677,311
Excess of revenues, gains, and other support over expenses before other-than-temporary-impairment on investments	32,100,372	36,373,556
Other-than-temporary-impairment on investments	(12,771,322)	(95,362)
Excess of revenues, gains, and other support over expenses	19,329,050	36,278,194
Other changes in unrestricted net assets		
Net unrealized gains (losses) on investments	(4,735,659)	6,677,039
Changes in funded status of benefit plans	(6,525,855)	2,502,894
Increase in unrestricted net assets	$ 8,067,536	$ 45,458,127

AUGUSTA HEALTH CARE, INC. and AFFILIATES

Consolidated Statements of Changes in Net Assets

For Years Ended December 31, 2011 and 2010

	2011	2010
Unrestricted net assets		
Excess of revenues, gains, and other support over expenses	$ 19,329,050	$ 36,278,194
Net unrealized gains (losses) on investments	(4,735,659)	6,677,039
Changes in the funded status of benefit plans	(6,525,855)	2,502,894
Increase in unrestricted net assets	8,067,536	45,458,127
Temporarily restricted net assets		
Contributions	108,932	359,738
Investment income	149	3,493
Administrative fees and other expenses	(410,022)	(86,114)
Net unrealized gains on investments	145,268	284,324
Net assets released from restriction	(241,042)	(355,865)
Increase (decrease) in temporarily restricted net assets	(396,715)	205,576
Change in net assets	7,670,821	45,663,703
Net assets, beginning of year	304,549,934	258,886,231
Net assets, end of year	$ 312,220,755	$ 304,549,934

AUGUSTA HEALTH CARE, INC. and AFFILIATES

Consolidated Statements of Cash Flows

For Years Ended December 31, 2011 and 2010

	2011	2010
Cash flows from operating activities		
Change in net assets	$ 7,670,821	$ 45,663,703
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Net realized and unrealized (gains) losses on investments	10,067,217	(15,370,763)
Net realized and unrealized gains on restricted investments	(145,268)	(284,324)
Changes in funded status of benefit plans	6,525,855	(2,502,894)
Net periodic pension benefit cost	655,361	(86,095)
Depreciation and amortization	12,999,093	11,819,843
Provision for bad debts	15,826,475	16,921,293
Equity earnings on investments in affiliates	(137,732)	(930,824)
Net loss on sale and disposal of property and equipment	250,056	53,438
Net changes in operating assets and liabilities		
Patient accounts receivable	(11,748,749)	(17,587,512)
Other receivables	(1,551,109)	(44,624)
Inventories	(334,786)	(687,439)
Prepaid expenses	13,889	31,962
Other	(323,743)	-
Accounts payable	1,411,853	(1,767,544)
Accrued salaries and related expenses	701,365	2,586,353
Other accrued expenses	2,367,202	(13,756)
Accrued pension and other postretirement benefits	(4,363,827)	(5,170,190)
Net cash provided by operating activities	39,883,973	32,630,627
Cash flows from investing activities		
Purchases of property and equipment	(9,726,482)	(8,756,408)
Dividends received	750,000	750,000
Net change in assets limited as to use	(9,681,191)	(28,513,661)
Net cash used in investing activities	(18,657,673)	(36,520,069)
Financing activities		
Principal payments on long-term debt	(2,450,000)	(2,350,000)
Change in cash and cash equivalents	18,776,300	(6,239,442)
Cash and cash equivalents, beginning of year	16,928,271	23,167,713
Cash and cash equivalents, end of year	$ 35,704,571	$ 16,928,271
Supplemental cash flow disclosure information		
Cash paid for interest	$ 1,617,592	$ 1,765,022
Property and equipment purchases included in accounts payable	$ 2,930,338	$ 579,749
Investment in radiation therapy included in accounts payable	$ 2,462,328	$ -

NOTE 1. Description of Organization and Summary of Significant Accounting Policies

Organization and Affiliates

Augusta Health Care, Inc (the "Hospital"), located in Fishersville, Virginia, is a not-for-profit entity established to meet the health care needs of the citizens of Augusta County, Virginia, including the cities of Staunton and Waynesboro The Hospital provides inpatient, outpatient, emergency and physician services through its acute care and specialty care facilities Admitting physicians are primarily practitioners in the local area

Augusta Medical Group, Inc (the "Medical Group"), an affiliate of the Hospital, is a Virginia non-stock corporation that is organized and operated to support the charitable purposes of the Hospital The Medical Group is comprised of community physician practices offering services in family medicine, internal medicine, cardiology, gastroenterology, otolaryngology and psychiatry

The AHC Community Health Foundation (the "Foundation") is a non-profit single member corporation with the purpose and mission of supporting the Hospital in making available appropriate hospital and medical care in the Hospital's service area The Foundation is operated exclusively for non-profit, charitable, scientific and educational purposes The Foundation was established to provide community grants to local organizations whose programs support the mission and purpose of the Hospital

Principles of Consolidation

The accompanying consolidated financial statements include the financial statements of the Hospital, the Medical Group, and the Foundation (collectively, the "Company") and have been consolidated to provide a more meaningful presentation All significant intercompany accounts have been eliminated

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States 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 and the reported amounts of revenues and expenses during the reporting period Actual results could differ from those estimates

