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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: MAGEE BENEVOLENT ASSOCIATION
 Doing Business As: MAGEE GENERAL HOSPITAL
 Number and street (or P O box if mail is not delivered to street address) Room/suite: 300 THIRD AVENUE SE
 City or town, state or country, and ZIP + 4: MAGEE, MS 39111

D Employer identification number: 64-0324402
E Telephone number: (601) 849-5070
G Gross receipts \$ 28,047,228

F Name and address of principal officer: ALTHEA H CRUMPTON, 300 THIRD AVENUE SE, MAGEE, MS 39111

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.MGHOSP.ORG

K Form of organization: Corporation Trust Association Other ▶
L Year of formation: 1942 **M** State of legal domicile: MS

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities MAGEE GENERAL HOSPITAL SHALL CONTINUE TO PROVIDE QUALITY HEALTHCARE TO THOSE THAT PRESENT THEMSELVES FOR OUR SERVICES WE ARE DEDICATED TO MEET THE CHALLENGES OF THE FUTURE TO ASSURE THAT PEOPLE OF THIS COMMUNITY RECEIVE QUALITY HEALTHCARE AT A REASONABLE COST		
	2 Check this box <input type="checkbox"/> 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	8
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	4
	5 Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	424
	6 Total number of volunteers (estimate if necessary)	6	28
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
b Net unrelated business taxable income from Form 990-T, line 34	7b	0	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	67,114	169,647
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	27,276,968	27,434,782
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	54,719	76,479
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	329,619	366,320
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	27,728,420	28,047,228
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	0	0
	16a Professional fundraising fees (Part IX, column (A), line 11e)	11,388,684	11,864,914
	b Total fundraising expenses (Part IX, column (D), line 25) ▶ ⁰	0	0
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	0	0
	18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	15,649,944	16,567,650
19 Revenue less expenses Subtract line 18 from line 12	27,038,628	28,432,564	
Net Assets or Fund Balances	20 Total assets (Part X, line 16)	689,792	-385,336
	21 Total liabilities (Part X, line 26)	Beginning of Current Year	End of Year
	22 Net assets or fund balances Subtract line 21 from line 20	26,489,423	27,715,478
		9,247,240	10,874,315
	17,242,183	16,841,163	

Part II Signature Block

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

Sign Here
 Signature of officer: *****
 Date: 2012-11-14
 Type or print name and title: ALTHEA H CRUMPTON CEO

Paid Preparer's Use Only
 Preparer's signature: MARSHA H DIECKMAN CPA
 Date: 2012-11-14
 Check if self-employed:
 Preparer's taxpayer identification number (see instructions): P00246741
 Firm's name (or yours if self-employed), address, and ZIP + 4: HORNE LLP, 1020 HIGHLAND COLONY PKWY STE 400, RIDGELAND, MS 39157
 EIN: 20-1941244
 Phone no: (601) 326-1000

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 Yes No

1 Briefly describe the organization's mission

MAGEE GENERAL HOSPITAL SHALL CONTINUE TO PROVIDE QUALITY HEALTHCARE TO THOSE THAT PRESENT THEMSELVES FOR OUR SERVICES WE ARE DEDICATED TO MEET THE CHALLENGES OF THE FUTURE TO ASSURE THAT PEOPLE OF THIS COMMUNITY RECEIVE QUALITY HEALTHCARE AT A REASONABLE COST WE ARE COMMITTED TO MAINTAIN PATIENT CONFIDENTIALITY AND TO COMFORT AND RESPECT PATIENTS, FAMILIES, AND FRIENDS

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 \$ 24,481,467 including grants of \$) (Revenue \$ 27,821,102)

MAGEE GENERAL HOSPITAL OFFERS A VARIETY OF MEDICAL SERVICES THAT ARE DESIGNED TO MEET HEALTHCARE NEEDS OF THE SURROUNDING COMMUNITY THIS SERVICE IS ACCOMPLISHED THROUGH THE OPERATION OF A FULL SERVICE INPATIENT, OUTPATIENT, AND EMERGENCY CARE FACILITY

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

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

4d Other program services (Describe in Schedule O)
(Expenses \$ including grants of \$) (Revenue \$)

4e Total program service expenses \$ 24,481,467

Part IV Checklist of Required Schedules

		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A.</i> <input checked="" type="checkbox"/>	Yes	
2	Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)? <input checked="" type="checkbox"/>	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I.</i> <input checked="" type="checkbox"/>		No
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II.</i> <input checked="" type="checkbox"/>	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III.</i> <input checked="" type="checkbox"/>		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I.</i> <input checked="" type="checkbox"/>		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? <i>If "Yes," complete Schedule D, Part II.</i> <input checked="" type="checkbox"/>		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III.</i> <input checked="" type="checkbox"/>		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV.</i> <input checked="" type="checkbox"/>		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V.</i> <input checked="" type="checkbox"/>		No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI.</i> <input checked="" type="checkbox"/>	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII.</i> <input checked="" type="checkbox"/>	Yes	
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII.</i> <input checked="" type="checkbox"/>		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX.</i> <input checked="" type="checkbox"/>		No
e	Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X.</i> <input checked="" type="checkbox"/>	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X.</i> <input checked="" type="checkbox"/>	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII.</i> <input checked="" type="checkbox"/>		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional.</i> <input checked="" type="checkbox"/>	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E.</i>		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?		No
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Part I.</i>		No
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U S? <i>If "Yes," complete Schedule F, Part II and IV.</i>		No
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U S? <i>If "Yes," complete Schedule F, Part III and IV.</i>		No
17	Did the organization report a total of more than \$15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I.</i>		No
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II.</i>		No
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III.</i>		No
20a	Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H.</i> <input checked="" type="checkbox"/>	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. <input checked="" type="checkbox"/>	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21		No
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer questions 24b-24d and complete Schedule K. If "No," go to line 25</i>	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d	Yes	
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26	Yes	
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i>	27	Yes	
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>	34	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	35a	Yes	
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b	Yes	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

Table with columns for question number, question text, and Yes/No columns. Includes rows for 1a, 1b, 1c, 2a, 2b, 3a, 3b, 4a, 4b, 5a, 5b, 5c, 6a, 6b, 7, 7a, 7b, 7c, 7d, 7e, 7f, 7g, 7h, 8, 9, 9a, 9b, 10, 10a, 10b, 11, 11a, 11b, 12a, 12b, 13, 13a, 13b, 13c, 14a, 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

Table with 3 columns: Question, Yes, No. Rows include: 1a (8), 1b (4), 2 (Yes), 3 (No), 4 (No), 5 (No), 6 (No), 7a (No), 7b (No), 8a (Yes), 8b (Yes), 9 (No).

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

Table with 3 columns: Question, Yes, No. Rows include: 10a (No), 10b, 11a (Yes), 11b, 12a (Yes), 12b (Yes), 12c (Yes), 13 (Yes), 14 (Yes), 15a (Yes), 15b (No), 16a (No), 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.
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.

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) CHARLES PRUITT III MD BOARD CHAIRMAN/PRESIDENT	1 00	X					69,000	0	0	
(2) JOE STEPHENS DIRECTOR	1 00	X					250	0	0	
(3) ALTHEA H CRUMPTON CEO/SECRETARY/TREASURER	40 00	X		X			105,264	0	12,799	
(4) LYN LAMPHERE DIRECTOR	1 00	X					250	0	0	
(5) RS RUNNELS SR MD BOARD VICE-PRESIDENT	1 00	X					16,500	0	0	
(6) BETTY C WADE RN DIRECTOR	1 00	X					250	0	0	
(7) PJ PASCO DO DIRECTOR	1 00	X					250	0	0	
(8) KELLI SMITH MD DIRECTOR	1 00	X					250	0	0	
(9) MELISSA D BRUNTLETT CFO	40 00			X			95,212	0	5,224	
(10) SHARON SCRUGGS NURSE PRACTITIONER	40 00				X		137,031	0	6,664	
(11) MARTHA SMITH NURSE PRACTITIONER	40 00				X		200,534	0	5,822	
(12) DR GENE CATHEY PHYSICIAN	40 00				X		213,067	0	5,502	
(13) MOLLIE K SMITH SOWELL PHYSICIAN	40 00				X		128,592	0	2,668	
(14) JUANITA TURNER PHARMACIST	40 00				X		112,359	0	3,948	

Part VIII Statement of Revenue

			(A)	(B)	(C)	(D)		
			Total revenue	Related or exempt function revenue	Unrelated business revenue	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	140,028					
	e	Government grants (contributions) 1e	24,573					
	f	All other contributions, gifts, grants, and similar amounts not included above 1f	5,046					
	g	Noncash contributions included in lines 1a-1f \$ <u>16,943</u>						
	h	Total. Add lines 1a-1f	169,647					
Program Service Revenue	2a	PATIENT SERVICE REVENUE	621990	27,434,782	27,434,782			
	b							
	c							
	d							
	e							
	f	All other program service revenue						
	g	Total. Add lines 2a-2f		27,434,782				
Other Revenue	3	Investment income (including dividends, interest and other similar amounts)		56,479		56,479		
	4	Income from investment of tax-exempt bond proceeds						
	5	Royalties						
	6a	Gross rents	(i) Real					
			(ii) Personal					
			b	Less rental expenses				
			c	Rental income or (loss)				
	d	Net rental income or (loss)						
	7a	Gross amount from sales of assets other than inventory	(i) Securities		20,000			
			(ii) Other					
			b	Less cost or other basis and sales expenses		0		
			c	Gain or (loss)		20,000		
	d	Net gain or (loss)		20,000	20,000			
	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	OTHER HOSPITAL SERVICE	621990	366,320	366,320				
b								
c								
d	All other revenue							
e	Total. Add lines 11a-11d		366,320					
12	Total revenue. See Instructions		28,047,228	27,821,102	0	56,479		

