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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
City Hospital Inc

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
2000 Foundation Way Room No 2310

City or town, state or country, and ZIP + 4
Martinsburg, WV 25401

D Employer identification number
55-0383321

E Telephone number
(304) 264-1000

G Gross receipts $ 143,851,426

F Name and address of principal officer
Christopher Knight
2000 Foundation Way Suite 2310
Martinsburg, WV 25401

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 wvuh-east org

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

L Year of formation 1940

M State of legal domicile WV

Part I Summary

1 Briefly describe the organization's mission or most significant activities
City Hospital is a non profit acute care hospital providing high-quality health wellness services to the residents of the Eastern Panhandle of WV, expanding access to care and participating in the education of healthcare professionals

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**	14
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	1,376
6	Total number of volunteers (estimate if necessary)	**6**	91
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	752,164
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-8,507

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	18,390	159,278
	9 Program service revenue (Part VIII, line 2g)	122,008,270	140,692,833
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	878,976	681,952
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	1,779,750	1,805,675
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	124,685,386	143,339,738
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	4,335,415	314,403
	14 Benefits paid to or for members (Part IX, column (A), line 4)		0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	59,670,788	61,573,352
	16a Professional fundraising fees (Part IX, column (A), line 11e)		0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶0		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	60,058,968	76,084,231
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	124,065,171	137,971,986
	19 Revenue less expenses Subtract line 18 from line 12	620,215	5,367,752

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	94,664,400	107,836,793
	21 Total liabilities (Part X, line 26)	69,146,750	80,196,400
	22 Net assets or fund balances Subtract line 21 from line 20	25,517,650	27,640,393

Part II Signature Block

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

Sign Here

▶ Signature of officer — 2012-10-23 Date

▶ Christopher Knight VP of Finance
Type or print name and title

Paid Preparer's Use Only

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

Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ | EIN ▶ | Phone no ▶

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

City Hospital is a non-profit acute care hospital located in the Eastern Panhandle of WV The mission of City Hospital is to provide high quality, cost effective health and wellness services to the community CHI provides these to patients in need without consideration of their ability to pay

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 $ 45,432,543 including grants of $) (Revenue $ 98,445,380)

City Hospital provides general medical services to the residents in the Eastern Panhandle region of WV Such services include family medicine, internal medicine, observation, a fully accredited cancer center, and outpatient ancillary testing During 2011, City Hospital documented 136,292 ancillary tests, and 2,347 observation visits

4b (Code) (Expenses $ 4,476,349 including grants of $) (Revenue $ 9,699,563)

The General Surgery department at City Hospital is staffed by specialists and general surgeons offering the latest in surgical techniques including laproscopic procedures, lithotripsy, and same day/ambulatory surgery Same day surgery visits for 2011 totaled 7,945

4c (Code) (Expenses $ 3,850,440 including grants of $) (Revenue $ 8,343,315)

In 2011 at City Hospital, we performed approximately 3,202 GI Endoscopy procedures with associated pre-surgical testing making it one of the top revenue generating services for that fiscal year We also replaced one equipment tower with all High Definition technology in 2011 and replaced the 3 remaining towers and all GI scopes with High Definition in 2012 High Definition is the latest technology in endoscopy equipment High resolution and color results in improved visualization

4d Other program services (Describe in Schedule O)

(Expenses $ 51,597,389 including grants of $ 314,403) (Revenue $ 25,714,441)

4e Total program service expenses ▶ $ 105,356,721

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		
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		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d	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		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, 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**		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or 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**		No
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**		No
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	**1a**	144		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	**1b**	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			**1c**	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	**2a**	1,376		
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**	No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b**	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?			**4a**	No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			**5a**	No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			**5b**	No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			**5c**	
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			**6a**	No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			**6b**	
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			**7a**	No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b**	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			**7c**	No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			**7e**	No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			**7f**	No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			**7g**	
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	14		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .		3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .		5		No
6	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		No
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		

Section C. Disclosure

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

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

Christopher Knight
2000 Foundation Way Suite 2310
Martinsburg, WV 25401
(304) 264-1358

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			
(1) Richard Pill Chairman	1 00	X		X				0	0	0
(2) Walter Washington Vice-Chairman	1 00	X		X				0	0	0
(3) Robert Baronner Jr Treasurer	1 00	X		X				0	0	0
(4) Shelia Hamilton Secretary	1 00	X		X				0	0	0
(5) Keith Berkeley DVM Director	1 00	X						0	0	0
(6) Fred Butcher PhD Director	1 00	X						0	0	0
(7) Betty Gunnoe Director	1 00	X						0	0	0
(8) Mitch Jacques MD Director	1 00	X						0	0	0
(9) David Baltierra MD Director	1 00	X						0	0	0
(10) D Scott Roach JMH Med Staff President	1 00	X						0	0	0
(11) Rhonda Monroe Director	1 00	X						0	0	0
(12) Dawn Jones MD CHI Med Staff President	1 00	X						0	0	0
(13) Jeffrey B DeBord DO Director	1 00	X						0	0	0
(14) Nicholas Trietsch Director	1 00	X						0	0	0
(15) Dr Richard Knapp Director	1 00	X						0	0	0
(16) Anthony Zelenka Cheif Administrative Officer	50 00			X				256,570	0	32,238
(17) Robert Strauch VP Med Affairs	40 00			X				97,185	0	825

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			
(18) Donna Clews VP of Nursing	40 00			X				148,840	0	7,752
(19) Linda Campbell Jones Chief CRNA	40 00					X		214,628	0	17,507
(20) Jason T White Assistant Chief CRNA	40 00					X		202,813	0	32,238
(21) Robert C Johnson Jr CRNA	40 00					X		199,273	0	28,436
(22) Mark D Kovacs CRNA	40 00					X		198,226	0	33,238
(23) Donna Hupp Baker CRNA	40 00					X		192,528	0	10,901

1b	**Sub-Total** . . . . . ▶			
c	**Total from continuation sheets to Part VII, Section A** . . . . ▶			
d	**Total (add lines 1b and 1c)** . . . . . ▶	1,510,063		163,135

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 ▶ 28

			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
Quest Diagnostics 14225 Newbrook Dr Chantilly, VA 20151	Lab Services	636,750
Handcraft Cleaners and Laundry 1501 Roseneath Rd Richmond, VA 23230	Laundry Services	565,105
C&A Industries Inc 13609 California St Omaha, NE 68154	Contract labor	634,332
Insight Health Services 26250 Enterprise Ct Lake Forest, CA 92630	Mobile MRI and PET services	628,457
Hospitalist Medicine Physicians of Berkeley County PLLC PO Box 645037 Cincinnato, OH 45264	Contracted Hospitalists	552,120

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 ▶ 28

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 152,685				
	e	Government grants (contributions) 1e 6,593				
	f	All other contributions, gifts, grants, and similar amounts not included above 1f				
	g	Noncash contributions included in lines 1a-1f $ 2,177				
	h	**Total.** Add lines 1a-1f . . . . . ▶	159,278			
Program Service Revenue		Business Code				
	2a	Patient Services	139,174,941	139,174,941		
	b	Wellness Center	742,226	742,226		
	c	Patient Pharmacy	775,666	775,666		
	d					
	e					
	f	All other program service revenue				
	g	**Total.** Add lines 2a–2f . . . . . ▶	140,692,833			
	3	Investment income (including dividends, interest and other similar amounts) . . . . . ▶	1,193,640	1,193,640		
	4	Income from investment of tax-exempt bond proceeds . . ▶				
	5	Royalties . . . . . ▶				
		(i) Real / (ii) Personal				
	6a	Gross rents 60,938				
	b	Less rental expenses				
	c	Rental income or (loss) 60,938				
	d	Net rental income or (loss) . . . . . ▶	60,938			60,938
		(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory				
	b	Less cost or other basis and sales expenses 511,688				
	c	Gain or (loss) -511,688				
	d	Net gain or (loss) . . . . . ▶	-511,688			-511,688
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	Partnership Passthrough Income	752,164		752,164	
	b	Cafeteria Income	348,926			348,926
	c	Cash Discounts	327,421			327,421
	d	All other revenue	316,226	316,226		
	e	**Total.** Add lines 11a–11d . . . . . ▶	1,744,737			
	12	**Total revenue.** See Instructions . . . ▶	143,339,738	142,202,699	752,164	225,597

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	314,403	314,403		
2	Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	543,411		543,411	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7	Other salaries and wages	47,989,739	39,809,109	8,180,630	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	1,455,764	1,207,605	248,159	
9	Other employee benefits	7,353,313	6,133,679	1,219,634	
10	Payroll taxes	4,231,125	3,509,861	721,264	
11	Fees for services (non-employees)				
a	Management	0			
b	Legal	125,148	293	124,855	
c	Accounting	57,266		57,266	
d	Lobbying	13,274		13,274	
e	Professional fundraising *See Part IV, line 17* . .				
f	Investment management fees	0			
g	Other	16,142,870	11,950,711	4,192,159	
12	Advertising and promotion	355,458	7,608	347,850	
13	Office expenses	26,179,498	23,850,068	2,329,430	
14	Information technology	288,383	78,979	209,404	
15	Royalties . .	0			
16	Occupancy	2,221,311	403,234	1,818,077	
17	Travel	340,065	168,790	171,275	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	0			
20	Interest	2,225,477	589	2,224,888	
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	6,775,945		6,775,945	
23	Insurance	1,022,153		1,022,153	
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	Provision for Doubtful Accounts	14,563,488	14,563,488		
b	Association Dues	138,865	47,716	91,149	
c	Educational Training	137,194	7,711	129,483	
d	Taxes, Licenses, Fees	4,377,957	3,032,554	1,345,403	
e					
f	All other expenses	1,119,879	270,323	849,556	
25	**Total functional expenses.** Add lines 1 through 24f	137,971,986	105,356,721	32,615,265	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		43,010	1	284,197
	2	Savings and temporary cash investments		18,960,480	2	29,696,025
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		12,841,702	4	14,632,710
	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		1,336,500	7	655,276
	8	Inventories for sale or use		1,777,782	8	1,954,541
	9	Prepaid expenses and deferred charges		359,773	9	354,034
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 112,412,372			
	b	Less accumulated depreciation	10b 61,157,765	41,817,952	10c	51,254,607
	11	Investments—publicly traded securities		13,004,060	11	76,010
	12	Investments—other securities See Part IV, line 11			12	2,663,680
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		4,523,141	15	6,265,713
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		94,664,400	16	107,836,793
Liabilities	17	Accounts payable and accrued expenses		9,198,849	17	12,206,103
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		48,383,698	20	53,299,806
	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		11,564,203	25	14,690,491
	26	**Total liabilities.** Add lines 17 through 25		69,146,750	26	80,196,400
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		25,205,594	27	27,326,335
	28	Temporarily restricted net assets		312,056	28	312,058
	29	Permanently restricted net assets			29	2,000
		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		25,517,650	33	27,640,393
	34	Total liabilities and net assets/fund balances		94,664,400	34	107,836,793

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	143,339,738
2	Total expenses (must equal Part IX, column (A), line 25)	2	137,971,986
3	Revenue less expenses Subtract line 2 from line 1	3	5,367,752
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	25,517,650
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-3,245,009
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	27,640,393

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
City Hospital Inc

Employer identification number
55-0383321

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**	0 %
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	0 %
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	0 %
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

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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
City Hospital Inc	55-0383321

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)	13,274	
c Total lobbying expenditures (add lines 1a and 1b)	13,274	
d Other exempt purpose expenditures	105,356,721	
e Total exempt purpose expenditures (add lines 1c and 1d)	105,369,995	
f Lobbying nontaxable amount Enter the amount from the following table in both columns	1,000,000	
g Grassroots nontaxable amount (enter 25% of line 1f)	250,000	
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	1,000,000	1,000,000	1,000,000	1,000,000	4,000,000
b Lobbying ceiling amount (150% of line 2a, column(e))					6,000,000
c Total lobbying expenditures	12,860	12,507	12,820	13,274	51,461
d Grassroots non-taxable amount	250,000	250,000	250,000	250,000	1,000,000
e Grassroots ceiling amount (150% of line 2d, column (e))					1,500,000
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?			
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?			
c	Media advertisements?			
d	Mailings to members, legislators, or the public?			
e	Publications, or published or broadcast statements?			
f	Grants to other organizations for lobbying purposes?			
g	Direct contact with legislators, their staffs, government officials, or a legislative body?			
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?			
i	Other activities? If "Yes," describe in Part IV			
j	Total lines 1c through 1i			
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?			
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
II-A	1b	The amount listed is made up of the amount of West Virginia Hospital Association and American Hospital Association dues that the associations determined as attributable to lobbying expense

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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
City Hospital Inc

Employer identification number
55-0383321

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		106,462		106,462
b Buildings		44,197,120	14,787,723	29,409,397
c Leasehold improvements				
d Equipment		59,815,587	41,647,080	18,168,507
e Other		8,293,203	4,722,962	3,570,241
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				51,254,607

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

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

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

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

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

(a) Description	(b) Book value
(1) Unamortized Borrowing Costs	420,286
(2) Due from Affiliates	4,446,235
(3) Estimated Third Party Payor Settlements	51,329
(4) Other Non-current Assets	1,347,863
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	6,265,713

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
Accrued wages, benefits and payroll taxes	5,283,299
Malpractice Liability	670,135
Accrued pension benefits	1,469,225
Accrued bond interest	42,066
Due to third Party Payors	1,658,780
Interest Rate Swaps	2,946,121
Self Insurance Liability	2,620,865
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	14,690,491

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	143,339,738
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	137,971,986
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	5,367,752
4	Net unrealized gains (losses) on investments	4	-1,802,928
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	-1,442,081
9	Total adjustments (net) Add lines 4 - 8	9	-3,245,009
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	2,122,743

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	142,838,878
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	-348,175		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIV)	2d			
e	Add lines **2a** through **2d**			2e	-348,175
3	Subtract line **2e** from line **1**			3	143,187,053
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	152,685		
c	Add lines **4a** and **4b**			4c	152,685
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	143,339,738

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

1	Total expenses and losses per audited financial statements			1	139,134,516
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	1,462,530		
d	Other (Describe in Part XIV)	2d	-300,000		
e	Add lines **2a** through **2d**			2e	1,162,530
3	Subtract line **2e** from line **1**			3	137,971,986
4	Amounts included on Form 990, Part IX, line 25, but not on line **1:**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIV)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	137,971,986

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
X	2	The annual audit and financial statements of City Hospital are prepared on a consolidated basis as a member of the WV United Health System The System accounts for uncertainty in income taxes using a recognition threshold of more-likely-than not to be sustained upon examination by the appropriate taxing authority Measurement of the tax uncertainty occurs if the recognition threshold is met There were no tax uncertainties that met the recognition threshold in 2011
XI	8	The amount on line 8 includes 249,806 Change in restricted net assets, 2,177 of comfort items contributed by City Foundation posted to balance sheet, Hospitalists Net AR of 63,736, 1,627,974 of related organization capitalization, and 2,000 capital stock transfered from WVUH-Enterprises that was merged into City Hospital January 31, 2011
XII	4b	The amount shown consists of 152,685 contributions from City Foundation posted to balance sheet accounts
XIII	2c	The amount shown on line 2c 1,462,530 unrealized losses on debt instruments included in expense on audited financial statments but not taken as an expense on the Form 990
XIII	2d	The amount shown on line 2d consists of 300,000 contributions to City Foundation posted to balance sheet accounts

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
City Hospital Inc

Employer identification number
55-0383321

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		No
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	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit reportduring the tax year?	6a		No
6b	If "Yes," did the organization make it available to the public?	6b		
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 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)			3,633,885		3,633,885	2 940 %
b Medicaid (from Worksheet 3, column a)			22,889,483	14,352,014	8,537,469	6 920 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			437,640	420,228	17,412	0 010 %
d **Total** Charity Care and Means-Tested Government Programs			26,961,008	14,772,242	12,188,766	9 870 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			248,862	16,790	232,072	0 190 %
f Health professions education (from Worksheet 5)			345,536	137,887	207,649	0 170 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			22,725		22,725	0 020 %
j **Total** Other Benefits			617,123	154,677	462,446	0 380 %
k **Total.** Add lines 7d and 7j			27,578,131	14,926,919	12,651,212	10 250 %

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			11,386		11,386	0 010 %
2	Economic development			4,261		4,261	
3	Community support			15,589		15,589	0 010 %
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building			831		831	
7	Community health improvement advocacy			4,561		4,561	
8	Workforce development			4,722		4,722	
9	Other						
10	**Total**			41,350		41,350	0 020 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1	Yes		
2	Enter the amount of the organization's bad debt expense	2	6,729,788		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	179,739		
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	46,584,639
6	Enter Medicare allowable costs of care relating to payments on line 5	6	49,660,257
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-3,075,618
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	City Hospital Inc 2000 Foundation Way Suite 2310 Martinsburg, WV 25401	X	X		X			X		

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)

Name of Hospital Facility: _____

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

		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		
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	9		
If "Yes," indicate the FPG family income limit for eligibility for free care __%			

Part V Facility Information *(continued)*

		Yes	No
10 Used FPG to determine eligibility for providing discounted care?	10		
If "Yes," indicate the FPG family income limit for eligibility for discounted care __%			
If "No," explain in Part VI the criteria the hospital facility used			
11 Explained the basis for calculating amounts charged to patients?	11		
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		
13 Included measures to publicize the policy within the community served by the hospital facility?	13		
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		
15 Check all of the following 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 DDid 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		
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**		
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**		
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**		
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 3c		City Hospital Inc CHI uses 200 Federal Poverty Guideline to determine free care eligibility However, City Hospital does not offer discounted care to individuals who do not qualify for free care

Identifier	ReturnReference	Explanation
Part I line 6a		Community benefit amounts for City Hospital, Inc are reported on WV United Health Systems website www wvunitedhealthsystem org under community responsibility report