Cash

The Company's operating cash is placed with a high credit quality institution The funds are in excess of federally insured amounts as deposits and are swept, on a daily basis, into mutual funds that have U S Treasury and government agencies as underlying assets

Patient Accounts Receivable

Patient receivables are recorded at established billing rates when patient services are rendered Allowance for doubtful accounts and contractual adjustments are recorded as deductions from patient accounts receivable to reduce recorded amounts to their net realizable value Contractual adjustments represent the difference between established billing rates and amounts reimbursed The Company provides an allowance for doubtful accounts for estimated losses resulting from the unwillingness or inability of patients to make payments for services The allowance is determined by analyzing historical data and trends Patient accounts receivable are charged off against the allowance for doubtful accounts when management determines that recovery is unlikely and the Company ceases collection efforts

Inventories

Inventories consist primarily of drugs and medical supplies and are stated at the lower of average cost or market

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in the excess of revenues, gains, and other support over expenses unless the income or loss is restricted by donor or law Unrealized gains and losses on investments are excluded from the excess of revenues, gains, and other support over expenses to the extent they are considered temporary Alternative investments are valued based on the net asset value and other financial information provided by management of each underlying investee fund Investments held by these funds are valued at prices which approximate fair value

Assets Limited as to Use

Assets limited as to use include assets set aside by the Board of Directors (the "Board") for future operations and capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes, assets held by a trustee under a bond indenture agreement, and assets restricted by donors for special purposes Such assets are invested in marketable debt and equity securities and are carried at fair value Amounts required to meet current liabilities of the Company have been reclassified in the consolidated balance sheets as current assets

Donor-Restricted Gifts

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

Property and Equipment

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

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

Unamortized Bond Issuance Costs

Costs incurred in connection with the issuance of long-term debt are deferred and amortized over the term of the related debt using the straight-line method

Investment in radiation therapy

In March 2011, the Company purchased the assets and liabilities of the radiation oncology therapy business line of Valiance Health, LLC ("VaLiance") See Note 7 for further disclosure

Contributions

Unrestricted contributions are reported as non-operating income in the consolidated statement of operations Contributions restricted by donors are reported as additions to temporarily restricted net assets

Temporarily Restricted Net Assets

Temporarily restricted net assets are those whose use by the Hospital has been restricted by donors to a specific time period or purpose

Mission Statement and Excess of Revenues, Gains, and Other Support over Expenses

The Company's mission is to promote the health and well-being of the community through access to excellent care Only those activities directly associated with the furtherance of this purpose are considered to be operating activities

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

Net Patient Service Revenue

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

The Company has agreements with third-party payors that provide for reimbursement to the Company at amounts different from its established rates Contractual adjustments under third-party reimbursement programs represent the difference between the Company's established rates for services and amounts reimbursed by third-party payors Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation As a result, there is at least a possibility that recorded estimates could change by a material amount in the future Management believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing that would have a material effect on the Company's consolidated financial statements Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs A summary of the payment arrangements with major third-party payors follows

Medicare
Inpatient acute care services, defined capital costs, and certain outpatient services rendered to Medicare program beneficiaries are paid at prospectively-determined rates per discharge These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors Inpatient non-acute services and certain outpatient services, related to Medicare beneficiaries, are paid based on predetermined reimbursement methodologies The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal

intermediary. The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through December 31, 2006.

Medicaid
Inpatient services rendered to Medicaid program beneficiaries are reimbursed under a diagnostic-related group ("DRG"). Inpatient services are paid at a tentative rate with final adjustments to DRG reimbursement subsequent to year end. Outpatient services are reimbursed at a percentage of cost. The Hospital is reimbursed for outpatient services at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through December 31, 2006.

Anthem
Inpatient and outpatient services rendered to Anthem subscribers are reimbursed at prospectively-determined rates. The prospectively-determined rates are not subject to retroactive adjustment.

Other
The Company has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. Payments to the Company are based on fixed rate schedules and discounts from established charges.

Revenue from the Medicare and Medicaid programs accounted for approximately 47% and 46% of the Hospital's net patient service revenue for the years ended December 31, 2011 and 2010, respectively.

Net patient service revenue for 2011 includes approximately $113,175,000, $76,800,000, and $15,351,000 (approximately $108,062,000, $71,542,000, and $14,367,000 for 2010) for services provided to beneficiaries of the Centers for Medicare and Medicaid Services (Medicare), Anthem and the Virginia Medical Assistance Program (Medicaid), respectively, under the provisions of reimbursement formulas in effect that provide for payments to the Hospital at amounts different from its established rates.

Charity Care

The Company accepts all patients regardless of their ability to pay. A patient is classified as a charity patient by reference to certain established policies of the Company. These policies define charity services as those services for which no payment is anticipated. In assessing a patient's inability to pay, the Company utilizes the generally recognized poverty income levels, but also includes certain cases where incurred charges are significant when compared to income. Because the Company does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue, however, expenses incurred in providing these services are included in the Company's operating expenses.

Income Taxes

The Hospital, Medical Group, and Foundation are exempt from federal and state income taxes on income derived from its exempt purpose as a nonprofit organization under the provisions of Section 501(c)(3) of the Internal Revenue Code, accordingly, the accompanying consolidated financial statements do not reflect a provision or liability for federal and state income tax. The Company has determined that it does not have any material unrecognized tax benefits or obligations as of December 31, 2011. The Company believes they are no longer subject to income tax examinations for years prior to December 31, 2011.

