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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
UNITED REGIONAL HEALTH CARE SYSTEM

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
1600 ELEVENTH STREET

City or town, state or country, and ZIP + 4
WICHITA FALLS, TX 76301

**D Employer identification number**
75-1912147

**E Telephone number**
(940) 764-8624

**G** Gross receipts $ 409,161,708

**F** Name and address of principal officer
PHYLLIS COWLING
1600 ELEVENTH STREET
WICHITA FALLS, TX 76301

**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 URHCS ORG

**K** Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1983 | **M** State of legal domicile TX

## Part I Summary

**1** Briefly describe the organization's mission or most significant activities
ORGANIZED AND OPERATED FOR THE PURPOSE OF DEVELOPING AND OPERATING AN INTEGRATED HEALTH CARE SYSTEM

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

| | | | |
|---|---|---|---|
| **Activities & Governance** | **3** Number of voting members of the governing body (Part VI, line 1a) | **3** | 14 |
| | **4** Number of independent voting members of the governing body (Part VI, line 1b) | **4** | 9 |
| | **5** Total number of individuals employed in calendar year 2011 (Part V, line 2a) | **5** | 1,978 |
| | **6** Total number of volunteers (estimate if necessary) | **6** | 312 |
| | **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 |

| | | Prior Year | Current Year |
|---|---|---|---|
| **Revenue** | **8** Contributions and grants (Part VIII, line 1h) | 2,292,694 | 3,102,067 |
| | **9** Program service revenue (Part VIII, line 2g) | 281,673,415 | 307,513,809 |
| | **10** Investment income (Part VIII, column (A), lines 3, 4, and 7d ) | 1,730,536 | 9,579,769 |
| | **11** Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) | 187,407 | 158,214 |
| | **12** Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) | 285,884,052 | 320,353,859 |
| **Expenses** | **13** Grants and similar amounts paid (Part IX, column (A), lines 1–3 ) | 8,805,187 | 11,900,000 |
| | **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) | 111,668,169 | 104,165,255 |
| | **16a** Professional fundraising fees (Part IX, column (A), line 11e) | 0 | 0 |
| | **b** Total fundraising expenses (Part IX, column (D), line 25) ▶0 | | |
| | **17** Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e) | 134,199,162 | 147,389,279 |
| | **18** Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25) | 254,672,518 | 263,454,534 |
| | **19** Revenue less expenses Subtract line 18 from line 12 | 31,211,534 | 56,899,325 |

| | | Beginning of Current Year | End of Year |
|---|---|---|---|
| **Net Assets or Fund Balances** | **20** Total assets (Part X, line 16) | 432,245,520 | 469,825,499 |
| | **21** Total liabilities (Part X, line 26) | 144,503,145 | 135,401,745 |
| | **22** Net assets or fund balances Subtract line 21 from line 20 | 287,742,375 | 334,423,754 |

## Part II Signature Block

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

**Sign Here**

****** | 2012-11-15
Signature of officer | Date

PHYLLIS COWLING CEO
Type or print name and title

**Paid Preparer's Use Only**

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

Firm's name (or yours if self-employed), address, and ZIP + 4: BKD LLP
2800 Post Oak Blvd Ste 3200
HOUSTON, TX 77056

EIN ▶

Phone no ▶ (713) 499-4600

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

**Part III Statement of Program Service Accomplishments**

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

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

TO OPERATE NONPROFIT HOSPITALS OR HOSPITAL FACILITIES, CLINICS, AND RELATED MEDICAL AND SURGICAL SERVICES BY PROVIDING SUCH SERVICES TO PERSONS THAT DO HAVE THE ABILITY TO PAY, AND TO THEREBY PROVIDE CHARITABLE MEDICAL, SURGICAL, AND HOSPITAL CARE FOR SICK, INJURED, AFFLICTED, INFIRM, DISABLED , OR DESTITUTE PERSONS THAT DO NOT HAVE THE ABILITY TO PAY

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

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

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

If "Yes," describe these changes on Schedule O

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

**4a** (Code ) (Expenses $ 225,529,841 including grants of $ 11,900,000 ) (Revenue $ 307,513,809 )

UNITED REGIONAL HEALTH CARE SYSTEM, A 325-BED HOSPITAL, PROMOTES THE HEALTH OF THE COMMUNITY BY PROVIDING A VARIETY OF HEALTH CARE SERVICES IN ADDITION TO INPATIENT BEDS, THERE ARE 14 NEWBORN BASSINETTES AND 31 ER BEDS IN 2011, INPATIENTS RECEIVED 60,264 PATIENT DAYS OF CARE AND 133,250 OUTPATIENT AND EMERGENCY OCCURRENCES OF SERVICE ADDITIONAL PROGRAMS WHICH BENEFIT THE COMMUNITY INCLUDE RESIDENCY/HEALTH PROFESSIONS TRAINING AT ANY ONE TIME, THERE MAY BE UP TO 24 RESIDENTS IN TRAINING AT UNITED REGIONAL HEALTH CARE SYSTEM THEY ARE PART OF THE UNITED REGIONAL HEALTH CARE SYSTEM PROGRAM IN PARTNERSHIP WITH THE WICHITA FALLS FAMILY PRACTICE RESIDENCY PROGRAM (THROUGH AN AFFILIATION WITH THE SOUTHWESTERN SCHOOL OF MEDICINE) STUDENTS IN NURSING, PHARMACY, LABORATORY TECHNOLOGY, RADIOLOGY, RESPIRATORY THERAPY AND OTHER ASSOCIATED HEALTH SCIENCES PROFESSIONS ALSO STUDY HERE PREVENTIVE CARE A PRIORITY UNITED REGIONAL HEALTH CARE SYSTEM HAS TAKEN STEPS TO ENHANCE PREVENTIVE CARE FOR PEOPLE OF ALL AGES THROUGH THE DEVELOPMENT OF LOW COST SCREENING PROGRAMS, VACCINATION CLINICS AS WELL AS OTHER OUTREACH EDUCATION SERVICES THESE SERVICES ARE PROVIDED THROUGH THE UNITED REGIONAL REFERENCE LAB BOTH FEE-FOR-SERVICE SCREENINGS AND FREE SCREENINGS AT COMMUNITY HEALTH FAIRS (CHOLESTEROL, PSA, TRIGLYCERIDES, ETC ) DESIGNATED TRAUMA CENTER UNITED REGIONAL HEALTH CARE SYSTEM IS DESIGNATED LEVEL 3 TRAUMA CENTER FOR THE REGION IN 2011, 646 PATIENTS WERE SEEN AT UNITED REGIONAL CARE SYSTEM AND RECORDED IN OUR TRAUMA REGISTRY UNITED REGIONAL HEALTH CARE SYSTEM'S EMERGENCY DEPARTMENT IS STAFFED 24 HOURS A DAY/7 DAYS A WEEK MEETING THE NEEDS OF THE COMMUNITY WITH AN AVERAGE OF 211 VISITS PER DAY COMMUNITY CONNECTIONS UNITED REGIONAL HEALTH CARE SYSTEM REACHES OUT TO PEOPLE AND COMMUNITIES THROUGHOUT ITS PRIMARY SERVICE AREA OF WICHITA COUNTY AND ITS SECONDARY SERVICE AREA OF 8 SURROUNDING COUNTIES CONSISTING OF ARCHER, BAYLOR, CLAY, HARDEMAN, JACK, MONTAGUE, WILBARGER AND YOUNG COUNTIES THROUGH COOPERATIVE AGREEMENTS WITH LOCAL GOVERNMENTS AND HOSPITALS, UNITED REGIONAL PROVIDES FUNDING FOR A NUMBER OF HEALTHCARE SERVICES COMMUNITY EDUCATION UNITED REGIONAL HEALTH CARE SYSTEM PROVIDES THE FOLLOWING TYPES OF COMMUNITY EDUCATION COMMUNITY EDUCATION SEMINARS WITH PRESENTATIONS BY PHYSICIANS ON HEALTH ISSUES AND TREATMENT OPTIONS, HEALTHY YOU NEWSLETTER, SENT TO APPROXIMATELY 50,000 HOUSEHOLDS, PROVIDING HEALTH PROMOTION AND DISEASE PREVENTION INFORMATION, AS WELL AS HOSPITAL SERVICES, 55-ADVANTAGE SENIOR PROGRAM, PROVIDING SPEAKERS ON A VARIETY OF HEALTH-RELATED TOPICS, AND PARTICIPATION IN A VARIOUS OF COMMUNITY HEALTH FAIRS AND EVENTS PROMOTING GENERAL HEALTH AND PROVIDING HEALTH SCREENINGS CHARITY CARE UNITED REGIONAL HEALTH CARE SYSTEM PROVIDES MEDICAL CARE TO MEMBERS OF THE COMMUNITY REGARDLESS OF ABILITY TO PAY FINANCIAL ASSISTANCE AT COST IN THE AMOUNT OF $17,078,253 (FORM 990 SCHEDULE H COST) WAS PROVIDED IN THE CURRENT YEAR AND UNREIMBURSED COST OF PROVIDING MEANS TESTED PUBLIC HEALTH CARE PROGRAMS OF $6,520,121 COMMUNITY BENEFITS CLIENT ESTIMATES THE COST OF THE PROVISION OF ADDITIONAL COMMUNITY BENEFITS TO BE $7,095,388 INCLUDING UNREIMBURSED COST OF EMERGENCY AND TRAUMA CARE $ 2,997,339 UNREIMBURSED COST OF FREE STANDING CLINICS $ 4,036,412 DONATIONS MADE BY THE HOSPITAL TO AREA CHARITABLE ORGANIZATIONS $ 8,296,637 TOTAL COSTS OF ADDITIONAL COMMUNITY BENEFITS $15,330,388 SOURCE 2010 ANNUAL STATEMENT OF COMMUNITY BENEFIT STANDARDS (STATE OF TEXAS MANDATORY REPORT)

**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** ▶ $ 225,529,841

## Part IV Checklist of Required Schedules

| | | | Yes | No |
|---|---|---|---|---|
| 1 | Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A* | 1 | Yes | |
| 2 | Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)? | 2 | Yes | |
| 3 | Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I* | 3 | | No |
| 4 | **Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II* | 4 | | No |
| 5 | Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III* | 5 | | |
| 6 | Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I* | 6 | | No |
| 7 | Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II* | 7 | | No |
| 8 | Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III* | 8 | | No |
| 9 | Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV* | 9 | | No |
| 10 | Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V* | 10 | Yes | |
| 11 | If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable | | | |
| a | Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.* | 11a | Yes | |
| b | Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.* | 11b | | No |
| c | Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.* | 11c | | No |
| d | Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.* | 11d | Yes | |
| e | Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.* | 11e | Yes | |
| f | Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.* | 11f | | No |
| 12a | Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII* | 12a | | No |
| b | Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional* | 12b | Yes | |
| 13 | Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E* | 13 | | No |
| 14a | Did the organization maintain an office, employees, or agents outside of the United States? | 14a | | No |
| b | Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Part I* | 14b | | No |
| 15 | Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Part II and IV* | 15 | | No |
| 16 | Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Part III and IV* | 16 | | No |
| 17 | Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I* | 17 | | No |
| 18 | Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II* | 18 | | No |
| 19 | Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III* | 19 | | No |
| 20a | Did the organization operate one or more hospitals? *If "Yes," complete Schedule H* | 20a | Yes | |
| b | If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** All Form 990 filers that operated one or more hospitals must attach audited financial statements | 20b | Yes | |

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

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

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

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

| | | | | Yes | No |
|---|---|---|---|---|---|
| **1a** | Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . . . . . | **1a** | 183 | | |
| **b** | Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable | **1b** | 0 | | |
| **c** | Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? . . . . . | | | **1c** | Yes | |
| **2a** | Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return . . . . . | **2a** | 1,978 | | | |
| **b** | If at least one is reported on line 2a, did the organization file all required federal employment tax returns? | | | **2b** | Yes | |
| | **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions) | | | | | |
| **3a** | Did the organization have unrelated business gross income of $1,000 or more during the year? . . . . . | | | **3a** | | No |
| **b** | If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O* . . . . . | | | **3b** | | |
| **4a** | At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)? . . . . . | | | **4a** | | No |
| **b** | If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts | | | | | |
| **5a** | Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . . | | | **5a** | | No |
| **b** | Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? | | | **5b** | | No |
| **c** | If "Yes" to line 5a or 5b, did the organization file Form 8886-T? . . . . . | | | **5c** | | |
| **6a** | Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible? . . . . . | | | **6a** | | No |
| **b** | If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? . . . . . | | | **6b** | | |
| **7** | **Organizations that may receive deductible contributions under section 170(c).** | | | | | |
| **a** | Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor? . . . . . | | | **7a** | | No |
| **b** | If "Yes," did the organization notify the donor of the value of the goods or services provided? . . . . . | | | **7b** | | |
| **c** | Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? . . . . . | | | **7c** | | No |
| **d** | If "Yes," indicate the number of Forms 8282 filed during the year . . . . | **7d** | | | | |
| **e** | Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? . . . . . | | | **7e** | | No |
| **f** | Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . | | | **7f** | | No |
| **g** | If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required? . . . . . | | | **7g** | | |
| **h** | If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C? . . . . . | | | **7h** | | |
| **8** | **Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year? . . . . . | | | **8** | | |
| **9** | **Sponsoring organizations maintaining donor advised funds.** | | | | | |
| **a** | Did the organization make any taxable distributions under section 4966? . . . . . | | | **9a** | | |
| **b** | Did the organization make a distribution to a donor, donor advisor, or related person? . . . . . | | | **9b** | | |
| **10** | **Section 501(c)(7) organizations.** Enter | | | | | |
| **a** | Initiation fees and capital contributions included on Part VIII, line 12 . . . | **10a** | | | | |
| **b** | Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities | **10b** | | | | |
| **11** | **Section 501(c)(12) organizations.** Enter | | | | | |
| **a** | Gross income from members or shareholders . . . . . | **11a** | | | | |
| **b** | Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them ) . . . . . | **11b** | | | | |
| **12a** | **Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041? | | | **12a** | | |
| **b** | If "Yes," enter the amount of tax-exempt interest received or accrued during the year | **12b** | | | | |
| **13** | **Section 501(c)(29) qualified nonprofit health insurance issuers.** | | | | | |
| **a** | Is the organization licensed to issue qualified health plans in more than one state? **Note.** All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state | | | **13a** | | |
| **b** | Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans | **13b** | | | | |
| **c** | Enter the aggregate amount of reserves on hand | **13c** | | | | |
| **14a** | Did the organization receive any payments for indoor tanning services during the tax year? . . . . . | | | **14a** | | No |
| **b** | If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . . | | | **14b** | | |

**Part VI** **Governance, Management, and Disclosure** For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

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

## Section A. Governing Body and Management

| | | | | Yes | No |
|---|---|---|---|---|---|
| 1a | Enter the number of voting members of the governing body at the end of the tax year . . . . . | 1a | 14 | | |
| b | Enter the number of voting members included in line 1a, above, who are independent . . . . . | 1b | 9 | | |
| 2 | Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? . . . . . | | | 2 | Yes | |
| 3 | Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . | | | 3 | | No |
| 4 | Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? | | | 4 | | No |
| 5 | Did the organization become aware during the year of a significant diversion of the organization's assets? . | | | 5 | | No |
| 6 | Did the organization have members or stockholders? . . . . . | | | 6 | | No |
| 7a | Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body? . . . . . | | | 7a | | No |
| b | Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? . . . . . | | | 7b | Yes | |
| 8 | Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following | | | | | |
| a | The governing body? . . . . . | | | 8a | Yes | |
| b | Each committee with authority to act on behalf of the governing body? . . . . . | | | 8b | Yes | |
| 9 | Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O . . . . . | | | 9 | | No |