Identifier	ReturnReference	Explanation
Part I line 7		Worksheet 2 from the IRS Schedule H instructions was used to derive the Cost-to-charge ratio, which was used to calculate Charity Care at cost, Unreimbursed Medicaid and other means-tested government programs at cost To calculate the Medicare allowable cost shown on Part III question 8 we used the allowable cost from the Medicare Cost Report

Identifier	ReturnReference	Explanation
Part I line 7		Column f - Total community benefit expense for 2011 is 27,578,131 and is 22 35 of total net expenses To calculate net expense, bad debt of 14,563,488 was deducted from total expenses of 137,971,986 as shown in Part IX line 25 of the core Form 990

Identifier	ReturnReference	Explanation
Part II		Physical improvements and housing - City Hospital employees spent a weekday volunteering at two local social service agencies on behalf of the United Way of the Eastern Panhandle City Hospital also provided the kick-off breakfast for all 500 volunteers throughout the Eastern Panhandle

Identifier	ReturnReference	Explanation
Part II		Economic Development - In 2011,hospital representatives participated as members of the Berkeley County Development Authority and Board Members of the Martinsburg Berkeley County Chamber of Commerce

Identifier	ReturnReference	Explanation
Part II		Community Support - City Hospital supports and participates in many health related community activities by providing judges for science fairs at the local schools We have teams that participate in the annual March of Dimes Walk, American Cancer Society Relay for Life in Berkeley County and various other fundraising events for local, health related, non-profit organizations Many employees serve as volunteer board of directors for community non-profit organizations such as Hospice of the Panhandle, Boys Girls Club of the Eastern Panhandle, Eastern Panhandle Free Clinic and the United Way of the Eastern Panhandle

Identifier	ReturnReference	Explanation
Part II		Coalition building - CHI staff participate in the Health Human Services Council as well as Healthier Berkeley County All of these entities focus on improving community access to health care, human services in general, and determine ways to encourage healthy lifestyles

Identifier	ReturnReference	Explanation
Part II		Community Health Improvement Advocacy - CHI is a partner in the MAPP project which is a collaborative initiative to assess community social service needs and develop a plan to tackle these issues In 2011, CHI also began data collection through a survey, focus groups and face-to-face interviews as part of a community health needs assessment to develop a plan to address health needs in the community CHI also has a representative on the Berkeley County Board of Health

Identifier	ReturnReference	Explanation
Part II		Workforce Development - CHI participates in activities sponsored by the Martinsburg Berkeley County Chambers Workforce Development Committee CHI is a major sponsor of the Womens Network, an organization, established by the Berkeley County Chamber, which sponsors womens professional activities, social networking and professional development seminars A representative from CHI also serves on the Blue Ridge Community Technical College Board of Governors

Identifier	ReturnReference	Explanation
Part II		CHI also has agreements with area community colleges and universities to allow students to complete clinical rotations at the hospital

Identifier	ReturnReference	Explanation
Part III line 4		City Hospitals footnote for Accounts Receivable - patients states accounts receivable are reported at net realizable value Accounts are written off when they are determined to be uncollectible based upon managements assessment of individual accounts The allowance for doubtful accounts is estimated based upon a periodic review of the accounts receivable aging, payor classifications, and application of historical write-off percentages City Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements, primarily with Medicare, Medicaid, and various commercial insurance companies CHI maintains allowances for potential credit losses and such losses have historically been within managements expectations

Identifier	ReturnReference	Explanation
Part III line 4		Part III, Line 2 - Bad Debt Expense at cost was calculated by multiplying bad debt expense of 14,563,488 by our cost-to-charge ratio of 46 21 derived from Worksheet 2 in the IRS Schedule H instructions for a total of 6,729,788 Line 3 - Estimated bad debt attributable to patients eligible for charity care was calculated by running a report within our patient revenue software of all bad debt account balances greater than 25,000 The total of that report was 444,407, which was then multiplied by the cost-to-charge ratio of 46 21 for a total of 179,739

Identifier	ReturnReference	Explanation
Part III line 4		We feel that, at a minimum, the estimated bad debt attributable to patients eligible for charity care of 179,739 should be considered community benefit due to the fact that a patient with an outstanding balance of 25,000 or greater usually qualifies as catastrophic if the patient completes the application process In our Charity Care policy, we define catastrophic care as any illness or injury that will likely require continuous or frequent treatment for more than one year

Identifier	ReturnReference	Explanation
Part III line 8		Part III Line 6 was calculated using total cost from the Medicare Cost Report less Medicare reimbursement of direct GME City Hospitals shortfall of 3,075,618 on Medicare program should be considered a community benefit because we are relieving a government burden by providing care in excess of our cost to these patients

Identifier	ReturnReference	Explanation
Part III line 9b		CHI does have a debt collection policy The policy does not yet address collection practices to be followed for patients who are known to qualify for charity care or financial assistance

Identifier	ReturnReference	Explanation
Part V		Line 10 - City Hospital offers discounted care only to individuals who qualify for free care CHI does offer a prompt pay discount to Self-Pay patients with no third-party coverage that meet certain criteria

Identifier	ReturnReference	Explanation
Part V		Line 21 - City Hospital charges all patients an amount equal to gross charges regardless of payment method

Identifier	ReturnReference	Explanation
Part VI Line 2		City Hospital Inc is a part of WVUH-East, Inc a healthcare system serving the Eastern Panhandle of WV The West Virginia University Hospitals, East WVUH-East Marketing Department considers several components in assessing how the organization determines the need of the communities it serves Through outside consultants to collaborating with various departments, a needs assessment takes into account several factors including physician to population ratios, physician availability in the entire service area, and general health risks for our community

Identifier	ReturnReference	Explanation
Part VI Line 2		The Primary Service Area PSA for CHI includes Berkeley and Jefferson Counties in WV with Morgan County, WV being a secondary service area This data is then analyzed to provide general estimates to guide CHI and WVUH-East to where they could better care for residents of West Virginias Eastern Panhandle

Identifier	ReturnReference	Explanation
Part VI Line 2		Sources utilized to help gather this information come from a variety of areas Physician distribution and population data come from the American Medical Association and the U S Census Bureau and the general health risk for our community comes from clinical diagnosis information gathered by the West Virginia Health Care Authority and Thomson Reuters Market Planner Plus

Identifier	ReturnReference	Explanation
Part VI Line 2		We also conduct market research to ask consumers how they perceive the health system and where they go for health care services Once all the data is gathered to determine where residents of West Virginia are going for care and what types of services they are receiving, a needs assessment can then begin based on physician distribution and population estimates

Identifier	ReturnReference	Explanation
Part VI Line 2		WVUH-East is working with other local organizations in a project known as MAPP Mobilizing for Action through Planning and Partnerships to create and implement a community health improvement plan

Identifier	ReturnReference	Explanation
Part VI Line 3		City Hospital employs 4 financial analysts to meet with patients to discuss financial eligibility for our charity care program City Hospital has the qualification requirements, as well as, applications for charity care available at all registration areas Patients that do not qualify for state or federally funded programs can apply for the charity care program at City Hospital

Identifier	ReturnReference	Explanation
Part VI Line 4		City Hospital is a non-profit acute care hospital located in Berkeley County, WV population 104,169 in the city of Martinsburg, WV Martinsburg is the largest city in the Eastern Panhandle, and the 8th largest municipality in the state of West Virginia, with a total population of 17,227 residents The Primary Service Area for City Hospital consists of Berkeley County, WV and Jefferson County, WV, with an extended service area including Morgan County, WV The 2010 market share for City Hospitals Primary Service Area is 41 61 with 16 8 of those patients covered by Medicaid and 8 6 uninsured Jefferson Memorial Hospital, a non-profit critical access hospital under common management, is located within the Primary Service Area and War Memorial Hospital, a non-profit critical access hospital, operated by Valley Health System, is located in the extended service area of Morgan County, WV

Identifier	ReturnReference	Explanation
Part VI Line 4		Berkeley County has a population of 104,169, with an average household income of 38,763 and an unemployment rate of 8 1 Currently, 11 5 of the people in Berkeley County live below the 2010 Federal Poverty Guideline according to the U S Census Bureau 2010 census Jefferson Countys population is 53,498, with an average household income of 44,347 and an unemployment rate of 5 9 10 3 of Jefferson County residents live below the 2010 Federal Poverty Guideline

Identifier	ReturnReference	Explanation
Part VI Line 4		In WVUH-Easts extended service area, Morgan County has a population of 17,541, with an average household income of 35,016 and an unemployment rate of 9 0 10 4 of Morgan County residents currently live below 2010 Federal Poverty Guidelines

Identifier	ReturnReference	Explanation
Part VI Line 5		The CHI board of directors is a community board, with fourteen of the fifteen members living in or around Martinsburg, WV The remaining board member lives in Morgantown, WV and has connections with CHI through the WV United Health System Having members living outside our PSA allows us to be more aware of the healthcare needs in other areas of West Virginia None of the board members are neither employees nor contractors of the organization, nor family members thereof

Identifier	ReturnReference	Explanation
Part VI Line 5		CHI extends privileges to all qualified medical staff in Berkeley County and surrounding communities to meet its healthcare needs

Identifier	ReturnReference	Explanation
Part VI Line 5		CHI allocates available funding to capital purchases and expanding services to improve patient care, support medical education in Berkeley County and surrounding counties in West Virginia and bordering states

Identifier	ReturnReference	Explanation
Part VI Line 5		In 2009, CHI began offering discounted screening in response to a struggling economy Recognizing that individuals were putting off scheduling routine, preventive testing such as mammograms and blood work, CHI offered Discounted Mammogram Clinics in April and October 2011 cash, no insurance The clinics were successful in serving over 100 patients at City Hospital The Rotary Health Fair, held in April, provided a full blood work-up at cost Nearly 500 individuals took advantage of these screenings

Identifier	ReturnReference	Explanation
Part VI Line 5		Our Mini-Medical School Program, which is held 6 times per year in Berkeley County, is a community health education program featuring local physicians and topics that address health needs in our communities The program is jointly sponsored by WVUH-East and the WVU Robert C Byrd Health Sciences Center Eastern Division It is offered free to the community with an average attendance of 75 - 100 in Berkeley County

Identifier	ReturnReference	Explanation
Part VI Line 6		CHI is a part of the WV United Health System CHI plays a significant role in improving the general health care of the community The strategic plan of the System states intent to build a regional health care delivery system in its services area, defined above, while offering a variety of options for providers who want to participate The System maintains a demonstrated commitment to assist rural communities in preserving and improving the health care available to the patients it serves

Identifier	ReturnReference	Explanation
Part VI Line 6		System management is focused on recruitment of staff and employees to meet the growing needs of the aging population in the Systems service areas Other hospitals in the System include United Health Center, which is more centrally located in the state, Jefferson Memorial Hospital which is located in the Eastern Panhandle of WV, Camden-Clark Medical Center located in Parkersburg, WV and West Virginia University Hospitals located in Morgantown, WV

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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
City Hospital Inc

Employer identification number
55-0383321

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) City Hospital Foundation 2000 Foundation Way Suite 2310 Martinsburg, WV 25401	31-1118075	501c3	300,000				Support
(2) WVUH-East Inc2000 Foundation Way Suite 2310 Martinsburg, WV 25401	20-2337985	501c3	12,003				Support

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

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
I	2	City Hospital provides physician support to UPC-East Services to help UPC-East Services meet the mission of both City Hopsital and WVUH-East Services City Hospital also contributed suppport this year to City Hospital Foundation as part of a capital campaign drive that the Foundation is running During 2011 City Hospital provided support to related parties to help further the exempt purpose of the organization

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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
City Hospital Inc

Employer identification number
55-0383321

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**		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**		
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply ☑ 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**		No
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**		No
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use 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) Anthony Zelenka	(i) (ii)	243,890	11,770	910		32,238	288,808	
(2) Donna Clews	(i) (ii)	148,133		707		7,752	156,592	
(3) Linda Campbell Jones	(i) (ii)	214,330		298		17,507	232,135	
(4) Jason T White	(i) (ii)	202,751		62		32,238	235,051	
(5) Robert C Johnson Jr	(i) (ii)	199,225		48		28,436	227,709	
(6) Mark D Kovacs	(i) (ii)	198,181		45		33,238	231,464	
(7) Donna Hupp Baker	(i) (ii)	192,270		258		10,901	203,429	

Part III Supplemental Information

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

Identifier	Return Reference	Explanation

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Schedule 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
City Hospital Inc

Employer identification number
55-0383321

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
(1) Panhandle Medical Associates	Jeffrey B DeBord, DO	130,400	Payment for medical services		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
IV	1	Jeffrey B DeBord, DO owns greater than 5 of Panhandle Medical Associates Panhandle Medical Associates provides contracted medical services to City Hospital Inc

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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
City Hospital Inc

Employer identification number
55-0383321

Identifier	Return Reference	Explanation
Form 990 Part IV	24a	Bond issuances allocated to City Hospital, Inc are being reported on Schedule K of West Virginia University Hospitals, Inc EIN 55-0643304 West Virginia University Hospitals, Inc is a 501c3 and is the parent hospital of City Hospital, Inc

Identifier	Return Reference	Explanation
Form 990 Part VI	11a	The Form 990 is prepared by the WVUH tax accountant and then reviewed by the WVUH-East Controller Upon approval, it is then reviewed by the non-profit tax manager of our independent auditing firm Once all review notes are cleared, it is presented to the WVUH-Easts Vice President of Finance for review After gaining approval from the VP of Finance, it is then presented to all of the Board Members for a final review Upon review by the Board of Directors, it is signed and submitted to the IRS

Identifier	Return Reference	Explanation
Form 990 Part VI	12c	All Board Members are required to disclose, annually, any relationship which may lead to a potential conflict of interest These responses are processed and maintained by the WVUH-East Compliance Committee All board members are to be willing to identify conflicts of interest and abstain from voting when appropriate

Identifier	Return Reference	Explanation
Form 990 Part VI	15b	The compensation of all executives is determined through the use of an independent salary consulting firm compiling the compensation data of comparable organizations in comparable geographic locations This data is then used by an independent compensation committee to set the compensation for each executive The data and supporting documentation are retained and documented

Identifier	Return Reference	Explanation
Form 990 Part VI	19	All financial and governing documents are retained onsite and are made available to the public upon request

Identifier	Return Reference	Explanation
Form 990 Part XI	5	The amount on line 5 Other changes in net assets or fund balance includes 1,802,928 of unrealized gains, 249,806 Change in restricted net assets, 2,177 contribution from City Foundation of comfort items for the oncology department posted to net assets on the financial statements and reported as contribution revenue on the Form 990, Hospitalists Net AR of 63,737, 1,627,973 of related organization capitalization, and 2,000 capital stock transfered from WVUH-Enterprises that was merged into City Hospital January 31, 2011

Identifier	Return Reference	Explanation
Form 990 Part III Program Service Accomplishments	Line 4d Other Activities	Program Service Expenses 51,597,389, Grants and allocations 314,403, Revenue 25,714,441 City Hospital, Inc CHI is a not-for-profit facility that operates twenty-four hours a day, seven days a week. The hospital provides acute care services, as well as emergency and specialty patient care CHI serves as part of a regional health system, WVUH-East which serves Berkeley, Jefferson and Morgan Counties City Hospital serves as a clinical education site for WVU, the WV School of Osteopathic Medicine and other universities and community colleges in the area The Erma Byrd Health Professions Education Center, which houses WVUs Robert C Byrd Health Sciences Center-Eastern Division, is also located on the City Hospital campus

Identifier	Return Reference	Explanation
Form 990 Part III Program Service Accomplishments	Line 4d Other Activities	Program Service Expenses 0, Grants and allocations 0, Revenue 0 City Hospital has a Level III Trauma Center and a fully accredited Cancer Program which offers cancer drug trials through its affiliation with the Mary Babb Randolph Cancer Center in Morgantown, WV CHIs state of the art imaging services include but are not limited to 64 slice CT, PET CT, SPECT CT, MRI, Open Bore MRI, ultrasound, and digital mammography

Identifier	Return Reference	Explanation
Form 990 Part III Program Service Accomplishments	Line 4d Other Activities	Program Service Expenses 0, Grants and allocations 0, Revenue 0 A 28 million expansion project launched at City Hospital in 2009 brought a new cardiac catheterization lab to City Hospital in October 2010 Although the lab performed diagnostic catheterizations through December 2010, the lab expanded services in January 2011 to include elective primary coronary intervention PCI and emergent therapeutic cardiac catheterization STEMI A new 20-bed ICU/CCU opened at the same time which included four cardiac beds to support the cath lab The third component, a new Emergency Department that can accommodate up to 65,000 patients, opened in 2011 as well

Identifier	Return Reference	Explanation
Form 990 Part III Program Service Accomplishments	Line 4d Other Activities	Program Service Expenses 0, Grants and allocations 0, Revenue 0 Other services provided by City Hospital, in addition to patient care, include a teaching program and a variety of community outreach involvement programs In 2006, City Hospital changed surveying vendors to Press Ganey With over 900 hospitals in their database, allowing for comparison to a much larger base of hospitals than with the prior vendor and creating more opportunities for future improvements City Hospital also contracted with Custom Learning Systems to create an organizational culture that focuses on customer service