Subsequent Events

The Company evaluated the effect subsequent events would have on the consolidated financial statements through March 30, 2012, which is the date the consolidated financial statements were available to be issued

NOTE 2. Concentrations of Credit Risk

The Company grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements The mix of accounts receivable from patients and third-party payors is as follows at December 31

	2011	2010
Medicare	37%	40%
Medicaid	8%	6%
Anthem	16%	13%
Other third-party payors	19%	14%
Patients (self-pay)	20%	27%
	100%	100%

NOTE 3. Assets Limited as to Use

Assets limited as to use are summarized as follows as of December 31

	2011	2010
Internally designated by the Board of Directors for capital acquisition and operations		
Cash and cash equivalents	$ 14,907,364	$ 4,442,869
Marketable equity securities	82,979,945	87,610,752
Bonds and other marketable securities	20,677,868	19,449,292
Mutual funds	67,397,180	68,563,035
Alternative investments	14,650,156	20,665,382
	200,612,513	200,731,330
Externally restricted under temporary donor restriction		
Cash and cash equivalents	1,327,544	1,798,888
Marketable equity securities	1,348,747	1,319,831
Bonds and other marketable securities	888,410	821,680
Mutual funds	47,669	-
	3,612,370	3,940,399
Externally restricted under bond indenture agreement - held by trustee		
Cash and cash equivalents	1,473,340	1,446,872
Bonds and other marketable securities	4,140,492	3,960,872
	5,613,832	5,407,744
Total assets limited as to use	$209,838,715	$ 210,079,473

The following schedule summarizes investment income (loss) for the years ended December 31

	2011	2010
Included in other operating revenue		
Interest income	$ 64	$ 280,127
Included in nonoperating income		
Dividends and interest	$ 4,548,839	$ 5,830,539
Net realized gains on sale of impaired securities	1,728,278	1,080,765
Net realized gains on sale of securities	5,711,486	7,079,449
Total investment income	$ 11,988,603	$ 13,990,753
Other-than-temporary-impairment on investments	$ (12,771,322)	$ (95,362)
Other changes in unrestricted net assets		
Net unrealized gains (losses) on investments	$ (4,735,659)	$ 6,677,039

Investments are carried at fair value The fair values of marketable equity and debt securities and other investments are based on quoted market prices Realized gains and losses on the sale of investments are determined based on the cost of the specific investment sold

Some unrealized losses were considered other-than-temporarily impaired at December 31, 2011 and 2010 given the economic environment and recent accounting guidance clarifying accounting pronouncements throughout the current year

Other-than-temporary does not mean a permanent impairment In addition, guidance requires certain disclosures about unrealized losses that have not been recognized as other-than-temporary impairments Declines in fair value below cost that are deemed to be other-than-temporary are included in the accompanying statements of operations The Company recorded losses for other-than-temporary declines in fair value of investments in the amount of approximately $12,771,000 and $95,000 as of December 31, 2011 and 2010, respectively The losses for other than temporary declines for 2011 resulted from the change in portfolio managers and a repositioning of the portfolio subsequent to year end

Investments with unrealized losses that are not considered other-than-temporary, as of December 31, 2010 are summarized as follows

December 31, 2010

	Less than 12 Months		More than 12 Months		Total	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Fixed income	$ 997,132	$ 17,590	$ 1,658,925	$ 66,624	$ 2,656,057	$ 84,214
Alternative investments	3,309,409	77,293	659,633	57,645	3,969,042	134,938
Equity securities	1,360,625	105,364	9,170,043	435,108	10,530,668	540,472
Mutual funds	-	-	4,970,266	312,937	4,970,266	312,937
Total	$ 5,667,166	$ 200,247	$ 16,458,867	$ 872,314	$ 22,126,033	$ 1,072,561

The preceding table shows the gross unrealized losses and fair value of the Company's investments with unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position as of December 31, 2010 There were no investments with unrealized losses not recognized as other-than-temporarily-impaired as of December 31, 2011 The majority of the holdings were sold or liquidated subsequent to year end

Fixed Income

Unrealized losses on the Company's investments in U S government securities and direct obligations of U S government agencies were caused by interest rate increases As the Company had the ability and intent to hold such investments until a recovery of fair value, which may be maturity, the Company did not consider these investments to be other-than-temporarily impaired at December 31, 2010

Unrealized losses on the Company's investments in corporate bonds were related to the current economic conditions prevalent across the United States These investments are long-term in nature with maturities of several years at the time of purchase At December 31, 2010, the Company did not expect these bonds to be settled at a price less than the cost of the investments

Marketable Equity Securities

The Company's investment in equity securities consists of a broad range of securities and unrealized losses on these investments are a result of the current economic and market conditions As of December 31, 2010, the Company had the ability to hold such investments until recovery of their fair value and did not consider the investments to be other than temporarily impaired The Company had adopted investment policies and monitors the allocation of investments between types of investments including bonds, marketable equity securities, alternative investments, and mutual funds

Alternative Investments

The Company invests in alternative investments and unrealized losses on these investments were a result of the economic and market conditions As of December 31, 2010, the Company had the ability to hold such investments until recovery of their fair value and did not consider the investments to be other than temporarily impaired