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

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

## Section C. Disclosure

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

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

☐ Own website ☐ Another's website ☑ Upon request

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

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

KERRI MCKELROY
1600 ELEVENTH STREET
WICHITA FALLS,TX 76301
(940)764-8624

## 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) DOUG KUNKLE CHAIR | 1 0 | X | | X | | | | 0 | 0 | 0 |
| (2) LEO LANE PAST CHAIR | 1 0 | X | | X | | | | 0 | 0 | 0 |
| (3) BLAKE ANDREWS DIRECTOR | 1 0 | X | | | | | | 0 | 0 | 0 |
| (4) LINDA BELTCHEV DIRECTOR | 1 0 | X | | | | | | 0 | 0 | 0 |
| (5) LARRY COOK DIRECTOR | 1 0 | X | | | | | | 0 | 0 | 0 |
| (6) MIKE ELYEA DIRECTOR | 1 0 | X | | | | | | 0 | 0 | 0 |
| (7) HOWARD FARRELL DIRECTOR | 1 0 | X | | | | | | 0 | 0 | 0 |
| (8) PAUL FOLEY DIRECTOR | 1 0 | X | | | | | | 0 | 0 | 0 |
| (9) DON HAMLIN DIRECTOR | 1 0 | X | | | | | | 0 | 0 | 0 |
| (10) CARLA NICHOLS DIRECTOR | 1 0 | X | | | | | | 0 | 0 | 0 |
| (11) DR GARY OZIER DIRECTOR | 1 0 | X | | | | | | 22,000 | 0 | 0 |
| (12) DR ASHVINKUMAR PATEL DIRECTOR | 1 0 | X | | | | | | 74,449 | 0 | 0 |
| (13) DR KEVIN THOMAS DIRECTOR | 1 0 | X | | | | | | 186,044 | 0 | 0 |
| (14) DR YVONNE HEARN EX-OFFICIO DIRECTOR | 1 0 | X | | | | | | 18,538 | 0 | 0 |
| (15) PHYLLIS COWLING PRESIDENT/CEO | 40 0 | X | | X | | | | 636,257 | 0 | 71,798 |
| (16) ROBERT PERT CFO | 40 0 | | | X | | | | 363,922 | 0 | 36,884 |
| (17) NANCY TOWNLEY COO | 40 0 | | | X | | | | 377,196 | 0 | 34,201 |

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

| (A) Name and Title | (B) Average hours per week (describe hours for related organizations in Schedule O) | (C) Position (do not check more than one box, unless person is both an officer and a director/trustee) | | | | | | (D) Reportable compensation from the organization (W-2/1099-MISC) | (E) Reportable compensation from related organizations (W-2/1099-MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Individual trustee or director | Institutional Trustee | Officer | Key employee | Highest compensated employee | Former | | | |
| (18) DR JOHN SCOTT HOYER<br>CMO | 40 0 | | | X | | | | 334,253 | 0 | 37,239 |
| (19) PAMELA BRADSHAW<br>VP NURSING | 40 0 | | | X | | | | 243,783 | 0 | 35,304 |
| (20) STEPHANIE JO BROWN<br>VP MARKETING | 40 0 | | | X | | | | 206,351 | 0 | 18,649 |
| (21) RICHARD CARPENTER<br>VP FACILITIES | 40 0 | | | X | | | | 208,285 | 0 | 36,283 |
| (22) JERRY MARSHALL<br>DIR - INFORMATION SERVICES | 40 0 | | | | | X | | 152,772 | 0 | 26,938 |
| (23) DWAYNE MCKEE<br>DIR - BUSINESS INTELLIGENCE | 40 0 | | | | | X | | 145,081 | | 27,920 |
| (24) MOHAMMAD RAMZAN<br>COORD - ELECTRO DIAGNOSIS | 40 0 | | | | | X | | 129,665 | 0 | 24,776 |
| (25) SHELLEY MOSER<br>SR DIR - QUALITY & SAFETY | 40 0 | | | | | X | | 127,546 | 0 | 24,380 |
| (26) CYNTHIA TAYLOR<br>COORD - PATIENT CARE | 40 0 | | | | | X | | 126,784 | 0 | 18,853 |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| **1b Sub-Total** ▶ | | | | | | | | | | |
| **c Total from continuation sheets to Part VII, Section A** ▶ | | | | | | | | | | |
| **d Total (add lines 1b and 1c)** ▶ | | | | | | | | 3,352,926 | 0 | 393,225 |

**2** Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 58

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

## Section B. Independent Contractors

**1** Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization Report compensation for the calendar year ending with or within the organization's tax year

| (A) Name and business address | (B) Description of services | (C) Compensation |
|---|---|---|
| COMPLETE RX LTD<br>3100 S GESSNER SUITE 640<br>HOUSTON, TX 77063 | PHARMACY MANAGEMENT | 14,989,267 |
| ARAMARK SERVICES INC<br>PO BOX 661009<br>CHARLOTTE, NC 28625 | DIETARY SERVICES | 4,063,351 |
| CLINICAL PARTNERS - WF PA<br>7032 COLLECTION CENTER DRIVE<br>CHICAGO, IL 60693 | ANESTHESIA SERVICES | 3,402,476 |
| COGENT HEALTHCARE<br>PO BOX 645037<br>CINCINNATI, OH 45264 | HOSPITALIST SERVICES | 3,127,699 |
| TITANIUM EMERGENCY GROUP LLP<br>C/O PSR PO BOX 742528<br>DALLAS, TX 75374 | ER PHYSICIAN SVCS | 1,681,242 |

**2** Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 38

## Part VIII Statement of Revenue

| | | | | (A) Total revenue | (B) Related or exempt function revenue | (C) Unrelated business revenue | (D) Revenue excluded from tax under sections 512, 513, or 514 |
|---|---|---|---|---|---|---|---|
| Contributions, gifts, grants and other similar amounts | 1a | Federated campaigns | 1a | | | | |
| | b | Membership dues | 1b | | | | |
| | c | Fundraising events | 1c | | | | |
| | d | Related organizations | 1d | 3,102,067 | | | |
| | e | Government grants (contributions) | 1e | 0 | | | |
| | f | All other contributions, gifts, grants, and similar amounts not included above | 1f | 0 | | | |
| | g | Noncash contributions included in lines 1a-1f $ | | | | | |
| | h | **Total.** Add lines 1a-1f | | 3,102,067 | | | |
| Program Service Revenue | | | Business Code | | | | |
| | 2a | PATIENT SERVICE REVENUE | 621110 | 306,925,985 | 306,925,985 | | |
| | b | SUPPORTING REVENUE | 900099 | 587,824 | 587,824 | | |
| | c | | | | | | |
| | d | | | | | | |
| | e | | | | | | |
| | f | All other program service revenue | | | | | |
| | g | **Total.** Add lines 2a–2f | | 307,513,809 | | | |
| | 3 | Investment income (including dividends, interest and other similar amounts) | | 2,380,326 | | | 2,380,326 |
| | 4 | Income from investment of tax-exempt bond proceeds | | 0 | | | |
| | 5 | Royalties | | 0 | | | |
| | | | (i) Real | (ii) Personal | | | |
| | 6a | Gross rents | 158,214 | | | | |
| | b | Less rental expenses | | | | | |
| | c | Rental income or (loss) | 158,214 | | | | |
| | d | Net rental income or (loss) | | 158,214 | | | 158,214 |
| | | | (i) Securities | (ii) Other | | | |
| | 7a | Gross amount from sales of assets other than inventory | 95,949,297 | 57,995 | | | |
| | b | Less cost or other basis and sales expenses | 88,807,849 | | | | |
| | c | Gain or (loss) | 7,141,448 | 57,995 | | | |
| | d | Net gain or (loss) | | 7,199,443 | | | 7,199,443 |
| Other Revenue | 8a | Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 | a | | | | |
| | b | Less direct expenses | b | | | | |
| | c | Net income or (loss) from fundraising events | | 0 | | | |
| | 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 | | 0 | | | |
| | 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 | | 0 | | | |
| | | Miscellaneous Revenue | Business Code | | | | |
| | 11a | | | | | | |
| | b | | | | | | |
| | c | | | | | | |
| | d | All other revenue | | | | | |
| | e | **Total.** Add lines 11a–11d | | 0 | | | |
| | 12 | **Total revenue.** See Instructions | | 320,353,859 | 307,513,809 | | 9,737,983 |

## 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 | 11,900,000 | 11,900,000 | | |
| 2 | Grants and other assistance to individuals in the United States See Part IV, line 22 | 0 | | | |
| 3 | Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16 | 0 | | | |
| 4 | Benefits paid to or for members | 0 | | | |
| 5 | Compensation of current officers, directors, trustees, and key employees . . . . | 3,188,081 | 1,594,041 | 1,594,040 | |
| 6 | Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . . | 109,183 | 109,183 | | |
| 7 | Other salaries and wages | 86,689,958 | 65,719,604 | 20,970,354 | |
| 8 | Pension plan contributions (include section 401(k) and section 403(b) employer contributions) . . . . | 2,690,262 | 2,047,819 | 642,443 | |
| 9 | Other employee benefits . . . . . | 5,106,019 | 3,866,980 | 1,239,039 | |
| 10 | Payroll taxes . . . . . | 6,381,752 | 4,786,314 | 1,595,438 | |
| 11 | Fees for services (non-employees) | | | | |
| a | Management . . . . . | 0 | | | |
| b | Legal . . . . . | 401,236 | | 401,236 | |
| c | Accounting . . . . . | 0 | | | |
| d | Lobbying . . . . . | 0 | | | |
| e | Professional fundraising *See Part IV, line 17* . . | 0 | | | |
| f | Investment management fees . . . . . | 698,931 | | 698,931 | |
| g | Other . . . . . | 29,072,004 | 21,804,003 | 7,268,001 | |
| 12 | Advertising and promotion . . . . | 934,360 | 700,770 | 233,590 | |
| 13 | Office expenses . . . . . | 4,161,518 | 3,492,193 | 669,325 | |
| 14 | Information technology . . . . . | 1,237,684 | 928,263 | 309,421 | |
| 15 | Royalties . . | 0 | | | |
| 16 | Occupancy . . . . . | 3,937,171 | 2,952,878 | 984,293 | |
| 17 | Travel . . . . . | 508,987 | 381,740 | 127,247 | |
| 18 | Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . . | 0 | | | |
| 19 | Conferences, conventions, and meetings . . . . | 268,003 | | 268,003 | |
| 20 | Interest . . . . . | 4,783,690 | 4,783,690 | | |
| 21 | Payments to affiliates . . . . . | 0 | | | |
| 22 | Depreciation, depletion, and amortization . . . . . | 21,233,338 | 21,233,338 | | |
| 23 | Insurance . . . . . | 0 | | | |
| 24 | Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O ) | | | | |
| a | BAD DEBT EXPENSE | 25,658,778 | 25,658,778 | | |
| b | MEDICAL SUPPLIES | 50,538,655 | 50,538,655 | | |
| c | EQUIPMENT RENTAL & MAINT | 2,256,679 | 1,692,509 | 564,170 | |
| d | FOOD SERVICE EXPENSE | 664,024 | 498,018 | 166,006 | |
| e | | | | | |
| f | All other expenses | 1,034,221 | 841,065 | 193,156 | |
| 25 | **Total functional expenses.** Add lines 1 through 24f | 263,454,534 | 225,529,841 | 37,924,693 | 0 |
| 26 | **Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation | | | | |

## Part X Balance Sheet

| | | | | (A) Beginning of year | | (B) End of year |
|---|---|---|---|---|---|---|
| Assets | 1 | Cash—non-interest-bearing | | 0 | 1 | 4,799 |
| | 2 | Savings and temporary cash investments | | 52,394,796 | 2 | 67,733,670 |
| | 3 | Pledges and grants receivable, net | | 0 | 3 | 0 |
| | 4 | Accounts receivable, net | | 10,226,096 | 4 | 21,592,447 |
| | 5 | Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L | | 0 | 5 | 0 |
| | 6 | Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L | | 0 | 6 | 0 |
| | 7 | Notes and loans receivable, net | | 0 | 7 | 0 |
| | 8 | Inventories for sale or use | | 6,897,272 | 8 | 5,815,933 |
| | 9 | Prepaid expenses and deferred charges | | 2,481,762 | 9 | 2,053,435 |
| | 10a | Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D* | 10a 376,978,229 | | | |
| | b | Less accumulated depreciation | 10b 209,310,741 | 170,232,791 | 10c | 167,667,488 |
| | 11 | Investments—publicly traded securities | | 169,965,527 | 11 | 178,626,726 |
| | 12 | Investments—other securities See Part IV, line 11 | | 0 | 12 | 0 |
| | 13 | Investments—program-related See Part IV, line 11 | | 0 | 13 | 0 |
| | 14 | Intangible assets | | 0 | 14 | 0 |
| | 15 | Other assets See Part IV, line 11 | | 20,047,276 | 15 | 26,331,001 |
| | 16 | **Total assets.** Add lines 1 through 15 (must equal line 34) | | 432,245,520 | 16 | 469,825,499 |
| Liabilities | 17 | Accounts payable and accrued expenses | | 34,890,957 | 17 | 17,688,585 |
| | 18 | Grants payable | | 0 | 18 | 0 |
| | 19 | Deferred revenue | | 0 | 19 | 0 |
| | 20 | Tax-exempt bond liabilities | | 94,722,844 | 20 | 93,740,740 |
| | 21 | Escrow or custodial account liability *Complete Part IV of Schedule D* | | 0 | 21 | 0 |
| | 22 | Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L* | | 0 | 22 | 0 |
| | 23 | Secured mortgages and notes payable to unrelated third parties | | 0 | 23 | 0 |
| | 24 | Unsecured notes and loans payable to unrelated third parties | | 0 | 24 | 0 |
| | 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 | | 14,889,344 | 25 | 23,972,420 |
| | 26 | **Total liabilities.** Add lines 17 through 25 | | 144,503,145 | 26 | 135,401,745 |
| Net Assets or Fund Balances | | **Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.** | | | | |
| | 27 | Unrestricted net assets | | 287,742,375 | 27 | 334,423,754 |
| | 28 | Temporarily restricted net assets | | 0 | 28 | 0 |
| | 29 | Permanently restricted net assets | | 0 | 29 | 0 |
| | | **Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.** | | | | |
| | 30 | Capital stock or trust principal, or current funds | | | 30 | |
| | 31 | Paid-in or capital surplus, or land, building or equipment fund | | | 31 | |
| | 32 | Retained earnings, endowment, accumulated income, or other funds | | | 32 | |
| | 33 | Total net assets or fund balances | | 287,742,375 | 33 | 334,423,754 |
| | 34 | Total liabilities and net assets/fund balances | | 432,245,520 | 34 | 469,825,499 |