Identifier	Return Reference	Explanation
		Form 990, Part III, Line 4d Program Service Expenses 51,597,389, Grants and allocations 314,403, Revenue 25,714,441 City Hospital, Inc CHI is a not-for-profit facility that operates twenty-four hours a day, seven days a week The hospital provides acute care services, as well as emergency and specialty patient care CHI serves as part of a regional health system, WVUH-East which serves Berkeley, Jefferson and Morgan Counties City Hospital serves as a clinical education site for WVU, the WV School of Osteopathic Medicine and other universities and community colleges in the area The Erma Byrd Health Professions Education Center, which houses WVUs Robert C Byrd Health Sciences Center-Eastern Division, is also located on the City Hospital campus Form 990, Part III, Line 4d Program Service Expenses 0, Grants and allocations 0, Revenue 0 City Hospital has a Level III Trauma Center and a fully accredited Cancer Program which offers cancer drug trials through its affiliation with the Mary Babb Randolph Cancer Center in Morgantown, WV CHIs state of the art imaging services include but are not limited to 64 slice CT, PET CT, SPECT CT, MRI, Open Bore MRI, ultrasound, and digital mammography Form 990, Part III, Line 4d Program Service Expenses 0, Grants and allocations 0, Revenue 0 A 28 million expansion project launched at City Hospital in 2009 brought a new cardiac catheterization lab to City Hospital in October 2010 Although the lab performed diagnostic catheterizations through December 2010, the lab expanded services in January 2011 to include elective primary coronary intervention PCI and emergent therapeutic cardiac catheterization STEMI A new 20-bed ICU/CCU opened at the same time which included four cardiac beds to support the cath lab The third component, a new Emergency Department that can accommodate up to 65,000 patients, opened in 2011 as well Form 990, Part III, Line 4d Program Service Expenses 0, Grants and allocations 0, Revenue 0 Other services provided by City Hospital, in addition to patient care, include a teaching program and a variety of community outreach involvement programs In 2006, City Hospital changed surveying vendors to Press Ganey With over 900 hospitals in their database, allowing for comparison to a much larger base of hospitals than with the prior vendor and creating more opportunities for future improvements City Hospital also contracted with Custom Learning Systems to create an organizational culture that focuses on customer service Form 990 Part IV Line 24a Bond issuances allocated to City Hospital, Inc are being reported on Schedule K of West Virginia University Hospitals, Inc EIN 55-0643304 West Virginia University Hospitals, Inc is a 501c3 and is the parent hospital of City Hospital, Inc Form 990 Part VI Section B Line 11a The Form 990 is prepared by the WVUH tax accountant and then reviewed by the WVUH-East Controller Upon approval, it is then reviewed by the non-profit tax manager of our independent auditing firm Once all review notes are cleared, it is presented to the WVUH-Easts Vice President of Finance for review After gaining approval from the VP of Finance, it is then presented to all of the Board Members for a final review Upon review by the Board of Directors, it is signed and submitted to the IRS Form 990 Part VI Section B Line 12c All Board Members are required to disclose, annually, any relationship which may lead to a potential conflict of interest These responses are processed and maintained by the WVUH-East Compliance Committee All board members are to be willing to identify conflicts of interest and abstain from voting when appropriate Form 990 Part VI Section B Line 15b The compensation of all executives is determined through the use of an independent salary consulting firm compiling the compensation data of comparable organizations in comparable geographic locations This data is then used by an independent compensation committee to set the compensation for each executive The data and supporting documentation are retained and documented Form 990 Part VI Section C Line 19 All financial and governing documents are retained onsite and are made available to the public upon request Form 990 Part XI Line 5 The amount on line 5 Other changes in net assets or fund balance includes 1,802,928 of unrealized gains, 249,806 Change in restricted net assets, 2,177 contribution from City Foundation of comfort items for the oncology department posted to net assets on the financial statements and reported as contribution revenue on the Form 990, Hospitalists Net AR of 63,737, 1,627,973 of related organization capitalization, and 2,000 capital stock transfered from WVUH-Enterprises that was merged into City Hospital January 31, 2011

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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
City Hospital Inc

Employer identification number
55-0383321

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
See Additional Data Table							

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) 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
(1) Allied Health Services Inc PO Box 782 Morgantown, WV 26507 55-0652017	Medical Lab	WV	WV United Health System	C Corp	-301,353		100 000 %
(2) West Virginia United Insurance Services Inc 1000 Technology Drive Suite 2320 Fairmont, WV 26554 55-0756055	Provider Network	WV	WV United Health System	C Corp	-5,878		100 000 %
(3) WVUH-East Enterprises 2000 Foundation Way Martinsburg, WV 25401 55-0653982	Medical Equip	WV	WVUH-East Inc	C Corp	70,009		100 000 %

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	Yes	
c Gift, grant, or capital contribution from related organization(s)	1c	Yes	
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		No
h Exchange of assets with related organization(s)	1h		No
i Lease of facilities, equipment, or other assets to related organization(s)	1i		No
j Lease of facilities, equipment, or other assets from related organization(s)	1j	Yes	
k Performance of services or membership or fundraising solicitations for related organization(s)	1k		No
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		No
n Sharing of paid employees with related organization(s)	1n		No
o Reimbursement paid to related organization(s) for expenses	1o	Yes	
p Reimbursement paid by related organization(s) for expenses	1p	Yes	
q Other transfer of cash or property to related organization(s)	1q		No
r Other transfer of cash or property from related organization(s)	1r		No

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) West Virginia University Hospitals-East Inc	o	9,547,435	Cost
(2)			
(3)			
(4)			
(5)			
(6)			

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) 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	

Additional Data

Return to Form

Software ID: 11000218
Software Version: 2011.0.0
EIN: 55-0383321
Name: City Hospital Inc

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

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c)(3))	(f) Direct Controlling Entity	g Section 512(b)(13) controlled organization	
West Virginia United Health System Inc 1000 Technology Drive Fairmont, WV 26554 55-0754713	Healthcare Access	WV	501C3	11 a	N/A		No
West Virginia University Hospitals PO Box 8034 Morgantown, WV 26506 55-0643304	Patient Care	WV	501C3	3	WV United Health System	Yes	
West Virginia University Hospitals - East Inc 2000 Foundation Way Martinsburg, WV 25401 20-2337985	Patient Access	WV	501C3	11a	WVU Hospitals Inc	Yes	
Jefferson Memorial Hospital Inc 2000 Foundation Way Martinsburg, WV 25401 55-0359755	Patient Care	WV	501C3	3	WVUH-East Inc	Yes	
City Hospital Foundation 2000 Foundation Way Martinsburg, WV 25401 31-1118075	Hospital Support	WV	501C3	11a	N/A		No
Jefferson Healthcare Foundation Inc 2000 Foundation Way Martinsburg, WV 25401 55-0768901	Hospital Support	WV	501C3	11a	N/A		No
WVUH-East Services Inc 2000 Foundation Way Martinsburg, WV 25401 31-1118076	Patient Care	WV	501C3	3	WVUH-East Inc	Yes	
United Health Foundation 327 Medical Park Drive Bridgeport, WV 26330 55-0621706	Hospital Support	WV	501C3	11a	N/A		No
United Hospital Center Inc 327 Medical Park Drive Bridgeport, WV 26330 55-0525724	Patient Care	WV	501C3	3	WV United Health System	Yes	
United Physicians Care Inc 686 South Pike Street Shinnston, WV 26431 55-0638563	Patient Care	WV	501C3	3	N/A		No
United Summit Center Inc 6 Hospital Plaza Clarksburg, WV 26301 55-0752788	Behavioral Health	WV	501C3	3	N/A		No
West Virginia Health Care Co-Op PO Box 8059 Morgantown, WV 26506 55-0650441	Support	WV	501C3	11a	WV United Health System	Yes	
Camden-Clark Memorial Hospital 800 Garfield Ave Parkersburg, WV 26102 31-1524546	Patient Care	WV	501C3	3	WV United Health System	Yes	
Camden-Clark Health Services 800 Garfield Ave Parkersburg, WV 26102 55-0769602	Healthcare Access	WV	501C3	11a, I	N/A		No
Camden-Clark Foundation 800 Garfield Ave Parkersburg, WV 26102 55-0667789	Support	WV	501C3	11a	N/A		No
Camden-Clark Physician Corp 604 Ann Street Parkersburg, WV 26102 26-4058719	Patient Care	WV	501C3	11a, I	N/A		No

West Virginia United Health System, Inc. and Controlled Entities

Consolidated Financial Statements and Supplementary Information

December 31, 2011 and 2010

West Virginia United Health System, Inc. and Controlled Entities

Table of Contents
December 31, 2011 and 2010

ParenteBeard

Independent Auditors' Report

Board of Directors
West Virginia United Health System, Inc

We have audited the consolidated balance sheet of West Virginia United Health System, Inc and controlled entities (collectively, the "System") 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 financial statements are the responsibility of the System's management Our responsibility is to express an opinion on these financial statements based on our audits We did not audit the financial statements of United Summit Center, Inc and United Health Foundation, Inc , controlled entities of the System, which statements reflect total assets of $24,135,000 and $25,439,000 as of December 31, 2011 and 2010, respectively, and total revenues of $21,171,000 and $21,663,000, respectively, for the years then ended Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to amounts included for these entities, is based solely on the reports of the other auditors

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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements An audit also includes assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion

In our opinion, based on our audits and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of West Virginia United Health System, Inc and controlled entities as of December 31, 2011 and 2010, and the results of their operations, changes in net assets, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America

ParenteBeard LLC

Pittsburgh, Pennsylvania
April 16, 2012

West Virginia United Health System, Inc. and Controlled Entities

Consolidated Balance Sheet
December 31, 2011 and 2010
(In Thousands)

	2011	2010
Assets		
Current Assets		
Cash and cash equivalents	$ 39,011	$ 49,818
Assets whose use is limited	19,837	14,410
Accounts receivable		
Patients, net of estimated allowance for doubtful collections of approximately $81,027 in 2011 and $54,169 in 2010	172,953	119,838
Other	17,105	14,857
Estimated third-party payor settlements	-	117
Inventories of drugs and supplies	25,966	18,883
Prepaid expenses and other current assets	9,029	5,383
Total current assets	283,901	223,306
Assets Whose Use Is Limited		
Board-designated funds		
Funded depreciation	403,878	315,711
Debt repayment	137,271	121,422
Malpractice self-insurance	28,939	29,871
Under trust indenture, held by trustee	68,935	30,883
Malpractice self-insurance, held by trustee	19,975	18,858
Foundation investments	13,907	7,172
Total	672,905	523,917
Less amounts available to satisfy current obligations	(19,837)	(14,410)
Noncurrent portion of assets whose use is limited	653,068	509,507
Property and Equipment, Net	869,318	652,114
Pledges Receivable, Net	2,390	3,419
Restricted Assets Held by Third-Parties	11,645	12,263
Deferred Financing Costs, Net	11,668	7,279
Other Assets, Net	25,214	22,842
Total assets	$ 1,857,204	$ 1,430,730

	2011	2010
Liabilities and Net Assets		
Current Liabilities		
Line of credit	$ 5,931	$ -
Current maturities of long-term debt	18,892	15,268
Accounts payable and accrued expenses	69,376	54,687
Estimated third-party payor settlements	15,310	8,290
Salaries and benefits payable	55,711	39,882
Accrued interest payable	2,467	1,857
Current portion of estimated medical malpractice claims liability	11,176	11,410
Deferred revenue	1,666	1,570
Total current liabilities	180,529	132,964
Long-Term Debt	716,502	510,640
Estimated Medical Malpractice Claims Liability	36,588	29,180
Derivative Financial Instruments	64,953	24,656
Pension Liability	18,790	-
Other Long-Term Liabilities	1,676	1,832
Total liabilities	1,019,038	699,272
Net Assets		
Unrestricted	824,699	718,446
Temporarily restricted	8,113	7,598
Permanently restricted	5,354	5,414
Total net assets	838,166	731,458
Total liabilities and net assets	$ 1,857,204	$ 1,430,730

See notes to consolidated financial statements

West Virginia United Health System, Inc. and Controlled Entities

Consolidated Statement of Operations
Years Ended December 31, 2011 and 2010
(In Thousands)

	2011	2010
Unrestricted Revenues, Gains, and Other Support		
Net patient service revenues	$ 1,294,288	$ 986,522
Other revenues	52,201	38,621
Total unrestricted revenues, gains, and other support	1,346,489	1,025,143
Expenses		
Supplies and purchased services	518,183	380,115
Salaries and wages	455,986	359,878
Employee benefits	114,181	99,650
Provision for doubtful collections	97,725	77,253
Depreciation and amortization	88,817	63,027
Interest	31,791	14,216
Total expenses	1,306,683	994,139
Operating income	39,806	31,004
Other Income (Loss)		
Inherent contribution	126,026	-
Change in fair value of derivative financial instruments	(30,715)	(5,691)
Investment (loss) income	(11,182)	34,258
Loss on disposal of property and equipment	(1,157)	(337)
Loss on early extinguishment of debt	(562)	-
Other, net	96	(145)
Revenues in excess of expenses	122,312	59,089
Pension Liability Adjustment	(9,473)	-
Transfers to the School of Medicine	(7,708)	(4,544)
Contributions Restricted for Purchases of Property and Equipment	731	532
Net Assets Released from Restrictions Used for Purchase for Property and Equipment	151	8,528
Amortization of Fair Value of Derivative Financial Instruments	240	240
Increase in unrestricted net assets	$ 106,253	$ 63,845

See notes to consolidated financial statements

West Virginia United Health System, Inc. and Controlled Entities

Consolidated Statement of Changes in Net Assets
Years Ended December 31, 2011 and 2010
(In Thousands)

	2011	2010
Unrestricted Net Assets		
Revenues in excess of expenses	$ 122,312	$ 59,089
Pension liability adjustment	(9,473)	-
Transfers to the School of Medicine	(7,708)	(4,544)
Contributions restricted for purchases of property and equipment	731	532
Net assets released from restrictions used for the purchase of property and equipment	151	8,528
Amortization of fair value of derivative financial instruments	240	240
Increase in unrestricted net assets	106,253	63,845
Temporarily Restricted Net Assets		
Contributions and grants	1,400	1,106
Inherent contribution	278	-
Change in value of split-interest agreements	(141)	(153)
(Decrease) increase in temporarily restricted assets held by the West Virginia University Foundation	(132)	191
Net assets released from restrictions	(890)	(8,828)
Increase (decrease) in temporarily restricted net assets	515	(7,684)
Permanently Restricted Net Assets		
Valuation (loss) gain	(180)	329
Inherent contribution	112	-
Increase in permanently restricted assets held by the West Virginia University Foundation	8	9
(Decrease) increase in permanently restricted net assets	(60)	338
Increase in net assets	106,708	56,499
Net Assets, Beginning	731,458	674,959
Net Assets, Ending	$ 838,166	$ 731,458

See notes to consolidated financial statements

West Virginia United Health System, Inc. and Controlled Entities

Consolidated Statement of Cash Flows
Years Ended December 31, 2011 and 2010
(In Thousands)

	2011	2010
Cash Flows from Operating Activities		
Increase in net assets	$ 106,708	$ 56,499
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Provision for doubtful collections	97,725	77,253
Depreciation and amortization	88,817	63,027
Inherent contribution	(126,416)	-
Change in fair value of derivative financial instruments	30,475	5,451
Loss on disposal of property and equipment	1,157	337
Loss on early extinguishment of debt	562	-
Amortization of discount on long-term debt, net	21	35
Equity in the loss (income) of partnership interests	946	(306)
Distributions received from partnership interests	511	511
Net realized and unrealized losses (gains) on investments	23,172	(26,910)
Pension liability adjustment	9,473	-
Contributions restricted for purchases of property and equipment	(731)	(532)
Change in value of split-interest agreements	141	153
Valuation loss (gain)	180	(329)
Decrease (increase) in restricted assets held by the West Virginia University Foundation, net	124	(200)
Changes in assets and liabilities		
Accounts receivable		
Patients	(115,611)	(79,777)
Other	(2,248)	981
Estimated third-party payor settlements	3,493	7,966
Inventories of drugs and supplies	150	(914)
Prepaid expenses and other current assets	810	1,610
Pledges receivable	1,029	436
Accounts payable and accrued expenses	294	15,935
Salaries and benefits payable	8,581	3,734
Accrued interest payable	443	326
Estimated medical malpractice claims liability	(2,380)	816
Other liabilities	(857)	50
Net cash provided by operating activities	126,569	126,152
Cash Flows from Investing Activities		
Purchase of hospital assets	(89,128)	-
Net (purchases) sales of investments	(83,020)	59,323
Purchases of property and equipment	(79,547)	(169,260)
Net cash acquired from inherent contribution	13,859	-
Increase in other assets	(943)	(3,024)
Proceeds from the sale of property and equipment	217	263
Net cash used in investing activities	(238,562)	(112,698)

See notes to consolidated financial statements

West Virginia United Health System, Inc. and Controlled Entities

Consolidated Statement of Cash Flows
Years Ended December 31, 2011 and 2010
(In Thousands)

	2011	2010
Cash Flows from Financing Activities		
Proceeds from the issuance of long-term debt	$ 117,030	$ -
Repayment of long-term debt	(16,296)	(14,780)
(Payment) refund of financing costs	(1,210)	32
Net proceeds from line of credit	931	-
Contributions restricted for purchases of property and equipment received	731	532
Net cash provided by (used in) financing activities	101,186	(14,216)
Decrease in cash and cash equivalents	(10,807)	(762)
Cash and Cash Equivalents, Beginning	49,818	50,580
Cash and Cash Equivalents, Ending	$ 39,011	$ 49,818
Supplemental Disclosure of Cash Flow Information		
Interest paid, net of amounts capitalized	$ 31,348	$ 13,890

See notes to consolidated financial statements

1. Organizational Structure and Nature of Operations

West Virginia United Health System, Inc ("WVUHS") is a not-for-profit corporation formed to serve as part of an integrated health science and healthcare delivery system WVUHS serves as the parent corporation to an affiliated group of healthcare providing entities which includes West Virginia University Hospitals, Inc and controlled entities, United Hospital Center, Inc and controlled entities, Camden-Clark Health Services, Inc and controlled entities, Allied Health Services, Inc , United Physicians Care, Inc , and West Virginia United Insurance Services, Inc