NOTE 4. Fair Value of Financial Assets

Fair value as defined under generally accepted accounting principles is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date Generally accepted accounting principles establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value These tiers include

- Level 1 Observable inputs such as quoted prices in active markets
- Level 2 Inputs other than quoted prices in active markets that are either directly or indirectly observable
- Level 3 Unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement The Hospital's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels

Prices for certain money market funds, fixed income, mutual funds, equity securities and managed futures which are readily available in the active markets in which those securities are traded, and the resulting fair values are categorized as Level 1 Prices for certain hedge funds are determined on a recurring basis based on inputs that are readily available in public markets or can be derived from information available in publicly quoted markets and are categorized as Level 3 In fiscal year 2011, management determined that the valuations of particular hedge funds are more consistent with Level 3 valuation techniques Management has transferred these investments from Level 2 to Level 3

The following tables set forth by level within the fair value hierarchy the Hospital's assets accounted for at fair value on a recurring basis as of December 31, 2011 and 2010 The fair value hierarchy for investments held in the Hospital's defined benefit plan is included in Note 9

	Assets at fair value at December 31, 2011			
	Level 1	Level 2	Level 3	Total
Money market funds	$ 16,448,524	$ -	$ -	$ 16,448,524
Fixed income				
Government debt securities	7,627,233	-	-	7,627,233
U S corporate bonds	10,836,440	-	-	10,836,440
Foreign	2,439,094	-	-	2,439,094
Mutual funds				
Large cap equity	12,078,011	-	-	12,078,011
Mid cap equity	737,652	-	-	737,652
International equity	24,718,213	-	-	24,718,213
Fixed income	24,472,070	-	-	24,472,070
Other (alternative strategies)	22,965,781	-	-	22,965,781
Alternative strategies				
Hedge funds	-	-	11,263,412	11,263,412
Managed futures	3,386,744	-	-	3,386,744
Equities				
Energy	9,053,665	-	-	9,053,665
Materials	4,597,603	-	-	4,597,603
Industries	11,371,058	-	-	11,371,058
Consumer discretionary	6,718,415	-	-	6,718,415
Consumer staples	4,846,456	-	-	4,846,456
Health care	9,476,204	-	-	9,476,204
Financials	9,621,191	-	-	9,621,191
Information technology	13,419,967	-	-	13,419,967
Telecommunications	1,071,852	-	-	1,071,852
Utilities	1,057,175	-	-	1,057,175
Total assets	$ 196,943,348	$ -	$ 11,263,412	$ 208,206,760

	Assets at fair value at December 31, 2010			
	Level 1	Level 2	Level 3	Total
Money market funds	$ 5,989,643	$ -	$ -	$ 5,989,643
Fixed income				
Government debt securities	11,557,240	-	-	11,557,240
U S corporate bonds	12,170,571	-	-	12,170,571
Mutual funds				
Large cap equity	26,669,053	-	-	26,669,053
Mid cap equity	643,971	-	-	643,971
International equity	24,706,415	-	-	24,706,415
Fixed income	38,038,895	-	-	38,038,895
Other (alternative strategies)	3,771,804	-	-	3,771,804
Alternative strategies				
Hedge funds	-	9,092,200	2,278,759	11,370,959
Managed futures	9,256,896	-	-	9,256,896
Equities				
Energy	8,194,164	-	-	8,194,164
Materials	5,552,822	-	-	5,552,822
Industries	9,097,761	-	-	9,097,761
Consumer discretionary	4,073,599	-	-	4,073,599
Consumer staples	4,676,015	-	-	4,676,015
Health care	9,057,848	-	-	9,057,848
Financials	11,818,361	-	-	11,818,361
Information technology	7,977,467	-	-	7,977,467
Telecommunications	1,489,449	-	-	1,489,449
Utilities	1,763,520	-	-	1,763,520
Total assets	$ 196,505,494	$ 9,092,200	$ 2,278,759	$ 207,876,453

The Company has $1,631,955 and $2,203,020 of cash balances included in assets limited as to use as of December 31, 2011 and 2010, respectively, which is not required to be classified into a Level as prescribed within the guidance

The determination of fair value above incorporates various factors required under the guidance These factors include not only the credit standing of the counterparties involved and the impact of credit enhancements, but also the impact of the Hospital's nonperformance risk on its liabilities

The following table illustrates the activity of Level 3 assets measured at fair value on a recurring basis from December 31, 2010 to December 31, 2011

Fair value at December 31, 2010	$ 2,278,759
Transfers to Level 3	9,092,200
Net unrealized losses	(107,547)
Fair value at December 31, 2011	$ 11,263,412

NOTE 5. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at December 31

	2011	2010
Health care services		
Plant replacement	$ 2,034,944	$ 2,224,830
Indigent care	587,811	668,394
Health education	138,432	138,432
Supplies and equipment	962,404	1,088,650
	$ 3,723,591	$ 4,120,306