## Part XI Reconcilliation of Net Assets

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

| | | | |
|---|---|---|---|
| 1 | Total revenue (must equal Part VIII, column (A), line 12) . . . | 1 | 320,353,859 |
| 2 | Total expenses (must equal Part IX, column (A), line 25) . . . . . | 2 | 263,454,534 |
| 3 | Revenue less expenses Subtract line 2 from line 1 . . . . | 3 | 56,899,325 |
| 4 | Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . . | 4 | 287,742,375 |
| 5 | Other changes in net assets or fund balances (explain in Schedule O) . . . . | 5 | -10,217,946 |
| 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 | 334,423,754 |

## Part XII Financial Statements and Reporting

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

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

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# SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

## Public Charity Status and Public Support

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

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

OMB No 1545-0047

**2011**

**Open to Public Inspection**

Name of the organization
UNITED REGIONAL HEALTH CARE SYSTEM

**Employer identification number**
75-1912147

**Part I Reason for Public Charity Status** (All organizations must complete this part.) See instructions

The organization is not a private foundation because it is (For lines 1 through 11, check only one box )

1 ☐ A church, convention of churches, or association of churches **section 170(b)(1)(A)(i).**

2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E )

3 ☑ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**

4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state

_____

5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II )

6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**

7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)** (Complete Part II )

8 ☐ A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II )

9 ☐ An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III )

10 ☐ An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**

11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h

**a** ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally integrated **d** ☐ Type III - Other

**e** ☐ By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)

**f** If the organization received a written determination from the IRS that it is a Type I, Type II or Type III supporting organization, check this box ☐

**g** Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

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

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

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

**Part II** **Support Schedule for Organizations Described in IRC 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

## Section A. Public Support

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

## Section B. Total Support

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

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

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

## Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2011 (line 6 column (f) divided by line 11 column (f)) **14**

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

16a **33 1/3% support test—2011.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization

b **33 1/3% support test—2010.** If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization

17a **10%-facts-and-circumstances test—2011.** If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization

b **10%-facts-and-circumstances test—2010.** If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization

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

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

## Section A. Public Support

| Calendar year (or fiscal year beginning in) | (a) 2007 | (b) 2008 | (c) 2009 | (d) 2010 | (e) 2011 | (f) Total |
|---|---|---|---|---|---|---|
| 1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ") | | | | | | |
| 2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose | | | | | | |
| 3 Gross receipts from activities that are not an unrelated trade or business under section 513 | | | | | | |
| 4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf | | | | | | |
| 5 The value of services or facilities furnished by a governmental unit to the organization without charge | | | | | | |
| 6 **Total.** Add lines 1 through 5 | | | | | | |
| 7a Amounts included on lines 1, 2, and 3 received from disqualified persons | | | | | | |
| b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year | | | | | | |
| c Add lines 7a and 7b | | | | | | |
| 8 **Public Support** (Subtract line 7c from line 6 ) | | | | | | |

## Section B. Total Support

| Calendar year (or fiscal year beginning in) | (a) 2007 | (b) 2008 | (c) 2009 | (d) 2010 | (e) 2011 | (f) Total |
|---|---|---|---|---|---|---|
| 9 Amounts from line 6 | | | | | | |
| 10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources | | | | | | |
| b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 | | | | | | |
| c Add lines 10a and 10b | | | | | | |
| 11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on | | | | | | |
| 12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV ) | | | | | | |
| 13 **Total support** (Add lines 9, 10c, 11 and 12 ) | | | | | | |

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

## Section C. Computation of Public Support Percentage

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

## Section D. Computation of Investment Income Percentage

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

19a **33 1/3% support tests—2011.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2010.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

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

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

| Facts And Circumstances Test |
| --- |
| |

**Explanation**

## Additional Data

**Software ID:**
**Software Version:**
**EIN:** 75-1912147
**Name:** UNITED REGIONAL HEALTH CARE SYSTEM

**Form 990, Special Condition Description:**

| Special Condition Description |
| --- |

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**SCHEDULE D** (Form 990)

Department of the Treasury
Internal Revenue Service

# Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

**2011**

**Open to Public Inspection**

**Name of the organization**
UNITED REGIONAL HEALTH CARE SYSTEM

**Employer identification number**
75-1912147

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

| | (a) Current Year | (b) Prior Year | (c) Two Years Back | (d) Three Years Back | (e) Four Years Back |
|---|---|---|---|---|---|
| 1a Beginning of year balance | 1,363,593 | 1,293,792 | 1,188,415 | | |
| b Contributions | 216,940 | 69,801 | 105,377 | | |
| c Investment earnings or losses | | | | | |
| d Grants or scholarships | | | | | |
| e Other expenditures for facilities and programs | | | | | |
| f Administrative expenses | | | | | |
| g End of year balance | 1,580,533 | 1,363,593 | 1,293,792 | | |

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

- a Board designated or quasi-endowment ▶ 79 420 %
- b Permanent endowment ▶ 20 580 %
- 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) | | No |
| (ii) related organizations | 3a(ii) | Yes | |
| b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R? | 3b | Yes | |

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 | | 14,849,509 | | 14,849,509 |
| b Buildings | | 175,424,915 | 72,755,649 | 102,669,266 |
| c Leasehold improvements | | | | |
| d Equipment | | 182,729,773 | 135,720,980 | 47,008,793 |
| e Other | | 3,974,032 | 834,112 | 3,139,920 |
| **Total.** Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶ | | | | 167,667,488 |

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

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

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

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

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

| (a) Description | (b) Book value |
|---|---|
| (1) DUE FROM AFFILIATE | 25,316,656 |
| (2) DUE FROM PHYSICIANS | 88,989 |
| (3) INTEREST RECEIVABLE | 420,740 |
| (4) UNAMORTIZED BOND COST | 504,616 |
| | |
| | |
| | |
| | |
| | |
| **Total.** *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶ | 26,331,001 |

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

| 1 (a) Description of Liability | (b) Amount |
|---|---|
| Federal Income Taxes | 0 |
| ESTIMATED THIRD-PARTY PAYOR SETTLEMENTS | 12,862,370 |
| SELF-INSURANCE LIABILITY | 11,110,050 |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| **Total.** *(Column (b) should equal Form 990, Part X, col (B) line 25 )* ▶ | 23,972,420 |

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

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

| | | | |
|---|---|---|---|
| 1 | Total revenue (Form 990, Part VIII, column (A), line 12) | 1 | 320,353,859 |
| 2 | Total expenses (Form 990, Part IX, column (A), line 25) | 2 | 263,454,534 |
| 3 | Excess or (deficit) for the year Subtract line 2 from line 1 | 3 | 56,899,325 |
| 4 | Net unrealized gains (losses) on investments | 4 | -10,217,751 |
| 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 | -10,217,751 |
| 10 | Excess or (deficit) for the year per financial statements Combine lines 3 and 9 | 10 | 46,681,574 |

## 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 | 283,551,442 |
| 2 | Amounts included on line 1 but not on Form 990, Part VIII, line 12 | | | | |
| a | Net unrealized gains on investments | 2a | -10,217,751 | | |
| 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 | -10,217,751 |
| 3 | Subtract line **2e** from line **1** | | | 3 | 293,769,193 |
| 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 | 698,931 | | |
| b | Other (Describe in Part XIV) | 4b | 25,885,735 | | |
| c | Add lines **4a** and **4b** | | | 4c | 26,584,666 |
| 5 | Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12 ) | | | 5 | 320,353,859 |

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

| | | | | | |
|---|---|---|---|---|---|
| 1 | Total expenses and losses per audited financial statements | | | 1 | 236,869,868 |
| 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 | 236,869,868 |
| 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 | 698,931 | | |
| b | Other (Describe in Part XIV) | 4b | 25,885,735 | | |
| c | Add lines **4a** and **4b** | | | 4c | 26,584,666 |
| 5 | Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18 ) | | | 5 | 263,454,534 |

## 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 |
|---|---|---|
| RECONCILIATION OF REVENUE PER FINANCIAL STATEMENTS TO FORM 990 | SCHEDULE D, PART XII, LINE 4B | REVENUE ON RETURN, NOT ON BOOKS BAD DEBTS EXPENSE INCLUDED IN REVENUE ON AUDIT $ 25,658,778 PHYSICIAN INCOME INCLUDED IN EXPENSE ON AUDIT 83,498 CONTRIBUTION EXPENSE INCLUDED IN REVENUE ON AUDIT 142,887 CLASSIFICATION DIFFERENCES 572 ---------- $ 25,885,735 |
| RECONCILIATION OF EXPENSES PER FINANCIAL STATEMENTS TO FORM 990 | SCHEDULE D, PART XIII, LINE 4B | EXPENSES ON RETURN, NOT ON BOOKS BAD DEBTS EXPENSE INCLUDED IN REVENUE ON AUDIT $ 25,658,778 PHYSICIAN INCOME INCLUDED IN EXPENSE ON AUDIT 83,498 CONTRIBUTION EXPENSE INCLUDED IN REVENUE ON AUDIT 142,887 CLASSIFICATION DIFFERENCES 572 ---------- $ 25,885,735 |
| INTENDED USE OF THE ORGANIZATION'S ENDOWMENT FUNDS | SCHEDULE D, PART V, LINE 4 | THE ENDOWMENT INCLUDES BOTH DONOR-RESTRICTED ENDOWMENT FUNDS AND FUNDS DESIGNATED BY THE BOARD OF DIRECTORS FUNDS ARE USED TO ADVANCE AND PROMOTE THE HEALTH AND WELL-BEING OF PEOPLE AND ORGANIZATIONS IN THE COMMUNITY AND SURROUNDING AREAS |

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

# Hospitals

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

OMB No 1545-0047

2011

Open to Public Inspection

**Name of the organization**
UNITED REGIONAL HEALTH CARE SYSTEM

**Employer identification number**
75-1912147

## Part I Charity Care and Certain Other Community Benefits at Cost

| | | | Yes | No |
|---|---|---|---|---|
| 1a | Did the organization have a charity care policy? If "No," skip to question 6a | 1a | Yes | |
| b | If "Yes," is it a written policy? | 1b | Yes | |
| 2 | If the organization had multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals<br>☑ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals<br>☐ Generally tailored to individual hospitals | | | |
| 3 | Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients during the tax year | | | |
| a | Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care<br>☐ 100% ☐ 150% ☐ 200% ☑ Other **175. %** | 3a | Yes | |
| b | Did the organization use FPG to determine eligibility for providing *discounted* care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care<br>☐ 200% ☐ 250% ☐ 300% ☐ 350% ☑ 400% ☐ Other **%** | 3b | Yes | |
| c | If the organization did not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care | 4 | Yes | |
| 4 | Did the organization's policy provide free or discounted care to the "medically indigent"? | 5a | Yes | |
| 5a | Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? | 5b | Yes | |
| b | If "Yes," did the organization's charity care expenses exceed the budgeted amount? | 5c | | No |
| c | If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care? | 6a | Yes | |
| 6a | Did the organization prepare a community benefit reportduring the tax year? | 6b | Yes | |
| 6b | If "Yes," did the organization make it available to the public? | | | |
| | Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H | | | |

**7** Charity Care and Certain Other Community Benefits at Cost

| Charity Care and Means-Tested Government Programs | (a) Number of activities or programs (optional) | (b) Persons served (optional) | (c) Total community benefit expense | (d) Direct offsetting revenue | (e) Net community benefit expense | (f) Percent of total expense |
|---|---|---|---|---|---|---|
| a Charity care at cost (from Worksheet 1) | | | 29,325,156 | 9,096,184 | 20,228,972 | 8 510 % |
| b Medicaid (from Worksheet 3, column a) | | | 26,638,752 | 38,647,565 | | |
| c Costs of other means-tested government programs (from Worksheet 3, column b) | | | 836,244 | 620,789 | 215,455 | 0 090 % |
| d **Total** Charity Care and Means-Tested Government Programs | | | 56,800,152 | 48,364,538 | 20,444,427 | 8 600 % |
| **Other Benefits** | | | | | | |
| e Community health improvement services and community benefit operations (from (Worksheet 4) | | | | | | |
| f Health professions education (from Worksheet 5) | | | 650,448 | 690,619 | | |
| g Subsidized health services (from Worksheet 6) | | | 16,289,723 | 8,201,072 | 8,088,651 | 3 400 % |
| h Research (from Worksheet 7) | | | | | | |
| i Cash and in-kind contributions for community benefit (from Worksheet 8) | | | 12,015,849 | | 12,015,849 | 5 050 % |
| j **Total** Other Benefits | | | 28,956,020 | 8,891,691 | 20,104,500 | 8 450 % |
| k **Total.** Add lines 7d and 7j | | | 85,756,172 | 57,256,229 | 40,548,927 | 17 050 % |

**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 Heathcare Financial Management Association Statement No 15? | | 1 | | No |
| 2 | Enter the amount of the organization's bad debt expense | 2 | 6,264,107 | | |
| 3 | Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy | 3 | 626,411 | | |
| 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 | 88,611,134 | | |
| 6 | Enter Medicare allowable costs of care relating to payments on line 5 | 6 | 90,272,825 | | |
| 7 | Subtract line 6 from line 5 This is the surplus or (shortfall) | 7 | -1,661,691 | | |
| 8 | Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used | | | | |

☐ Cost accounting system ☐ Cost to charge ratio ☑ Other

**Section C. Collection Practices**

| | | | | | |
|---|---|---|---|---|---|
| 9a | Did the organization have a written debt collection policy during the tax year? | | 9a | Yes | |
| b | If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI | | 9b | 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 | | | | | |
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| 12 | | | | | |
| 13 | | | | | |

## Part V Facility Information

### Section A. Hospital Facilities

(list in order of size from largest to smallest)

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

| | Name and address | Licensed hospital | General medical & surgical | Children's hospital | Teaching hospital | Critical access hospital | Research facility | ER-24 hours | ER-other | Other (Describe) |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | UNITED REGIONAL HEALTH CARE SYSTEM<br>1600 ELEVENTH STREET<br>WICHITA FALLS,TX 76301 | X | X | | X | | | X | | |
| | | | | | | | | | | |
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## 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)