West Virginia University (the "University") commenced operations of a tertiary care teaching hospital in 1960 as a component of the Medical Center of the University In 1984, the West Virginia legislature adopted legislation which authorized separation of the hospital operations from the University and establishment of a separate corporate entity At that time, West Virginia University Hospitals, Inc ("WVUH") was incorporated as a not-for-profit corporation to operate one or more hospitals in order to provide patient care, including specialized services not widely available in West Virginia, and to facilitate clinical education and research It currently operates Ruby Memorial Hospital, which is located in Morgantown, West Virginia Ruby Memorial Hospital serves as a major statewide and regional healthcare referral center and provides the principal clinical education and research site for the University

On January 1, 2005, WVUH became the sole member of West Virginia University Hospitals - East, Inc ("WVUH-East"), a not-for-profit corporation formed to serve as part of an integrated health science and healthcare delivery system WVUH-East serves as the parent corporation to an affiliated group of healthcare providing entities which includes City Hospital, Inc ("CHI"), City Hospital Foundation, Inc ("CHF"), Gateway Health Services Corporation ("GHS"), Gateway Health Enterprises Corporation ("GHE"), Gateway Healthcare Properties, Inc ("GHP"), The Charles Town General Hospital d/b/a Jefferson Memorial Hospital ("JMH"), Jefferson Health Care Foundation, Inc ("JHF"), and Jefferson Health Enterprises, Inc ("JHE") During 2009, GHP merged with CHF with CHF as the surviving corporation of the merger ("CHF") Also during 2009, JHE merged with GHE to form WVUH-East Enterprises, Inc ("WEE") During 2011, WEE merged into CHI Additionally, Gateway Health Services Corporation's ("GHS") name changed to WVUH-East Services, Inc ("WES") Also during 2011 WES merged into UPC

CHI is a not-for-profit acute care hospital located in Martinsburg, West Virginia CHI provides inpatient, outpatient, and emergency care services for residents of the eastern panhandle of West Virginia and the surrounding communities

JHF and CHF are not-for-profit corporations formed for the purpose of performing fund raising and other activities that benefit WVUH-East and its controlled entities

JMH is a not-for-profit acute care critical access hospital located in Ranson, West Virginia JMH provides inpatient, outpatient, and emergency care services to the residents of the eastern panhandle of West Virginia and the surrounding communities JMH was designated as a Critical Access Hospital ("CAH") by the Centers for Medicare and Medicaid Services effective December 15, 2005 As a CAH, JMH is reimbursed at 101% of cost by the Medicare program and receives full cost reimbursement by the Medicaid program In addition, JMH also receives payments for unreimbursed cost for self-pay patients via the State of West Virginia Disproportionate Share program

United Hospital Center, Inc ("UHC") is a not-for-profit acute care hospital located in Bridgeport, West Virginia UHC provides inpatient, outpatient, psychiatric, and skilled nursing services for residents of its primary service area, which includes Harrison County, West Virginia and North Central West Virginia UHC is a major referral center in North Central West Virginia's health care system UHC also functions as the parent corporation to an affiliated group of healthcare providing entities The affiliated organizations include United Health Foundation, Inc ("UHF") and United Summit Center, Inc ("USC")

UHF is a not-for-profit corporation formed for the purpose of performing fund-raising and other activities that benefit UHC and its controlled entities

USC is a not-for-profit corporation formed for the purpose of providing mental health, mental retardation, and related services to residents of Harrison, Braxton, Doddridge, Lewis, Gilmer, Preston, and Marion counties in West Virginia

On March 1, 2011, WVUHS became the sole member of Camden-Clark Health Services, Inc ("CCHS"), a non-profit corporation to serve as part of an integrated health science and healthcare delivery system CCHS serves as the parent corporation to an affiliated group of healthcare providing entities which includes Camden-Clark Medical Center ("CCMC"), Camden-Clark Foundation ("CCF"), Camden-Clark Physician Corporation ("CCPC"), and Family Fitness Center, LLC ("FFC")

CCMC is a not-for-profit acute care hospital located in Parkersburg, West Virginia, CCMC provides inpatient, outpatient, and emergency services for the residents of Wood County and the surrounding communities

CCF is a not-for-profit corporation formed for the purpose of performing fundraising and other activities that benefit CCMC

CCPC is a not-for-profit corporation that operates several physician practices in Wood County

FFC is a single-member limited liability company that operates a fitness center in Wood County

Allied Health Services, Inc ("AHS") is a for-profit corporation engaged in the business of providing laboratory and laundry services

United Physicians Care, Inc ("UPC") is a not-for-profit corporation that operates several family practice clinics in northern West Virginia

West Virginia United Insurance Services, Inc ("WVUIS"), formerly Health Partners Network Services, Inc , is a for-profit corporation formed for the purpose of providing a vehicle through which health maintenance and other managed care organizations, and other purchasers of healthcare, may contract with providers of healthcare services WVUIS negotiates managed care contracts for its affiliates

The Corporation evaluated subsequent events for recognition or disclosure through April 16, 2012, the date the consolidated financial statements were available to be issued

2. Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of WVUHS and its controlled entities, (collectively, the "System") All significant intercompany transactions and balances have been eliminated in consolidation

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period Actual results could differ from those estimates

Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid debt instruments purchased with a maturity of three months or less, excluding assets whose use is limited The market value of cash and cash equivalents approximates cost

Assets Whose Use is Limited

Assets whose use is limited include assets set aside by the Board of Directors (the "Board") for future capital improvements, debt repayment, and WVUH's malpractice self-insurance program, over which the Board retains control and may, at its discretion, subsequently use for other purposes, assets held by bond trustees under a trust indenture, assets held by trustee in connection with other malpractice self-insurance programs, and assets held by UHF

Accounts Receivable, Patients

Accounts receivable, patients are reported at net realizable value Accounts are written off when they are determined to be uncollectible based upon management's assessment of individual accounts The allowance for doubtful collections is estimated based upon a periodic review of the accounts receivable aging, payor classifications, and application of historical write-off percentages

Inventories of Drugs and Supplies

Inventories are stated at the lower of cost or market Cost is determined on a first-in, first-out basis

Investments and Investment Risk

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value Cash and cash equivalents are carried at cost which approximates fair value Investments in hedge funds, private equity funds, and other limited partnerships representing less than 3% ownership are recorded at cost Investments representing greater than 3% ownership are accounted for under the equity method Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in revenues in excess of expenses unless the income or loss is restricted by donor or law

The System's investments are comprised of a variety of financial instruments and are managed by investment advisors The fair values reported in the consolidated balance sheet are subject to various risks including changes in the equity markets, the interest rate environment, and general economic conditions Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the accompanying consolidated financial statements could change materially in the near term

WVUH has an agreement with West Virginia University Foundation, Inc ("WVU Foundation"), an affiliate of the West Virginia University, to manage its board-designated funds WVUH and WVU Foundation's assets are jointly managed in commingled funds The investment income and realized and unrealized gains and losses are allocated to WVUH based upon its relative ownership of each fund

Property and Equipment

Property and equipment acquisitions are recorded at cost The System provides for depreciation on a straight-line basis over the estimated useful lives of the assets Such lives, in the opinion of management, are adequate to allocate asset costs over their productive lives Maintenance, repairs, and minor improvements are expensed as incurred Equipment under capital leases is amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the equipment Depreciation expense, including amortization of equipment under capital leases, was $88,235,000 in 2011 and $62,763,000 in 2010

Net interest costs on borrowed funds in the period of construction of capital assets are capitalized as a component of the cost of those constructed assets Interest costs capitalized totaled $332,000 in 2011 and $11,907,000 in 2010

Gifts of long-lived assets such as land, buildings, or equipment are recorded at fair value and reported as unrestricted support 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

Impairment of Property and Equipment

Property and equipment are evaluated for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition If expected cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets

Restricted Assets Held by Third Parties

WVU Foundation holds cash and securities which are available for WVUH's purposes, subject to donor restrictions Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose, primarily for capital expenditures Permanently restricted net assets have been restricted by donors to be maintained in perpetuity

WVU Foundation releases assets from restriction and transfers the amounts to WVUH as amounts are expended according to the donor's intended purposes Amounts released from restriction are recorded as revenues or an increase in unrestricted net assets restricted for purchases of property and equipment

Under the terms of several perpetual trust agreements, JMH has recorded assets and recognized permanently restricted contributions at the fair market value of its beneficial interest in the perpetual trust assets Income earned on the trust assets and distributed to JMH is recorded as investment income in the accompanying consolidated statement of operations, unless otherwise restricted by the donor Subsequent changes in fair values are recorded as valuation gain or loss in permanently restricted net assets

UHF is one of four designated beneficiaries of a charitable lead trust In accordance with the terms of the trust, UHF will receive a total of $3,542,000 payable in 22 annual installments of $161,000, which began in August 1993 UHF's interest in the trust is carried at the present value of the future cash flows to be received

In addition, UHF is the designated beneficiary of a charitable lead unitrust In accordance with the terms of the trust agreement, UHF is to receive ten annual payments equal to a stated percentage of the net fair market value of the trust assets on January 1 of each year At the end of ten years, the trust is to terminate, and the remaining trust assets are to be distributed to others Based on a 3 5% discount rate, the present value of the future cash flows expected to be received by UHF was estimated to be $100,000 This temporarily restricted contribution was recorded in 2006

Deferred Financing Costs

Costs incurred in connection with the issuance of long-term debt have been deferred and are being amortized over the term of the debt using the straight-line method, which approximates the effective interest method Amortization of deferred financing costs amounted to $582,000 in 2011 and $264,000 in 2010 In connection with debt refinancings, unamortized deferred financing costs of $562,000 in 2011 were written off and recorded as a loss on early extinguishment of debt in the consolidated statement of operations

Other Investments

Other assets include the System's investment in several entities in which the System has a financial interest Where the System has the ability to influence management or has a twenty percent but not more than fifty percent interest in the entity, the investment is recorded using the equity method, and adjusted for the System's proportionate share of the entity's undistributed earnings or losses All other investments in such entities are recorded at cost

Derivative Financial Instruments

The System entered into interest rate swap agreements, which are considered derivative financial instruments, to manage its interest rate risk on certain long-term debt obligations The interest rate swap agreements are reported at fair value in the consolidated balance sheet and related changes in fair value are reported in the statement of operations as a change in fair value of derivative financial instruments

Estimated Malpractice Costs

The provision for estimated medical malpractice claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported including costs associated with litigation or settling claims Anticipated insurance recoveries associated with reported claims are reported separately in the System's consolidated balance sheet at net realizable value

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the System has been limited by donors to a specific time period or purpose Permanently restricted net assets have been restricted by donors to be maintained by the System in perpetuity

Revenues in Excess of Expenses

The consolidated statement of operations includes the determination of revenues in excess of expenses Changes in unrestricted net assets which are excluded from the determination of revenues in excess of expenses, consistent with industry practice, include permanent transfers of assets to and from affiliates for other than goods and services, 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), and changes in net unrealized loss on derivative financial instruments designated as cash flow hedges prior to December 31, 2007

Net Patient Service Revenues

Pursuant to the provisions of the West Virginia Code, the West Virginia Health Care Authority has been empowered to regulate the System hospitals' billing rates from nongovernmental payors through limitation orders compiled from budgets and rate schedules submitted by the System hospitals on a periodic basis

The System has agreements with third-party payors that provide for payments to the System at amounts different from its established rates Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments

Net patient service revenues are reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted, as necessary, in future periods as tentative and final settlements are received It is reasonably possible that the estimates used could change in the near term

Capitation Payments

The System has agreements with various health maintenance organizations to provide medical services to subscribing participants Under these agreements, the System receives monthly capitation payments based on the number of participants, regardless of services actually performed

Charity Care

The System provides care to patients who meet certain criteria under its patient financial assistance policy without charge or at amounts less than its established rates Because the System does not pursue collections of amounts determined to qualify as charity care, they are not reported as patient service revenues

The costs associated with the charity care services provided are estimated by applying a cost-to-charge ratio to the amount of gross uncompensated charges for the patients receiving charity care The level of charity care provided by the System amounted to $35,952,000 in 2011 and $26,190,000 in 2010

Lease Revenue

The System accounts for its real estate leasing activities as operating leases

Contributions

Unconditional promises to give cash and other assets to the System 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 statement of operations

Advertising Costs

Advertising costs are expensed as incurred

Federal and State Income Taxes

WVUHS, WVUH, CCMC, CCF, CCPC, WVUH – East, CHI, CHF, JMH, JHF, UHC, USC, UHF, UPC, and WES are tax-exempt organizations and not subject to federal or state income taxes in accordance with Section 501(c)(3) of the Internal Revenue Code On such basis, they will not incur any liability for income taxes, except for possible unrelated business income

AHS, WVUIS, FFC, JHE and WEE are organizations subject to federal and/or state income taxes

The System accounts for uncertainty in income taxes using a recognition threshold of more-likely-than not to be sustained upon examination by the appropriate taxing authority Measurement of the tax uncertainty occurs if the recognition threshold is met Management determined there were no tax uncertainties that met the recognition threshold in 2011 and 2010

The System's policy is to recognize interest related to unrecognized tax benefits in interest expense and penalties in operating expenses

All required Federal Business Income Tax Returns for the System have been filed up to, and including the tax year ended December 31, 2010 The System's federal income tax returns for 2008, 2009, and 2010 remain subject to examination by the Internal Revenue Service ("IRS")

Effective June 1, 1993, the legislature of the State of West Virginia enacted a broad-based healthcare related tax This tax is based upon net patient service revenues of each hospital The System incurred $25,313,000 in 2011 and $18,128,000 in 2010 related to this tax

Reclassifications

Certain reclassifications were made to the 2010 financial statements to conform with the 2011 presentation

New Accounting Standards

Charity Care

In August 2010, the Financial Accounting Standards Board ("FASB") issued amended disclosure guidance relating to the measurement of charity care provided The guidance requires that direct and indirect costs be used as the basis of measurement for charity care disclosure purposes The guidance also requires disclosure of the method used to identify or determine such costs The adoption of the amended guidance revised the disclosure in the notes to the System's consolidated financial statements but did not impact amounts reported in the primary consolidated financial statements

Insurance Claims

In August 2010, FASB issued Accounting Standards Update 2010-24, Presentation of Insurance Claims and Related Insurance Recoveries, which amended guidance relating to the presentation of insurance claims and related insurance recoveries The guidance clarifies that health care entities may not net insurance recoveries against a related claim liability In addition, the amount of the claim liability should be determined without consideration of insurance recoveries, if any, should be measured and presented separately within the balance sheet The adoption of the amended guidance resulted in presenting insurance recoveries and related liabilities on a gross basis in the System's consolidated balance sheet and did not impact net assets

Provision of Doubtful Collections

The System will be required to adopt amended guidance related to health care entities which requires a change in reporting the provision for bad debts associated with net service revenues As a result of this guidance, the provision, which is currently reported as an operating expense in the System's consolidated statement of operations and changes in net assets, will be reported as a deduction from service revenues, net of contractual allowances and discounts The guidance also enhances required disclosures regarding the policies for recognizing net service revenues and assessing bad debts In addition, the guidance requires disclosure of net service revenues and qualitative and quantitative information about changes in the allowance for doubtful accounts, both by major payor sources The amended guidance is effective for the fiscal years ending after December 15, 2012 Adoption of the amended guidance will require retrospective restatement of the statement of operations and changes in net assets and prospective financial statement disclosures

3. Affiliation and Acquisition

Effective March 1, 2011, CCHS became an affiliate of WVUHS through a transfer of sole corporate membership CCHS remains as a separate not-for-profit organization No consideration was paid or received by CCHS to consummate the affiliation

Also effective on March 1, 2011, CCMC acquired the assets of another local hospital to expand its operations The results from operations are included in the consolidated financial statements subsequent to the affiliation and acquisition dates On a pro-forma basis, CCHS had total revenues of $274,069,000 for the year ended December 31, 2010 and $45,863,000 for the period from January 1, 2011 to February 28, 2011

The purchase price was $89,128,000 and was based upon the agreed-upon sale price between CCMC and the sellers The provisions of the affiliation and acquisition were absent of any significant contingency payments, options, or commitments

In accordance with the authoritative guidance, the assets and liabilities of CCHS and the acquired hospital were recorded at the fair market value as of the date of the affiliation and acquisition as follows

	CCHS Affiliation	Hospital Acquisition	Total
		(In Thousands)	
Assets			
Cash and cash equivalents	$ 13,858	$ 1	$ 13,859
Patient accounts receivable	21,311	13,918	35,229
Inventory of drugs and supplies	3,593	3,640	7,233
Prepaid expenses and other current assets	3,266	1,190	4,456
Assets whose use is limited	88,967	-	88,967
Property and equipment	140,166	87,100	227,266
Deferred financing costs	4,169	-	4,169
Other assets	2,886	-	2,886
Total assets	278,216	105,849	384,065
Less liabilities assumed			
Line of credit	5,000	-	5,000
Estimated third-party payor settlements	3,644	-	3,644
Accounts payable and accrued expenses	9,956	3,623	13,579
Salaries and benefits payable	6,250	998	7,248
Accrued interest payable	167	-	167
Long-term debt	108,577	-	108,577
Estimated medical malpractice claims liability	9,554	-	9,554
Derivative financial instruments	9,822	-	9,822
Pension liability	10,133	-	10,133
Other long-term liabilities	797	-	797
Total liabilities	163,900	4,621	168,521
Total	114,316	101,228	215,544
Purchase price	-	89,128	89,128
Inherent contribution	$ 114,316	$ 12,100	$ 126,416

The classification of the inherent contribution is as follows

	CCHS Affiliation	Hospital Acquisition	Total
		(In Thousands)	
Inherent contribution – unrestricted	$ 113,926	$ 12,100	$ 126,026
Inherent contribution – temporarily restricted	278	-	278
Inherent contribution – permanently restricted	112	-	112
Total	$ 114,316	$ 12,100	$ 126,416