NOTE 6. Property and Equipment

A summary of property and equipment at December 31 follows

	Depreciable Lives	2011	2010
Land and land improvements	2 - 25 yrs	$ 12,051,671	$ 11,841,115
Buildings and improvements	5 - 40 yrs	80,305,729	79,685,853
Fixed building equipment	5 - 40 yrs	47,210,233	46,637,310
Fixed and moveable equipment	2 - 20 yrs	110,869,090	102,272,700
		250,436,723	240,436,978
Less accumulated depreciation		(152,642,721)	(140,064,711)
		97,794,002	100,372,267
Construction in progress		3,150,257	1,896,112
		$100,944,259	$102,268,379

All depreciation incurred is directly or indirectly in relation to the provision of healthcare services Depreciation expense was approximately $12,911,000 and $11,700,000 for 2011 and 2010, respectively The Company has active construction projects as of December 31, 2011 The projects include facility upgrades and renovations As of December 31, 2011, the Company has spent approximately $3,150,000 towards these upgrades and renovations with an estimated $29,448,000 in remaining committed funds

The major part of the active construction projects is the Heart and Vascular Center This project is expected to be completed by early 2013 The budgeted amount for this project is $30,594,000 Of this budgeted amount, approximately $2,080,000 has been spent which leaves an additional $28,514,000 remaining

NOTE 7. Investment in Affiliates

Shenandoah Shared Hospital Services ("SSHS") is a cooperative hospital service organization consisting of voting and nonvoting members The Hospital is a 50% voting member but shares in earnings and losses of SSHS are based on allocations made by its Board of Directors SSHS provided CT scanning, mobile magnetic resonance imaging, and biomedical engineering services to the Hospital in the amount of approximately $6,077,000 and $7,127,000 during 2011 and 2010, respectively Amounts owed to SSHS related to these services were approximately $214,000 and $974,000 at December 31, 2011 and 2010, respectively, and are included in accounts payable and accrued expenses in the accompanying consolidated balance sheets The Hospital's investment in SSHS is approximately $7,201,000 and $7,197,000 at December 31, 2011 and 2010, respectively, and is included in "Investments in affiliates" in the consolidated balance sheets

Effective June 7, 2011, the Board of Directors of SSHS voted to liquidate SSHS due to changing conditions in the health care industry The terms of the plan of liquidation called for SSHS to transfer the majority of its operations, related equipment and other operating assets to its voting members at the current book value in 2011 The value of these assets then reduced the equity of the perspective members

The Hospital acquired approximately $2,135,000 in equipment and other operating assets from SSHS during 2011 These amounts combined with approximately $60,000 owed to the Hospital from SSHS were recorded as a liability to SSHS that is included in accounts payable in the consolidated balance sheets Management believes that the disposal of the SSHS's remaining assets and liabilities in an orderly liquidation will be accomplished during the first six months of 2012

Summarized financial information as of December 31, 2011 and 2010, for SSHS, which is accounted for under the equity method of accounting, is as follows

	2011	2010
Total assets	$ 10,920,933	$ 17,066,281
Total liabilities	703,575	741,382
Net assets	10,217,358	16,324,899
Revenue thru June 30, 2011	8,578,580	17,138,058
Expenses thru June 30, 2011	8,083,400	15,873,795

ValLiance Health, LLC ("ValLiance") has historically been a regional alliance of independent, community-focused healthcare providers with similar missions and values The Hospital is a 33% voting member but shares in earnings and losses of ValLiance which are based on allocations made by its Board of Directors

Effective July 14, 2011, the Board of Directors of ValLiance voted to liquidate ValLiance due to the sale in March 2011 of the radiation oncology therapy business to the Hospital In accordance with the terms of the agreement, the Hospital acquired assets used in the operations of ValLiance which included fixed and movable equipment and prepaid expenses for an amount equal to the asset book values as of March 31, 2011 The Hospital also assumed the contractual obligations for operating leases and other specific liabilities relating to ValLiance as of March 31, 2011 Additionally, under the terms of the agreement, ValLiance and the Hospital agreed to jointly submit to arbitration to determine the amount of money owed to ValLiance as a result of the termination of the Service Agreement The agreement calls for a minimum settlement of $4 5 million less amounts paid for the acquisition of assets, inventory and supplies in the amount of $807,000 While the audited financials of ValLiance reflect a receivable from the Hospital in

the amount of $3,693,000, which includes the Hospitals one-third share, the settlement agreement provides that the Hospital will only pay to VaLiance two-thirds of the agreed upon amount after arbitration less amounts previously paid for equipment, inventory and supplies As of December 31, 2011, the Hospital has recorded a liability to VaLiance of approximately $2,500,000 The Hospital's investment in VaLiance is approximately $823,000 and $1,439,000 at December 31, 2011 and 2010, respectively, and is included in "Investments in affiliates" in the consolidated balance sheet

Summarized financial information as of December 31, 2011 and 2010, for VaLiance, which is accounted for under the equity method of accounting, is as follows

	2011	2010
Total assets	$ 7,141,873	$ 5,028,682
Total liabilities	978,277	695,399
Members' equity	6,163,596	4,333,283
Revenue thru June 30, 2011	2,119,325	5,849,560
Expenses thru June 30, 2011	1,376,116	4,610,416

An estimate of the final financial impact of the purchase and settlement agreement cannot be determined until the arbitration process is completed which is currently expected to occur in 2012