UNITED REGIONAL HEALTH CARE SYSTEM

**Name of Hospital Facility:** _____

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

| | | Yes | No |
|---|---|---|---|
| **Community Health Needs Assessment** (Lines 1 through 7 are optional for 2011) | | | |
| **1** During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 . . . . . | **1** | | |
| If "Yes," indicate what the Needs Assessment describes (check all that apply) | | | |
| **a** ☐ A definition of the community served by the hospital facility | | | |
| **b** ☐ Demographics of the community | | | |
| **c** ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community | | | |
| **d** ☐ How data was obtained | | | |
| **e** ☐ The health needs of the community | | | |
| **f** ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups | | | |
| **g** ☐ The process for identifying and prioritizing community health needs and services to meet those needs | | | |
| **h** ☐ The process for consulting with persons representing the community's interests | | | |
| **i** ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs | | | |
| **j** ☐ Other (describe in Part VI) | | | |
| **2** Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ___ | | | |
| **3** In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted | **3** | | |
| **4** Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI . . . . . | **4** | | |
| **5** Did the hospital facility make its Needs Assessment widely available to the public? . . . . . | **5** | | |
| If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) | | | |
| **a** ☐ Hospital facility's website | | | |
| **b** ☐ Available upon request from the hospital facility | | | |
| **c** ☐ Other (describe in Part VI) | | | |
| **6** If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) | | | |
| **a** ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community | | | |
| **b** ☐ Execution of the implementation strategy | | | |
| **c** ☐ Development of a community-wide community benefit plan for the facility | | | |
| **d** ☐ Participation in community-wide community benefit plan | | | |
| **e** ☐ Inclusion of a community benefit section in operational plans | | | |
| **f** ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA | | | |
| **g** ☐ Prioritization of health needs in the community | | | |
| **h** ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community | | | |
| **i** ☐ Other (describe in Part VI) | | | |
| **7** Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs | **7** | | |
| **Financial Assistance Policy** | | | |
| Did the hospital facility have in place during the tax year a written financial assistance policy that | | | |
| **8** Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care? | **8** | Yes | |
| **9** Used federal poverty guidelines (FPG) to determine eligibility for providing free care? . . . . . | **9** | Yes | |
| If "Yes," indicate the FPG family income limit for eligibility for free care 175 % | | | |
| If "No," explain in Part VI the criteria the hospital facility used | | | |

## Part V Facility Information *(continued)*

| | | Yes | No |
|---|---|---|---|
| **10** Used FPG to determine eligibility for providing discounted care? | **10** | Yes | |
| If "Yes," indicate the FPG family income limit for eligibility for discounted care 400 % | | | |
| If "No," explain in Part VI the criteria the hospital facility used | | | |
| **11** Explained the basis for calculating amounts charged to patients? | **11** | Yes | |
| If "Yes," indicate the factors used in determining such amounts (check all that apply) | | | |
| **a** ☑ Income level | | | |
| **b** ☑ Asset level | | | |
| **c** ☑ Medical indigency | | | |
| **d** ☐ Insurance status | | | |
| **e** ☐ Uninsured discount | | | |
| **f** ☑ Medicaid/Medicare | | | |
| **g** ☑ State regulation | | | |
| **h** ☐ Other (describe in Part VI) | | | |
| **12** Explained the method for applying for financial assistance? | **12** | Yes | |
| **13** Included measures to publicize the policy within the community served by the hospital facility? | **13** | Yes | |
| If "Yes," indicate how the hospital facility publicized the policy (check all that apply) | | | |
| **a** ☑ The policy was posted at all times on the hospital facility's web site | | | |
| **b** ☑ The policy was attached to all billing invoices | | | |
| **c** ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms | | | |
| **d** ☑ The policy was posted in the hospital facility's admissions offices | | | |
| **e** ☐ The policy was provided, in writing, to patients upon admission to the hospital facility | | | |
| **f** ☑ The policy was available upon request | | | |
| **g** ☐ Other (describe in Part VI) | | | |
| **Billing and Collections** | | | |
| **14** Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment? | **14** | Yes | |
| **15** Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP | | | |
| **a** ☐ Reporting to credit agency | | | |
| **b** ☐ Lawsuits | | | |
| **c** ☐ Liens on residences | | | |
| **d** ☐ Body attachments or arrests | | | |
| **e** ☐ Other similar actions (describe in Part VI) | | | |
| **16** Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? | **16** | | No |
| If "Yes," check all actions in which the hospital facility or a third party engaged | | | |
| **a** ☐ Reporting to credit agency | | | |
| **b** ☐ Lawsuits | | | |
| **c** ☐ Liens on residences | | | |
| **d** ☐ Body attachments | | | |
| **e** ☐ Other similar actions (describe in Part VI) | | | |
| **17** Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) | | | |
| **a** ☐ Notified patients of the financial assistance policy upon admission | | | |
| **b** ☐ Notified patients of the financial assistance policy prior to discharge | | | |
| **c** ☐ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills | | | |
| **d** ☐ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy | | | |
| **e** ☑ Other (describe in Part VI) | | | |

## Part V Facility Information *(continued)*

### Policy Relating to Emergency Medical Care

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

### Individuals Eligible for Financial Assistance

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

**Part V Facility Information** *(continued)*

**Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility**
(list in order of size from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? **2**

| | Name and address | Type of Facility (Describe) |
|---|---|---|
| 1 | WICHITA FALLS ENDOSCOPY CENTER<br>1500 TENTH STREET<br>WICHITA FALLS,TX 76301 | AMBULATORY SURGERY CENTER |
| 2 | TEXOMA CANCER CENTER<br>5400 KELL WEST BLVD<br>WICHITA FALLS,TX 76301 | CANCER TREATMENT CENTER |
| 3 | | |
| 4 | | |
| 5 | | |
| 6 | | |
| 7 | | |
| 8 | | |
| 9 | | |
| 10 | | |

## Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21

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

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

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

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

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

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

| Identifier | ReturnReference | Explanation |
|---|---|---|
| PART I, LINE 6A | | THE ORGANIZATION'S COMMUNITY BENEFIT REPORT CAN BE OBTAINED BY REQUEST FROM UNITED REGIONAL ADMINISTRATION OFFICES OR COMMUNITY BENEFITS OFFICES THE COMMUNITY BENEFIT REPORT IS ALSO ON FILE WITH THE HEALTH AND HUMAN SERVICES COMMISSION OF THE STATE OF TEXAS |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| PART I, LINE 7 | | THE COST TO CHARGE RATIO CALCULATED IN WORKSHEET 2 WAS USED TO DETERMINE COST FOR LINES 7A, 7B AND 7C ACTUAL COST PER GENERAL LEDGER WAS USED TO DETERMINE AMOUNTS ON LINE 7F, 7G AND 7I |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| PART I, LINE 7G | | COSTS OF $10,895,322 WERE INCLUDED IN SUBSIDIZED HEALTH SERVICES ON LINE 7G FOR COMMUNITY CLINICS |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| PART I, LINE 7, COLUMN F | | THE ORGANIZATION HAD BAD DEBT EXPENSE IN THE AMOUNT OF $25,658,778 REPORTED ON PART IX, LINE 25, HOWEVER, IT HAS BEEN SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| PART II, LINE 8 | | UNITED REGIONAL HEALTH CARE SYSTEM IS LOCATED IN A FEDERALLY DESIGNATED PHYSICIAN SHORTAGE AREA THE AMOUNT INCLUDED ON PART II, LINE 8 FOR RECRUITMENT OF PHYSICIANS INCLUDES SIGN-ON BONUS AMOUNTS, STIPENDS, RELOCATION EXPENSES, AGENCY FEES, TRAVEL, INTERVIEW EXPENSES AND STAFF CONDUCTING THE INTERVIEWS |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| PART III, LINE 4 | | THE ORGANIZATION'S BAD DEBT EXPENSE AT COST WAS CALCULATED USING THE EXPENSE REPORTED ON THE FINANCIAL STATEMENTS AND APPLYING AN OVERALL COST-TO-CHARGE RATIO CALCULATED FROM WORKSHEET 2 THE ESTIMATED AMOUNT OF THE ORGANIZATION'S BAD DEBT EXPENSE ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER THE FINANCIAL ASSISTANCE POLICY WAS DETERMINED BY ESTIMATING THAT 10% OF THE BAD DEBT AT COST WOULD LIKELY BE CHARITY CARE THIS IS THE APPROXIMATE PERCENTAGE OF PATIENTS NOT COMPLETING THE PAPER WORK TO APPLY FOR CHARITY CARE BAD DEBT EXPENSE REPRESENTS GROSS CHARGES ADJUSTED FOR APPROPRIATE DISCOUNTS AND PAYMENTS ON ACCOUNTS AUDITED FINANCIAL STATEMENT FOOTNOTE ACCOUNTS RECEIVABLE ARE REDUCED BY AN ALLOWANCE FOR DOUBTFUL ACCOUNTS IN EVALUATING THE COLLECTABILITY OF ACCOUNTS RECEIVABLE, URHCS ANALYZES ITS PAST HISTORY AND IDENTIFIES TRENDS FOR EACH OF ITS MAJOR PAYER SOURCES OF REVENUE TO ESTIMATE THE APPROPRIATE ALLOWANCE FOR DOUBTFUL ACCOUNTS AND PROVISION FOR UNCOLLECTIBLE ACCOUNTS MANAGEMENT REGULARLY REVIEWS DATA ABOUT THESE MAJOR PAYER SOURCES OF REVENUE IN EVALUATING THE SUFFICIENCY OF THE ALLOWANCE FOR DOUBTFUL ACCOUNTS FOR RECEIVABLES ASSOCIATED WITH SERVICES PROVIDED TO PATIENTS WHO HAVE THIRD-PARTY COVERAGE, URHCS ANALYZES CONTRACTUALLY DUE AMOUNTS AND PROVIDES AN ALLOWANCE FOR DOUBTFUL ACCOUNTS AND A PROVISION FOR UNCOLLECTIBLE ACCOUNTS, IF NECESSARY (FOR EXAMPLE, FOR EXPECTED UNCOLLECTIBLE DEDUCTIBLES AND COPAYMENTS ON ACCOUNTS FOR WHICH THE THIRD-PARTY PAYER HAS NOT YET PAID, OR FOR PAYERS WHO ARE KNOWN TO BE HAVING FINANCIAL DIFFICULTIES THAT MAKE THE REALIZATION OF AMOUNTS DUE UNLIKELY) FOR RECEIVABLES ASSOCIATED WITH SELF-PAY PATIENTS, WHICH INCLUDES BOTH PATIENTS WITHOUT INSURANCE AND PATIENTS WITH DEDUCTIBLE AND COPAYMENT BALANCES DUE FOR WHICH THIRD-PARTY COVERAGE EXISTS FOR PART OF THE BILL, URHCS RECORDS A SIGNIFICANT PROVISION FOR UNCOLLECTIBLE ACCOUNTS IN THE PERIOD OF SERVICE ON THE BASIS OF ITS PAST EXPERIENCE, WHICH INDICATES THAT MANY PATIENTS ARE UNABLE OR UNWILLING TO PAY THE PORTION OF THEIR BILL FOR WHICH THEY ARE FINANCIALLY RESPONSIBLE THE DIFFERENCES BETWEEN THE STANDARD RATES (OR THE DISCOUNTED RATES IF NEGOTIATED OR PROVIDED BY POLICY) AND THE AMOUNTS ACTUALLY COLLECTED AFTER ALL REASONABLE COLLECTION EFFORTS HAVE BEEN EXHAUSTED IS CHARGED OFF AGAINST THE ALLOWANCE FOR DOUBTFUL ACCOUNTS URHCS ALLOWANCE FOR DOUBTFUL ACCOUNTS FOR SELF-PAY PATIENTS WAS APPROXIMATELY 92 00% SELF-PAY ACCOUNTS RECEIVABLE AT DECEMBER 31, 2011, AND DECEMBER 31, 2010 URHCS' WRITE-OFFS INCREASED APPROXIMATELY $11,680,000 FROM APPROXIMATELY $18,054,000 FOR THE YEAR ENDED DECEMBER 31, 2010, TO APPROXIMATELY $29,734,000 FOR THE YEAR ENDED DECEMBER 31, 2011 THIS INCREASE WAS PRIMARILY DUE TO A GROWTH IN VOLUME FROM SELF-PAY PATIENTS IN FISCAL YEAR 2011 A LARGE PORTION OF THE INCREASE IN SELF-PAY PATIENTS WAS DUE TO A SIGNIFICANT INCREASE IN THE PATIENT RESPONSIBILITY PORTION OF COMMERCIALLY INSURED PATIENTS DUE TO INSURANCE PLAN DESIGN CHANGES OF MANY EMPLOYERS |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| PART III, LINE 8 | | THE CURRENT TEXAS COMMUNITY BENEFIT STANDARD RECOGNIZES THAT MEDICARE DOES NOT PAY THE FULL COST OF SERVICES PROVIDED UNDER THE MEDICARE PROGRAM COMMUNITY BENEFIT REPORTING FOR THE STATE INCLUDES ALL MEDICARE SHORTFALLS AS COMMUNITY BENEFIT THE HOSPITAL BELIEVES THE SAME RATIONALE SHOULD APPLY FOR IRS PURPOSES THE HOSPITAL USES MEDICARE COST REPORT METHODOLOGY TO DETERMINE MEDICARE ALLOWABLE COST, WHICH APPORTIONS ROUTINE COSTS (ROOM AND BOARD) BASED ON MEDICARE OR MEDICAID DAYS TO TOTAL DAYS AND APPORTIONS ANCILLARY COSTS BASED ON PROGRAM CHARGES TO TOTAL CHARGES |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| PART III, LINE 9B | | HOSPITAL PERSONNEL MAKE GOOD FAITH EFFORTS TO INFORM PATIENTS OF THE AVAILABILITY OF FINANCIAL ASSISTANCE, GOVERNMENTAL PROGRAMS AND ASSISTANCE IN APPLYING SECTION 6 6 OF THE CHARITY AND BAD DEBT POLICY STATES "AS SOON AS SUFFICIENT INFORMATION IS AVAILABLE CONCERNING THE PATIENT'S FINANCIAL RESOURCES AND ELIGIBILITY FOR GOVERNMENTAL ASSISTANCE, A DETERMINATION WILL BE MADE CONCERNING THE PATIENT'S ELIGIBILITY FOR CHARITY IN MOST CASES, THE DETERMINATION DECISION WILL BE MADE WITHIN 10 BUSINESS DAYS A WRITTEN NOTICE WILL BE MAILED TO THE PATIENT INFORMING THEM OF THE DETERMINATION DECISION NO COLLECTION EFFORTS WILL BE PURSUED ON A CHARITY ACCOUNT FOR THE ELIGIBLE AMOUNT AFTER SUCH DETERMINATION IS MADE " |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| FILING OF COMMUNITY BENEFIT REPORT | | URHCS FILES AN ANNUAL STATEMENT OF COMMUNITY BENEFIT STANDARDS (ASCBS) WITH THE STATE OF TEXAS THE CALCULATION OF COMMUNITY BENEFIT FOR THE ASCBS DIFFERS FROM THE CALCULATIONS REQUIRED FOR THE IRS SCHEDULE H REPORTING THEREFORE, THE INFORMATION REPORTED IN THE TWO REPORTS IS INCONSISTENT |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| NEEDS ASSESSMENT | | UNITED REGIONAL HEALTH CARE SYSTEM PROVIDES EMERGENCY, TRAUMA, OUTPATIENT AND SHORT TERM GENERAL ACUTE CARE INPATIENT CARE IN THE WICHITA FALLS AREA IN CONJUNCTION WITH OTHER INTERESTED ORGANIZATIONS, IT UNDERTAKES PROJECTS TO ASSESS THE HEALTHCARE NEEDS OF THE COMMUNITIES IT SERVES FOR EXAMPLE, URHCS COLLABORATES WITH OTHER COMMUNITY HEALTH ORGANIZATIONS TO CREATE A "HEALTHY WICHITA" REPORT WHICH IS UPDATED PERIODICALLY THIS REPORT ASSESSES THE HEALTHCARE SERVICES PROVIDED IN THE COMMUNITY TO COMPARE THE OUTCOMES TO STATE AND FEDERAL OUTCOMES AND DETERMINE IF THE COMMUNITY HEALTH NEEDS ARE BEING MET |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE | | THE HOSPITAL INFORMS PATIENTS OF THE CHARITY CARE PROGRAM AND HOW TO APPLY FOR CHARITY CARE THIS IS DONE BY POSTING NOTICES IN PATIENT REGISTRATION AREAS AND PROVIDING WRITTEN NOTICES TO PATIENTS ALL PATIENT STATEMENTS HAVE AN ASSISTANCE APPLICATION ON THE REVERSE SIDE AND AN ALERT ON THE FRONT FOR THOSE ELIGIBLE OR INTERESTED IN APPLYING THIS INCLUDES ALL STATEMENT NOTIFICATIONS AND NOT JUST PATIENT SHARE STATEMENTS FURTHERMORE, IT IS THE POLICY OF URHCS TO ASSIST PATIENTS WITH INFORMATION AND RESOURCES FOR POTENTIALLY QUALIFYING FOR GOVERNMENTAL OR OTHER FINANCIAL ASSISTANCE PROGRAMS THE BUSINESS OFFICE WILL REFER THOSE PATIENTS WHO MAY QUALIFY FOR FINANCIAL ASSISTANCE FROM A GOVERNMENTAL PROGRAM TO THE APPROPRIATE PROGRAM, SUCH AS MEDICAID, COUNTY INDIGENT, CRIME VICTIMS, OR OTHER PROGRAM, OR TO THE HOSPITAL'S CONTRACTED ELIGIBILITY VENDOR FOR SCREENING FOR GOVERNMENTAL PROGRAM COVERAGE |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| COMMUNITY INFORMATION | | URHCS PRIMARY SERVICE AREA IS MADE UP OF THE CBSA OF WICHITA, ARCHER AND CLAY COUNTIES WICHITA COUNTY CONTAINS THE CITY OF WICHITA FALLS WHERE URHCS IS LOCATED ACCORDING TO THE HUMAN RESOURCES AND SERVICES ADMINISTRATION, US DEPARTMENT OF HEALTH AND HUMAN SERVICES, WICHITA COUNTY HAS SEVERAL CENSUS TRACTS FEDERALLY DESIGNATED AS MEDICALLY UNDERSERVED, INCLUDING CENSUS TRACT 102 WHERE URHCS IS LOCATED ARCHER AND CLAY COUNTIES HAVE BEEN DECLARED TO BE MEDICALLY UNDERSERVED COUNTIES 2010 CENSUS DATA FOR WICHITA COUNTY IS AS FOLLOWS MEDIAN HOUSEHOLD INCOME (2009) $ 41,862 PER CAPITA INCOME (2009) 22,529 UNDER AGE 18 CHILDREN BELOW POVERTY LEVEL 20 9% MEDIAN EARNINGS OF FULL-TIME WORKERS, FEMALE 21,885 PERSONS BELOW POVERTY LEVEL (2008) 15 4% URHCS SERVES A DISPORTIONATE SHARE OF LOW-INCOME PATIENTS AND QUALIFIES AS A DISPORTIONATE SHARE HOSPITAL FOR BOTH THE MEDICARE AND MEDICAID PROGRAMS |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| PROMOTION OF COMMUNITY HEALTH | | THE HOSPITAL IS GOVERNED BY A BOARD OF DIRECTORS THAT REPRESENTS THE COMMUNITIES IN WHICH THE ORGANIZATION OPERATES URHCS EXTENDS MEDICAL STAFF PRIVILEGES TO ALL QUALIFIED PHYSICIANS IN ITS COMMUNITY UNITED REGIONAL OPERATES A LEVEL 3 TRAUMA UNIT FOR THE REGION THE HOSPITAL CONTRACTS WITH A FAMILY RESIDENCY PROGRAM TO ASSIST IN TRAINING PRIMARY CARE PHYSICIANS AS WELL AS TRAINING COURSES FOR NURSING AND ALLIED HEALTH PROFESSIONALS FOR THE COMMUNITIES IT SERVES THE HOSPITAL PARTICIPATES IN MEDICAID AND IS THE MANDATED COUNTY HEALTHCARE FACILITY URHCS REINVESTS SURPLUS FUNDS IN THE FACILITIES TO ENSURE PATIENTS ARE PROVIDED WITH STATE OF THE ART MEDICAL CARE |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| DETERMINATION FOR BILLING FOR EMERGENCY CARE | PART V, SECTION B, LINE 19 | INDIVIDUALS WHO DID NOT HAVE INSURANCE AND QUALIFY FOR FINANCIAL ASSISTANCE CAN HAVE UP TO 100% OF THE HOSPITAL SERVICE CHARGES REDUCED TO ZERO INDIVIDUALS THAT PARTIALLY QUALIFY FOR ASSISTANCE WILL HAVE THEIR BILLS REDUCED LOWER THAN THE AGGREGATE OF THE THREE LOWEST NEGOTIATED COMMERCIAL INSURANCE RATES |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| PART V, LINE 17E | | NEITHER THE UNITED REGIONAL HEALTH CARE SYSTEM, NOR THIRD PARTIES AUTHORIZED BY URHCS, TAKE ANY ACTIONS UPON NON-PAYMENT FROM A PATIENT BEFORE MAKING A REASONABLE EFFORT TO DETERMINE IF THE PATIENT IS ELIGIBLE FOR THE FACILITY'S FINANCIAL ASSISTANCE POLICY |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| STATE FILING OF COMMUNITY BENEFIT REPORT | 990 SCHEDULE H, PART VI | TX, |