4. Net Patient Service Revenues

The System has agreements with third-party payors that provide for payments to the System at amounts different from its established rates A significant portion of the System's net patient service revenues is derived from these third-party payor programs A summary of the principal payment arrangements with major third-party payors follows

- Medicare - Inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates These rates vary according to patient classification systems that are based on clinical, diagnostic, and other factors The System is reimbursed for cost reimbursable expenditures at tentative interim rates, with final settlement determined after submission of annual cost reports by the System and audits hereof by the Medicare fiscal intermediary The System's Medicare cost reports have been settled by the Medicare fiscal intermediary through the respective years as follows

WVUH	2006
UHC	2006
CHI	2007
JMH	2008
CCMC	2007

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

  The State of West Virginia's disproportionate share plan reimburses hospitals in the state that provide Medicaid services and meet other eligibility criteria Under the disproportionate share program, the System received $15,530,000 in 2011 and $15,086,000 in 2010, which is included in net patient service revenues in the consolidated financial statement of operations

  The State of West Virginia increases Medicaid reimbursement to qualified public safety net hospitals (including WVUH) for services to Medicaid-eligible patients Supplemental payments may be received in an amount up to the difference between current reimbursement and the maximum permissible payments under Upper Payment Limit ("UPL") regulations The first payment was made in April 2004 and periodic payments have been made subsequent to that date WVUH received UPL payments of $22,417,000 in 2011 and $21,207,000 in 2010 that are included in net patient service revenues There is risk that Congress may change federal policy in the future in a way that might limit or eliminate these enhanced Medicaid payments The enhanced UPL payments are recorded in the period in which they are received The laws and regulations governing the UPL program are complex and subject to interpretation Furthermore, the enhanced UPL payments received are subject to review and retroactive adjustment Management is unable to estimate the amount of any such adjustments at this time

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

Revenues received under third-party arrangements are subject to audit and retroactive adjustment The System has included in net patient service revenues favorable adjustments of $2,468,000 in 2011 and $7,736,000 in 2010 related to its estimates of the ultimate settlement under these third-party arrangements

5. Assets Whose Use is Limited

A summary of assets whose use is limited at December 31, 2011 and 2010 is as follows

	2011	2010
	(In Thousands)	
Board-designated funds		
Funded depreciation	$ 403,878	$ 315,711
Debt repayment	137,271	121,422
Malpractice self-insurance	28,939	29,871
Total Board-designated funds	570,088	467,004
Trustee-held and externally designated		
Under trust indenture	68,935	30,883
Malpractice self-insurance	19,975	18,858
Foundation investments	13,907	7,172
Total trustee-held and externally designated	102,817	56,913
Total	672,905	523,917
Amounts available to satisfy current obligations	(19,837)	(14,410)
Noncurrent portion of assets whose use is limited	$ 653,068	$ 509,507

The composition of assets whose use is limited at December 31, 2011 and 2010 is as follows

	2011	2010
	(In Thousands)	
Cash and cash equivalents	$ 81,073	$ 53,787
Certificates of deposit	2,012	392
U S government and agency obligations	49,264	69,671
Marketable equity securities	137,869	31,090
Marketable debt securities	115,887	26,207
Mutual funds		
Domestic equity	67,810	107,307
Domestic fixed income	48,594	36,671
International equity	22,314	54,925
Global bonds	18,127	11,601
Alternative investments	129,955	132,266
Total	$ 672,905	$ 523,917

The total cost of alternative investments was $124,411,000 and $137,295,000 at December 31, 2011 and 2010, respectively

Unrestricted investment income, gains, and losses for assets whose use is limited, and cash and cash equivalents are comprised of the following for the years ended December 31, 2011 and 2010

	2011	2010
	(In Thousands)	
Investment (loss) income		
Interest and dividend income	$ 16,003	$ 10,931
Fees	(4,013)	(3,583)
Net realized gains (losses) on sales of securities	10,303	7,421
Change in net unrealized gains and losses on investments other than trading securities	(26,381)	19,489
Write-downs of the cost basis of investments due to an other-than-temporary decline in fair value	(7,094)	-
Total	$ (11,182)	$ 34,258

6. Fair Value Measurements and Financial Instruments

Fair Value Measurements

The System measures its assets whose use is limited, restricted assets held by third-parties and derivative financial instruments on a recurring basis in accordance with FASB guidance on fair value measurements The securities were measured with the following inputs at December 31, 2011 and 2010

	2011		
	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Total
		(In Thousands)	
Cash and cash equivalents	$ 81,073	$ -	$ 81,073
Certificates of deposit	-	2,012	2,012
U S government and government agency obligations	-	49,264	49,264
Marketable equity securities	137,869	-	137,869
Marketable debt securities	-	115,887	115,887
Mutual funds			
Domestic equity	67,810	-	67,810
Domestic fixed equity	48,594	-	48,594
International equity	22,314	-	22,314
Global bonds	18,127	-	18,127
Restricted assets held by third-parties	11,318	327	11,645
Derivative financial instruments	-	(64,953)	(64,953)
Total	$ 387,105	$ 102,537	$ 489,642

	2010		
	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Total
		(In Thousands)	
Cash and cash equivalents	$ 53,787	$ -	$ 53,787
Certificates of deposit	-	392	392
U S government and government agency obligations	-	69,671	69,671
Marketable equity securities	31,090	-	31,090
Marketable debt securities	-	26,207	26,207
Mutual funds			
Domestic equity	107,307	-	107,307
Domestic fixed equity	36,671	-	36,671
International equity	54,925	-	54,925
Global	11,601	-	11,601
Restricted assets held by third-parties	11,329	934	12,263
Derivative financial instruments	-	(24,656)	(24,656)
Total	$ 306,710	$ 72,548	$ 379,258

The System did not have any assets whose fair values were measured using Level 3 inputs

Fair Value of Financial Instruments

The carrying amounts reported in the accompanying consolidated balance sheet for cash and cash equivalents, patient accounts receivable, inventory of drugs and supplies, prepaid and other current assets, line of credit, accounts payable and accrued expenses, salaries and benefits payable, accrued interest payable, deferred revenue and estimated third-party payor settlements are recorded at cost, which approximates fair value due to the short term nature of the instruments

The fair value of the System's assets whose use is limited and restricted assets held by third-parties is based on quoted market prices for marketable equities and fixed income securities For alternative investments, including hedge funds, limited partnerships in real estate, and private equity, fair value is determined by a combination of underlying market value of investment holdings, valuations, and fund manager calculations The fair value of assets whose use is limited and restricted assets held by third-parties were $678,734,000 and $524,778,000 at December 31, 2011 and 2010, respectively

The System also measures its derivative financial instruments at fair value based on proprietary models of an independent third party valuation specialist The fair value takes into consideration the prevailing interest rate environment and the specific terms and conditions of the derivative financial instruments and was estimated using the zero-coupon discounting method This method calculates the future payments required by the derivative financial instruments, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement payment on the derivative financial instruments The value represents the estimated exit price the System would pay to terminate the agreements

The fair value of the System's variable rate long-term debt approximates its carrying amount in the accompanying consolidated balance sheet The fair value of fixed rate long-term debt was estimated using quoted market prices or discounted cash flows analyses based on the System's incremental borrowing rate for debt instruments with comparable maturities The fair value of the System's long-term debt was $748,149,000 and $518,860,000 at December 31, 2011 and 2010, respectively

The change in fair value of derivative financial instruments and change in net unrealized gains and losses on investments is included in revenues in excess of expenses

7. Property and Equipment

Property and equipment and related accumulated depreciation consist of the following at December 31, 2011 and 2010

	2011	2010
	(In Thousands)	
Land and land improvements	$ 63,079	$ 39,853
Buildings and building improvements	661,004	463,500
Equipment (including equipment under capital lease)	734,147	540,135
Leasehold improvements	4,707	4,039
Total	1,462,937	1,047,527
Accumulated depreciation	(622,617)	(420,033)
	840,320	627,494
Construction in progress	28,998	24,620
Property and equipment, net	$ 869,318	$ 652,114

8. Pledges Receivable

A capital pledge campaign has been undertaken to raise funds in connection with construction of a hospital facility in Bridgeport, West Virginia Pledges related to this campaign have been recorded as temporarily restricted contributions

Pledges receivable are recorded as follows as of December 31

	2011	2010
Capital campaign pledges before unamortized discount and allowance for uncollectible pledges	$ 2,777	$ 4,021
Unamortized discount	(27)	(105)
Subtotal	2,750	3,916
Allowance for uncollectible pledges	(360)	(497)
Net unconditional promises to give	$ 2,390	$ 3,419
Amounts due in		
Less than one year	$ 1,346	$ 1,521
One to five years	1,431	2,500
Total	$ 2,777	$ 4,021

The discount rate used was 0 6% at December 31, 2011 and 2 0% at December 31, 2010

9. Pension Plans

WVUH and WVUH-East participate in various defined contribution plans which cover substantially all full-time employees Employees are eligible to contribute, and WVUH and WVUH-East will match a percentage of their base compensation up to a limit depending on the employee's years of service Both employee and employer contributions are 100% vested upon entry into the plan for WVUH Employee contributions are 100% vested upon entry into the plan and employer contributions are vested over a five year period for the WVUH-East plan

Approximately 2% of WVUH's employees continue to be paid by the State of West Virginia Those employees also participate in a defined contribution pension plan for state employees WVUH reimburses the state for all costs of these employees, including salaries and wages, pension expense, and other related fringe benefits

UHC and UPC provide defined contribution pension plans covering substantially all employees Contributions to the plan are based on a variable percentage, ranging from 2 75% to 9 75% of the participating employees' compensation Current policy is to fund the amount accrued for pension costs

UHC's and UPC's Tax Sheltered Annuity Thrift Plans (the "TSA Plans") are deferred compensation plans under Section 403(b) of the Internal Revenue Code All full-time employees are eligible to participate in the TSA Plans All employee elective deferrals made on behalf of such participant shall be invested in a tax deferred annuity contract or custodial account at the employee's direction and vest immediately UHC and UPC do not contribute to the TSA Plans

The System's expense related to these plans amounted to $12,915,000 in 2011 and $10,643,000 in 2010

CCMC maintains a noncontributory defined benefit pension plan covering substantially all CCMC's employees

The following table sets forth the change in benefit obligation, the fair value of plan assets, and the amounts recognized in the consolidated balance sheet at December 31, 2011

Change in projected benefit obligation	
Projected benefit obligation, beginning of year	$ 36,754,492
Service cost	954,216
Interest cost	1,702,555
Actuarial loss	7,715,509
Benefits paid	(1,627,021)
Projected benefit obligation, end of year	45,499,751

Change in plan assets	
Fair value of plan assets, beginning of year	$ 26,621,880
Actual return on plan assets (net of expense)	(765,515)
Employer contributions	2,480,000
Benefits paid	(1,627,021)
Administrative expenses	-
Fair value of plan assets, end of year	40,074,233
Funded status at end of year	$ (18,790,407)
Accumulated benefit obligation	$ 40,074,233

The following table sets forth the components of net periodic costs in 2011

Service cost	$ 954,216
Interest cost	1,702,555
Expected return on plan assets	(1,595,175)
Amortization of actuarial loss	603,440
Net periodic pension cost	$ 1,665,036

A net loss of $20,497,385 represents the unrecognized component of net periodic pension cost included in unrestricted net assets at December 31, 2011

An estimated amortization of net loss of $1,571,328 is expected to be recognized in net periodic pension cost in the next fiscal year

The weighted-average assumptions used in the measurement of CCMC's benefit obligation at December 31, 2011 are as follows

Discount rate	4 32 %
Rate of compensation increase	4 00 %

The weighted-average assumptions used in the measurement of CCMC's net periodic benefit cost for the years ended December 31, 2011 are as follows

Discount rate	5 62 %
Rate of compensation increase	4 00 %
Expected long-term return on plan assets	7 00 %

The basis for determining the overall expected long-term rate of return on assets has been based on the assumption that future real returns will approximate historic long-term rates of return experienced for each asset class in the investment policy statement Based on this analysis, it was determined that the long-term rate of return should be consistently applied

When determining an appropriate risk tolerance, CCMC examines the financial ability to accept risk within the investment program and its willingness to accept return volatility Based on these factors, CCMC established a range of investment percentages, by asset type, to which the mix of assets should be generally maintained When necessary, CCMC will rebalance its investment portfolio within its target allocation

The composition of plan assets at December 31, 2011 is set forth in the following table

	Quoted Prices in Active Markets (Level 1)	Total
Cash and cash equivalents	$ 968,998	$ 968,998
Mutual funds, fixed income		
Bond funds	8,937,160	8,937,160
Mutual funds, equity		
International funds	5,528,365	5,528,365
Domestic funds	11,274,821	11,274,821
	$ 26,709,344	$ 26,709,344

Cash and cash equivalents and mutual funds are valued at fair value based upon quoted market prices in active markets

There were no level 2 or level 3 investments at December 31, 2011

CCMC expects to contribute $3,100,000 to its pension plan in 2012

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

Years ending December 31	
2012	$ 1,005,000
2013	1,167,000
2014	1,268,000
2015	1,459,000
2016	1,499,000
2017 - 2021	10,069,000

10. Revolving Line of Credit

WVUHS has an unsecured revolving line of credit in the amount of $30,000,000 Borrowings under the agreement bear interest at LIBOR Plus 1% (1 29% at December 31, 2011) There were borrowings outstanding of $5,931,100 under this line of credit as of December 31, 2011 There are no borrowings outstanding under this line of credit as of December 31, 2010

CCMS has an unsecured line of credit in the amount of $5,000,000 Borrowings under the agreement bear interest at 4% There are no borrowings outstanding under this line of credit as of December 31, 2011

11. Long-Term Debt

A summary of long-term debt at December 31, 2011 and 2010 is as follows

	2011	2010
	(In Thousands)	
West Virginia Hospital Finance Authority Hospital Revenue Bonds		
Series of 2011, WVUH, CCMC, CHI	$ 143,935	$ -
Series of 2009, WVUH, UHC, CHI, JMH	169,990	170,695
Series of 2008, WVUH, UHC, CHI, JMH, CHF	146,030	150,430
Series of 2007, CCMC	24,000	-
Series of 2006, UHC	78,610	78,610
Series of 2004, CCMC	89,395	-
Series of 2003, WVUH	67,600	71,550
Series of 1998, WVUH	-	30,190
JMH note payable to United Bank, due in monthly installments of $16,875 through 2015, including interest at 6 3% Secured by real estate and first lien on all assets of JMH	679	840
AHS note payable to United Bank, due in principal monthly payments of $27,381, plus interest of 5 95% through 2015 Secured by real estate and first lien on all assets of AHS	1,229	1,507
AHS note payable to Centra Bank, due in varying monthly installments through 2029, including interest at 5 75% through April 2011 The interest rate was adjusted to the New York Prime Rate plus 1 8% in May 2011 and every 24 months, thereafter (3 95% at December 31, 2011) Secured by real estate and all assets of AHS	4,931	5,117
UHC note payable to BB&T, due in principal monthly payments of $297,619, plus interest of the higher of 2 9% or LIBOR plus 1 5% (2 9% at December 31, 2011) through 2012 and a lump-sum payment for the balance Secured by certain UHC equipment	16,071	19,643
Other capital lease obligations	568	282
Other notes payable	1,182	15
Total	737,541	528,879
Amounts representing net unamortized bond discount	(2,147)	(2,970)
	735,394	525,908
Current maturities	(18,892)	(15,268)
Long-term debt	$ 716,502	$ 510,640

The scheduled principal repayments as of December 31, 2011 are as follows (in thousands)

Years ending December 31	
2012	$ 18,892
2013	20,206
2014	20,898
2015	21,523
2016	19,795
Thereafter	636,227
Total	$ 737,541

The West Virginia United Health System Obligated Group (the "Obligated Group") consists of WVUH, UHC, CCMC, CHI, JMH, and CHF All members of the Obligated Group are jointly and severally liable for all outstanding obligations of the Obligated Group Long term debt of the Obligated Group consists of the following

West Virginia Hospital Finance Authority Hospital Revenue Bonds, Series of 2011

In March 2011 and June 2011, the West Virginia Hospital Finance Authority (the "Authority") issued $144,865,000 of Hospital Revenue and Hospital Refunding Bonds (the "2011 Bonds") on behalf of the Obligated Group The proceeds of the 2011 Bonds were used to finance the acquisition of St Joseph's Memorial Hospital, refund Series 1998 Bonds, reimburse the costs of various capital improvements and equipment for WVUH, CCMC and CHI, and pay for the costs of issuance The 2011 Bonds have been recorded as long-term debt by WVUH, CCMC, and CHI

The 2011 Bonds include variable rate bonds of $50,000,000 maturing in 2041 with interest payable on a monthly basis, fixed rate bonds of $43,935,000 maturing in 2022 and 2026 with interest rates ranging from 3 12% to 3 54%, and variable rate bonds of $50,000,000 maturing in 2021 and 2041 with fixed rates ranging from 4 00% to 4 95% through 2016, followed by variable rates through maturity dates

West Virginia Hospital Finance Authority Hospital Revenue Bonds, Series of 2009

In February 2009 and December 2009, the Authority issued $171,380,000 of tax-exempt Hospital Revenue Bonds (the 2009 Bonds") on behalf of the Obligated Group The proceeds of the 2009 Bonds were used to refund Series 2003C and Series 2008C Bonds, reimburse the costs of various capital improvements and equipment for WVUH, CHI and JMH, and pay for the costs of issuance The 2009 Bonds have been recorded as long-term debt by WVUH, UHC, CHI, and JMH The 2009 Bonds include weekly variable rate demand bonds of $66,585,000 maturing in 2033 with interest payable on a monthly basis, and fixed rate serial bonds of $103,405,000 maturing in 2039 with interest rates ranging from 4 0% to 5 7%