NOTE 8. Long-Term Debt

Long-term debt consists of the following at December 31

	2011	2010
Revenue bond payable to the Industrial Development Authority of the County of Augusta, Virginia, who in 2003 issued tax-exempt Hospital Revenue Bonds, due in installments ranging from $350,000 in September 2011 to $4,025,000 in September 2021 Interest is payable semiannually at annual rates ranging from 3 625% to 4 750%	$ 30,525,000	$ 30,875,000
Revenue bond payable to the Industrial Development Authority of the County of Augusta, Virginia, who in 1998 issued tax-exempt Hospital Revenue Bonds, due in installments ranging from $2,100,000 in September 2011 to $2,215,000 in September 2012 Interest is payable semiannually at annual rates ranging from 5 25% to 4 75%	2,215,000	4,315,000
	32,740,000	35,190,000
Unamortized premium	210,326	239,661
	32,950,326	35,429,661
Less current portion	(2,575,000)	(2,450,000)
Long-term debt, less current portion	$ 30,375,326	$ 32,979,661

Under the terms of the revenue bonds indentures, the Hospital is required to maintain certain deposits with a bond trustee Such deposits are included with assets whose use is limited in the consolidated balance sheets The indenture agreements contain restrictive covenants, the more significant of which place limits on the incurrence of additional borrowings and requires that the Hospital satisfy certain

measures of financial performance as long as the bonds are outstanding The Hospital is in compliance with the covenants at December 31, 2011

The fair value of the Hospital's long-term debt was approximately $35,599,000 and $36,605,000 as of December 31, 2011 and 2010, respectively

The revenue bond indentures create a security interest in all gross receipts of the Hospital The security interests exclude gross receipts derived from certain properties Such exempt assets include certain real estate rental properties and 106 acres of the 126 acre tract of land adjacent to the site of the Hospital facilities

The maturities on long-term debt (including the current portion of long-term debt) are as follows

Year ending December 31,	Amount
2012	$ 2,575,000
2013	2,800,000
2014	2,925,000
2015	3,040,000
2016	3,165,000
Thereafter	18,235,000
	$ 32,740,000

NOTE 9. Benefit Plans

Pension
The Hospital sponsors a defined benefit pension plan (the "Plan") covering substantially all employees The Plan calls for benefits to be paid to eligible employees at retirement based on years of service and compensation rates during employment The Hospital's funding policy is to contribute amounts sufficient to meet the minimum funding requirements of the Employee Retirement Income Security Act of 1974 plus such additional amounts as the Hospital may determine to be appropriate from time to time During 2011 and 2010 the Hospital made contributions of approximately $4,600,000 and $5,200,000, respectively, to the Plan The Hospital anticipates making contributions of approximately $3,500,000 to the Plan in 2012

On January 1, 2008, the Hospital converted the Plan to a cash balance plan known as the Augusta Medical Center Account Balance Retirement Plan The cash balance plan provides for lump sum distributions which are anticipated to increase expected future benefit payments The Hospital amended the Plan effective December 31, 2009 to freeze all benefit accruals under the Plan

Other Post-Employment Benefits
The Hospital also provides health care and life insurance benefits for certain eligible active and retired employees, and accrues the estimated costs for such benefits during the years that the employees render services to the Hospital During 2010, this plan was amended to only allow participants that have attained the age of 60 and have accumulated 25 years of service as of January 31, 2010 The consolidated financial statements reflect the curtailment resulting from this change Curtailment accounting is required because of this amendment Adjustments included under the curtailment accounting include reductions to the projected benefit obligation and the immediate recognition of any outstanding prior service cost/credit bases established in the past

The following table summarizes the benefit obligations, the fair value of assets and the funded status of the Plans for the years ended December 31

	2011			2010		
	Pension	Post-employment	Total	Pension	Post-employment	Total
Accumulated benefit obligation:	$ 88,080,608	$ 224,622	$ 88,305,230	$ 86,729,444	$ 208,511	$ 86,937,955
Change in projected benefit obligation:						
Projected benefit obligation at beginning of year	$ 86,729,444	$ 208,511	$ 86,937,955	$ 85,682,687	$ 2,387,690	$ 88,070,377
Service cost	-	-	-	-	15,475	15,475
Interest cost	4,365,608	12,889	4,378,497	4,837,962	23,142	4,861,104
Participant contributions	-	68,968	68,968	-	43,190	43,190
Plan amendments (curtailments)	-	-	-	-	(1,938,681)	(1,938,681)
Actuarial loss (gain)	3,329,436	55,789	3,385,225	3,097,677	(238,988)	2,858,689
Benefits paid	(6,343,880)	(121,535)	(6,465,415)	(6,888,882)	(83,317)	(6,972,199)
Projected benefit obligation at end of year	$ 88,080,608	$ 224,622	$ 88,305,230	$ 86,729,444	$ 208,511	$ 86,937,955
Change in plan assets:						
Fair value of plan assets at beginning of year	$ 74,217,919	$ -	$ 74,217,919	$ 67,591,162	$ -	$ 67,591,162
Actual return on plan assets	529,939	-	529,939	8,345,449	-	8,345,449
Employer contributions	4,363,827	52,567	4,416,394	5,170,190	40,127	5,210,317
Participant contributions	-	68,968	68,968	-	43,190	43,190
Benefits paid	(6,343,880)	(121,535)	(6,465,415)	(6,888,882)	(83,317)	(6,972,199)
Fair value of plan assets at end of year	$ 72,767,805	$ -	$ 72,767,805	$ 74,217,919	$ -	$ 74,217,919
Components of net periodic benefit cost:						
Service cost	$ -	$ -	$ -	$ -	$ 15,475	$ 15,475
Interest cost	4,365,608	12,889	4,378,497	4,837,962	23,142	4,861,104
Expected return on plan assets	(5,941,285)	-	(5,941,285)	(5,436,736)	-	(5,436,736)
Recognized net losses	2,138,049	19,792	2,157,841	2,343,425	-	2,343,425
Curtailment gain	-	-	-	-	(1,938,681)	(1,938,681)
Amortization of prior service cost	56,665	3,643	60,308	56,665	12,653	69,318
Net periodic benefit cost	$ 619,037	$ 36,324	$ 655,361	$ 1,801,316	$ (1,887,411)	$ (86,095)
Amounts recognized in the balance sheets at December 31:						
Unfunded pension liability	$ (15,312,803)	$ (224,622)	$ (15,537,425)	$ (12,511,525)	$ (208,511)	$ (12,720,036)