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**Schedule I (Form 990)**

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

**2011**

**Open to Public Inspection**

Name of the organization
UNITED REGIONAL HEALTH CARE SYSTEM

**Employer identification number**
75-1912147

## Part I General Information on Grants and Assistance

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

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

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

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

| (a) Name and address of organization or government | (b) EIN | (c) IRC Code section if applicable | (d) Amount of cash grant | (e) Amount of non-cash assistance | (f) Method of valuation (book, FMV, appraisal, other) | (g) Description of non-cash assistance | (h) Purpose of grant or assistance |
|---|---|---|---|---|---|---|---|
| (1) MIDWESTERN STATE UNIVERSITY3410 TAFT BOULEVARD WICHITA FALLS,TX 76308 | 75-6001738 | GOVERNMENTAL | 100,000 | | | | CONTRIBUTION |
| (2) SERVICE ORGANIZATION OF NORTH TEXAS2950 50TH STREET LUBBOCK,TX 76413 | 80-0368789 | 501(C)(3) | 11,800,000 | | | | CONTRIBUTION |
| | | | | | | | |
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2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . ▶ 2

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

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

| (a) Type of grant or assistance | (b) Number of recipients | (c) Amount of cash grant | (d) Amount of non-cash assistance | (e) Method of valuation (book, FMV, appraisal, other) | (f) Description of non-cash assistance |
|---|---|---|---|---|---|
| | | | | | |
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**Part IV** **Supplemental Information.** Complete this part to provide the information required in Part I, line 2, and any other additional information.

| Identifier | Return Reference | Explanation |
|---|---|---|
| PROCESS TO MONITOR USE OF GRANT FUNDS IN U S | SCHEDULE I, PART I, LINE 2 | UNITED REGIONAL HEALTH CARE SYSTEM PROVIDES GENERAL CONTRIBUTIONS TO THE COMMUNITY AND NATIONAL CHARITIES FOR THE FURTHERANCE OF THEIR MISSION THE ORGANIZATIONS MAKE THEIR REQUESTS IN WRITING THESE CONTRIBUTIONS ARE REVIEWED AND APPROVED BY APPROPRIATELY AUTHORIZED BOARD ACTION, OR OFFICERS, OR EMPLOYEES AS APPROPRIATE IN THE CIRCUMSTANCE IN EACH INSTANCE OF SUCH CONTRIBUTION BEING MADE UNITED REGIONAL FOLLOWS UP WITH EACH ORGANIZATION TO MAKE SURE EACH CONTRIBUTION WAS USED FOR ITS INTENDED PURPOSE |

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**Schedule J** (Form 990)

Department of the Treasury
Internal Revenue Service

# Compensation Information

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

OMB No 1545-0047

**2011**

**Open to Public Inspection**

**Name of the organization**
UNITED REGIONAL HEALTH CARE SYSTEM

**Employer identification number**
75-1912147

## Part I Questions Regarding Compensation

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

**Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use Schedule J-1 if additional space needed.

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

**Note.** The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, columns (D) and (E) for that individual

| (A) Name | | (B) Breakdown of W-2 and/or 1099-MISC compensation | | | (C) Retirement and other deferred compensation | (D) Nontaxable benefits | (E) Total of columns (B)(i)-(D) | (F) Compensation reported in prior Form 990 or Form 990-EZ |
|---|---|---|---|---|---|---|---|---|
| | | (i) Base compensation | (ii) Bonus & incentive compensation | (iii) Other reportable compensation | | | | |
| (1) DR KEVIN THOMAS | (i) | 186,044 | 0 | 0 | 0 | 0 | 186,044 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (2) PHYLLIS COWLING | (i) | 456,437 | 129,160 | 50,660 | 61,000 | 10,798 | 708,055 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (3) ROBERT PERT | (i) | 261,304 | 71,862 | 30,756 | 11,443 | 25,441 | 400,806 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (4) NANCY TOWNLEY | (i) | 278,373 | 77,978 | 20,845 | 10,372 | 23,829 | 411,397 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (5) DR JOHN SCOTT HOYER | (i) | 271,099 | 45,122 | 18,032 | 10,639 | 26,600 | 371,492 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (6) PAMELA BRADSHAW | (i) | 188,293 | 32,826 | 22,664 | 10,079 | 25,225 | 279,087 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (7) STEPHANIE JO BROWN | (i) | 160,823 | 24,339 | 21,189 | 6,629 | 12,020 | 225,000 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (8) RICHARD CARPENTER | (i) | 163,634 | 26,781 | 17,870 | 10,331 | 25,952 | 244,568 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (9) JERRY MARSHALL | (i) | 137,416 | 6,371 | 8,985 | 7,580 | 19,358 | 179,710 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (10) DWAYNE MCKEE | (i) | 134,846 | 2,996 | 7,239 | 7,748 | 20,172 | 173,001 | |
| | (ii) | | | | | | | |
| (11) MOHAMMAD RAMZAN | (i) | 122,298 | 2,638 | 4,729 | 6,958 | 17,818 | 154,441 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (12) SHELLEY MOSER | (i) | 122,380 | 922 | 4,244 | 5,238 | 19,142 | 151,926 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | | | | | | |
| | | | | | | | | |
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## 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 |
|---|---|---|
| BENEFITS PROVIDED BY THE ORGANIZATION | SCHEDULE J, PART I, LINE 1A | DUES FOR THE WICHITA FALLS COUNTRY CLUB ARE PAID FOR THE FOLLOWING STAFF MEMBERS IN ORDER FOR THE HOSPITAL TO HAVE USE OF THE FACILITIES FOR BUSINESS USE SINCE MEMBERSHIPS CANNOT BE HELD IN A COMPANY NAME THE DUES ARE $426 51 PER MONTH, OR $5,118 12 PER YEAR ANY PERSONAL CHARGES INCURRED ARE REQUIRED TO BE PAID BY THE EMPLOYEE PHYLLIS COWLING RICHARD CARPENTER ROBERT PERT |
| PARTICIPATION IN A SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN | SCHEDULE J, PART I, LINE 4B | URHCS OFFERS A DEFERRED COMPENSATION PLAN CERTAIN MANAGEMENT AND HIGHLY COMPENSATED EMPLOYEES MAY ELECT TO PARTICIPATE, IF ELIGIBLE, IN A DEFERRED COMPENSATION PLAN WHICH IS IN COMPLIANCE WITH THE IRC SECTION 457(F), ELIGIBLE DEFERRED COMPENSATION PLAN SPONSORED BY A TAX EXEMPT ORGANIZATION THE FOLLOWING INDIVIDUALS PARTICIPATED IN THE PLAN DURING THE 2011 TAX YEAR NAME AMOUNT ---------- PHYLLIS COWLING $ 16,500 ROBERT PERT 11,000 NANCY TOWNLEY 11,000 DR JOHN SCOTT HOYER 11,000 PAMELA BRADSHAW 9,000 STEPHANIE JO BROWN 8,000 RICHARD CARPENTER 8,000 UNITED REGIONAL HEALTH CARE SYSTEM ALSO OFFERS A NON-QUALIFIED RETIREMENT PLAN THE FOLLOWING INDIVIDUAL PARTICIPATED IN THE PLAN NAME AMOUNT ---------- PHYLLIS COWLING $ 46,300 |
| COMPENSATION CONTINGENT ON THE ORGANIZATION'S NET EARNINGS | SCHEDULE J, PART I, LINES 6A & 6B | A RANGE BETWEEN 20% AND 25% OF ANNUAL BONUS IS BASED ON CONSOLIDATED NET OPERATING INCOME OTHER BONUS CRITERIA INVOLVE QUALITY SCORES, SERVICE SCORES AND INDIVIDUAL GOALS |

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**Schedule K (Form 990)**

Department of the Treasury
Internal Revenue Service

# Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

**2011**

**Open to Public Inspection**

Name of the organization
UNITED REGIONAL HEALTH CARE SYSTEM

**Employer identification number**
75-1912147

## 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 | NORTH TEXAS HEALTHCARE FACILITIES DEVELOPMENT | 90-0049824 | 662823BS1 | 08-13-2003 | 34,519,436 | EXPAND CARDIOLOGY SERVICES AND OTH | | X | | X | | X |
| B | NORTH TEXAS HEALTHCARE FACILITIES DEVELOPMENT | 90-0049824 | 662823CG6 | 07-12-2007 | 93,891,074 | CONSTRUCTION OF BRIDWELL TOWER, CO | | X | | X | | X |

## Part II Proceeds

| | | A | B | C | D |
|---|---|---|---|---|---|
| 1 | Amount of bonds retired | 0 | 0 | | |
| 2 | Amount of bonds defeased | 0 | 0 | | |
| 3 | Total proceeds of issue | 34,519,436 | 93,891,074 | | |
| 4 | Gross proceeds in reserve funds | 3,477,883 | 4,384,937 | | |
| 5 | Capitalized interest from proceeds | 0 | 0 | | |
| 6 | Proceeds in refunding escrow | 0 | 26,749,095 | | |
| 7 | Issuance costs from proceeds | 476,750 | 2,757,042 | | |
| 8 | Credit enhancement from proceeds | 0 | 0 | | |
| 9 | Working capital expenditures from proceeds | 0 | 0 | | |
| 10 | Capital expenditures from proceeds | 30,564,803 | 60,000,000 | | |
| 11 | Other spent proceeds | 0 | 0 | | |
| 12 | Other unspent proceeds | 0 | 0 | | |
| 13 | Year of substantial completion | 2006 | 2010 | | |
| | | 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 ▶ | 0 % | | 0 % | | | | | |
| 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 ▶ | 0 % | | 0 % | | | | | |
| 6 | Total of lines 4 and 5 | 0 % | | 0 % | | | | | |
| 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 | 0 | | 0 | | | | | |
| 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 | 0 | | 0 | | | | | |
| 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)