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				
2	Grants and other assistance to individuals in the United States See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	287,226		287,226	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	10,091,058	8,578,003	1,513,055	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	102,657	77,383	25,274	
9	Other employee benefits	649,557	536,881	112,676	
10	Payroll taxes	734,416	598,305	136,111	
11	Fees for services (non-employees)				
a	Management				
b	Legal	48,229		48,229	
c	Accounting	92,929		92,929	
d	Lobbying				
e	Professional fundraising See Part IV, line 17				
f	Investment management fees				
g	Other				
12	Advertising and promotion	37,478	37,478		
13	Office expenses				
14	Information technology				
15	Royalties				
16	Occupancy	334,974	16,989	317,985	
17	Travel	66,866	13,549	53,317	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings				
20	Interest	371,409	371,409		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	1,546,762	1,546,762		
23	Insurance	439,379	424,639	14,740	
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	FEES	5,239,439	5,069,432	170,007	
b	SUPPLIES	2,803,190	2,693,297	109,893	
c	BAD DEBTS	2,784,929	2,784,929		
d	EQUIPMENT RENTAL & MAIN	1,890,052	1,385,275	504,777	
e					
f	All other expenses	912,014	347,136	564,878	
25	Total functional expenses. Add lines 1 through 24f	28,432,564	24,481,467	3,951,097	0
26	Joint costs. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

		(A)		(B)
		Beginning of year		End of year
Assets	1 Cash—non-interest-bearing	2,028	1	2,575
	2 Savings and temporary cash investments	1,564,570	2	2,725,983
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net	4,294,707	4	4,387,918
	5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L	597,400	5	557,473
	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		7	
	8 Inventories for sale or use	328,672	8	359,123
	9 Prepaid expenses and deferred charges	209,132	9	172,277
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	28,907,677		
	b Less accumulated depreciation	13,925,042	10c	14,982,635
	11 Investments—publicly traded securities		11	
	12 Investments—other securities See Part IV, line 11	3,155,465	12	3,424,621
	13 Investments—program-related See Part IV, line 11		13	
	14 Intangible assets		14	
	15 Other assets See Part IV, line 11	1,387,402	15	1,102,873
16 Total assets. Add lines 1 through 15 (must equal line 34)	26,489,423	16	27,715,478	
Liabilities	17 Accounts payable and accrued expenses	1,728,724	17	1,994,772
	18 Grants payable		18	
	19 Deferred revenue		19	
	20 Tax-exempt bond liabilities	6,883,534	20	6,566,347
	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	634,982	25	2,313,196
	26 Total liabilities. Add lines 17 through 25	9,247,240	26	10,874,315
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	16,898,098	27	16,791,137
	28 Temporarily restricted net assets	344,085	28	50,026
	29 Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
33 Total net assets or fund balances	17,242,183	33	16,841,163	
34 Total liabilities and net assets/fund balances	26,489,423	34	27,715,478	

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	28,047,228
2	Total expenses (must equal Part IX, column (A), line 25)	2	28,432,564
3	Revenue less expenses Subtract line 2 from line 1	3	-385,336
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	17,242,183
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-15,684
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	16,841,163

Part XII Financial Statements and Reporting

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

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

SCHEDULE A
(Form 990 or 990EZ)

Public Charity Status and Public Support

OMB No 1545-0047

2011

Open to Public Inspection

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.

Department of the Treasury
Internal Revenue Service

Name of the organization
MAGEE BENEVOLENT ASSOCIATION

Employer identification number

64-0324402

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?
 (i) a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization?
 (ii) a family member of a person described in (i) above?
 (iii) a 35% controlled entity of a person described in (i) or (ii) above?
- h Provide the following information about the supported organization(s)

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

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

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public Support. Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income (Explain in Part IV.) Do not include gain or loss from the sale of capital assets						
11 Total support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc. (See instructions)					12	

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

Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2011 (line 6 column (f) divided by line 11 column (f))	14	
15 Public Support Percentage for 2010 Schedule A, Part II, line 14	15	
16a 33 1/3% support test—2011. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization <input type="checkbox"/>		
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 <input type="checkbox"/>		
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 <input type="checkbox"/>		
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 <input type="checkbox"/>		
18 Private Foundation If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions <input type="checkbox"/>		

Part III Support Schedule for Organizations Described in 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 <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

- 19a 33 1/3% support tests—2011.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization
- b 33 1/3% support tests—2010.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization
- 20 Private Foundation** If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions

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

Facts And Circumstances Test

Explanation

SCHEDULE C (Form 990 or 990-EZ)

Political Campaign and Lobbying Activities

OMB No 1545-0047

2011

Open to Public Inspection

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.

Department of the Treasury Internal Revenue Service

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 MAGEE BENEVOLENT ASSOCIATION

Employer identification number

64-0324402

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?
4a Was a correction made?
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 function 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?
5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments

Table with 5 columns: (a) Name, (b) Address, (c) EIN, (d) Amount paid from filing organization's funds, (e) Amount of political contributions received and promptly and directly delivered to a separate political organization.

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

- A** Check if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)
- B** Check if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing Organization's Totals	(b) Affiliated Group Totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)														
b Total lobbying expenditures to influence a legislative body (direct lobbying)														
c Total lobbying expenditures (add lines 1a and 1b)														
d Other exempt purpose expenditures														
e Total exempt purpose expenditures (add lines 1c and 1d)														
f Lobbying nontaxable amount Enter the amount from the following table in both columns														
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; text-align: left;">If the amount on line 1e, column (a) or (b) is:</th> <th style="width: 50%; text-align: left;">The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 1e</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000</td> </tr> </tbody> </table>	If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:													
Not over \$500,000	20% of the amount on line 1e													
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000													
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000													
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000													
Over \$17,000,000	\$1,000,000													
g Grassroots nontaxable amount (enter 25% of line 1f)														
h Subtract line 1g from line 1a If zero or less, enter -0-														
i Subtract line 1f from line 1c If zero or less, enter -0-														
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?	<input type="checkbox"/> Yes <input type="checkbox"/> No													

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

	(a)		(b)
	Yes	No	Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a Volunteers?		No	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c Media advertisements?		No	
d Mailings to members, legislators, or the public?		No	
e Publications, or published or broadcast statements?		No	
f Grants to other organizations for lobbying purposes?		No	
g Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i Other activities? If "Yes," describe in Part IV	Yes		2,121
j Total lines 1c through 1i			2,121
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b If "Yes," enter the amount of any tax incurred under section 4912			
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
EXPLANATION OF LOBBYING ACTIVITIES	PART II-B, LINE 1	THE ORGANIZATION PAYS AN ANNUAL MEMBERSHIP FEE TO BE A MEMBER OF THE MISSISSIPPI HOSPITAL ASSOCIATION (MHA) THE ORGANIZATION WAS NOTIFIED BY MHA THAT 14 41% OF THE FYE 4/30/12 MEMBERSHIP FEE AND 19 67% OF THE FYE 4/30/11 MEMBERSHIP FEE WAS RELATED TO MHA'S LOBBYING ACTIVITIES THIS AVERAGES TO 16 16% FOR CALENDAR YEAR 2011, IN WHICH \$13,123 IN DUES WERE PAID BY THE HOSPITAL TO MHA

SCHEDULE D (Form 990)

OMB No 1545-0047

Supplemental Financial Statements

2011

Open to Public Inspection

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.

Department of the Treasury Internal Revenue Service

Name of the organization: MAGEE BENEVOLENT ASSOCIATION

Employer identification number: 64-0324402

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.

Table with 2 columns: (a) Donor advised funds, (b) Funds and other accounts. Rows 1-4: Total number at end of year, Aggregate contributions to (during year), Aggregate grants from (during year), 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?
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?

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, Protection of natural habitat, Preservation of open space, Preservation of an historically importantly land area, Preservation of a certified historic structure.

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

Table with 2 columns: Description, Held at the End of the Year. Rows 2a-2d: Total number of conservation easements, Total acreage restricted by conservation easements, Number of conservation easements on a certified historic structure included in (a), Number of conservation easements included in (c) acquired after 8/17/06.

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

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

- 1a If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items
b If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items: (i) Revenues included in Form 990, Part VIII, line 1; (ii) Assets included in Form 990, Part X
2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items: a Revenues included in Form 990, Part VIII, line 1; b Assets included in Form 990, Part X

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Part VI 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		1,417,341		1,417,341
b Buildings		10,637,574	3,538,811	7,098,763
c Leasehold improvements		228,765	33,936	194,829
d Equipment		16,623,997	10,352,295	6,271,702
e Other				
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).)				14,982,635

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

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

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

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

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

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

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	FASB ASC TOPIC 740 ("ASC 740") CLARIFIES THE ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES RECOGNIZED IN A COMPANY'S FINANCIAL STATEMENTS AND PRESCRIBES A RECOGNITION THRESHOLD AND MEASUREMENT ATTRIBUTE FOR TAX POSITIONS TAKEN OR EXPECTED TO BE TAKEN ON A TAX RETURN INCLUDING THE ENTITY'S STATUS AS A PASS-THROUGH ENTITY. ADDITIONALLY, ASC 740 PROVIDES GUIDANCE ON DERECOGNITION, CLASSIFICATION, INTEREST AND PENALTIES, ACCOUNTING IN INTERIM PERIODS, DISCLOSURE AND TRANSITION. THE HOSPITAL HAD NO SIGNIFICANT UNCERTAIN TAX POSITIONS AT DECEMBER 31, 2011. TAX PERIODS FOR ALL FISCAL YEARS AFTER 2007 REMAIN OPEN TO EXAMINATION BY THE FEDERAL TAXING JURISDICTIONS TO WHICH THE HOSPITAL IS SUBJECT.

SCHEDULE H (Form 990)

Hospitals

OMB No 1545-0047

2011

Open to Public Inspection

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

Department of the Treasury Internal Revenue Service

Name of the organization MAGEE BENEVOLENT ASSOCIATION

Employer identification number

64-0324402

Part I Charity Care and Certain Other Community Benefits at Cost

1a Did the organization have a charity care policy? 1b If "Yes," is it a written policy? 2 If the organization had multiple hospitals... 3 Answer the following based on the charity care eligibility criteria... 4 Did the organization's policy provide free or discounted care to the "medically indigent"? 5a Did the organization budget amounts for free or discounted care... 6a Did the organization prepare a community benefit report during the tax year? 6b If "Yes," did the organization make it available to the public?