Assumptions used in the determination of net periodic benefit cost are as follows

	Pension Benefits		Post-employment Benefits	
	2011	2010	2011	2010
Discount rate	4 50	5 25	4 50	5 25
Expected return on plan assets	8 25	8 25	N/A	N/A
Rate of compensation increase	N/A	N/A	N/A	N/A

For other post-employment benefits measurement purposes, a 7 6% annual rate of increase in the per capita cost of covered health care benefits was assumed in 2011 The rate is assumed to decrease each year, ultimately, to a rate of 4 5% in 2028

The asset allocation for the Plan at the end of 2011 and 2010, and the target allocation for 2012 by asset category are as follows

	Target Allocation	Percentage of Plan Assets at Year End	
	2012	2011	2010
Fixed income	30 0%	30 0%	28 3%
Common stocks	60 0%	63 0%	66 1%
Alternative investments	10 0%	7 0%	5 6%
Total	100 0%	100 0%	100 0%

The Hospital's policy is to provide for growth of capital with a moderate level of volatility by investing assets per the target allocations stated above The assets will be reallocated periodically to meet the above target allocations The investment policy is reviewed periodically, under the advisement of a certified investment advisor, to determine if the policy should be changed

The expected long-term rate of return for the Plan's total assets is based on the expected return of each of the above categories, weighted based on the median of the target allocation for each class Fixed income is expected to return 4% to 6% over the long-term, while common stocks are expected to return between 10% and 11%

As disclosed in Note 4, generally accepted accounting principles establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value Prices for common collective trusts are determined on a recurring basis based on inputs that are readily available in public markets or can be derived from information available in publicly quoted markets and are categorized as Level 2 The Plan does not hold any Level 1 or Level 3 securities

The following table sets forth by level the fair value hierarchy the Plan's financial assets accounted for at fair value as of December 31, 2011 Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement The Hospital's assessment of the significance of a particular input to the fair value measurement for Plan assets requires judgment, and may affect the valuation of fair value of Plan investments and their placement within the fair value hierarchy levels

	Assets at fair value at December 31, 2011			
	Level 1	Level 2	Level 3	Total
Common collective trust funds				
Large cap	$ -	$ 7,246,497	$ -	$ 7,246,497
Small cap	-	5,016,821	-	5,016,821
International	-	25,449,247	-	25,449,247
Fixed	-	21,177,597	-	21,177,597
Utilities	-	12,233,666	-	12,233,666
Total assets	$ -	$ 71,123,828	$ -	$ 71,123,828

	Assets at fair value at December 31, 2010			
	Level 1	Level 2	Level 3	Total
Hedge funds	$ -	$ 4,153,080	$ -	$ 4,153,080
Common collective trust funds				
Equity securities	-	49,034,588	-	49,034,588
Fixed	-	20,789,036	-	20,789,036
Total assets	$ -	$ 73,976,704	$ -	$ 73,976,704

The above tables do not include cash and a receivables of $1,643,977 and $241,215 as of December 31, 2011 and 2010 that are included with the assets of the Plan

The expected future benefit payments are as follows

	Pension	Post-Employment
2012	$ 6,866,169	$ 72,742
2013	7,208,826	63,992
2014	6,508,338	46,761
2015	6,554,647	39,102
2016	6,599,358	20,758
2017-2020	30,417,003	1,456

The effect of a one-percentage point increase and decrease in the assumed health care cost trend rate on the service and interest cost components of net periodic postretirement benefit cost and accumulated postretirement benefit obligation for the year ended December 31, 2011 is as follows

	1% Increase	1% Decrease
Service and interest cost	$ 250	$ (245)
Accumulated benefit obligation	3,820	(3,747)

Other Retirement Plans

In 1998, the Hospital established a defined contribution plan (the "401k Plan") covering substantially all employees A participant may defer up to an annual maximum of the lesser of 75% of eligible compensation or $16,500 in 2011 The Hospital matches 50% of the first 5% of employee contributions The Hospital may also make discretionary contributions as determined by the Board of Directors The 401k Plan can be terminated at the discretion of the Board If the 401k Plan is terminated, the Hospital will not be required to make any further contributions to the 401k Plan and participants will become