In August 2003, the Obligated Group entered into an interest rate swap agreement for the 2003 Bonds in order to hedge the LIBOR component of the interest rate on the auction rate bonds Upon refinancing of the 2003 Bonds, the interest rate swap agreement transferred to the 2009 Bonds Under the terms of this agreement, the Obligated Group agreed to swap a fixed interest rate payment for a variable interest rate payment based upon 70% of LIBOR (Note 12)

West Virginia Hospital Finance Authority Hospital Revenue Bonds, Series of 2008

In August 2008 and September 2008, the Authority issued $216,180,000 of tax-exempt Hospital Revenue Bonds (the "2008 Bonds") on behalf of the Obligated Group The proceeds of the 2008 Bonds were used to refund Series 2006B, Series 2006C, and Series 2006D auction rate certificates, refund Series 2005 Bonds, fund a debt service reserve fund for Series 2008E, and pay for the costs of issuance The 2008 Bonds have been recorded as long-term debt by WVUH, UHC, CHI, JMH, and CHF The 2008 Bonds include daily variable rate demand bonds of $86,300,000 maturing in 2041 with interest payable on a monthly basis, weekly variable rate demand bonds of $24,575,000 maturing in 2030 with interest payable on a monthly basis, and fixed rate serial bonds of $35,155,000 maturing in 2035 with interest rates ranging from 5 375% to 5 625%

In June 2006 and January 2005, the Obligated Group entered into interest rate swap agreements for the 2006 Bonds and 2005 Bonds in order to hedge the LIBOR component of the interest rate on the auction rate bonds Upon refinancing of the 2006 Bonds and the 2005 Bonds in 2008, the interest rate swap agreements transferred to the 2008 Bonds Under the terms of these agreements, the Obligated Group agreed to swap a fixed interest rate payment for variable interest rate payments based upon 70% of LIBOR (Note 12)

West Virginia Hospital Finance Authority Hospital Revenue Bonds, Series of 2007

In 2007, the Authority received $24,600,000 in proceeds of West Virginia Hospital Finance Authority Hospital Auction Rate Certificates Improvement Revenue Bonds 2007, Series A (the "2007 Bonds") on behalf of CCHS The proceeds from the Series 2007 Bonds were used to refund a bank loan, finance the costs of acquisition of certain equipment for the institution, including capitalized interest thereon, and fund a debt service reserve fund and pay the costs of issuing the Series 2007 Bonds On October 1, 2009, the Supplemental Master Trust Indenture 2009-1 amended and restated the Series 2007 A Note Bonds This amendment and restatement converted the terms and provisions of the 2007 Series A Auction Rate Certificates to fixed rate bonds In conjunction with the affiliation with WVUHS on March 1, 2011, the bonds were amended to include CCMC within the Obligated Group The 2007 Bonds include fixed rate bonds of $24,000,000 maturing through February 2024 with interest of 2 5%

In 2007, CCHS entered into an interest rate swap agreement for the 2007 Bonds in order to manage its interest rate exposure on the variable rate debt Under the terms of this agreement, the CCHS agreed to swap a fixed interest rate payment for variable interest rate payments based upon 67% of LIBOR (Note 12) In conjunction with the affiliation with WVUHS on March 1, 2011, the swap agreement was amended to include CCMC within in the Obligated Group

West Virginia Hospital Finance Authority Hospital Revenue Bonds, Series of 2006

In June 2006, the Authority issued $231,635,000 of tax-exempt Hospital Revenue Bonds (the "2006 Bonds") on behalf of the Obligated Group The proceeds of the 2006 Bonds were used to finance the acquisition, construction, and equipping of a new hospital facility for UHC, pay interest on the 2006 Bonds for a specified period of time, and pay the costs of issuance The 2006 Bonds have been recorded as long-term debt by UHC The 2006 Bonds include serial bonds of $10,005,000 maturing through June 2020 with interest ranging from 4% to 5% and term bonds of $68,605,000 maturing through June 2041 with interest ranging from 4 5% to 5 25%

In June 2006, the Obligated Group entered into interest rate swap agreements for the 2006 Bonds in order to hedge the LIBOR component of the interest rate on the auction rate bonds Under the terms of these agreements, the Obligated Group agreed to swap a fixed interest rate payment for variable interest rate payments based upon 70% of LIBOR (Note 12)

West Virginia Hospital Finance Authority Hospital Revenue Bonds, Series of 2004

In 2004, the Authority received $19,000,000 in proceeds of West Virginia Hospital Finance Authority Hospital Revenue Refunding and Improvement Bonds 2004, Series A, $19,350,000 in proceeds of West Virginia Finance Authority Hospital Auction Rate Certificates Revenue Refunding and Improvement Bonds, 2004 Series B, and $57,900,000 in proceeds of West Virginia Hospital Finance Authority Hospital Auction Rate Certificates Revenue Refunding and Improvement Bonds, 2004 Series C on behalf of CCHS The proceeds from the Series 2004 Bonds were used to refund all the Wood County Building Commission Revenue Bonds, Series 1996, Series 1998, and Series 2003, finance the costs of acquisition of certain equipment for the institution, including capitalized interest thereon, and fund a debt service reserve fund and pay the costs of issuing the Series 2004 Bonds In conjunction with the affiliation with WVUHS on March 1, 2011, the bonds were amended to include CCMC within the Obligated Group The 2004 Bonds include variable rate bonds of $55,400,000 maturing in 2041 with interest payable on a monthly basis, fixed rate bonds of $18,645,000 maturing in 2019 with interest rates ranging from 3 75% to 5 25%, and weekly variable rate bonds of $15,350,000 maturing in 2034

In 2004, CCHS entered into an interest rate swap agreement for the 2004 Bonds in order to manage its interest rate exposure on the variable rate debt Under the terms of this agreement, the CCHS agreed to swap a fixed interest rate payment for variable interest rate payments based upon 67% of LIBOR (Note 12) In conjunction with the affiliation with WVUHS on March 1, 2011, the swap agreement was amended to include CCMC within the Obligated Group

West Virginia Hospital Finance Authority Hospital Revenue Bonds, Series of 2003

In August 2003, the Authority issued $139,730,000 of tax-exempt Hospital Revenue Bonds (the "2003 Bonds") on behalf of the Obligated Group The proceeds of the 2003 Bonds were used to finance and reimburse the costs of various capital improvements and equipment for WVUH, redeem Series 1993 and Series 2002 Bonds, establish a debt service reserve fund, and pay for issuance costs The 2003 Bonds have been recorded as long-term debt by WVUH The 2003 Bonds include auction rate certificates of $21,850,000 maturing in June 2016 with interest payable based upon 35-day auction periods, and auction rate certificates of $45,750,000 maturing in June 2033 with interest payable based upon 35-day auction periods

In August 2003, the Obligated Group entered into interest rate swap agreements for the 2003 Bonds in order to hedge the LIBOR component of the interest rate on the auction rate bonds Under the terms of these agreements, the Obligated Group agreed to swap a fixed interest rate payment for variable interest rate payments based upon 70% of LIBOR (Note 12)

Payments of principal and interest of the 2011 Bonds, 2009 Bonds, 2008 Bonds, 2007 Bonds, 2006 Bonds, 2004 Bonds, and 2003 Bonds, are collateralized by a pledge of revenues of the Obligated Group The 2009 Bonds are secured by letters of credit totaling $67,975,000 and expiring in August 2016 The 2008 bonds are secured by letters of credit totaling $183,108,000 and expiring 2013 The 2006 Bonds and 2003 Bonds are insured by Ambac Assurance Corporation The master trust indenture includes restrictive covenants requiring the Obligated Group to maintain certain financial ratios The restrictive covenants include, among other things, minimum insurance coverage, net revenue requirements, average annual debt service requirements, limitations on additional debt, and annual reporting requirements

The interest rates for the 2003 Bonds of $21,850,000 are subject to auction rate certificates with seven-day and 35-day auction periods Interest rates as determined by these auctions are subject to various risks including changes in the credit markets, re-marketing mechanisms, and the potential for failed auctions The default interest rate for the 2003 Bonds is based upon a formulaic maximum rate which approximates 4% to 5%

12. Derivative Financial Instruments

The System entered into two interest rate swap agreements (the "2003 Agreements") in connection with the 2003 Bonds on August 20, 2003, in order to hedge the LIBOR component of the interest rate on the auction rate bonds The 2003 Agreement related to the Series B bonds has a notional value of $21,850,000, and terminates on June 1, 2016 The 2003 Agreement related to the 2003 Bonds Series C, which transferred to the 2009 Bonds Series A upon the refunding of the 2003 Bonds Series C, has a notional value of $45,750,000, and terminates on June 1, 2033 The 2003 Agreements are contracts to exchange fixed rate for variable rate payments over the term of the swap agreement without the exchange of the underlying notional amount As such, they require the System to pay a fixed rate while receiving variable interest rates based upon 70% of LIBOR The fair value of the 2003 Agreements, which is the amount that the System would pay to terminate the 2003 Agreements, was $14,747,000 and $9,054,000 at December 31, 2011 and 2010, respectively, and was based upon information supplied by an independent third party valuation specialist to the 2003 Agreements No termination payments would be required if the 2003 Agreements are held to maturity

CCHS entered into an interest rate swap agreement (the "2004 Agreement") in connection with the 2004 Bonds in 2004, in order to manage its interest rate exposure on the variable rate 2004 Bonds Series C In conjunction with the affiliation with WVUHS on March 1, 2011, the swap agreement was amended to include the Obligated Group The 2004 Agreement related to the Series C bonds has a notional value of $55,400,000, and terminates on February 15, 2034 The 2004 Agreement is a contract to exchange fixed rate for variable rate payments over the term of the swap agreement without the exchange of the underlying notional amount As such, they require the System to pay a fixed rate while receiving variable interest rates based upon 67% of LIBOR The fair value of the 2004 Agreement, which is the amount that the System would pay to terminate the 2004 Agreement, was $15,597,000 at December 31, 2011, and was based upon information supplied by an independent third party valuation specialist to the 2004 Agreement No termination payments would be required if the 2004 Agreement is held to maturity

The System entered into an interest rate swap agreement (the "2005 Agreement") in connection with the 2005 Bonds on January 20, 2005, in order to hedge the cash flows on the auction rate bonds The 2005 Agreements were transferred to the Series 2008 D bonds when the 2005 bonds were refunded The 2005 Agreement had an original notional value of $23,000,000, which reduces with the bond principal The notional value as of December 31, 2011 and 2010 was $19,000,000 and $19,675,000, respectively This agreement terminates on June 1, 2030 This agreement is a contract to exchange fixed rate for variable rate payments over the term of the 2005 Agreement without the exchange of the underlying notional amount As such, it requires the System to pay a fixed rate while receiving a variable interest rate of 70% of LIBOR The fair value of the 2005 Agreement, which is the amount that the System would have to pay to terminate the 2005 Agreement, was $3,362,000 and $1,702,000 at December 31, 2011 and 2010, respectively These values were based upon information supplied by an independent third party valuation specialist to the 2005 Agreement No termination payments would be required if the 2005 Agreement is held to maturity

Prior to January 1, 2008, the 2003 Agreements and the 2005 Agreement had been designated as cash flow hedges of variable-rate debt with no hedge ineffectiveness, therefore, changes in the fair value of the swap agreements were recorded as changes in unrestricted net assets Under the cash flow hedge accounting methodology, the gains or losses recorded as changes in unrestricted net assets were to be reclassified into revenues in excess of expenses upon the sale or termination of the swap agreement

However, the FASB issued Derivatives Implementation Guidance for accounting for derivatives, which affects the future accounting methodology for cash flow hedges that are not based on a benchmark interest rate The guidance stipulates that interest rates, which are reset through an auction (remarketing) process, do not qualify as a benchmark rate and therefore the interest rate swap agreement that previously qualified for hedge accounting no longer qualifies The implementation of this new derivative guidance was applied prospectively and became effective January 1, 2008 At that time, the System began amortizing to income over the remaining term of the swap agreements the accumulated changes in fair value of the interest rate swap agreements recorded at December 31, 2007 Prior to January 1, 2008, changes in fair value of the swap agreements were excluded from revenues in excess of expenses in the accompanying consolidated statement of operations Changes in the fair value of the swap agreements that occur after December 31, 2007 will be recorded as a component of revenues in excess of expenses in the accompanying consolidated statement of operations

The unamortized accumulated derivative losses included in unrestricted net assets was $3,454,000 at December 31, 2011 and $3,694,000 at December 31, 2010 Amortization of $240,000 increased the change in fair value of derivative financial instruments in 2011 and 2010

The System entered into two interest rate swap agreements (the "2006 Agreements") in connection with the 2006 Bonds on June 20, 2006 and June 21, 2006, in order to hedge the LIBOR component of the interest rate on the auction rate bonds The 2006 Agreements that related to the refunded 2006 bonds were transferred to the respective 2008 Series bonds The 2006 Agreement related to the 2008 Series B bonds has a notional value of $40,875,000, and terminates on June 1, 2041 The 2006 Agreement related to the 2008 Series C bonds has a notional value of $44,925,000, and terminates on June 1, 2041 The 2006 Agreements are contracts to exchange fixed rate for variable rate payments over the term of the 2006 Agreements without the exchange of the underlying notional amount As such, they require the System to pay a fixed rate while receiving variable interest rates based upon 70% of LIBOR The fair value of the 2006 Agreements, which is the amount that the System would pay to terminate the 2006 Agreements, was $25,200,000 and $13,900,000 at December 31, 2011 and 2010, respectively, and was based upon information supplied by an independent third party valuation specialist to the 2006 Agreements No termination payments would be required if the 2006 Agreements are held to maturity Because hedge accounting was not elected, gains or losses resulting from the change in fair value of the 2006 Agreements are recognized in revenues in excess of expenses

CCHS entered into an interest rate swap agreement (the "2007 Agreement") in connection with the 2007 Bonds in 2007, in order to manage its interest rate exposure on the variable rate bonds In conjunction with the affiliation with WVUHS on March 1, 2011, the swap agreement was amended to include the Obligated Group The 2007 Agreement related to the Series A bonds has a notional value of $23,975,000, and terminates on February 15, 2034 The 2004 Agreement is a contract to exchange fixed rate for variable rate payments over the term of the swap agreement without the exchange of the underlying notional amount As such, they require the System to pay a fixed rate while receiving variable interest rates based upon 67% of LIBOR The fair value of the 2007 Agreement, which is the amount that the System would pay to terminate the 2007 Agreement, was $6,047,000 at December 31, 2011, and was based upon information supplied by an independent third party valuation specialist to the 2007 Agreement No termination payments would be required if the 2007 Agreement is held to maturity

The notional amount of the swap agreements is used to measure the interest to be paid or received and does not represent the amount of exposure to credit loss Exposure to credit loss is limited to the receivable amount, if any, which may be generated as a result of the swap agreements Management believes that losses related to credit risk are remote The net cash paid or received under all of the swap agreements is recognized as an adjustment to interest expense The System does not utilize interest rate swap agreements or other financial instruments for trading or other speculative purposes

13. Temporarily and Permanently Restricted Net Assets

Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes as of December 31, 2011 and 2010

	2011	2010
	(In Thousands)	
Pediatric care	$ 4,324	$ 4,249
Various healthcare related activities	1,473	1,262
Purchases of property and equipment	1,103	1,076
UHF split-interest agreements	534	693
Hospice care	286	302
Scholarships and education	393	16
Total	$ 8,113	$ 7,598

The System released $890,000 in 2011 and $8,828,000 in 2010 of temporarily restricted net assets since the donors' restrictions to provide certain services and to purchase certain property and equipment had been met

Permanently Restricted Net Assets

Permanently restricted net assets consist of the System's beneficial interest in several perpetual trusts held by banks serving as trustee and endowment funds The terms of the trusts are such that the System receives a portion of the income earned on the trust assets as earned in perpetuity Trust assets consist primarily of cash and cash equivalents, certificates of deposit, U S government and agency obligations, marketable debt and equity securities, and mutual funds The assets are recorded at their fair value as of December 31, 2011 and 2010 as follows

	2011	2010
	(In Thousands)	
Permanent endowment funds, the income from which is expendable to support various healthcare services and purchase property and equipment	$ 609	$ 489
Beneficial interest in perpetual trusts, the income from which is expendable to support charity care and other healthcare services (reported as investment income)	4,745	4,925
Total	$ 5,354	$ 5,414

14. Operating Leases

The System leases certain equipment and office buildings under the terms of noncancellable operating leases expiring on various dates through 2019 The schedule of future minimum lease payments under these operating leases as of December 31, 2011 is as follows (in thousands)

Years ending December 31	
2012	$ 6,018
2013	4,480
2014	4,189
2015	4,008
2016	3,548
Thereafter	1,841
Total	$ 24,084

Rental expense on the above leases was $5,623,000 in 2011 and $4,615,000 in 2010

15. Medical Malpractice Claims Coverage

The System entities maintain various self-insurance programs for medical malpractice insurance and general liability insurance These programs require the System entities to deposit funds either into trust funds or other investment accounts, based upon actuarial calculations, sufficient to cover estimated claims

The System entities operate operates four separate self-insurance programs These cover WVUH, UHC and its subsidiaries plus UPC, WVUH-East, and CCMC respectively Medical malpractice and general liability claims are managed by WVUHS and System entity's legal staff WVUHS and the Systems entity's legal staff utilize specialized experts and outside attorneys where such expertise is considered needed

The self-insurance programs for all four are funded on an occurrence basis and include coverage for both hospital, with the exception of CCMC, and employed physician general and professional liability In certain cases, specific priors acts periods are included where operating units had claims-made coverage for all or some portion of their exposures at earlier points