7 Charity Care and Certain Other Community Benefits at Cost

Table with 6 columns: (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. Rows include Charity Care and Means-Tested Government Programs and Other Benefits.

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

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

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?		Yes	
2 Enter the amount of the organization's bad debt expense	2 2,859,882		
3 Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3 1,429,941		
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 6,743,830
6 Enter Medicare allowable costs of care relating to payments on line 5	6 7,269,894
7 Subtract line 6 from line 5. This is the surplus or (shortfall)	7 -526,064
8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> 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 Yes

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 (continued)

Section B. Facility Policies and Practices.

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

MAGEE GENERAL HOSPITAL

Name of Hospital Facility: _____

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

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply)	1	
a <input type="checkbox"/> A definition of the community served by the hospital facility		
b <input type="checkbox"/> Demographics of the community		
c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input type="checkbox"/> How data was obtained		
e <input type="checkbox"/> The health needs of the community		
f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs		
h <input type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input type="checkbox"/> 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? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)	5	
a <input type="checkbox"/> Hospital facility's website		
b <input type="checkbox"/> Available upon request from the hospital facility		
c <input type="checkbox"/> 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 <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
b <input type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility		
d <input type="checkbox"/> Participation in community-wide community benefit plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g <input type="checkbox"/> Prioritization of health needs in the community		
h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> 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		
8 Did the hospital facility have in place during the tax year a written financial assistance policy that explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>125 000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used	9	Yes

Part V Facility Information *(continued)*

	Yes	No
10 Used FPG to determine eligibility for providing discounted care? 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	10	No
11 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)	11	Yes
<ul style="list-style-type: none"> a <input checked="" type="checkbox"/> Income level b <input type="checkbox"/> Asset level c <input type="checkbox"/> Medical indigency d <input checked="" type="checkbox"/> Insurance status e <input type="checkbox"/> Uninsured discount f <input checked="" type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI) 		
12 Explained the method for applying for financial assistance?	12	Yes
13 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)	13	Yes
<ul style="list-style-type: none"> a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input type="checkbox"/> The policy was attached to all billing invoices c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input checked="" type="checkbox"/> Other (describe in Part VI) 		

Billing and Collections

14 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes
15 Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP		
<ul style="list-style-type: none"> a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments or arrests e <input checked="" type="checkbox"/> Other similar actions (describe in Part VI) 		
16 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged	16	Yes
<ul style="list-style-type: none"> a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input checked="" type="checkbox"/> 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)		
<ul style="list-style-type: none"> a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input checked="" type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input checked="" type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy e <input type="checkbox"/> Other (describe in Part VI) 		

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

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?

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)

	Yes	No
18	Yes	

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 its 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?

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?

.

If "Yes," explain in Part VI

20		No
21		No

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? 6

Name and address	Type of Facility (Describe)
1 PEDIATRIC CLINIC OF MAGEE 360 SIMPSON HWY 149 MAGEE, MS 39111	PHYSICIAN CLINIC
2 MGH CLINIC 360 SIMPSON HWY 149 MAGEE, MS 39111	PHYSICIAN CLINIC
3 GENE CATHEY MD CLINIC 360 SIMPSON HWY 149 MAGEE, MS 39111	PHYSICIAN CLINIC
4 MEDICAL PAVILION 234 MAGNOLIA DR RALEIGH, MS 39153	PHYSICIAN CLINIC
5 HARPER CLINIC 105 EATON ST TAYLORSVILLE, MS 39168	PHYSICIAN CLINIC
6 MIZE HEALTHCARE 208 HIGHWAY 28 MIZE, MS 39116	PHYSICIAN CLINIC
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, 6l, 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 IN ORDER FOR PATIENTS TO QUALIFY FOR CHARITY CARE, THEY MUST MEET THE FOLLOWING CRITERIA PATIENT HAS NO INSURANCE, PATIENT SUBMITS DOCUMENTATION SHOWING THEY EARN LESS THAN 125% OF FEDERAL POVERTY LEVEL, PATIENT MAY QUALIFY IF THEY HAVE EXHAUSTED THEIR MEDICAID DAYS

Identifier	ReturnReference	Explanation
		PART I, LINE 7 COST TO CHARGE RATIO WAS DERIVED FROM WORKSHEET 2

Identifier	ReturnReference	Explanation
		PART I, LINE 7G COSTS ASSOCIATED WITH PHYSICIAN CLINICS INCLUDED IN THE SUBSIDIZED HEALTH COST ARE \$595,692

Identifier	ReturnReference	Explanation
		PART I, LINE 7, COLUMN (F) THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS \$ 2859882

Identifier	ReturnReference	Explanation
PREPARATION OF ANNUAL COMMUNITY BENEFIT REPORT	PART I, LINE 6A	THE HOSPITAL BEGAN ITS COMMUNITY NEEDS HEALTH ASSESSMENT IN 2011

Identifier	ReturnReference	Explanation
		PART III, LINE 4 BAD DEBT EXPENSE IS REFLECTED AS THE AMOUNT OF CHARGES ACTUALLY WRITTEN OFF THE FOOTNOTE IN THE FINANCIAL STATEMENTS REFLECTS- THE ALLOWANCE FOR DOUBTFUL ACCOUNTS IS BASED ON HISTORICAL LOSSES AND AN ANALYSIS OF CURRENTLY OUTSTANDING AMOUNTS THIS ACCOUNT IS GENERALLY INCREASED BY CHARGES TO A PROVISION FOR DOUBTFUL ACCOUNTS, AND DECREASED BY WRITE-OFFS OF ACCOUNTS DETERMINED BY MANAGEMENT TO BE UNCOLLECTIBLE THE AMOUNT INCLUDED ON LINE 3 IS AN ESTIMATED GUESS AT 50% THIS IS LIKELY HIGHER BUT INSUFFICIENT INFORMATION EXISTS TO DETERMINE THAT AMOUNT A MAJORITY OF PATIENTS DO NOT SEEK CHARITY CARE ASSISTANCE THROUGH THE PROPER CHANNELS, THUS THE HOSPITAL NOW HAS 3 FINANCIAL COUNSELORS ON STAFF TO BETTER SERVE PATIENTS IN THIS PROCESS

Identifier	ReturnReference	Explanation
		PART III, LINE 9B MAGEE GENERAL HOSPITAL DOES NOT SEEK COLLECTIONS FROM PATIENTS WHO QUALIFY FOR CHARITY CARE

Identifier	ReturnReference	Explanation
MAGEE GENERAL HOSPITAL		PART V, SECTION B, LINE 10 NO DISCOUNTED CARE PROVIDED

Identifier	ReturnReference	Explanation
MAGEE GENERAL HOSPITAL		PART V, SECTION B, LINE 11H NO DISCOUNTED CARE PROVIDED

Identifier	ReturnReference	Explanation
MAGEE GENERAL HOSPITAL		PART V, SECTION B, LINE 13G FREE CARE IS DETERMINED BY THE CRITERIA OUTLINED IN THE FINANCIAL ASSISTANCE POLICY DETERMINATIONS ARE THEN MADE BY A COMMITTEE THE POLICY IS OFFERED TO PRIVATE PAY PATIENTS AND IS ALSO AVAILABLE ON REQUEST

Identifier	ReturnReference	Explanation
MAGEE GENERAL HOSPITAL		PART V, SECTION B, LINE 15E UNDER THE CHARITY POLICY, THE PATIENT IS ASKED TO FILL OUT A FINANCIAL ASSISTANCE APPLICATION DURING REGISTRATION IF AN APPLICATION IS NOT FILLED OUT, AND PATIENT DOESN'T PAY THEIR BILL, THEY CAN BE TURNED OVER TO A COLLECTION AGENCY IF THE PATIENT IS LATER DETERMINED TO BE ELIGIBLE FOR FINANCIAL ASSISTANCE, THE COLLECTION AGENCY REQUESTS ARE REVERSED

Identifier	ReturnReference	Explanation
MAGEE GENERAL HOSPITAL		PART V, SECTION B, LINE 16E PATIENTS THAT DID NOT FILL OUT A FINANCIAL ASSISTANCE APPLICATION, AND DID NOT PAY THEIR BILLS, WERE TURNED OVER TO A COLLECTION AGENCY IF THE PATIENTS ARE LATER DETERMINED TO BE ELIGIBLE FOR FINANCIAL ASSISTANCE, THE COLLECTION AGENCY REQUESTS ARE REVERSED

Identifier	ReturnReference	Explanation
MAGEE GENERAL HOSPITAL		PART V, SECTION B, LINE 19D HOSPITAL'S FINANCIAL ASSISTANCE POLICY PROVIDES FOR A 100% DISCOUNT TO ELIGIBLE INDIVIDUALS (125% OF FPG), THEREFORE, PATIENTS MEETING THIS REQUIREMENT ARE NOT CHARGED FOR THE SERVICES PROVIDED

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 MAGEE GENERAL HOSPITAL ENGAGES AN OUTSIDE CONSULTING GROUP, STROUDWATER & ASSOCIATES, TO ANALYZE COMMUNITY NEEDS THIS ASSESSMENT INCLUDES DETERMINING HOW MANY AND WHAT TYPES OF SERVICES AND/OR PHYSICIANS ARE NEEDED TO SERVE THE POPULATION

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 PATIENTS WHO MAY QUALIFY FOR CHARITY CARE ASSISTANCE ARE INFORMED BY AN ON-SITE FINANCIAL COUNSELOR OR ANOTHER STAFF MEMBER OF THE AVAILABILITY OF THE PROGRAM