Department of the Treasury
Internal Revenue Service

# Transactions with Interested Persons

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

OMB No 1545-0047

**2011**

**Open to Public Inspection**

**Name of the organization**
UNITED REGIONAL HEALTH CARE SYSTEM

**Employer identification number**
75-1912147

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

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

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

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

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

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

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

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

## Part III Grants or Assistance Benefitting Interested Persons.

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

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

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

| (a) Name of interested person | (b) Relationship between interested person and the organization | (c) Amount of transaction | (d) Description of transaction | (e) Sharing of organization's revenues? | |
|---|---|---|---|---|---|
| | | | | Yes | No |
| (1) BRANDON TOWNLEY | SON OF OFFICER | 77,039 | SALARIES/WAGES | | No |
| (2) LEO LANE | DIRECTOR | 339,991 | PROFESSIONAL FEES | | No |
| (3) LESLIE THOMAS | IN-LAW OF DIRECTOR | 17,919 | SALARIES/WAGES | | No |
| (4) SHELBY BRADSHAW | DAUGHTER OF VP OF NURSING | 14,225 | SALARIES/WAGES | | No |
| (5) ASHWINKUMAR PATEL MD | DIRECTOR | 607,401 | PROFESSIONAL FEES | | 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 |
|---|---|---|
| ADDITIONAL INFORMATION ON TRANSACTIONS WITH INTERESTED PERSONS | SCHEDULE L, PART IV | DR PATEL IS AN OWNER OF WICHITA FALLS DIALYSIS, THE COMPANY USED TO PROVIDE DIALYSIS TREATMENTS TO INPATIENTS OF THE HOSPITAL LEO LANE IS A VICE PRESIDENT WITH JAMES LANE PLUMBING, A COMPANY WHO PROVIDED SERVICES TO THE HOSPITAL |

**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
UNITED REGIONAL HEALTH CARE SYSTEM

**Employer identification number**
75-1912147

| Identifier | Return Reference | Explanation |
|---|---|---|
| OTHER CHANGES IN NET ASSETS | FORM 990, PART XI, LINE 5 | UNREALIZED GAINS & LOSSES $ 10,217,751 OTHER CHANGES IN NET ASSETS 195 ---------- $ 10,217,946 |
| DIFFERENCES IN VOTING RIGHTS FOR THE GOVERNING BODY | FORM 990, PART VI, LINE 1A | THE EXECUTIVE COMMITTEE SHALL BE COMPOSED OF THE CHAIR, SECRETARY, TREASURER, PAST CHAIR, AND PRESIDENT/CHIEF EXECUTIVE OFFICER, FIVE MEMBERS WHO ARE DIRECTORS, AND ONE ADDITIONAL DIRECTOR THE EXECUTIVE COMMITTEE HAS AUTHORITY TO TRANSACT ALL BUSINESS OF THE BOARD IN THE MANAGEMENT OF THE CORPORATION DURING THE PERIOD BETWEEN MEETINGS OF THE BOARD, SUBJECT TO LIMITATIONS SET FORTH IN THE BYLAWS AND ANY LIMITATIONS OTHERWISE IMPOSED BY THE BOARD THE EXECUTIVE COMMITTEE COORDINATES RECOMMENDATIONS FROM OTHER COMMITTEES OF THE BOARD, MAKE RECOMMENDATIONS TO THE BOARD ON ALL MATTERS OF POLICY, AND KEEPS THE BOARD ADVISED AT ALL TIMES CONCERNING THE STATE OF AFFAIRS OF THE CORPORATION THE EXECUTIVE COMMITTEE ACTS IN ALL PERSONNEL MATTERS INVOLVING EXECUTIVE AND MEDICAL STAFF PERSONNEL, INCLUDING SEARCH, SELECTION, EMPLOYMENT, COMPENSATION, MANAGEMENT PERFORMANCE REVIEW, CONTRACTS, AND BENEFITS, AND MAY APPOINT AN AD HOC COMMITTEE TO MAKE RECOMMENDATIONS TO IT IN ANY PARTICULAR SITUATION |
| RELATIONSHIPS AMONG OFFICERS, DIRECTORS, TRUSTEES, OR KEY EMPLOYEES | FORM 990, PART VI, LINE 2 | CARLA NICHOLS (DIRECTOR) HAS A BUSINESS RELATIONSHIP WITH MIKE ELYEA (DIRECTOR) LARRY COOK (DIRECTOR) HAS BUSINESS RELATIONSHIPS WITH MIKE ELYEA, LEO LANE, CAROL GUNN, AND BARBARA HANSON (DIRECTORS) MIKE ELYEA HAS BUSINESS RELATIONSHIPS WITH LEO LANE AND BLAKE ANDREWS (ALL DIRECTORS) |
| DECISIONS OF THE GOVERNING BODY SUBJECT TO APPROVAL | FORM 990, PART VI, LINE 7B | THE JOINT CITY-COUNTY BOARD HAS APPROVAL REGARDING BOND FINANCING AND APPROVAL OF THE BUDGET |
| PROCESS USED TO REVIEW THE FORM 990 | FORM 990, PART VI, LINE 11B | THE EXECUTIVE COMMITTEE CHARTER, AS APPROVED BY THE UNITED REGIONAL HEALTH CARE SYSTEM BOARD, DELEGATES THE REVIEW OF 990S TO THE EXECUTIVE COMMITTEE. ALL MEMBERS OF THE COMMITTEE ARE PROVIDED A COPY OF THE FORM 990 PRIOR TO FILING WITH THE IRS THE 990 IS REVIEWED BY MANAGEMENT OFFICIALS OF THE HOSPITAL AND THE EXECUTIVE COMMITTEE OF THE BOARD |
| MONITORING COMPLIANCE WITH THE CONFLICT OF INTEREST POLICY | FORM 990, PART VI, LINE 12C | ALL OFFICERS, DIRECTORS, AND KEY EMPLOYEES ARE REQUIRED TO COMPLETE A CONFLICT OF INTEREST FORM ANNUALLY THE FORMS ARE REVIEWED INITIALLY BY THE CHIEF COMPLIANCE OFFICER AND THE CEO FOR POTENTIAL CONFLICTS ANY ACTUAL CONFLICTS ARE REVIEWED BY THE BOARD OF DIRECTORS A PERSON WITH A CONFLICT IS RESTRICTED FROM VOTING ON RELATED MATTERS |
| PROCESS USED TO DETERMINE COMPENSATION OF MANAGEMENT AND KEY EMPLOYEES | FORM 990, PART VI, LINES 15A & 15B | THE EXECUTIVE COMMITTEE PERFORMS AN ANNUAL REVIEW FOR THE CEO AND MAKES FINAL RECOMMENDATIONS REGARDING COMPENSATION AN ANNUAL REVIEW IS PERFORMED BY THE CEO FOR ALL OTHER OFFICERS OF THE ORGANIZATION THE EXECUTIVE COMMITTEE REVIEWS THE ANNUAL COMPENSATION OF ALL OFFICERS A COMPENSATION CONSULTANT PROVIDES MARKET COMPARISONS ON AN EVERY OTHER YEAR BASIS THIS WAS COMPLETED IN 2009 AND 2011 |
| GOVERNING DOCUMENTS OF THE ORGANIZATION AVAILABLE TO THE PUBLIC | FORM 990, PART VI, LINE 19 | AN AD IS RUN IN THE LOCAL PAPER ON AN ANNUAL BASIS INFORMING THE COMMUNITY THE FINANCIAL STATEMENTS ARE AVAILABLE TO THE PUBLIC UPON REQUEST THE OTHER DOCUMENTS ARE NOT MADE AVAILABLE TO THE PUBLIC |
| HOURS DEVOTED FOR RELATED ORGANIZATION | FORM 990 PART VII | NAME DR YVONNE HEARN TITLE EX-OFFICIO DIRECTOR HOURS 1 |
| HOURS DEVOTED FOR RELATED ORGANIZATION | FORM 990 PART VII | NAME PHYLLIS COWLING TITLE PRESIDENT/CEO HOURS 2 |
| HOURS DEVOTED FOR RELATED ORGANIZATION | FORM 990 PART VII | NAME ROBERT PERT TITLE CFO HOURS 2 |
| HOURS DEVOTED FOR RELATED ORGANIZATION | FORM 990 PART VII | NAME NANCY TOWNLEY TITLE COO HOURS 2 |
| HOURS DEVOTED FOR RELATED ORGANIZATION | FORM 990 PART VII | NAME DR JOHN SCOTT HOYER TITLE CMO HOURS 2 |

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# SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

## Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

**2011**

**Open to Public Inspection**

**Name of the organization**
UNITED REGIONAL HEALTH CARE SYSTEM

**Employer identification number**
75-1912147

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

| (a) Name, address, and EIN of disregarded entity | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Total income | (e) End-of-year assets | (f) Direct controlling entity |
|---|---|---|---|---|---|
| | | | | | |
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**Part II Identification of Related Tax-Exempt Organizations** (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Exempt Code section | (e) Public charity status (if section 501(c)(3)) | (f) Direct controlling entity | (g) Section 512(b)(13) controlled organization | |
|---|---|---|---|---|---|---|---|
| | | | | | | Yes | No |
| **(1)** UNITED REGIONAL HEALTH CARE FOUNDATION<br>1600 ELEVENTH STREET<br>WICHITA FALLS, TX 76301<br>75-2761467 | SUPPORT | TX | 501(C)(3) | 11A | URHCS | Yes | |
| **(2)** RATHGEBER HOSPITALITY HOUSE<br>1615 TWELFTH STREET<br>WICHITA FALLS, TX 76301<br>75-2811394 | LODGING | TX | 501(C)(3) | 7 | URHCS | Yes | |
| **(3)** UNITED REGIONAL PHYSICIAN GROUP<br>1600 ELEVENTH STREET<br>WICHITA FALLS, TX 76301<br>75-2925491 | HEALTH CARE | TX | 501(C)(3) | 9 | URHCS | Yes | |
| **(4)** UNITED REGIONAL HEALTH CARE SYSTEM AUXIL<br>1600 ELEVENTH STREET<br>WICHITA FALLS, TX 76301<br>75-6004656 | BENEVOL SVCS | TX | 501(C)(3) | 11A | URHCS | Yes | |
| **(5)** CITY OF WICHITA FALLS-WC HOSPITAL BOARD<br>1300 SEVENTH STREET<br>WICHITA FALLS, TX 76301<br>75-6002771 | OVERSIGHT | TX | GOVERNMENT | N/A | NA | | No |
| | | | | | | | |
| | | | | | | | |

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

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

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Direct controlling entity | (e) Type of entity (C corp, S corp, or trust) | (f) Share of total income | (g) Share of end-of-year assets | (h) Percentage ownership |
|---|---|---|---|---|---|---|---|
| **(1)** UNITED REGIONAL PROFESSIONAL SERVICES<br>1600 EIGHTH STREET<br>WICHITA FALLS, TX 76301<br>75-2549298 | MGMT SERVICES | TX | NA | C-CORPORATION | -3,023 | 3,416,340 | 100 000 % |
| **(2)** TEXOMA INSURANCE AGENCY<br>1600 EIGHTH STREET<br>WICHITA FALLS, TX 76301<br>42-2683761 | INSURANCE | TX | NA | C-CORPORATION | -4,075 | 123,707 | 100 000 % |
| | | | | | | | |
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## Part V Transactions With Related Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35, 35A, or 36.)

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

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

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

| (a) Name of other organization | (b) Transaction type(a-r) | (c) Amount involved | (d) Method of determining amount involved |
|---|---|---|---|
| **(1)** UNITED REGIONAL HEALTH CARE FOUNDATION | B | 608,011 | BOOK VALUE |
| **(2)** UNITED REGIONAL HEALTH CARE FOUNDATION | C | 2,644,078 | BOOK VALUE |
| **(3)** UNITED REGIONAL PHYSICIAN GROUP | P | 3,819,742 | BOOK VALUE |
| **(4)** UNITED REGIONAL PHYSICIAN GROUP | A | 43,176 | BOOK VALUE |
| **(5)** | | | |
| **(6)** | | | |

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

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

| (a) Name, address, and EIN of entity | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Predominant income(related, unrelated, excluded from tax under sections 512-514) | (e) Are all partners section 501(c)(3) organizations? | | (f) Share of total income | (g) Share of end-of-year assets | (h) Disproprtionate allocations? | | (i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065) | (j) General or managing partner? | | (k) Percentage ownership |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Yes | No | | | Yes | No | | Yes | No | |
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Schedule R (Form 990) 2011

## Part VII Supplemental Information

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

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

# United Regional Health Care System, Inc.

Accountants' Reports and Consolidated Financial Statements

December 31, 2011 and 2010

BKD LLP
CPAs & Advisors

# United Regional Health Care System, Inc.

## December 31, 2011 and 2010

## Contents

BKD LLP
CPAs & Advisors

14241 Dallas Parkway, Suite 1100
Dallas, TX 75254-2961
972 702 8262 Fax 972 702 0673 www bkd com

# Independent Accountants' Report

Board of Directors
United Regional Health Care System, Inc
Wichita Falls, Texas

We have audited the accompanying consolidated balance sheet of United Regional Health Care System, Inc (the System) as of December 31, 2011, and the related statements of operations, changes in net assets and cash flows for the year then ended These financial statements are the responsibility of the System's management Our responsibility is to express an opinion on these financial statements based on our audit The financial statements of the System as of and for the year ended December 31, 2010, were audited by other accountants whose report dated April 19, 2011, expressed an unqualified opinion on those statements

We conducted our audit 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 audit provides a reasonable basis for our opinion

In our opinion, the 2011 financial statements referred to above present fairly, in all material respects, the financial position of United Regional Health Care System, Inc as of December 31, 2011, and the results of its operations, the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America

As discussed in *Note 1*, in 2011 the System changed its method of presentation and disclosure of patient service revenue, provision for bad debts and the allowance for doubtful accounts in accordance with Accounting Standards Update 2011-07

BKD, LLP

March 22, 2012

# United Regional Health Care System, Inc.

## Consolidated Balance Sheets

## December 31, 2011 and 2010

### Assets

| | 2011 | 2010 |
|---|---|---|
| **Current Assets** | | |
| Cash and cash equivalents | $ 69,044,741 | $ 54,157,569 |
| Short term investments | 9,744,299 | 5,436,164 |
| Assets limited as to use – current | 5,410,523 | 3,216,831 |
| Patient accounts receivable, net of allowance, | | |
| 2011 – $30,050,000, 2010 – $27,760,000 | 22,222,820 | 10,659,646 |
| Contributions receivable – current | 1,194,878 | 1,222,789 |
| Supplies | 5,815,933 | 6,897,272 |
| Prepaid expenses and other | 2,298,632 | 2,569,621 |
| Total current assets | 115,731,826 | 84,159,892 |
| **Assets Limited As to Use** | | |
| Internally designated for capital acquisitions | 98,730,996 | 92,994,136 |
| Internally designated for self-insurance | 9,327,919 | 9,217,510 |
| Held by trustee under bond indenture agreement | 9,571,099 | 9,637,283 |
| | 117,630,014 | 111,848,929 |
| Less amount required to meet current obligations | 5,410,523 | 3,216,831 |
| | 112,219,491 | 108,632,098 |
| **Other Assets** | | |
| Investment in joint ventures | 3,076,434 | 3,120,297 |
| Deferred financing costs | 504,616 | 570,888 |
| Contributions receivable | 123,012 | 771,903 |
| Other investments | 55,643,360 | 58,074,828 |
| | 59,347,422 | 62,537,916 |
| **Property and Equipment, At Cost** | | |
| Land and improvements | 17,041,104 | 12,502,364 |
| Buildings and improvements | 180,179,873 | 167,007,448 |
| Equipment | 184,021,104 | 174,627,221 |
| Construction in progress | 1,782,437 | 6,688,565 |
| | 383,024,518 | 360,825,598 |
| Less accumulated depreciation | 210,433,925 | 189,029,454 |
| | 172,590,593 | 171,796,144 |
| Total assets | $ 459,889,332 | $ 427,126,050 |