WVUHS maintains a master excess coverage on a claims-made basis with a prior acts date of August 1, 2007 that provides limits of eighty percent of $20 million of limit per claim on a shared limit basis, with an attachment point of $15 million any one claim and $30 million in the annual aggregate This coverage applies to WVUH, UHC and its subsidiaries and WVUH-East only The WVUHS master excess policy is with a mutual insurance company and includes a shared savings account The shared savings account is used to buffer results volatility and is returnable in whole or part to an insured several years after they leave the mutual insurance company WVUHS' current shared savings account balance is $424,000 WVUHS has elected not to record this contingent account balance as an asset

The self-insurance program for CCMC is also funded on an occurrence basis CCMC maintains a separate excess coverage on a claims-made basis with a limit of $10 million and an attachment of $1 million for general liability and $5 million for professional liability with prior acts coverage for certain periods of time at varying policy limits and at attachment points that generally increase over time CCPC maintains separate professional liability coverage for its employed physicians on a claims-made basis with individual limits of liability of $1 million per claim and $3 million annual aggregate

The System's estimated future payments of its asserted and unasserted general and medical malpractice claims liabilities under their self-insurance programs were $47,764,000 and $40,590,000 at December 31, 2011 and 2010, respectively These estimates are based upon actuarially determined estimates of the ultimate costs for known reported claims and claims incurred but not reported under the self-insurance programs The discount rate used in determining the liabilities was 4% at December 31, 2011 and 4 75% at December 31, 2010

The System believes it has adequate self-insurance and insurance coverages and accruals for all asserted claims and it has no knowledge of unasserted claims which would exceed its self-insurance and insurance coverages and accruals

16. Workers' Compensation Claims Coverage

Effective July 1, 2008, WVUHS changed from individual workers' compensation policies with "first dollar" coverage to a master policy with a stated per occurrence deductible and a stated deductible aggregate per the following

Policy Year Begins	Insurer	Claim Deductible	Aggregate Deductible
July 2007	WV Mutual (Brick Street)	$250,000	$4 5 million
July 2008	AIG Chartis	$500,000	$4 5 million
July 2009	AIG Chartis	$1 million	$5 0 million
July 2010	AIG Chartis	$1 million	$6 0 million
July 2011	AIG Chartis	$1 million	$6 0 million

The policies provide statutory workers' compensation limits of liability

WVUHS was required to establish a loss fund with both insurers and to provide a letter of credit to secure the deductible obligation The two letters of credit total $4,231,000 and are automatically renewed by the bank every July 1st unless notified 90 days prior to the renewal date The letter of credit amount for the 2007-08 Brick Street policy year has been reduced once in amount and is expected to be subject to further reductions as the number of claims remaining open for that year declines

The loss fund is drawn on by the insurer and replenished by WVUHS on request by the insurer with a guideline that the fund shall have a balance of approximately 2 ½ months of average claims payments The Systems estimated payments of workers' compensation claims liability, included in accounts payable and accrued expenses in the consolidated balance sheet, was $2,548,000 and $2,191,000 at December 31, 2011 and 2010, respectively

17. Health Insurance Benefits

The System self-insures its employee health insurance coverages under arrangement using contract administrators The System accrues the estimated costs of incurred and reported and incurred but not reported claims, after consideration of its individual and aggregate stop-loss insurance coverages, based upon data provided by the third-party administrators of the programs and its historical claims experience

18. Related-Party Transactions

WVUH has an agreement with the University to provide a minimum of $4,000,000 per year in educational expenses for the University's interns and residents and an annual clinical teaching subsidy of not less than $6,000,000 WVUH also pays the University for other expenses such as state employee salaries, certain utilities, and rents Total payments, including intern and resident costs made to the University, included in supplies and purchase services in the consolidated statement of operations, were $50,659,000 in 2011 and $51,241,000 in 2010

During 2010, WVUH entered into a Joint Operating Agreement (the "Agreement") with West Virginia University Medical Corporation d/b/a University Health Associates ("UHA") and the University in order to further integrate their mission and purpose, management, clinical activities, and economic and financial activities WVUH and UHA will function as a single strategic and economic unit to be known as WVU Healthcare, while retaining their separate corporate identities For the twelve months beginning July 1, 2010, the Agreement required a pro rata allocation of the variance between the operating margin and the budgeted operating margin between UHA and WVUH In subsequent years, the Agreement requires equalization of the operating margin The allocations resulted in payments to UHA of $15,026,000 in 2011 and $675,000 in 2010, included in supplies and purchase services in the consolidated statement of operations The total payable to UHA, included in accounts payable and accrued expenses in the consolidated balance sheet, was $4,045,000 and $675,000 at December 31, 2011 and 2010, respectively The Agreement requires a transfer of 50% of the excess operating margin of WVU Healthcare between 2 5% and 3% and 100% of the excess operating margin greater than 3% to the University's School of Medicine The transfer from WVUH to the University's School of Medicine was $7,708,000 in 2011 and $4,544,000 in 2010 The total payable to the School of Medicine was $3,948,000 and $4,544,000 at December 31, 2011 and 2010, respectively

WVUH performs certain information technology and other services on behalf of UHA These services amounted to $4,377,000 in 2011 and $4,432,000 in 2010 Included in other receivables is $744,000 and $681,000 at December 31, 2011 and 2010, respectively, related to these services

UHA provides various medical director services and other medical service support to WVUH, WVUH – East, CHI, JMH, and WES The total expenses for these services, included in supplies and purchased services in the consolidated statement of operations, were $22,616,000 in 2011 and $31,821,000 in 2010 UHA also rents space from JMH and WES Rental income from UHA, included in the other revenues in the consolidated statement of operations, was $50,000 in 2011 and $85,000 in 2010 The total payable, included in accounts payable and accrued expenses in the consolidated balance sheet, at December 31, 2011 and 2010 was $1,064,000 and $996,000, respectively

WVUH, Charleston Area Medical Center, and Cabell Huntington Hospital are members of HealthNet, Inc ("HNET"), an aeromedical transport service company Each member's ownership percentage is 33 1/3% HNET is a West Virginia nonprofit corporation, which the Internal Revenue Service has determined is recognized as exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code HNET's members are required to support HNET to the extent that expenses exceed revenues HNET revenues exceeded expenses by $2,966,000 in 2011 and $462,000 in 2010 The excess is distributed to its members during the following fiscal year WVUH received distributions of $4,000 in 2011 and $218,000 in 2010 HNET also reimbursed WVUH for operating expenses incurred on its behalf amounting to $4,969,000 in 2011 and $6,222,000 in 2010

19. Concentration of Credit Risk

The System grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor agreements, primarily with Medicare, Medicaid, and various commercial insurance companies The System maintains allowances for potential credit losses and such losses have historically been within management's expectations

The mix of receivables at December 31, 2011 and 2010 from patients and third-party payors is as follows

	2011	2010
Medicare	26 %	21 %
Medicaid	9	8
Blue Cross	15	20
Commercial/HMO/Other	33	33
Patients	17	18
Total	100 %	100 %

The System typically maintains cash and cash equivalents in local banks Cash and cash equivalents on deposit in each local bank are insured up to $250,000 on interest bearing accounts The System maintained deposits in excess of this coverage at December 31, 2011 and 2010

20. Commitments and Contingencies

Commitments

On April 1, 1988, WVUH and UHA, which owns and operates the Physician Office Center (the "Facility"), adjacent to WVUH's facilities, entered into an Operating Credit Agreement (the "Agreement") To finance the Facility, the West Virginia Hospital Finance Authority has issued $23,500,000 of tax-exempt Hospital Revenue Bonds (the "Bonds") The Agreement requires WVUH "to loan or otherwise make funds available to UHA to the extent that the revenues of UHA are not sufficient to pay the operating expenses thereof during the period following completion of the Facility until the payment of the bonds in full" To date, WVUH has not been required to advance any funds on behalf of UHA relating to the Agreement The outstanding balance of the Bonds at December 31, 2011 was $8,815,000

WVUH has commitments for the additional purchase of ownership in limited partnerships of $36,782,000 at December 31, 2011 over the next ten years

CHI has approved hospital renovations and purchase of new equipment during 2009 The expected cost of the renovations and equipment is $33,737,000 At December 31, 2011, $24,700,000 of this amount has been paid out and CHI is committed for $9,037,000

CCMC has license agreements through 2020 for a new healthcare information system The expected cost of the information system is $26,410,000 At December 31, 2011, $9,900,000 has been paid and CCMC is committed for $16,510,000

Healthcare Industry

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments Compliance with these laws and regulations is subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time Government activity continues to increase with respect to investigations and allegations concerning possible violations by healthcare providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for patient services previously billed Management is not aware of any material incidents of noncompliance that have not been provided for in the accompanying consolidated financial statements, however, the possible future financial effects of this matter on the System, if any, are not presently determinable

Asbestos

Certain of the System's buildings, which were constructed prior to the passage of the Clean Air Act, contain encapsulated asbestos material Current law requires that this asbestos be removed in an environmentally safe fashion prior to the demolition and renovation of these buildings At this time, the System has plans to dispose of a facility which contains this asbestos material, however the fair value of the liability for such asbestos removal is not a material amount and has not been recognized in the accompanying consolidated financial statements The fair value of the liability for such asbestos removal related to the other facilities (those which the System does not have plans to dispose or renovate) cannot be reasonably estimated at this time Once these plans are finalized and information becomes available to estimate such a liability, it will be recognized at that time

Disproportionate Share Hospital State Plan

The State of West Virginia Disproportionate Share Hospital State Plan was amended to provide for a settlement process among participating hospitals The state has not completed a settlement process for the years subsequent to 1996 The Bureau for Medical Services of the State of West Virginia Department of Health and Human Resources has contracted with a third-party vendor to assist with the audit settlement process for the Disproportionate Share Hospital ("DSH") State Plan The laws and regulations governing the DSH settlement process are complex, involving statistical data from all participating hospitals, and subject to interpretation Accordingly, the System is not able to estimate the possible loss or gain that could arise upon completion of the DSH settlement process The results of the resolution of the settlement process could materially impact the System's future results of operations or cash flows in a particular period

21. Functional Expenses

The System provides general acute care and related services to individuals within its geographic region Expenses related to providing these services in 2011 and 2010 are as follows

	2011	2010
	(In Thousands)	
Healthcare and other related services	$ 1,020,977	$ 809,641
General and administrative	284,529	183,571
Fundraising	1,177	927
Total	$ 1,306,683	$ 994,139

ParenteBeard

Independent Auditors' Report on Supplementary Information

Board of Directors
West Virginia United Health System, Inc

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole The consolidating information presented on pages 41 through 48 is presented for purposes of additional analysis rather than to present the financial position, results of operations, and cash flows of the individual companies and is not a required part of the consolidated financial statements Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole

ParenteBeard LLC

Pittsburgh, Pennsylvania
April 16, 2012

West Virginia United Health System, Inc and Controlled Entities

Schedule of Consolidating Information, Balance Sheet
December 31, 2011
(In Thousands)

	West Virginia University Hospitals	United Hospital Center	Camden-Clark Medical Center	City Hospital	Jefferson Memorial Hospital	City Foundation	Eliminations	Total Obligated Group	Non-Obligated Group	Eliminations	Total
Assets											
Current Assets											
Cash and cash equivalents	$ 2,943	$ 7,744	$ 4,531	$ 4,996	$ 6,901	$ 941	$ -	$ 28,056	$ 10,955	$ -	$ 39,011
Assets whose use is limited	6,148	7,197	5,507	670	161	-	-	19,683	154	-	19,837
Accounts receivable											
Patients, net of estimated allowance for doubtful collections of approximately $81,027 in 2011	81,274	31,768	33,911	14,442	5,240	-	-	166,635	6,318	-	172,953
Other	9,567	3,194	1,105	848	723	13	-	15,450	1,655	-	17,105
Affiliates	6,061	1,221	471	4,446	273	15	(3,235)	9,252	2,912	(12,164)	-
Estimated third-party payor settlements	-	-	-	-	-	-	-	-	-	-	-
Inventories of drugs and supplies	12,839	3,183	7,273	1,955	362	-	-	25,612	354	-	25,966
Prepaid expenses and other current assets	3,047	2,396	2,427	354	114	50	-	8,388	641	-	9,029
Total current assets	121,879	56,703	55,225	27,711	13,774	1,019	(3,235)	273,076	22,989	(12,164)	283,901
Assets Whose Use Is Limited											
Board-designated funds											
Funded depreciation	180,456	115,408	72,063	13,113	5,299	12,408	-	398,747	5,131	-	403,878
Debt repayment	137,271	-	-	-	-	-	-	137,271	-	-	137,271
Malpractice self-insurance	25,973	-	2,966	-	-	-	-	28,939	-	-	28,939
Under trust indenture, held by trustee	30,294	13,560	15,993	9,079	8	1	-	68,935	-	-	68,935
Malpractice self-insurance, held by trustee	-	14,881	-	2,793	731	-	-	18,405	1,570	-	19,975
Foundation investments	5,407	-	-	-	-	-	-	5,407	8,500	-	13,907
Total	379,401	143,849	91,022	24,985	6,038	12,409	-	657,704	15,201	-	672,905
Less amounts available to satisfy current obligations	(6,148)	(7,197)	(5,507)	(670)	(161)	-	-	(19,683)	(154)	-	(19,837)
Noncurrent portion of assets whose use is limited	373,253	136,652	85,515	24,315	5,877	12,409	-	638,021	15,047	-	653,068
Property and Equipment, Net	224,616	328,225	224,218	51,255	17,206	9,203	-	854,723	14,595	-	869,318
Pledges Receivable, Net	-	-	-	-	-	-	-	-	2,390	-	2,390
Restricted Assets Held by Third-Parties	6,304	-	-	562	5,171	62	(562)	11,537	534	(426)	11,645
Deferred Financing Costs, Net	4,331	2,064	4,739	420	93	21	-	11,668	-	-	11,668
Due from Affiliates	1,350	4,393	-	-	-	-	-	5,743	-	(5,743)	-
Other Assets, Net	7,923	4,615	1,048	3,526	569	908	-	18,589	7,414	(789)	25,214
Total assets	$ 739,656	$ 532,652	$ 370,745	$ 107,789	$ 42,690	$ 23,622	$ (3,797)	$ 1,813,357	$ 62,969	$ (19,122)	$ 1,857,204

West Virginia United Health System, Inc and Controlled Entities

Schedule of Consolidating Information, Balance Sheet
December 31, 2011
(In Thousands)

	West Virginia University Hospitals	United Hospital Center	Camden-Clark Medical Center	City Hospital	Jefferson Memorial Hospital	City Foundation	Eliminations	Total Obligated Group	Non-Obligated Group	Eliminations	Total
Liabilities and Net Assets											
Current Liabilities											
Line of credit	$ -	$ -	$ 5,931	$ -	$ -	$ -	$ -	$ 5,931	$ -	$ -	$ 5,931
Current maturities of long-term debt	6,224	7,250	2,993	1,188	621	87	-	18,363	529	-	18,892
Accounts payable and accrued expenses	36,740	6,127	12,611	8,767	1,470	217	-	65,932	3,444	-	69,376
Due to affiliates	927	375	300	3,020	1,302	205	(3,235)	2,894	9,270	(12,164)	-
Estimated third-party payor settlements	5,644	1,750	5,106	1,607	1,052	-	-	15,159	151	-	15,310
Salaries and benefits payable	25,873	8,736	8,841	6,753	2,236	-	-	52,439	3,272	-	55,711
Accrued interest payable	676	719	862	42	132	31	-	2,462	5	-	2,467
Current portion of estimated medical malpractice claims liability	5,511	3,863	584	670	161	-	-	10,789	387	-	11,176
Deferred revenue	654	945	-	-	-	3	-	1,602	64	-	1,666
Total current liabilities	82,249	29,765	37,228	22,047	6,974	543	(3,235)	175,571	17,122	(12,164)	180,529
Long-Term Debt	211,096	242,988	189,306	52,531	12,104	2,343	-	710,368	6,134	-	716,502
Estimated Medical Malpractice Claims Liability	18,670	7,451	5,742	2,622	628	-	-	35,113	1,475	-	36,588
Derivative Financial Instruments	14,747	25,200	21,643	2,946	417	-	-	64,953	-	-	64,953
Due to Affiliates	-	-	-	-	-	-	-	-	5,743	(5,743)	-
Pension Liability	-	-	18,790					18,790	-	-	18,790
Other Long-Term Liabilities	968	255	-	-	-	78	-	1,301	375	-	1,676
Total liabilities	327,730	305,659	272,709	80,146	20,123	2,964	(3,235)	1,006,096	30,849	(17,907)	1,019,038
Net Assets											
Unrestricted	405,622	226,993	98,036	27,081	17,396	20,100	-	795,228	30,260	(789)	824,699
Temporarily restricted	5,807	-	-	562	426	558	(562)	6,791	1,748	(426)	8,113
Permanently restricted	497	-	-	-	4,745	-	-	5,242	112	-	5,354
Total net assets	411,926	226,993	98,036	27,643	22,567	20,658	(562)	807,261	32,120	(1,215)	838,166
Total liabilities and net assets	$ 739,656	$ 532,652	$ 370,745	$ 107,789	$ 42,690	$ 23,622	$ (3,797)	$ 1,813,357	$ 62,969	$ (19,122)	$ 1,857,204

West Virginia United Health System, Inc and Controlled Entities

Schedule of Consolidating Information, Statement of Operations
Year Ended December 31, 2011
(In Thousands)