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 MAGEE GENERAL HOSPITAL SERVES THE MAGEE/SIMPSON COUNTY AND SURROUNDING AREAS MGH IS THE LARGEST MEDICAL FACILITY ALONG HWY 49 BETWEEN JACKSON AND HATTIESBURG MGH IS SETTLED IN A RURAL AREA, WITH ONLY ONE OTHER SMALLER HOSPITAL IN SIMPSON COUNTY MAGEE HAS AN APPROXIMATE POPULATION OF 4,200 RESIDENTS

Identifier	ReturnReference	Explanation
		PART VI, LINE 5 A MAJORITY OF THE ORGANIZATION'S GOVERNING BODY AND DIRECTORS ARE CITIZENS OF SIMPSON OR SURROUNDING COUNTIES MAGEE GENERAL HOSPITAL IS COMMITTED TO PROVIDE EXCELLENT HEALTHCARE FOR THE AREA BY ENSURING THE BEST QUALITY SERVICES AND CONTINUING TO EXPAND THE PROFESSIONAL SERVICES OF NUMEROUS GENERAL PRACTITIONERS AND SPECIALTY PHYSICIANS MAGEE GENERAL HOSPITAL HAS RECENTLY EXPANDED TO INCLUDE AN UPDATED LAB, NEW LABOR AND DELIVERY SECTION, AND ADDITIONAL PHYSICIANS AND STAFF THE NEW MEDICAL TOWERS OF TUSCAN COURT IS NEXT DOOR TO THE HOSPITAL AND INCLUDES MULTIPLE MEDICAL CLINICS AND PROVIDERS NUMEROUS SERVICES HAVE BEEN ADDED TO SERVE THE COMMUNITY AND SURROUNDING AREAS

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2011

Open to Public Inspection

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.

▶ Attach to Form 990. ▶ See separate instructions.

Department of the Treasury
Internal Revenue Service

Name of the organization
MAGEE BENEVOLENT ASSOCIATION

Employer identification number

64-0324402

Part I Questions Regarding Compensation

Yes No

1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items

- | | |
|-------------------------------------------------------------------|--------------------------------------------------------------------------|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax idemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> 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 or provision of all the expenses described above? If "No," complete Part III to explain

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?

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

- | | |
|--------------------------------------------------------------|-------------------------------------------------------------------------------------|
| <input type="checkbox"/> Compensation committee | <input type="checkbox"/> Written employment contract |
| <input type="checkbox"/> Independent compensation consultant | <input type="checkbox"/> Compensation survey or study |
| <input type="checkbox"/> Form 990 of other organizations | <input checked="" type="checkbox"/> 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?

b Participate in, or receive payment from, a supplemental nonqualified retirement plan?

c Participate in, or receive payment from, an equity-based compensation arrangement?

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?

b Any related organization?

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?

b Any related organization?

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

8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III

9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?

	Yes	No
1b		
2		
4a		No
4b		No
4c		No
5a		No
5b		No
6a		No
6b		No
7		No
8		No
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) MARTHA SMITH	(i)	100,093	100,441	0	4,046	1,776	206,356	0
	(ii)	0	0	0	0	0	0	0
(2) DR GENE CATHEY	(i)	188,067	25,000	0	3,569	1,933	218,569	0
	(ii)	0	0	0	0	0	0	0

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
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**Schedule K
(Form 990)**

OMB No 1545-0047

Supplemental Information on Tax Exempt Bonds

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

▶ **Attach to Form 990. ▶ See separate instructions.**

2011

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

Name of the organization
MAGEE BENEVOLENT ASSOCIATION

Employer identification number
64-0324402

Part I Bond Issues

(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A CITY OF MAGEE HOSPITAL REVENUE BOND SERIES 2007A	64-6000664		05-29-2007	5,500,000	HOSPITAL CONSTRUCTION AND RENOVATION		X	X			X
B CITY OF MAGEE HOSPITAL REVENUE BOND SERIES 2007B	64-6000664		05-29-2007	2,000,000	REFINANCING EXISTING HOSPITAL DEBT		X	X			X

Part II Proceeds

	A		B		C		D	
1 Amount of bonds retired								
2 Amount of bonds defeased								
3 Total proceeds of issue		5,500,000		2,000,000				
4 Gross proceeds in reserve funds								
5 Capitalized interest from proceeds								
6 Proceeds in refunding escrow								
7 Issuance costs from proceeds		169,149		61,509				
8 Credit enhancement from proceeds								
9 Working capital expenditures from proceeds				1,938,491				
10 Capital expenditures from proceeds		5,330,851						
11 Other spent proceeds								
12 Other unspent proceeds								
13 Year of substantial completion	2009		2007					
	Yes	No	Yes	No	Yes	No	Yes	No
14 Were the bonds issued as part of a current refunding issue?		X		X				
15 Were the bonds issued as part of an advance refunding issue?		X		X				
16 Has the final allocation of proceeds been made?	X		X					
17 Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

Part III Private Business Use

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

Part III Private Business Use (Continued)

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

Part IV Arbitrage

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

Part V Procedures To Undertake Corrective Action

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

Part VI Supplemental Information

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

Identifier	Return Reference	Explanation
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Schedule L (Form 990 or 990-EZ)

Transactions with Interested Persons

OMB No 1545-0047

2011

Open to Public Inspection

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.

Department of the Treasury Internal Revenue Service

Name of the organization MAGEE BENEVOLENT ASSOCIATION

Employer identification number 64-0324402

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

Table with 4 columns: (a) Name of disqualified person, (b) Description of transaction, (c) Corrected? (Yes/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

Table with 7 main columns: (a) Name of interested person and purpose, (b) Loan to or from the organization?, (c) Original principal amount, (d) Balance due, (e) In default?, (f) Approved by board or committee?, (g) Written agreement?

Part III Grants or Assistance Benefitting Interested Persons.

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

Table with 3 columns: (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) MED PROPERTIES OF MAGEE LLC	MED PROPERTIES OF MAGEE, LLC IS WHOLLY OWNED BY 3 BOARD MEMBERS	55,740	RENTAL PAYMENTS PAID BY THE ORGANIZATION TO MED PROPERTIES OF MAGEE, LLC MED PROPERTIES OF MAGEE, LLC IS WHOLLY OWNED BY 3 BOARD MEMBERS CHARLES PRUITT, PATRICK PASCO, AND R S RUNNELS		No
(2) MEDICAL AND SURGICAL CLINIC PLLC	MEDICAL SURGICAL, PLLC IS WHOLLY OWNED BY 2 BOARD MEMBERS	50,238	PAYMENTS RECEIVED FROM MEDICAL SURGICAL, PLLC FOR MANAGEMENT AND ASSISTANCE PROVIDED BY THE ORGANIZATION MEDICAL SURGICAL, PLLC IS WHOLLY OWNED BY 2 BOARD MEMBERS CHARLES PRUITT AND PATRICK PASCO		No
(3)					No
(4) MEDICAL AND SURGICAL CLINIC INC	MEDICAL SURGICAL, INC IS WHOLLY OWNED BY 3 BOARD MEMBERS	28,215	RENTAL PAYMENTS PAID BY THE ORGANIZATION TO MEDICAL SURGICAL, INC MEDICAL SURGICAL, INC IS WHOLLY OWNED BY 3 BOARD MEMBERS CHARLES PRUITT, PATRICK PASCO, AND R S RUNNELS		No
(5)					No
(6) MEDICAL TOWERS AT TUSCAN COURT	CHARLES PRUITT IS A 50% OWNER OF MEDICAL TOWERS AT TUSCAN COURT	586,743	RENTAL PAYMENTS PAID BY THE ORGANIZATION TO MEDICAL TOWERS AT TUSCAN COURT CHARLES PRUITT, BOARD CHAIRMAN, IS A 50% OWNER OF MEDICAL TOWERS AT TUSCAN COURT		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
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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
MAGEE BENEVOLENT ASSOCIATION

Employer identification number

64-0324402

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 2	R S RUNNELS, SR, M D (VICE-PRESIDENT), DR PATRICK PASCO (BOARD MEMBER), AND DR CHARLES FRUITT (BOARD CHAIRMAN) ARE BUSINESS PARTNERS IN MAGEE AFTER HOURS CLINIC, PLLC, MED PROPERTIES OF MAGEE, LLC, MED CAMPUS, AND MEDICAL SURGICAL, INC
	FORM 990, PART VI, SECTION A, LINE 2	DR PATRICK PASCO (BOARD MEMBER), AND DR CHARLES FRUITT (BOARD CHAIRMAN) ARE BUSINESS PARTNERS IN MEDICAL SURGICAL, PLLC
	FORM 990, PART VI, SECTION A, LINE 2	DR CHARLES FRUITT (BOARD CHAIRMAN) AND LYNN LAMPHERE (BOARD MEMBER) ARE SIBLINGS
	FORM 990, PART VI, SECTION B, LINE 11	THE TAX RETURN WILL BE REVIEWED BY THE ORGANIZATION'S CHIEF EXECUTIVE AND CHIEF FINANCIAL OFFICERS BEFORE FILING
	FORM 990, PART VI, SECTION B, LINE 12C	PRIOR TO ANY GOVERNING BOARD ASSEMBLY DURING WHICH DECIDING VOTES WILL BE CAST REGARDING NEW FINANCIAL RELATIONSHIPS OR ARRANGEMENTS, THE CEO OF THE ORGANIZATION WILL REVIEW AND CONSIDER EACH MEMBER OF THE VOTING ASSEMBLY FOR ANY POTENTIAL CONFLICT OF INTEREST IN RELATION TO THE TRANSACTION OR ARRANGEMENT IN QUESTION THE CEO WILL ASK ANY INDIVIDUAL WHOSE RELATIONSHIP MAY PRESENT A CONFLICT OF INTEREST TO ABSTAIN FROM CASTING A VOTE
	FORM 990, PART VI, SECTION B, LINE 15A	THE BOARD OF DIRECTORS OR THE COMPENSATION COMMITTEE APPROVES THE COMPENSATION OF THE ORGANIZATION'S CEO
	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION'S GOVERNING DOCUMENTS AND FINANCIAL STATEMENTS ARE AVAILABLE TO THE PUBLIC UPON REQUEST DURING NORMAL BUSINESS HOURS AT THE ADMINISTRATION OFFICES OF THE ORGANIZATION
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED LOSSES ON INVESTMENTS -15,684
AUDIT COMMITTEE	FORM 990, PART XI, LINE 2C	THE ORGANIZATION DOES HAVE AN AUDIT COMMITTEE AND THE PROCESS FOR SELECTING AND OVERSEEING THE INDEPENDENT AUDITORS HAS NOT CHANGED FROM PRIOR YEAR SERVING ON THIS COMMITTEE ARE ALTHEA CRUMPTON, MELISSA BRUNTLETT, AND DR CHARLES FRUITT, III, MD