100% vested in their account balance The 401k Plan expense recognized by the Hospital was approximately $1,094,000 and $1,123,000 in 2011 and 2010, respectively

The Hospital has a 403(b) retirement plan whereby employees can contribute into the plan The Hospital does not make contributions into this plan

In 2010, the Hospital established a 401(a) plan whereby it will contribute 2% to 3% of annual salary for eligible employees based on years of service and age The Hospital intends to fund the plan no later than April 2012 The Hospital estimates the 2011 funding to be approximately $1,919,000 while the 2010 funding was approximately $1,786,000

In 1997, the Hospital established a Supplemental Executive Retirement Plan ("SERP") for key executives, which was replaced in 2000 with an Executive Option Plan (the "Option Plan") The Option Plan provides for options to purchase specified marketable securities to be granted to key executives The options can be exercised at any time following the date which is 12 months after the date of grant, provided they are vested, and up to the date which is 15 years following the date of grant The effect of this change was to provide certain amounts based on prior service previously accrued over the employment life of those key executives In 2002, the Option Plan was frozen and replaced with the Augusta Health Care 457(b) and 457(f) plans The total amount of retirement benefit expense recognized in the consolidated statements of operations under the 457 plans for the years ended December 31, 2011 and 2010 was approximately $240,000 and $257,000, respectively

Health Insurance
Effective January 1, 2009, the Hospital became self-insured for amounts up to a specified level for health and medical benefits for its employees The estimated health and medical benefits liability is the total estimated amount to be paid for all known claims or incidents and a reserve for incurred but not reported claims The medical programs represented include medical, vision, stop loss, and prescription drug programs The Hospital paid approximately $10,592,000 and $10,892,000 in claims and expenses for the years ended December 31, 2011 and 2010, respectively As of December 31, 2011 and 2010, the Hospital had recorded a liability of approximately $1,700,000 and $1,600,000, respectively, related to claims incurred but not reported

NOTE 10. Net Patient Service Revenue

Net patient service revenue is reported at estimated net realizable amounts from patients, third-party payors and others for services rendered Net patient service revenue is computed as follows for the years ended December 31

	2011	2010
Gross patient service revenue	$ 584,379,593	$ 538,435,739
Deductions		
Medicare and Medicaid contractual adjustments	(205,337,539)	(180,109,332)
Other discounts and adjustments	(79,453,770)	(65,457,960)
Charity care	(24,058,729)	(24,513,045)
Net patient service revenue	$ 275,529,555	$ 268,355,402

NOTE 11. Charity Care

The Company also provides medical care without charge or at reduced costs to residents of its community through the provision of charity care Included in the Company's definition of charity care are (a) services provided at no charge to the uninsured or underinsured who meet certain income guidelines and (b) services provided to patients expressing a willingness to pay but who are determined to be unable to pay because of socio-economic factors In addition, the Company provides services to Medicaid beneficiaries at payments that do not cover costs

The amount of charges foregone for services and supplies furnished under the Company's charity care policy amounted to approximately $24,059,000 and $24,513,000 in 2011 and 2010, respectively The estimated cost of providing such services amounted to approximately $10,268,000 in 2011 and $11,372,000 in 2010 which are based on a calculation which applies a ratio of costs to gross charges to the gross uncompensated charges associated with providing charity to patients The ratio of cost to charges is calculated based on the Hospital's total expenses (less bad debt expense) divided by gross patient service revenue

The Company provides a wide variety of benefits to the community including various community-based social service programs, such as support of the free clinic, health screenings, trauma services, training for emergency service personnel, social service and support counseling for patients and families, pastoral care, crisis intervention, and transportation to and from the hospital campuses Additionally, a large number of health-related educational programs are provided for the benefit of the community, including health enhancements and wellness, classes on specific conditions, unreimbursed costs of medical education, telephone information services, and costs related to programs designed to improve the general standards of the health of the community

NOTE 12. Functional Expenses

The Company provides general healthcare services to residents within its geographical location Expenses related to providing these services included in the consolidated statements of operations for the years ended December 31 are as follows

	2011	2010
Health care services	$ 229,200,054	$ 222,224,957
General and administrative	29,843,599	27,574,361
	$ 259,043,653	$ 249,799,318

NOTE 13. Insurance Coverage

Effective July 15, 2004, the Company placed its professional and general liability coverage with Virginia Solution SPC, Ltd , a captive formed by five area regional hospitals of which the Company is a member The policy with Virginia Solution SPC, Ltd includes full prior-acts coverage with a retroactive date of January 1, 1976 and provides $2,000,000 of coverage for each incident and an annual aggregate limit of $6,000,000 The Hospital's professional liability policy is on a claims-made basis The coverage under the existing policy extends to June 1, 2012 Under existing Virginia statutes, medical malpractice claims are capped at $2,000,000 There is also a policy that provides excess coverage in the amount of $15,000,000 that would respond in the event of a claim exceeding the $2,000,000 of primary coverage

The Company also carries other normal and customary insurance including commercial property, automobile liability, pollution liability, workers' compensation, employer's liability, fiduciary liability and directors' and officers' liability and indemnification coverage Company management is of the opinion that its financial position would not be materially affected by the ultimate costs related to unasserted claims at December 31, 2011