	West Virginia University Hospitals	United Hospital Center	Camden-Clark Medical Center	City Hospital	Jefferson Memorial Hospital	City Foundation	Eliminations	Total Obligated Group	Non Obligated Group	Eliminations	Total
Unrestricted Revenues, Gains, and Other Support											
Net patient service revenues	$ 616,807	$ 234,547	$ 212,705	$ 139,177	$ 49,594	$ -	$ (413)	$ 1,252,417	$ 41,933	$ (62)	$ 1,294,288
Other revenues	33,111	5,413	3,861	3,330	522	1,498	(532)	47,203	29,384	(24,386)	52,201
Total unrestricted revenues, gains, and other support	649,918	239,960	216,566	142,507	50,116	1,498	(945)	1,299,620	71,317	(24,448)	1,346,489
Expenses											
Supplies and purchased services	273,863	73,211	98,454	52,615	14,044	753	(945)	511,995	21,966	(15,778)	518,183
Salaries and wages	201,155	85,693	66,095	48,492	16,773	267	-	418,475	42,856	(5,345)	455,986
Employee benefits	49,215	24,643	14,598	13,000	3,774	91	-	105,321	10,714	(1,854)	114,181
Provision for doubtful collections	35,676	24,890	14,419	14,563	6,555	-	-	96,103	1,622	-	97,725
Depreciation and amortization	39,412	22,154	15,702	6,776	2,594	522	-	87,160	2,054	(397)	88,817
Interest	10,025	12,201	6,299	2,225	636	119	-	31,505	303	(17)	31,791
Total expenses	609,346	242,792	215,567	137,671	44,376	1,752	(945)	1,250,559	79,515	(23,391)	1,306,683
Operating income (loss)	40,572	(2,832)	999	4,836	5,740	(254)	-	49,061	(8,198)	(1,057)	39,806
Other Income (Loss)											
Inherent contribution	-	-	123,489				-	123,489	2,617	(80)	126,026
Change in fair value of derivative financial instruments	(5,924)	(11,300)	(11,821)	(1,463)	(207)	-	-	(30,715)	-	-	(30,715)
Investment (loss) income	(18,371)	5,336	303	845	98	(337)	-	(12,126)	413	531	(11,182)
(Loss) gain on disposal of property and equipment	101	(416)	-	(512)	(222)	-	-	(1,049)	(634)	526	(1,157)
Loss on refinancing debt	(562)	-	-	-	-	-	-	(562)	-	-	(562)
Other, net	-	-	-	-	-	-	-	-	96	-	96
Revenues in excess of (less than) expenses	15,816	(9,212)	112,970	3,706	5,409	(591)	-	128,098	(5,706)	(80)	122,312
Pension Liability Adjustment	-	-	(9,473)	-	-	-	-	(9,473)	-	-	(9,473)
Transfers to the School of Medicine	(7,708)	-	-	-	-	-	-	(7,708)	-	-	(7,708)
Contributions Restricted for Purchases of Property and Equipment	590	-	-	-	116	-	-	706	25	-	731
Net Assets Released from Restrictions Used for Purchase for Property and Equipment	-	-	-	151	-		-	151	-	-	151
Amortization of Fair Value of Derivative Financial Instruments	231	-	-	8	1	-	-	240	-	-	240
Transfers from (to) Affiliates	1,278	(498)	(5,461)	(1,990)	(1)	300	-	(6,372)	6,372	-	-
Increase (decrease) in unrestricted net assets	$ 10,207	$ (9,710)	$ 98,036	$ 1,875	$ 5,525	$ (291)	$ -	$ 105,642	$ 691	$ (80)	$ 106,253

West Virginia United Health System, Inc. and Controlled Entities

Schedule of Consolidating Information, Statement of Changes in Net Assets
Year Ended December 31, 2011
(In Thousands)

	West Virginia University Hospitals	United Hospital Center	Camden-Clark Medical Center	City Hospital	Jefferson Memorial Hospital	City Foundation	Eliminations	Total Obligated Group	Non-Obligated Group	Eliminations	Total
Unrestricted Net Assets											
Revenues in excess of (less than) expenses	$ 15,816	$ (9,212)	$ 112,970	$ 3,706	$ 5,409	$ (591)	$ -	$ 128,098	$ (5,706)	$ (80)	$ 122,312
Pension liability adjustment	-	-	(9,473)	-	-	-	-	(9,473)	-	-	(9,473)
Transfers to the School of Medicine	(7,708)							(7,708)	-	-	(7,708)
Contributions restricted for purchases of property and equipment	590	-	-	-	116	-	-	706	25	-	731
Release from restrictions used for purchase of property and equipment	-	-	-	151	-	-	-	151	-	-	151
Amortization of fair value of derivative financial instruments	231	-	-	8	1	-		240	-	-	240
Transfers from (to) affiliates	1,278	(498)	(5,461)	(1,990)	(1)	300	-	(6,372)	6,372	-	-
Increase (decrease) in unrestricted net assets	10,207	(9,710)	98,036	1,875	5,525	(291)	-	105,642	691	(80)	106,253
Temporarily Restricted Net Assets											
Contributions and grants	-	-	-	-	-	405	-	405	995	-	1,400
Inherent contribution	-	-	-	-	-	-	-	-	278	-	278
Change in value of split-interest agreements	-	-	-	-	-	(154)	-	(154)	13	-	(141)
Decrease in temporarily restricted assets held by the West Virginia University Foundation	(132)	-	-	-	-	-	-	(132)	-	-	(132)
Increase in temporarily restricted assets held by affiliated foundation			-	250	288	-	(250)	288	-	(288)	-
Net assets released from restrictions	-	-	-	-	-	(151)	-	(151)	(739)	-	(890)
(Decrease) increase in temporarily restricted net assets	(132)	-	-	250	288	100	(250)	256	547	(288)	515
Permanently Restricted Net Assets											
Valuation loss	-	-	-	-	(180)	-	-	(180)	-	-	(180)
Inherent contribution	-	-	-	-	-	-	-	-	112	-	112
Increase in permanently restricted assets held by the West Virginia University Foundation	8	-	-	-	-	-	-	8	-	-	8
(Decrease) increase in permanently restricted net assets	8	-	-	-	(180)	-	-	(172)	112	-	(60)
Increase (decrease) in net assets	10,083	(9,710)	98,036	2,125	5,633	(191)	(250)	105,726	1,350	(368)	106,708
Net Assets, Beginning	401,843	236,703	-	25,518	16,934	20,849	(312)	701,535	30,770	(847)	731,458
Net Assets, Ending	$ 411,926	$ 226,993	$ 98,036	$ 27,643	$ 22,567	$ 20,658	$ (562)	$ 807,261	$ 32,120	$ (1,215)	$ 838,166

West Virginia United Health System, Inc and Controlled Entities

Schedule of Consolidating Information, Balance Sheet
December 31, 2010
(In Thousands)

	West Virginia University Hospitals	United Hospital Center	City Hospital	Jefferson Memorial Hospital	City Foundation	Eliminations	Total Obligated Group	Non Obligated Group	Eliminations	Total
Assets										
Current Assets										
Cash and cash equivalents	$ 16,703	$ 10,371	$ 4,508	$ 5,912	$ 1,874	$ -	$ 39,368	$ 10,450	$ -	$ 49,818
Assets whose use is limited	6,837	6,687	586	146	-	-	14,256	154	-	14,410
Accounts receivable										
Patients, net of estimated allowance for doubtful collections of approximately $54,169 in 2010	71,318	28,076	12,887	4,435	-	-	116,716	3,122	-	119,838
Other	9,375	2,307	1,293	638	16	-	13,629	1,228	-	14,857
Affiliates	4,906	633	2,943	350	16	(1,498)	7,350	2,324	(9,674)	-
Estimated third-party payor settlements	-	-	-	117	-	-	117	-	-	117
Inventories of drugs and supplies	13,610	3,026	1,778	401	-	-	18,815	68	-	18,883
Prepaid expenses and other current assets	3,157	1,220	354	105	42	-	4,878	505	-	5,383
Total current assets	125,906	52,320	24,349	12,104	1,948	(1,498)	215,129	17,851	(9,674)	223,306
Assets Whose Use is Limited										
Board-designated funds										
Funded depreciation	169,319	115,805	12,423	334	12,767	-	310,648	5,063	-	315,711
Debt repayment	121,422	-	-	-	-	-	121,422	-	-	121,422
Malpractice self-insurance	29,871	-	-	-	-	-	29,871	-	-	29,871
Under trust indenture, held by trustee	5,815	11,544	13,167	355	2	-	30,883	-	-	30,883
Malpractice self-insurance, held by trustee	-	14,712	1,852	652	-	-	17,216	1,642	-	18,858
Foundation investments	-	-	-	-	-	-	-	7,172	-	7,172
Total	326,427	142,061	27,442	1,341	12,769	-	510,040	13,877	-	523,917
Less amounts available to satisfy current obligations	(6,837)	(6,687)	(586)	(146)	-	-	(14,256)	(154)	-	(14,410)
Noncurrent portion of assets whose use is limited	319,590	135,374	26,856	1,195	12,769	-	495,784	13,723	-	509,507
Property and Equipment, Net	230,845	340,658	41,818	17,158	8,204	-	638,683	13,431	-	652,114
Pledges Receivable, Net	-	-	-	-	312	-	312	3,107	-	3,419
Restricted Assets Held by Third-Parties	6,428	-	312	5,063	217	(312)	11,708	693	(138)	12,263
Deferred Financing Costs, Net	4,610	2,136	413	98	22	-	7,279	-	-	7,279
Due from Affiliates	426	6,278	-	-	-		6,704	-	(6,704)	-
Other Assets, Net	6,698	4,878	850	185	303	-	12,914	10,637	(709)	22,842
Total assets	$ 694,503	$ 541,644	$ 94,598	$ 35,803	$ 23,775	$ (1,810)	$ 1,388,513	$ 59,442	$ (17,225)	$ 1,430,730

West Virginia United Health System, Inc and Controlled Entities

Schedule of Consolidating Information, Balance Sheet
December 31, 2010
(In Thousands)

	West Virginia University Hospitals	United Hospital Center	City Hospital	Jefferson Memorial Hospital	City Foundation	Eliminations	Total Obligated Group	Non Obligated Group	Eliminations	Total
Liabilities and Net Assets										
Current Liabilities										
Current maturities of long-term debt	$ 5,870	$ 7,095	$ 1,115	$ 621	$ 87	$ -	$ 14,788	$ 480	$ -	$ 15,268
Accounts payable and accrued expenses	31,051	11,386	7,092	1,914	27	-	51,470	3,217	-	54,687
Due to affiliates	530	238	2,020	748	287	(1,498)	2,325	7,349	(9,674)	-
Estimated third-party payor settlements	5,260	1,978	913	-	-	-	8,151	139	-	8,290
Salaries and benefits payable	22,062	7,507	6,142	1,911	-	-	37,622	2,260	-	39,882
Accrued interest payable	597	1,007	194	49	10	-	1,857	-	-	1,857
Current portion of estimated medical malpractice claims liability	6,457	3,690	586	146	-	-	10,879	531	-	11,410
Deferred revenue	650	898	-	-	6	-	1,554	16	-	1,570
Total current liabilities	72,477	33,799	18,062	5,389	417	(1,498)	128,646	13,992	(9,674)	132,964
Long-Term Debt	191,742	250,234	47,350	12,725	2,430	-	504,481	6,159	-	510,640
Estimated Medical Malpractice Claims Liability	18,324	6,753	2,177	544	-	-	27,798	1,382	-	29,180
Derivative Financial Instruments	9,054	13,900	1,491	211	-	-	24,656	-	-	24,656
Due to Affiliates	-	-	-	-	-	-	-	6,704	(6,704)	-
Other Long-Term Liabilities	1,063	255	-	-	79	-	1,397	435	-	1,832
Total liabilities	292,660	304,941	69,080	18,869	2,926	(1,498)	686,978	28,672	(16,378)	699,272
Net Assets										
Unrestricted	395,415	236,703	25,206	11,871	20,391	-	689,586	29,569	(709)	718,446
Temporarily restricted	5,939	-	312	138	458	(312)	6,535	1,201	(138)	7,598
Permanently restricted	489	-	-	4,925	-	-	5,414	-	-	5,414
Total net assets	401,843	236,703	25,518	16,934	20,849	(312)	701,535	30,770	(847)	731,458
Total liabilities and net assets	$ 694,503	$ 541,644	$ 94,598	$ 35,803	$ 23,775	$ (1,810)	$ 1,388,513	$ 59,442	$ (17,225)	$ 1,430,730

West Virginia United Health System, Inc. and Controlled Entities

Schedule of Consolidating Information, Statement of Operations
Year Ended December 31, 2010
(In Thousands)

	West Virginia University Hospitals	United Hospital Center	City Hospital	Jefferson Memorial Hospital	City Foundation	Eliminations	Total Obligated Group	Non Obligated Group	Eliminations	Total
Unrestricted Revenues, Gains, and Other Support										
Net patient service revenues	$ 583,576	$ 206,063	$ 121,230	$ 44,333	$ -	$ (372)	$ 954,830	$ 31,797	$ (105)	$ 986,522
Other revenues	25,417	3,994	2,577	487	1,305	(438)	33,342	24,535	(19,256)	38,621
Total unrestricted revenues, gains, and other support	608,993	210,057	123,807	44,820	1,305	(810)	988,172	56,332	(19,361)	1,025,143
Expenses										
Supplies and purchased services	252,639	69,665	40,554	13,057	824	(810)	375,929	16,653	(12,467)	380,115
Salaries and wages	190,473	80,790	44,474	15,435	174	-	331,346	33,643	(5,111)	359,878
Employee benefits	48,648	23,964	15,119	5,175	56	-	92,962	8,461	(1,773)	99,650
Provision for doubtful collections	34,181	21,348	13,322	6,381	-	-	75,232	2,021	-	77,253
Depreciation and amortization	39,144	15,259	5,124	1,826	495	-	61,848	1,198	(19)	63,027
Interest	9,254	3,041	1,148	280	82	-	13,805	411	-	14,216
Total expenses	574,339	214,067	119,741	42,154	1,631	(810)	951,122	62,387	(19,370)	994,139
Operating income (loss)	34,654	(4,010)	4,066	2,666	(326)	-	37,050	(6,055)	9	31,004
Other Income (Loss)										
Change in fair value of derivative financial instruments	(1,917)	(3,095)	(595)	(84)	-		(5,691)	-	-	(5,691)
Investment income	16,772	12,832	1,253	213	1,737	-	32,807	1,460	(9)	34,258
(Loss) gain on disposal of property and equipment	24	(71)	(110)	(147)	-	-	(304)	(33)	-	(337)
Other, net	-	-	-	-	-	-	-	(145)	-	(145)
Revenues in excess of (less than) expenses	49,533	5,656	4,614	2,648	1,411	-	63,862	(4,773)	-	59,089
Transfers to the School of Medicine	(4,544)	-	-	-	-	-	(4,544)	-	-	(4,544)
Contributions Restricted for Purchases of Property and Equipment	532	-	-	-	-	-	532	-	-	532
Net Assets Released from Restrictions Used for Purchase for Property and Equipment	-	8,327	201	-	-	-	8,528	-	-	8,528
Amortization of Fair Value of Derivative Financial Instruments	231	-	8	1	-	-	240	-	-	240
Transfers from (to) Affiliates	(1,628)	(2,588)	(4,326)	(1,313)	-	-	(9,855)	9,855	-	-
Increase (Decrease) in Unrestricted Net Assets	$ 44,124	$ 11,395	$ 497	$ 1,336	$ 1,411	$ -	$ 58,763	$ 5,082	$ -	$ 63,845

West Virginia United Health System, Inc. and Controlled Entities

Schedule of Consolidating Information, Statement of Changes in Net Assets
Year Ended December 31, 2010
(In Thousands)

	West Virginia University Hospitals	United Hospital Center	City Hospital	Jefferson Memorial Hospital	City Foundation	Eliminations	Total Obligated Group	Non-Obligated Group	Eliminations	Total
Unrestricted Net Assets										
Revenues in excess of expenses	$ 49,533	$ 5,656	$ 4,614	$ 2,648	$ 1,411	$ -	$ 63,862	$ (4,773)	$ -	$ 59,089
Transfers to the School of Medicine	(4,544)	-	-	-	-	-	(4,544)	-	-	(4,544)
Contributions restricted for purchases of property and equipment	532	-	-	-	-	-	532	-	-	532
Release from restrictions used for purchase of property and equipment	-	8,327	201	-	-	-	8,528	-	-	8,528
Amortization of fair value of derivative financial instruments	231	-	8	1	-	-	240	-	-	240
Transfers from (to) affiliates	(1,628)	(2,588)	(4,326)	(1,313)	-	-	(9,855)	9,855	-	-
Increase in unrestricted net assets	44,124	11,395	497	1,336	1,411	-	58,763	5,082	-	63,845
Temporarily Restricted Net Assets										
Contributions and grants	-	153	-	-	521	-	674	432	-	1,106
Change in value of split-interest agreements	-	-	-	-	6	-	6	(159)	-	(153)
Increase in temporarily restricted assets held by the West Virginia University Foundation	191	-	-	-	-	-	191	-	-	191
Increase in temporarily restricted assets held by affiliated foundation	-	-	312	138	-	(312)	138	-	(138)	-
Net assets released from restrictions	-	(8,327)	(201)	-	-	-	(8,528)	(300)	-	(8,828)
Transfer from (to) affiliates	-	-	201	-	(201)	-	-	-	-	-
(Decrease) increase in temporarily restricted net assets	191	(8,174)	312	138	326	(312)	(7,519)	(27)	(138)	(7,684)
Permanently Restricted Net Assets										
Valuation gain	-	-	-	329	-	-	329	-	-	329
Increase in permanently restricted assets held by the West Virginia University Foundation	9	-	-	-	-	-	9	-	-	9
Increase (decrease) in permanently restricted net assets	9	-	-	329	-	-	338	-	-	338
Increase (decrease) in net assets	44,324	3,221	809	1,803	1,737	(312)	51,582	5,055	(138)	56,499
Net Assets, Beginning	357,519	233,482	24,709	15,131	19,112	-	649,953	25,715	(709)	674,959
Net Assets, Ending	$ 401,843	$ 236,703	$ 25,518	$ 16,934	$ 20,849	$ (312)	$ 701,535	$ 30,770	$ (847)	$ 731,458