**SCHEDULE R
(Form 990)**

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2011

Open to Public Inspection

▶ **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.**

Department of the Treasury
Internal Revenue Service

Name of the organization
MAGEE BENEVOLENT ASSOCIATION

Employer identification number

64-0324402

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) MAGEE BENEVOLENT FOUNDATION DBA HEALTHTRUST 300 THIRD AVENUE SE MAGEE, MS 39111 27-0031018	SUPPORT MAGEE GENERAL HOSPITAL	MS	501(C)(3)	509(A)(2)	MAGEE BENEVOLENT ASSOCIATION DBA MAGEE GENERAL HOSPITAL	Yes	

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

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

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

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

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

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

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

- a** Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties **(iv)** rent from a controlled entity
- b** Gift, grant, or capital contribution to related organization(s)
- c** Gift, grant, or capital contribution from related organization(s)
- d** Loans or loan guarantees to or for related organization(s)
- e** Loans or loan guarantees by related organization(s)

- f** Sale of assets to related organization(s)
- g** Purchase of assets from related organization(s)
- h** Exchange of assets with related organization(s)
- i** Lease of facilities, equipment, or other assets to related organization(s)

- j** Lease of facilities, equipment, or other assets from related organization(s)
- k** Performance of services or membership or fundraising solicitations for related organization(s)
- l** Performance of services or membership or fundraising solicitations by related organization(s)
- m** Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)
- n** Sharing of paid employees with related organization(s)

- o** Reimbursement paid to related organization(s) for expenses
- p** Reimbursement paid by related organization(s) for expenses

- q** Other transfer of cash or property to related organization(s)
- r** Other transfer of cash or property from related organization(s)

	Yes	No
1a		No
1b		No
1c	Yes	
1d		No
1e		No
1f		No
1g		No
1h		No
1i		No
1j		No
1k		No
1l		No
1m		No
1n		No
1o		No
1p	Yes	
1q		No
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) MAGEE BENEVOLENT FOUNDATION DBA HEALTHTRUST	C	123,085	CASH
(2) MAGEE BENEVOLENT FOUNDATION DBA HEALTHTRUST	C	16,943	FAIR MARKET VALUE
(3) MAGEE BENEVOLENT FOUNDATION DBA HEALTHTRUST	P	77,753	CASH
(4)			
(5)			
(6)			

Part VII Supplemental Information

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

Identifier**Return Reference****Explanation****Schedule R (Form 990) 2011**

MAGEE BENEVOLENT ASSOCIATION
(A Nonprofit Corporation)
D/B/A Magee General Hospital
and HealthTrust
Magee, Mississippi

Consolidated Financial Statements
Years Ended December 31, 2011 and 2010

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Magee Benevolent Association
(A Nonprofit Corporation)
D/B/A Magee General Hospital and HealthTrust
Magee, Mississippi

We have audited the accompanying consolidated balance sheets of Magee Benevolent Association (A Nonprofit Corporation), d/b/a Magee General Hospital and HealthTrust (the "Hospital"), 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 Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

Horne LLP

Ridgeland, Mississippi
June 11, 2012

MAGEE BENEVOLENT ASSOCIATION
(A Nonprofit Corporation)
D/B/A Magee General Hospital and HealthTrust
Consolidated Balance Sheets
December 31, 2011 and 2010

	2011	2010
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,872,369	\$ 522,712
Patient accounts receivable, net of allowance for doubtful accounts of \$2,291,461 in 2011 and \$2,203,461 in 2010	4,392,708	4,376,028
Estimated third-party pay or settlements	45,112	-
Inventories	359,123	328,672
Prepaid expenses	172,277	209,132
Other current assets	582,486	771,542
Total current assets	7,424,075	6,208,086
Assets limited as to use	4,348,200	4,355,208
Property and equipment, net	14,985,619	14,951,642
Other assets	1,143,992	1,434,842
Total assets	\$ 27,901,886	\$ 26,949,778
LIABILITIES AND NET ASSETS		
Current liabilities		
Line of credit	\$ 1,401,781	\$ 584,536
Current portion of long-term debt and capital lease obligations	541,901	334,930
Accounts payable	858,917	639,480
Accrued salaries and vacation	536,894	660,692
Estimated third-party pay or settlements	-	155,561
Other current liabilities	625,233	428,551
Total current liabilities	3,964,726	2,803,750
Long-term debt and capital lease obligations, net of current portion	6,935,861	6,599,050
Total liabilities	10,900,587	9,402,800
Net assets		
Unrestricted net assets	16,835,238	17,053,901
Temporarily restricted net assets	166,061	493,077
Total net assets	17,001,299	17,546,978
Total liabilities and net assets	\$ 27,901,886	\$ 26,949,778

See accompanying notes

MAGEE BENEVOLENT ASSOCIATION
(A Nonprofit Corporation)
D/B/A Magee General Hospital and HealthTrust
Consolidated Statements of Operations
Years Ended December 31, 2011 and 2010

	2011	2010
Unrestricted revenues, gains and other support		
Net patient service revenue	\$ 25,919,321	\$ 26,847,440
Other revenue	2,368,370	437,609
Total revenues, gains and other support	<u>28,287,691</u>	<u>27,285,049</u>
Expenses		
Salaries and wages	10,448,688	9,203,987
Employee benefits	1,829,189	1,525,281
Professional fees	4,744,338	4,428,443
Supplies and other	7,244,148	6,418,294
Depreciation and amortization	1,546,762	1,220,658
Interest	388,112	290,820
Provision for bad debts	2,859,882	3,695,079
Total expenses	<u>29,061,119</u>	<u>26,782,562</u>
(Loss) income from operations	(773,428)	502,487
Other income		
Grant income	52,787	64,745
Investment income	56,479	54,719
(Deficiency) excess of revenues, gains and other support over expenses	(664,162)	621,951
Change in net unrealized gains (losses) on other than trading securities	(15,684)	87,748
Net assets released from restriction	<u>461,183</u>	<u>294,284</u>
(Decrease) increase in unrestricted net assets	<u>\$ (218,663)</u>	<u>\$ 1,003,983</u>

See accompanying notes

MAGEE BENEVOLENT ASSOCIATION
(A Nonprofit Corporation)
D/B/A Magee General Hospital and HealthTrust
Consolidated Statements of Changes in Net Assets
Years Ended December 31, 2011 and 2010

	2011	2010
(Decrease) increase in unrestricted net assets	\$ (218,663)	\$ 1,003,983
Temporarily restricted net assets		
Contributions	129,472	5,500
Change in pledge discount	4,695	20,972
Net assets released from restriction	(461,183)	(294,284)
Decrease in temporarily restricted net assets	(327,016)	(267,812)
(Decrease) increase in net assets	(545,679)	736,171
Net assets at beginning of year	17,546,978	16,810,807
Net assets at end of year	\$ 17,001,299	\$ 17,546,978

See accompanying notes

MAGEE BENEVOLENT ASSOCIATION
(A Nonprofit Corporation)
D/B/A Magee General Hospital and HealthTrust
Consolidated Statements of Cash Flows
Years Ended December 31, 2011 and 2010

	2011	2010
Cash flows from operating activities		
Increase (decrease) in net assets	\$ (545,679)	\$ 736,171
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities		
Depreciation and amortization	1,546,762	1,220,658
Amortization of deferred financing costs	16,702	17,615
Net unrealized (gain) loss on other than trading securities	15,684	(87,748)
Loss on sale of assets	-	-
Provision for bad debts	2,859,882	3,695,079
Change in assets and liabilities		
Patient accounts receivable, net	(2,862,669)	(4,173,468)
Other current assets	189,056	(26,891)
Inventories	1,639	(28,590)
Prepaid expenses	36,855	(89,974)
Other assets	284,148	34,205
Accounts payable	219,437	8,881
Accrued salaries and vacation	(133,901)	81,207
Estimated third-party pay or settlements	(200,673)	18,220
Other current liabilities	196,682	17,586
Net cash provided by operating activities	<u>1,623,925</u>	<u>1,422,951</u>
Cash flows from investing activities		
Proceeds from sale or maturity of assets limited as to use	225,894	750,618
Purchase of assets limited as to use	(234,570)	(1,287,809)
Capital expenditures	(1,068,787)	(2,791,980)
Net cash used in investing activities	<u>(1,077,463)</u>	<u>(3,329,171)</u>
Cash flows from financing activities		
Principal payments on long-term debt and capital lease obligation	(452,050)	(322,846)
Proceeds from long-term debt borrowings	438,000	-
Draws on line of credit, net	817,245	584,536
Net cash provided by financing activities	<u>803,195</u>	<u>261,690</u>
Net increase (decrease) in cash and cash equivalents	1,349,657	(1,644,530)
Cash and cash equivalents, beginning of year	<u>522,712</u>	<u>2,167,242</u>
Cash and cash equivalents, end of year	<u>\$ 1,872,369</u>	<u>\$ 522,712</u>
Supplemental disclosures of cash flow information		
Cash paid for interest	<u>\$ 367,458</u>	<u>\$ 291,155</u>
Supplemental disclosures of noncash investing and financing activities		
Acquisition of capital expenditures through capital lease obligations	<u>\$ 284,042</u>	<u>\$ -</u>
Gain on trade-in of equipment	<u>\$ 20,000</u>	<u>\$ -</u>
Acquisition of clinic through issuance of note payables	<u>\$ 273,790</u>	<u>\$ -</u>
See accompanying notes		

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Nature of Operations

Magee Benevolent Association (A Nonprofit Corporation), d/b/a Magee General Hospital (the "Hospital"), located in Magee, Mississippi, is a not-for-profit acute care hospital. The Hospital provides inpatient, outpatient, skilled nursing and emergency care services primarily for local residents and residents of the surrounding areas. The Hospital is incorporated under the laws of the State of Mississippi and is currently licensed to provide 64 inpatient beds.

A summary of the Hospital's significant accounting policies follows:

Principles of Consolidation

The consolidated financial statements include the accounts of the Hospital and Magee Benevolent Foundation, d/b/a HealthTrust (the "Foundation"), a not-for-profit organization created and operated exclusively for the purpose of managing contributions for the Hospital.

All significant intercompany accounts and transactions have been eliminated in consolidation.

Acquisition of the Harper Clinic

The business and net assets of the John R. Harper, M.D., P.A. Clinic (the "Clinic") were acquired by the Hospital as of July 1, 2011. The acquisition was completed through a purchase certain assets, accounts receivable and working capital of the Clinic for consideration in the form of a note payable totaling \$273,790. The results of the Clinic's operations have been included in the consolidated financial statements since July 1, 2011. The acquisition was accounted for as a purchase in accordance with Financial Accounting Standards Board ("FASB") ASC Topic 958-805, *Business Combinations*.

All assets and liabilities of the Clinic have been recorded at fair value as a result of the acquisition.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Continued

A summary of the transaction is as follows:

<hr/>	
Fair value of assets of business acquired	
Accounts receivable	\$ 13,893
Inventory	32,090
Property and equipment	227,910
Other assets	<u>10,000</u>
Total fair value of assets acquired	<u>283,893</u>
Liabilities assumed	
Accrued expenses	<u>10,103</u>
Total liabilities assumed	<u>10,103</u>
Total fair value of net assets acquired	<u>\$ 273,790</u>
Purchase price of acquisition	<u>\$ 273,790</u>

The Hospital recognized \$20,569 in acquisition related costs that were expensed as incurred. This amount is included in the consolidated statement of operations under other operating expenses.

Use of Estimates

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The accounting estimates used in the preparation of the financial statements will change as new events occur, as more experience is acquired and as additional information is obtained. Future events and their effects cannot be predicted with certainty; accordingly, our accounting estimates require the exercise of judgment.

Significant estimates and assumptions are used for, but not limited to contractual discounts under third-party payor arrangements and the allowance for doubtful accounts. In particular, laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates related to these programs will change by a material amount in the near term.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Continued

Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid instruments with original maturities of three months or less which are not limited as to use by the Board of Directors or third-parties.

Patient Accounts Receivable

Patient accounts receivable are reported at estimated net realizable value, after deduction of allowance for doubtful accounts. The allowance for doubtful accounts is based on historical losses and an analysis of currently outstanding amounts. This account is generally increased by charges to a provision for doubtful accounts, and decreased by write-offs of accounts determined by management to be uncollectible.

Inventories

Inventories, consisting primarily of medical supplies and pharmaceuticals, are stated at the lower of cost (first-in first-out method) or replacement market.

Prepaid Expenses

Prepaid expenses are amortized over the estimated period of future benefit, generally on a straight-line basis.

Investments

Investments in debt securities are measured at fair value in the consolidated balance sheets. Investment income or loss, including realized gains and losses, interest and dividends, is included in the excess of revenues, gains and other support, over expenses unless the income or loss is restricted by donor or law.

Unrealized gains and losses on investments are excluded from the excess of revenues, gains and other support over expenses unless the decline in market value is other than temporary or investments are trading securities. Management has determined that all investments are other than trading securities.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Continued

Assets Limited As to Use

Assets limited as to use include assets held by trustees under indenture agreements and designated assets set aside by the Board of Directors for future capital replacement and expansion, over which the Board retains control and may at its discretion use for other purposes and assets designated for the Hospital's self-insured health insurance program.

Property and Equipment

Property and equipment acquisitions are recorded at cost if purchased or at fair value at the date of the gift, if donated. Depreciation is provided over the estimated useful life ranging from three to twenty years of each class of depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation on the consolidated financial statements.

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

Impairment of Long-Lived Assets

Long-lived assets and certain identifiable intangibles are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Cost of Borrowing

Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. Costs incurred in connection with the obtaining of financing are deferred and are amortized over the period the obligation is

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Note 1. Continued

outstanding, using the interest method. Bond issuance cost, net of accumulated amortization of \$84,957 and \$68,255, was \$145,701 and \$162,403 at December 31, 2011 and 2010, respectively, and are included in the other assets.

Estimated Malpractice Costs

The Hospital considers the need for recording a liability for malpractice claims. When determined to be necessary, the provision for estimated malpractice claims and the costs associated with litigation and settlement includes estimates of the ultimate costs for both reported claims and claims incurred but not reported.

Compensated Absences

The Hospital's policy is to compensate employees for absences due to earned vacation and sick leave. Accumulated vacation pay is accrued at the balance sheet date because it accumulates and is payable upon termination of employment. Sick pay accrues but is not reflected as a liability because it is not payable upon termination of employment.

Net Assets

Temporarily restricted net assets are those whose use by the Hospital has been limited by donors to a specific time period or for a specific purpose. Uncollected unrestricted contributions are reflected in temporarily restricted net assets.

At December 31, 2011, temporarily restricted net assets consisted of pledges expected to be received over the next 10 years, discounted at a rate of 4 percent, as well as grant amounts restricted for the purchase of equipment, as follows:

2012	\$	45,618
2013		23,453
2014		20,833
2015		12,833
2016		11,735
Thereafter		15,000
		129,472
Less: Discount		(13,437)
Grants receivable restricted for the purchase of equipment		50,026
	\$	166,061

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Note 1. Continued

Pledges receivable are recorded as other assets, with the current portion recorded in other current assets. Grant receivables are recorded as other assets, with the current portion recorded in other current assets.

Excess of Revenues, Gains and Other Support Over Expenses

The consolidated statements of operations include the performance indicator "excess of revenues, gains and other support over expenses". Changes in unrestricted net assets, which are excluded from excess of revenues, gains and other support over expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, permanent transfers of assets to or from affiliates for other than goods or services and contributions of long-lived assets, including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such asset.

Net Patient Service Revenue

Patient service revenue is reported at estimated net realizable amounts from patients, third-party payors and others, for services rendered and includes estimated retroactive adjustments under reimbursement agreements with third-party payors due to audits, reviews and investigations. Retroactive adjustments are considered in the recognition and accrual of revenue on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

The primary third-party programs include Medicare and Medicaid, which account for a significant amount of the Hospital's revenue. The laws and regulations under which Medicare and Medicaid programs operate are complex, and subject to interpretation and frequent changes. As part of operating under these programs, there is a possibility that government authorities may review the Hospital's compliance with these laws and regulations. Such review may result in adjustments to program reimbursement previously received and subject the Hospital to fines and penalties. Although no assurance can be given, management believes it has complied with the requirements of these programs.

Charity Care

The Hospital provides medical care without charge or at a reduced charge, to patients who meet certain criteria under its charity care policy. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, these charges are not reported as revenue.

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Note 1. Continued

Electronic Health Record Incentive Payments

The American Recovery and Reinvestment Act of 2009 provides for Medicare and Medicaid incentive payments beginning in 2011 for eligible hospitals and professionals that adopt and meaningfully use certified electronic health record ("EHR") technology. The Hospital must attest to certain criteria in order to qualify to receive the incentive payments. The amount of the incentive payments are calculated using predetermined formulas based on available information, primarily related to discharges and patient days. The Hospital recognizes revenues related to Medicare incentive payments ratably over each EHR reporting period (October 1 to September 30) when it has met meaningful use requirements for certified EHR technology for the EHR reporting period. The Hospital recognizes Medicaid incentive payments in the period that it qualifies for the funds based on the provisions of the State of Mississippi Division of Medicaid.

The Hospital recognized \$1,477,296 and \$500,586 of revenues related to Medicare and Medicaid incentive programs, respectively, for the year ended December 31, 2011. These revenues are reflected in other operating revenues on the accompanying consolidated statements of operations. Future incentive payments could vary due to certain factors such as availability of federal funding for both Medicare and Medicaid incentive payments and the Hospital's ability to implement and demonstrate meaningful use of certified EHR technology. The Hospital has and will continue to incur both capital costs and operating expenses in order to implement its certified EHR technology and meet meaningful use requirements in the future. These expenses are ongoing and are projected to continue over all stages of implementation of meaningful use. The timing of recognizing the expenses may not correlate with the receipt of the incentive payments and the recognition of revenues. There can be no assurance that the Hospital will demonstrate meaningful use of certified EHR technology in the future, and the failure to do so could have a material, adverse effect on the results of operations.

As a part of operating this program, there is a possibility that government authorities may make adjustments to amounts previously recorded by the Hospital. The Hospital's attestation of demonstrating meaningful use is also subject to review by the appropriate government authorities. The amount of revenue recognized is based on management's best estimate, which is subject to change. Such changes will be reflected in the period in which the changes occur.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Continued

Contributions

Gifts of cash and other assets are presented as temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of operations as net assets released from restrictions. Contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Advertising

Advertising and program costs are charged to expense as incurred. Advertising expense for the years ended December 31, 2011 and 2010 was \$64,400 and \$68,294, respectively.

Income Taxes

The Hospital is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code.

FASB ASC Topic 740 ("ASC 740") clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements and prescribes a recognition threshold and measurement attribute for tax positions taken or expected to be taken on a tax return including the entity's status as a pass-through entity. Additionally, ASC 740 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Hospital had no significant uncertain tax positions at December 31, 2011. Tax periods for all fiscal years after 2007 remain open to examination by the federal taxing jurisdictions to which the Hospital is subject.

Impact of Recently Issued Pronouncements

In August 2010, the FASB issued Accounting Standards Update No. 2010-23 ("ASU 2010-23"), which requires health care entities to use cost as the measurement basis for charity care disclosures and defines cost as the direct and indirect costs of providing charity care. The amended disclosure requirements are effective for fiscal years beginning after December 15, 2010 and must be applied retrospectively. Note 9 reflects the amended disclosure requirements, and the costs of caring for charity care patients in prior periods disclosed in Note 9 have been restated. Since the new guidance amends disclosure requirements only, its adoption did not impact the Hospital's consolidated balance sheets, statements of operations and changes in net assets or cash flows statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Continued

In August 2010, the FASB issued Accounting Standards Update No. 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries* ("ASU 2010-24"), which amends previous guidance to require healthcare entities to record medical malpractice claims and similar liabilities and their anticipated insurance recoveries on a gross basis. The new guidance is effective for fiscal periods beginning after December 15, 2010. The adoption of ASU 2010-24 did not have a significant impact on the Hospital's financial position, results of operations or cash flows.

In July 2011, the FASB issued authoritative guidance that will require healthcare entities to change the presentation and disclosures regarding patient service revenues, provisions for uncollectible accounts and the allowance for doubtful accounts. This update will require the Hospital to change the presentation of its statement of income by reclassifying the provision for uncollectible accounts from an operating expense to a deduction from net patient service revenue. Additionally, the Hospital will be required to provide enhanced disclosures about its policy for recognizing revenue and assessing bad debts. The update also requires certain disclosures regarding patient service revenue as well as qualitative and quantitative information about the changes in the allowance for doubtful accounts. This update will be effective for the year ending December 31, 2012. The Hospital is currently evaluating the impact of its pending adoption of this update on the consolidated financial statements.

Note 2. Patient Accounts Receivable

Patient accounts receivables consisted of the following at December 31:

	2011	2010
Gross patient accounts receivable	\$ 6,684,169	\$ 6,579,489
Less: Allowance for doubtful accounts	<u>(2,291,461)</u>	<u>(2,203,461)</u>
Net patient accounts receivables	<u>\$ 4,392,708</u>	<u>\$ 4,376,028</u>

At December 31, 2011 and 2010, allowances of \$2,291,461 and \$2,203,461, respectively, have been established as a reserve against possible future losses from doubtful accounts. These reserves represent approximately 34 and 33 percent of the balances in accounts receivable at December 31, 2011 and 2010, respectively, and in management's opinion, are adequate to cover any losses sustained on these accounts.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3. Fair Value Measurements

FASB ASC Topic 820, *Fair Value Measurements and Disclosures* ("ASC 820"), defines fair value, establishes a hierarchal disclosure framework for measuring fair value and requires expanded disclosures about fair value measurements. The provisions of this statement apply to all financial instruments that are being measured and reported on a fair value basis.

Financial assets and liabilities recorded on the consolidated balance sheets are categorized based on the inputs to the valuation techniques as follows:

Level 1. Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities and derivative contracts that are traded in an active exchange market.

Level 2. Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments or derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.

Level 3. Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The following table represents the Hospital's fair value hierarchy for its financial assets, and changes therein, measured at fair value on a recurring basis as of and for the years ended December 31, 2011 and 2010:

Fair Value Measurements at December 31, 2011

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total at December 31, 2011
Assets limited as to use	\$ 99,872	\$ 1,177,679	-	\$ 1,277,551

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3. Continued

Fair Value Measurements at December 31, 2010

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total at December 31, 2010
Assets limited as to use	\$ 98,000	\$ 1,184,081	\$ -	\$ 1,282,081

The Hospital holds investments in debt securities. The fair value for those instruments is based on quoted prices in an active market and are considered Level 1 items.

The Hospital also holds investments in the Mississippi Hospital Investment Pool. The fair value of the Hospital's investment is based on the Hospital's pro rata share of every security that is purchased for the Pool and therefore is considered a Level 2 item.

Note 4. Investments and Assets Limited as to Use

The composition of assets limited as to use at December 31, 2011 and 2010, is set forth in the following table:

Assets limited as to use	2011	2010
Assets designated internally for capital expenditures		
Cash and cash equivalents	\$ 1,889,124	\$ 1,678,244
Certificates of deposit	1,181,294	1,366,758
Corporate debt instruments	99,872	98,000
Mississippi Hospital Association – Pool B	1,177,679	1,184,081
	<u>4,347,969</u>	<u>4,327,083</u>
Assets designated for the self-insurance fund	7,600	108,500
Assets designated for the medically underserved	231	28,125
	<u>4,355,800</u>	<u>4,463,708</u>
Total assets limited as to use		
Less assets limited as to use required for current liabilities	<u>7,600</u>	<u>108,500</u>
Total noncurrent assets limited as to use	<u>\$ 4,348,200</u>	<u>\$ 4,355,208</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4. Continued

Assets held by trustee and assets internally designated are assets limited as to use held as cash and cash equivalents.

The composition of net investment income, including investment income on temporarily restricted net assets, follows:

	<u>2011</u>	<u>2010</u>
Interest and dividend income	\$ 56,479	\$ 54,719
	<u>\$ 56,479</u>	<u>\$ 54,719</u>

Information pertaining to investments with gross unrealized losses at December 31, 2011 and 2010 aggregated by investment category and length of time that individual securities have been in a continuous loss position, follows:

	<u>2011</u>			
	<u>Less Than Twelve Months</u>		<u>Over Twelve Months</u>	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
Corporate debt instruments \$	-	\$ -	\$ 128	\$ 99,872
MHA – Pool B	-	-	144,644	1,177,679
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144,772</u>	<u>\$ 1,277,551</u>

	<u>2010</u>			
	<u>Less Than Twelve Months</u>		<u>Over Twelve Months</u>	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
Corporate debt instruments \$	-	\$ -	\$ 2,003	\$ 98,000
Fixed income securities	-	-	4,866	195,140
MHA – Pool B	-	-	124,470	1,184,081
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 131,339</u>	<u>\$ 1,477,221</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4. Continued

Management evaluates securities for other-than-temporary impairment on a periodic basis, more frequently when economic or market conditions warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer and (3) the intent and ability of the Hospital to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

At December 31, 2011, the gross unrealized losses are primarily the result of changes in market condition considered to be temporary in nature. As the Hospital has the ability to hold the securities for the foreseeable future, no declines are deemed to be other-than-temporary.

Note 5. Property and Equipment

A summary of property and equipment at December 31, 2011 and 2010 follows:

	2011	2010
Land and improvements	\$ 3,542,675	\$ 3,514,625
Buildings	8,478,560	8,277,233
Fixed equipment	4,085,192	4,424,857
Major movable equipment	11,919,162	10,506,000
Assets under capital leases	851,392	109,350
	<u>28,876,981</u>	<u>26,832,065</u>
Less accumulated depreciation and amortization	13,925,043	12,728,411
	14,951,938	14,103,654
Construction in progress	33,681	847,988
Property and equipment, net	<u>\$ 14,985,619</u>	<u>\$ 14,951,642</u>

Depreciation expense for the years ended December 31, 2011 and 2010 totaled \$1,546,762 and \$1,220,658, respectively. Accumulated amortization for equipment under capital lease obligations totaled \$182,361 and \$65,610 at December 31, 2011 and 2010, respectively. Interest capitalized and included in construction in progress during the years ended December 31, 2011 and 2010 totaled \$-0- and \$57,452, respectively.

Construction in progress is principally comprised of expenditures related to the expansion and renovation of Hospital facilities. These projects are scheduled for completion in fiscal year 2012. The primary sources of financing for completion of the projects are expected to be comprised of cash flows from operations and a line of credit with a commercial bank.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6. Long-Term Debt and Credit Facility

A summary of long-term debt, including capital lease obligations at December 31, 2011 and 2010 follows:

	2011	2010
Bond payable with the City of Magee, Mississippi Hospital Revenue Bond, Series 2008A, including interest at an effective rate of 4.51 percent through 2032, collateralized by Hospital revenues	\$ 5,064,083	\$ 5,212,208
Bond payable with the City of Magee, Mississippi Hospital Revenue Bond, Series 2008B, including interest at an effective rate of 4.51 percent through 2019, collateralized by Hospital revenues	1,502,264	1,671,326
Note payable for Harper Clinic, due in monthly payments of \$5,261 which includes interest at an effective rate of 5.75 percent, maturing in June 2016, collateralized by property	249,872	-
Note payable for equipment, due in monthly payments of \$8,183 which includes interest at an effective rate of 4.5 percent, maturing in June 2016, collateralized by equipment	398,550	-
Capital lease for equipment, due in monthly payments of \$515 which includes interest at an effective rate of 10 percent, maturing in 2013, collateralized by equipment	13,162	17,210
Capital lease for equipment, due in monthly payments of \$1,226 which includes interest at an effective rate of 4.5 percent, maturing in February 2013, collateralized by equipment	16,425	27,196
Capital lease for equipment, due in monthly payments of \$252 maturing in October 2013, collateralized by equipment	3,020	6,040

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Note 6. Continued

	2011	2010
Capital lease for equipment, due in monthly payments of \$5,142 which includes interest at an effective rate of 2.85 percent, maturing in February 2016, collateralized by equipment	\$ 230,386	\$ -
	7,477,762	6,933,980
Less current portion	541,901	334,930
Total	<u>\$ 6,935,861</u>	<u>\$ 6,599,050</u>

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

Year Ending December 31,	Long-Term Debt	Capital Lease Obligations	Total
2012	\$ 463,558	\$ 87,729	\$ 551,287
2013	485,683	68,296	553,979
2014	508,870	61,704	570,574
2015	533,174	61,704	594,878
2016	446,015	-	446,015
Thereafter	4,777,469	-	4,777,469
Total long-term debt	<u>\$ 7,214,769</u>	279,433	7,494,202
Less amount representing interest under capital lease obligations		<u>(16,440)</u>	<u>(16,440)</u>
		<u>\$ 262,993</u>	<u>\$ 7,477,762</u>

The Hospital maintains a \$1,500,000 line of credit agreement (collateralized by investment securities) with a commercial bank that expires in June 2012. Interest is charged on respective outstanding amounts at an interest rate of 4 percent. Outstanding amounts on the line of credit as of December 31, 2011 and 2010 totaled \$1,401,781 and \$584,536, respectively.

The Hospital maintains a \$750,000 line of credit agreement (collateralized by a certificate of deposit) with a commercial bank that expires in June 2012. Interest is charged on respective outstanding amounts at an interest rate of 2.75 percent. There were no amounts outstanding on this line of credit at December 31, 2011 or December 31, 2010.

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Note 6. Continued

In connection with the aforementioned revenue bonds, the Hospital has agreed to certain financial covenants including total net assets, days cash on hand and a ratio of funded debt to EBITDA. The Hospital was in compliance with all such financial covenants for the years ended December 31, 2011 and 2010.

A summary of interest cost on borrowed funds follows:

	2011	2010
Interest cost		
Capitalized	\$ -	\$ 57,452
Charged to operations	388,112	290,820
	\$ 388,112	\$ 348,272

Note 7. Pension Plan

The Hospital has established a 403(b) tax-deferred retirement plan for the benefit of all full-time employees. Participants may make salary reduction contributions subject to certain limitations and the Hospital will match 50 percent of each such contribution up to 2 percent of the participant's compensation and a graded vesting schedule. Plan benefits vest beginning at 20 percent for 2 years of service and increasing 20 percent per annum for each of the next 4 years. The Hospital's matching contributions for the years ended December 31, 2011 and 2010 were \$102,658 and \$80,831, respectively.

Note 8. Net Patient Service Revenue

The Hospital has agreements with governmental and other third-party payors that provide for reimbursement to the Hospital for services rendered at amounts different from its established rates. Contractual adjustments under third-party programs represent the difference between the Hospital's billings at established rates for services and amounts reimbursed by third-party payors. A summary of the payment arrangements with major third-party payors follows:

Medicare

Substantially all inpatient acute care 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8. Continued

The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's cost reports have been settled for all years through December 31, 2006.

Medicaid

Inpatient and outpatient services rendered to Medicaid program beneficiaries are generally paid based upon prospective reimbursement methodologies established by the State of Mississippi.

The Hospital participates in the Medicaid Disproportionate Share ("DSH") program and the Medicaid Upper Payment Limit ("UPL") program. The Hospital received \$-0- and \$719,340 in enhanced reimbursement through the DSH program for the years ended December 31, 2011 and 2010, respectively. The Hospital received \$866,939 and \$1,490,904 of UPL funds for 2011 and 2010, respectively. UPL amounts are shown as a reduction of contractual adjustments with related assessments of \$630,633 and \$782,509 for 2011 and 2010, respectively, recorded in operating expenses.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. For the years ended December 31, 2011 and 2010, net patient service revenue increased approximately \$4,300 and \$7,800, respectively, due to adjustments in excess of amounts previously estimated.

Other

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

A summary of gross and net patient service revenue for the years ended December 31, 2011 and 2010 is as follows:

	2011	2010
Gross patient service revenue	\$ 62,567,052	\$ 55,413,332
Less provisions for contractual adjustments under third-party reimbursement programs and other deductions from revenue	36,647,731	28,565,892
Net patient service revenue	<u>\$ 25,919,321</u>	<u>\$ 26,847,440</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8. Continued

A summary of revenues for gross patient services rendered under contract with majority third-party payors follows:

	2011		2010	
	Amount	Percentage of Total Revenue	Amount	Percentage of Total Revenue
Medicare	\$ 25,045,709	46%	\$ 24,941,085	46%
Medicaid	\$ 13,393,213	25%	\$ 10,883,468	20%

Note 9. Service to the Community

The Hospital is an active, caring member of the community it serves. The Board of Directors has established a policy under which the Hospital provides care to the needy members of its community. Following that policy, the Hospital maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges forgone for services and supplies furnished under its charity care policy. The direct and indirect costs associated with these services cannot be identified to specific charity care patients. Therefore, management estimated the costs of these services by calculating the cost to gross charge ratio and multiplying by the charges associated with services provided to patients meeting the Hospital's charity care guidelines. Charges forgone, based on the cost to charge ratio, were approximately \$868,000 and \$276,000 in 2011 and 2010, respectively.

Note 10. Functional Expenses

The Hospital provides general healthcare services to residents within its geographic location. Expenses related to providing these services are accumulated by function as follows at December 31, 2011 and 2010:

	2011	2010
Healthcare services	\$ 17,778,321	\$ 15,410,751
General and administrative office	6,463,043	6,165,254
Depreciation, interest and provision for bad debts	4,794,756	5,206,557
Total	\$ 29,036,120	\$ 26,782,562

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Note 11. Concentrations of Credit Risk

Bank Accounts

Effective December 31, 2010, the Federal Deposit Insurance Corporation ("FDIC") provided for temporary unlimited deposit insurance coverage of noninterest-bearing bank accounts. The temporary provision for unlimited coverage will expire on December 31, 2012. Based on this provision, the amount of uninsured bank balances at risk totaled approximately \$2,733,000 and \$2,707,000, at December 31, 2011 and 2010, respectively. The Hospital has not experienced any losses in such accounts.

Accounts Receivable

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The percentage mix of net receivables from patients and third-party payors at December 31, 2011 and 2010 was as follows:

	2011	2010
Medicare	22%	21%
Medicaid	11	9
Blue Cross	11	12
Commercial	15	20
Private pay	41	38
Total	100%	100%

Note 12. Insurance Programs

Risk Management

The Hospital is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years. The Hospital also carries insurance for medical malpractice claims and judgments, as discussed below.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 12. Continued

Medical Malpractice Insurance

The Hospital purchases professional and general liability insurance to cover medical malpractice claims. At year-end, the Hospital has not accrued any material losses for malpractice claims or expenses. Nevertheless, the future assertion of claims for occurrences prior to year-end is possible and may occur, although not anticipated. In any event, management believes that any such claims would be substantially covered under its insurance program.

Employee Health Insurance

The Hospital provides health insurance coverage to its employees under a self-funded plan. A liability for claims reported and not paid and an estimated liability for claims incurred but not reported or paid is included in accrued expenses and operating expenses in the consolidated financial statements. Commercial insurance is purchased for claims in excess of coverage provided by the Hospital to limit the Hospital's liability for losses under its self-insurance program. Settled claims have not exceeded this commercial insurance in either of the past two years. The estimated claims liability at December 31, 2011 and 2010 was \$199,804 and \$104,634, respectively.

Worker's Compensation Coverage

The Hospital is insured for the risk of loss related to worker's compensation for injuries to its employees. Premiums are based upon payroll and adjusted by an experience modification factor. The Hospital is audited for worker's compensation assessments based upon the calendar year. No additional assessments were made for the calendar years ended December 31, 2011 and 2010.

Note 13. Commitments and Contingencies

The Hospital leases various equipment and facilities under operating leases expiring at various dates through 2020. Total rental expense in 2011 and 2010 for all operating leases was \$1,150,685 and \$866,710, respectively.

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Note 13. Continued

The following is a schedule by year of future minimum lease payments under non-cancelable operating leases as of December 31, 2011 that have initial or remaining terms in excess of one year:

Year Ending December 31,	Amount
2012	\$ 574,720
2013	441,605
2014	440,621
2015	419,678
2016	419,678
Thereafter	<u>1,678,714</u>
Total	<u>\$ 3,975,016</u>

Note 14. Related Party Transactions

The Hospital has advanced funds to Medical Towers at Tuscan Court, LLC, an affiliate with certain Board members in common with the Hospital. The funds advanced to Medical Towers at Tuscan Court, LLC relate to the construction of a medical office building that is located within close proximity to the Hospital. For the years ended December 31, 2011 and 2010, the receivable totaled approximately \$557,000 and \$597,000, respectively, and is included in other assets on the consolidated balance sheets.

In connection with this receivable, a promissory note was signed between the Hospital and a Board member on behalf of the Medical Towers at Tuscan Court, LLC. The terms of the promissory note include an interest rate of 5.25 percent and monthly installments of \$6,000 for a period of sixty months beginning July 1, 2010 with a final payment of all principal and accrued but unpaid interest being due on June 30, 2015. The obligation is secured by the Board Member's 50 percent membership interest in Medical Towers at Tuscan Court, LLC.

The Hospital is a related party with the following entities due to Hospital Board members with ownership in these entities:

- Medical and Surgical Clinic, PLLC
- Medical and Surgical Clinic, Inc.
- Medproperties of Magee, LLC
- Magee After Hours Clinic, PLLC
- Medical Towers at Tuscan Court

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 14. Continued

Significant transactions between the Hospital and related parties for 2011 and 2010 are as follows:

	2011	2010
Management fees (A)	\$ 59,611	\$ 95,229
Rental expense (B)	\$ 670,698	\$ 390,604

- (A) The Hospital provides management services to Medical and Surgical Clinic, PLLC and Magee After Hours Clinic, PLLC.
- (B) The Hospital pays rental expense to Medical and Surgical Clinic, Inc., Medproperties of Magee, LLC, and Medical Towers at Tuscan Court.

Note 15. Subsequent Events

In preparing these consolidated financial statements, the Hospital has evaluated events and transactions for potential recognition or disclosure through June 11, 2012, the date the consolidated financial statements were available to be issued.

Additional Data

Software ID:

Software Version:

EIN: 64-0324402

Name: MAGEE BENEVOLENT ASSOCIATION

Form 990, Special Condition Description:

Special Condition Description