*See Notes to Consolidated Financial Statements*

## Liabilities and Net Assets

| | 2011 | 2010 |
|---|---|---|
| **Current Liabilities** | | |
| Current maturities of long-term debt | $ 980,000 | $ 1,093,666 |
| Accounts payable | 4,921,143 | 5,497,305 |
| Accrued liabilities | 14,197,416 | 15,856,286 |
| Estimated amounts due to third-party payers | 12,862,370 | 14,889,344 |
| Estimated self-insurance costs – current | 6,126,050 | 4,791,831 |
| Total current liabilities | 39,086,979 | 42,128,432 |
| **Estimated Self-insurance Costs** | 4,984,000 | 9,789,500 |
| **Long-term Debt** | 92,760,740 | 93,797,844 |
| Total liabilities | 136,831,719 | 145,715,776 |
| **Net Assets** | | |
| Unrestricted | 320,421,047 | 278,786,182 |
| Temporarily restricted | 2,345,565 | 2,336,249 |
| Permanently restricted | 291,001 | 287,843 |
| Total net assets | 323,057,613 | 281,410,274 |
| Total liabilities and net assets | $ 459,889,332 | $ 427,126,050 |

# United Regional Health Care System, Inc.

## Consolidated Statements of Operations

## Years Ended December 31, 2011 and 2010

| | 2011 | 2010 |
|---|---|---|
| **Revenues** | | |
| Net patient service revenue – hospital | $ 306,925,985 | $ 281,172,900 |
| Net patient service revenue – clinic | 5,892,563 | 5,032,489 |
| Net patient service revenue | 312,818,548 | 286,205,389 |
| Less provision for uncollectible accounts | 25,658,778 | 14,519,081 |
| Net patient service revenue less provision for uncollectible accounts | 287,159,770 | 271,686,308 |
| Other | 2,414,142 | 1,614,474 |
| Total revenues | 289,573,912 | 273,300,782 |
| **Expenses** | | |
| Salaries and wages | 97,951,826 | 98,452,406 |
| Employee benefits | 17,187,648 | 19,524,798 |
| Purchased services and professional fees | 23,244,347 | 23,705,664 |
| Supplies and other | 84,680,173 | 81,217,067 |
| Depreciation and amortization | 21,549,081 | 22,200,519 |
| Interest | 4,779,566 | 5,505,708 |
| Total expenses | 249,392,641 | 250,606,162 |
| **Operating Income** | 40,181,271 | 22,694,620 |
| **Other Income (Expense)** | | |
| Investment return | (1,320,249) | 11,714,584 |
| Equity in net income from joint ventures | 1,348,093 | 1,362,584 |
| Loss on extinguishment of debt | - | (162,804) |
| Contributions and other | (91,708) | (204,411) |
| Total other income (expense) | (63,864) | 12,709,953 |
| **Excess of Revenues Over Expenses** | 40,117,407 | 35,404,573 |
| Net assets released from restriction used for purchase of property and equipment | 1,517,458 | 1,708,021 |
| **Increase in Unrestricted Net Assets** | $ 41,634,865 | $ 37,112,594 |

# United Regional Health Care System, Inc.

## Consolidated Statements of Changes in Net Assets

## Years Ended December 31, 2011 and 2010

| | 2011 | 2010 |
|---|---|---|
| **Unrestricted Net Assets** | | |
| Excess of revenues over expenses | $ 40,117,407 | $ 35,404,573 |
| Net assets released from restriction used for purchase of property and equipment | 1,517,458 | 1,708,021 |
| Increase in unrestricted net assets | 41,634,865 | 37,112,594 |
| **Temporarily Restricted Net Assets** | | |
| Contributions | 1,526,774 | 1,324,277 |
| Net assets released from restrictions | (1,517,458) | (1,708,021) |
| Increase (decrease) in temporarily restricted net assets | 9,316 | (383,744) |
| **Permanently Restricted Net Assets** | | |
| Contributions | 3,158 | 8,306 |
| Increase in permanently restricted net assets | 3,158 | 8,306 |
| **Change in Net Assets** | 41,647,339 | 36,737,156 |
| **Net Assets, Beginning of Year** | 281,410,274 | 244,673,118 |
| **Net Assets, End of Year** | $ 323,057,613 | $ 281,410,274 |

# United Regional Health Care System, Inc.

## Consolidated Statements of Cash Flows

## Years Ended December 31, 2011 and 2010

| | 2011 | 2010 |
|---|---|---|
| **Operating Activities** | | |
| Change in net assets | $ 41,647,339 | $ 36,737,156 |
| Items not requiring (providing) operating cash flow | | |
| Depreciation and amortization | 21,549,081 | 22,200,519 |
| Gain on sale of property and equipment | (57,995) | (93,285) |
| Gain on investment in equity investee | (1,348,093) | (1,362,584) |
| Net unrealized (gain) loss on investments | 3,093,514 | (10,566,885) |
| Loss on extinguishment of debt | - | 162,804 |
| Restricted contributions | (1,529,932) | (1,332,583) |
| Changes in | | |
| Patient accounts receivable, net | (11,563,174) | 426,370 |
| Estimated amounts due from and to third-party payers | (2,026,974) | 927,243 |
| Accounts payable and accrued expenses | (2,235,032) | 127,055 |
| Other assets and liabilities | (2,118,953) | (601,524) |
| Net cash provided by operating activities | 45,409,781 | 46,624,286 |
| **Investing Activities** | | |
| Purchase of investments | (101,911,596) | (28,775,380) |
| Sales of investments | 91,160,330 | 28,941,759 |
| Purchase of property and equipment | (22,334,362) | (19,244,317) |
| Proceeds from sale of property and equipment | 57,995 | 93,285 |
| Distribution from joint ventures | 1,223,290 | 956,960 |
| Net cash used in investing activities | (31,804,343) | (18,027,693) |
| **Financing Activities** | | |
| Restricted contributions | 2,206,734 | 1,332,583 |
| Principal payments on long-term debt | (925,000) | (16,883,498) |
| Net cash provided by (used in) financing activities | 1,281,734 | (15,550,915) |
| **Increase in Cash and Cash Equivalents** | 14,887,172 | 13,045,678 |
| **Cash and Cash Equivalents, Beginning of Year** | 54,157,569 | 41,111,891 |
| **Cash and Cash Equivalents, End of Year** | $ 69,044,741 | $ 54,157,569 |
| **Supplemental Cash Flows Information** | | |
| Interest paid | $ 4,796,524 | $ 5,785,000 |
| Distributions from joint ventures | $ 168,666 | $ 213,498 |



*See Notes to Consolidated Financial Statements*

# United Regional Health Care System, Inc.

## Notes to Consolidated Financial Statements

## December 31, 2011 and 2010

## Note 1: Nature of Operations and Summary of Significant Accounting Policies

### *Nature of Operations*

The consolidated financial statements of United Regional Health Care System (URHCS) include the accounts of URHCS and its wholly owned subsidiaries. Entities included in the consolidated financial statements of URHCS are

- United Regional Health Care System (URHCS)
- United Regional Physician Group (URPG)
- United Regional Professional Services Corporation (URPSC)
- United Regional Foundation (URF)
- Rathgeber Hospitality House (RHH)
- Texoma Insurance Agency (TIA)

URHCS operates a 295-bed acute care hospital and provides inpatient, outpatient and emergency care services to residents of Wichita Falls, Texas and surrounding areas as well as, northern Texas and southern Oklahoma. In 1997, URHCS consolidated the health care operations of two separate hospitals located in Wichita Falls, Texas

- Bethania Hospital, which is referred to as the 11th Street Campus and was owned by the Holy Family of Nazareth Health Ministry of Wichita Falls, formerly known as Bethania Regional Health Care Center (Bethania), a Texas nonprofit corporation, and
- Wichita General Hospital, which is referred to as the 8th Street Campus and is owned by the Wichita County-City of Wichita Falls, Texas Hospital Board (City-County Board), a body corporate and politic, organized under the laws of the state of Texas

In October 1997, URHCS reorganized its corporate structure. The City-County Board leased the 11th Street Campus and related assets from Bethania pursuant to a 50-year lease and, in turn, subleased that campus and related assets to URHCS under a 50-year sublease. The Lease and Management Agreement for the 8th Street Campus was also simultaneously amended and restated to provide for a 50-year lease for those assets to URHCS for $1 per year.

On June 12, 2007, URHCS, Bethania, and the City-County Board entered into a First Amended Master Agreement, under which URHCS purchased the 11th Street Campus and other properties from Bethania and revised certain governance and operational structures of URHCS. Under the Amended Master Agreement, the City-County Board and Bethania retain their proportional stakeholder interests in URHCS.

The change in ownership of the 11th Street Campus also required URHCS and the City-County Board to enter into a First Amended and Restated Lease under which URHCS leases the 11th Street Campus and South Tower site to the City-County Board and a First Amended and Restated Sublease Agreement that leases these properties back to URHCS The Amended Lease and Amended Sublease are effective until 2047 with automatic 50-year renewal periods unless a one-year notice of nonrenewal is given before expiration of the term

The 8th Street Campus lease was also amended under the Second Restated and Amended Management Contract and Lease Agreement, and together with the Master Agreement, Amended Lease and Amended Sublease, allow URHCS to return the 8th Street Campus to the City-County Board upon the completion of the South Tower and 11th Street Campus renovations by a termination of the Second Amended Lease and Management Agreement The agreement provides the City-County Board with certain options as it relates to the 8th Street Campus See additional discussion of these options at *Note 15*

URPG, a nonprofit corporation, is a multi-specialty physician group organized to own and operate outpatient medical clinics serving the patients of URHCS

URPCS, a taxable corporation, provides various general and administrative services to external entities and participates in various healthcare related joint ventures URPCS has equity interests in the following entities

- Wichita Falls Endoscopy Center Management, LLC (34 00%)
- WFCC Radiation Management Company, LLC (34 71%)
- CMS Rehab of WF, LP (25 00%)

URF, a nonprofit corporation, organized to encourage charitable gifts to support the vision of URHCS URF's revenues and other support are derived principally from contributions, and its activities are conducted principally in the Wichita Falls, Texas area

RHH, a nonprofit corporation, operates a hospitality house that provides temporary living facilities for the families of inpatients of URHCS

TIA, a taxable corporation, is a licensed insurance company This company is not currently operating and had no significant activity in 2011 or 2010

### *Principles of Consolidation*

The consolidated financial statements include the accounts of URCHS, URPG, URPSC, URF, RHH and TIA All significant intercompany accounts and transactions have been eliminated in consolidation

### *Use of Estimates*

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

### *Change in Accounting Principle*

In 2011, URHC changed its method of presentation and disclosure of patient service revenue, provision for uncollectible accounts and the allowance for doubtful accounts in accordance with Accounting Standards Update (ASU) 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts and the Allowance for Doubtful Accounts for Certain Health Care Entities* The major changes associated with ASU 2011-07 are to reclassify the provision for uncollectible accounts related to patient service revenue to a deduction from patient service revenue and to provide enhanced disclosures around URHCS' policies related to uncollectible accounts The change had no effect on prior year net assets The following table reflects the changes in the Consolidated Statements of Operations and Changes in Net Assets as a result of adopting ASU 2011-07

| | 2011 Consolidated Statement of Operations | | |
|---|---|---|---|
| | As Computed Under Previous Guidance | As Computed Under ASU 2011-07 | Effect of Change |
| Patient service revenue, net of contractual discounts and allowances | $ 312,818,548 | $ 312,818,548 | $ - |
| Provision for uncollectible accounts | - | (25,658,778) | (25,658,778) |
| Net patient service revenue, less provision for uncollectible accounts | 312,818,548 | 287,159,770 | (25,658,778) |
| Total revenues | 315,232,690 | 289,573,912 | (25,658,778) |
| Provision for uncollectible accounts | 25,658,778 | - | (25,658,778) |
| Total expenses | 275,051,419 | 249,392,641 | (25,658,778) |

| | 2010 Consolidated Statement of Operations | | |
|---|---|---|---|
| | As Computed Under Previous Guidance | As Computed Under ASU 2011-07 | Effect of Change |
| Patient service revenue, net of contractual discounts and allowances | $ 286,205,389 | $ 286,205,389 | $ - |
| Provision for uncollectible accounts | - | (14,519,081) | (14,519,081) |
| Net patient service revenue, less provision for uncollectible accounts | 286,205,389 | 271,686,308 | (14,519,081) |
| Total revenues | 287,819,863 | 273,300,782 | (14,519,081) |
| Provision for uncollectible accounts | 14,519,081 | - | (14,519,081) |
| Total expenses | 265,125,243 | 250,606,162 | (14,519,081) |

### *Cash and Cash Equivalents*

URHCS considers all liquid investments with original maturities of three months or less to be cash equivalents, including assets limited as to use At December 31, 2011 and 2010, cash equivalents consisted primarily of money market accounts with brokers

### *Investments and Investment Return*

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value Other investments are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value Investment return includes dividend, interest and other investment income, realized and unrealized gains and losses on investments carried at fair value, and realized gains and losses on other investments

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets Other investment return is reflected in the consolidated statements of operations and changes in net assets as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions

The investments in the joint ventures are reported on the equity method of accounting Changes in the investment in the joint ventures are reflected in the consolidated statements of operations as a component of other income (expense)

### *Assets Limited as to Use*

Assets limited as to use include (1) assets set aside by the Board of Directors (the Board) for future capital improvements, (2) assets set aside by the Board under self-insurance trust agreements and (3) assets held by a trustee for debt service The Board retains control over internally designated assets and may at its discretion use those assets for other purposes Amounts required to meet current liabilities of URHCS are included in current assets

### *Patient Accounts Receivable*

Accounts receivable are reduced by an allowance for doubtful accounts In evaluating the collectability of accounts receivable, URHCS analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for uncollectible accounts Management regularly reviews data about these major payer sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts

For receivables associated with services provided to patients who have third-party coverage, URHCS analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for uncollectible accounts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payer has not yet paid, or for payers who are known to be having financial difficulties that make the realization of amounts due unlikely)

For receivables associated with self-pay patients, which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill, URHCS records a significant provision for uncollectible accounts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible

The difference between the standard rates (or the discounted rates if negotiated or provided by policy) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts

URHCS' allowance for doubtful accounts for self-pay patients was approximately 92 00% self-pay accounts receivable at December 31, 2011, and December 31, 2010 URHCS' write-offs increased approximately $11,680,000 from approximately $18,054,000 for the year ended December 31, 2010, to approximately $29,734,000 for the year ended December 31, 2011 This increase was primarily due to a growth in volume from self-pay patients in fiscal year 2011 A large portion of the increase in self-pay patients was due to a significant increase in the patient responsibility portion of commercially insured patients due to insurance plan design changes of many employers

### *Supplies*

URHCS states supply inventories at the lower of average cost or market

### *Property and Equipment*

Property and equipment acquisitions are recorded at cost and are depreciated using the straight-line method over the estimated useful life of each asset Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives

The estimated useful lives for each major depreciable classification of property and equipment are as follows

| | |
|---|---|
| Buildings and improvements | 5 – 40 years |
| Equipment | 3 – 20 years |

Donations of property and equipment are reported at fair value as an increase in unrestricted net assets unless use of the assets is restricted by the donor Monetary gifts that must be used to acquire property and equipment are reported as restricted support The expiration of such restrictions is reported as an increase in unrestricted net assets when the donated asset is placed in service

### *Long-lived Asset Impairment*

URHCS evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable If a long-lived asset is tested for recoverability and the undiscounted estimate future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value

No asset impairment was recognized during the year ended December 31, 2011 URHCS recognized an impairment loss of approximately $858,000 in 2010 in connection with the return of the 8th Street Campus to the City-County Board as described in *Note 15*

### *Deferred Financing Costs*

Deferred financing costs represent costs incurred in connection with the issuance of long-term debt Such costs are being amortized over the term of the respective debt using the effective interest method

### *Temporarily and Permanently Restricted Net Assets*

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

### *Net Patient Service Revenue*

URHCS has agreements with third-party payers that provide for payments to URHCS at amounts different from its established rates Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered and includes estimated retroactive revenue adjustments Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known

### *Charity Care*

URHCS provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy Because URHCS does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient service revenue

### *Contributions*

Unconditional gifts expected to be collected within one-year are reported at their net realizable value Unconditional gifts expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique The resulting discount is amortized using the level-yield method and is reported as contribution revenue

Gifts received with donor stipulations are reported as either temporarily or permanently restricted support When a donor restriction expires, that is, when a time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified and reported as an increase in unrestricted net assets Donor restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions Conditional contributions are reported as liabilities until the condition is eliminated or the contributed assets are returned to the donor

### *Estimated Malpractice Costs*

An annual estimated provision is accrued for the self-insured portion of medical malpractice claims and includes an estimate of the ultimate costs for both reported claims and claims incurred but not reported

### *Self-insurance*

URHCS has elected to self-insure certain costs related to employee health and accident benefit programs Cost resulting from noninsured losses are charge to expense when incurred URHCS has purchased insurance that limits its exposure for individual accident claims to $350,000 annually

### *Income Taxes*

URHCS, URPG, URF and RHH have been recognized as exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law However, these entities are subject to federal income tax on any unrelated business taxable income URPCS and TIA are taxed as corporations

With a few exceptions, URHCS and its consolidated entities are no longer subject to U S federal examinations by tax authorities for years before 2008

### *Excess of Revenues Over Expenses*

The consolidated statements of operations include excess of revenues over expenses Changes in unrestricted net assets which are excluded from excess of revenues over expenses, consistent with industry practice, include contributions of long-lived assets with no donor restrictions (including assets acquired using contributions, which, by donor restriction, were to be used for the purpose of acquiring such assets)

### *Reclassifications*

Certain reclassifications have been made to the 2010 financial statements to conform to the 2011 financial statement presentation These reclassifications had no effect on the change in net assets

## Note 2: Net Patient Service Revenue

URHCS recognizes patient service revenue associated with services provided to patients who have third-party payer coverage on the basis of contractual rates for the services rendered For uninsured patients that do not qualify for charity care, URHCS recognizes revenue on the basis of its standard rates for services provided On the basis of historical experience, a significant portion of the URHCS uninsured patients will be unable or unwilling to pay for the services provided Thus, URHCS a significant provision for uncollectible accounts related to uninsured patients in the period the services are provided This provision for uncollectible accounts is presented on the statement of operations as a component of net patient service revenue

URHCS has agreements with third-party payers that provide for payments to URHCS at amounts different from its established rates These payment arrangements include

- **Medicare** – Inpatient acute care services and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge or occasion of service These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors Defined medical education costs are paid based on a cost reimbursement methodology URHCS is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by URHCS and audits thereof by the Medicare administrative contractor URHCS' Medicare cost reports have been audited by the Medicare administrative contractor through December 31, 2006

- **Medicaid** – Inpatient services rendered to Medicaid program beneficiaries are reimbursed under a prospective payment methodology Outpatient and physician services are reimbursed under a mixture of cost reimbursement and fee schedule methods URHCS is reimbursed for cost reimbursable services at tentative rates with final settlement determined after submission of annual cost reports by URHCS and audits thereof by the Medicaid administrative contractor URHCS' Medicaid cost reports have been audited by the Medicaid administrative contractor through December 31, 2006

Approximately 48 00% of net patient service revenue are from participation in the Medicare and state-sponsored Medicaid programs for both the years ended December 31, 2011 and 2010 Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change As a result, it is reasonably possible that recorded estimates will change materially in the near term

URHCS participates in the State of Texas' Disproportionate Share (DSH) and private Upper Payment Limit (UPL) programs Under the private UPL program, various governmental agencies make intergovernmental transfers (IGT) on behalf of URHCS These transfers are used by the State of Texas Medicaid program to draw down federal funding for URHCS based on its UPL gap, which is approximately equal to the difference in what Medicare would have paid for the URHCS' Medicaid charges and what Medicaid actually paid Total UPL and DSH funds received during the years ended December 31, 2011 and 2010, were approximately $24,466,000 and $22,870,000, respectively

On December 12, 2011, the United States Department of Health & Human Services approved a new Medicaid section 1115(a) demonstration entitled "Texas Health Transformation and Quality Improvement Program " This demonstration will expand existing Medicaid managed care programs and establish two funding pools that will assist providers with uncompensated care costs and promote health system transformation The demonstration is effective from December 12, 2011 to September 30, 2016, and may have a material impact on URHCS' future Medicaid funding Management is not currently able to estimate the impact of the 1115(a) waiver on future funding

In 2011, URHCS also began receiving funds from the Texas Medicaid Electronic Health Record (EHR) Incentive Program This program provides incentive payments to hospitals that meet specific eligibility requirements when they adopt, implement, and meaningfully use certified EHR technology URHCS future eligibility for these incentive payments will be contingent upon URHCS meeting the meaningful use criteria set forth in future years In 2011, URHCS received approximately $1,053,000 under this program These payments are reflected as other revenue in the consolidated statements of operations

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

Patient service revenue, net of contractual allowances and discounts (but before the provision for uncollectible accounts), recognized in the years ended December 31, 2011 and 2010, was

| | 2011 | 2010 |
|---|---|---|
| Medicare | $ 94,719,068 | 92,132,483 |
| Medicaid | 32,428,784 | 19,368,824 |
| Other third-party payers | 156,901,449 | 151,585,970 |
| Patients | 28,769,247 | 23,118,112 |
| | $ 312,818,548 | $ 286,205,389 |

The 2011 net patient service revenue increased approximately $10,000,000 due to a change in estimate of the value of patient accounts receivable and the estimate of amounts due to and from third-party payers

## Note 3: Concentration of Credit Risk

### *Accounts Receivable*

URHCS grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payer agreements The mix of net receivables from patients and third-party payers at December 31, 2011 and 2010, is

| | 2011 | 2010 |
|---|---|---|
| Medicare | 33% | 34% |
| Medicaid | 1% | 6% |
| Other third-party payers | 50% | 39% |
| Patients | 16% | 21% |
| | 100% | 100% |

## Note 4: Investments and Investment Return

### *Assets Limited as to Use*

Assets limited as to use, at December 31, include

| | 2011 | 2010 |
|---|---|---|
| Internally designated for capital improvements | | |
| Cash and cash equivalents | $ 2,536 | $ 444 |
| Money market mutual funds | 3,385,671 | - |
| U S Treasury obligations | 1,976,877 | - |
| U S Agency obligations | 2,794,053 | - |
| Corporate bonds | 15,517,731 | - |
| Equities | 64,115,133 | - |
| Mortage backed securities | 9,451,327 | - |
| Mutual funds | 1,237,333 | 92,752,002 |
| Accrued interest receivable | 250,335 | 241,690 |
| | $ 98,730,996 | $ 92,994,136 |
| Internally designated for self insurance | | |
| Cash and cash equivalents | $ 33,185 | $ - |
| Money market mutual funds | - | 1,014,786 |
| U S Agency obligations | 9,264,715 | 8,135,329 |
| Interest receivable | 30,019 | 67,395 |
| | $ 9,327,919 | $ 9,217,510 |
| Held by trustee for debt service | | |
| money market mutual funds | $ 9,571,099 | $ 9,637,283 |

### *Other Investments*

Other investments, at December 31, include

| | 2011 | 2010 |
|---|---|---|
| Cash and cash equivalents | $ 7,753,036 | $ 8,967,424 |
| U S Treasury obligations | 1,098,158 | 1,502,240 |
| U S Agency obligations | 35,998,223 | 30,006,770 |
| Corporate bonds | 17,441,138 | 21,355,094 |
| Municipal bonds | 1,443,436 | - |
| Equities | 723,219 | 836,631 |
| Mutual funds | 538,841 | 429,226 |
| Accrued interest receivable | 391,608 | 413,607 |
| | $ 65,387,659 | $ 63,510,992 |

Total investment return is comprised of the following

| | 2011 | 2010 |
|---|---|---|
| Interest and dividend income | $ 1,773,265 | $ 1,147,699 |
| Unrealized gains (losses) | (10,265,287) | 10,256,265 |
| Realized gains | 7,171,773 | 310,620 |
| | $ (1,320,249) | $ 11,714,584 |

## Note 5: Contributions Receivable

Contributions receivable consisted of the following temporarily restricted pledges

Discount rates were approximately 1 00% for both 2011 and 2010

| | 2011 | 2010 |
|---|---|---|
| Due within one-year | $ 1,257,854 | $ 1,261,906 |
| Due in five years | 132,750 | 805,500 |
| | 1,390,604 | 2,067,406 |
| Less | | |
| Allowance for uncollectible pledges | 69,614 | 25,000 |
| Unamortized discount | 3,100 | 47,714 |
| | $ 1,317,890 | $ 1,994,692 |

## Note 6: Risk Management

URHCS is self-insured for professional and general liability risks URHCS has purchased umbrella insurance for individual claims exceeding $4,000,000 and aggregate claims exceeding $12,000,000 annually, up to the limits of the umbrella policy Losses from asserted and unasserted claims identified under URHCS' incident reporting system are accrued based on estimates that incorporate URHCS' past experience, as well as other considerations, including the nature of each claim or incident and relevant trend factors It is reasonably possible that URHCS' estimate of losses will change by a material amount in the near term URHCS has established a revocable trust fund for the payment of professional and general liability claims Professional insurance consultants have been retained to assist URHCS with determining amounts to be deposited in the trust fund An actuarially determined accrual for possible losses attributable to incidents that may have occurred but have not been identified under the incident reporting system has been made The ultimate cost to settle all the asserted and unasserted claims against URHCS may vary, perhaps substantially, from the amounts recorded

URHCS is also self-insured for workers compensation and employee health care claims A provision is accrued for self-insured claims, including both claims reported and claims incurred but not yet reported The accrual is estimated based on consideration of prior claims experience, recently settled claims, frequency of claims and other economic and social factors It is reasonably possible that URHCS' estimate will change by a material amount in the near term

Activity in URHCS' self-insurance liabilities during 2011 is summarized as follows

| | Workers Compensation | Employee Health | Medical Malpractice |
|---|---|---|---|
| Balance, beginning of year | $ 891,831 | $ 2,500,000 | $ 11,189,500 |
| Current year claims and changes in estimates for claims incurred in prior years | (372,528) | 6,761,875 | (223,797) |
| Claims and expenses paid | (243,472) | (7,361,656) | (2,031,703) |
| Balance, end of year | $ 275,831 | $ 1,900,219 | $ 8,934,000 |

Activity in URHCS' self-insurance liabilities during 2010 is summarized as follows

| | Workers Compensation | Employee Health | Medical Malpractice |
|---|---|---|---|
| Balance, beginning of year | $ 891,831 | $ 3,200,000 | $ 11,061,000 |
| Current year claims and changes in estimates for claims incurred in prior years | 257,234 | 8,929,136 | 1,768,191 |
| Claims and expenses paid | (257,234) | (9,629,136) | (1,639,691) |
| Balance, end of year | $ 891,831 | $ 2,500,000 | $ 11,189,500 |

## Note 7: Long-term Debt

| | 2011 | 2010 |
|---|---|---|
| Series 2007 Revenue Bonds (A) | $ 91,420,000 | $ 91,420,000 |
| Series 2003 Revenue Bonds (B) | 2,035,000 | 2,960,000 |
| Other obligations | - | 168,666 |
| | 93,455,000 | 94,548,666 |
| Bond premium | 285,740 | 342,844 |
| | 93,740,740 | 94,891,510 |
| Current maturities | 980,000 | 1,093,666 |
| | $ 92,760,740 | $ 93,797,844 |

(A) $91,420,000 original issue North Texas Health Facilities Development Corporation Hospital Revenue Bonds (the Series 2007 Bonds) dated June 27, 2007, principal payable annually on September 1 from 2015 through 2032, interest payable semiannually at 5 00%, secured by the revenues of URHCS The Series 2007 Bonds may be called at URHCS' election at par on or after September 1, 2017

(B) $35,000,000 original issue North Texas Health Facilities Development Corporation Hospital Revenue Bonds (the Series 2003 Bonds) dated July 30, 2003, principal payable annually on September 1 through 2028, interest payable semiannually at rates ranging from 5 50% to 6 00%, secured by the revenues of URHCS Principal and interest payments are guaranteed under a financial guaranty insurance policy issued by a commercial insurer Upon issuance and delivery of the Series 2007 Bonds, $31,165,000 of the Series 2003 Bonds were defeased Proceeds from the Series 2007 Bonds were used to purchase securities that were deposited in trust under an escrow agreement sufficient in amount to pay future principal and interest on the defeased Series 2003 Bonds This advance refunding transaction resulted in an extinguishment of debt since URHCS was legally released from its obligation on that portion of the Series 2003 Bonds at the time of the defeasance Accordingly, a portion of the Series 2003 Bonds, aggregating $31,165,000 at both December 31, 2011 and 2010, remain outstanding, but are excluded from URHCS' balance sheet The Series 2003 Bonds may be called at URHCS' election at par on or after September 1, 2013

The indenture agreement requires that certain funds be established with the trustee Accordingly, these funds are included as assets limited as to use held by trustee in the financial statements The indenture agreement also requires URHCS to comply with certain restrictive covenants including minimum insurance coverage, maintaining a maximum debt-service coverage ratio and restrictions on incurrence of additional debt

Aggregate annual maturities and sinking fund requirements of long-term debt and payments on capital lease obligations at December 31, 2011, are

| | |
|---|---|
| 2012 | $ 980,000 |
| 2013 | 1,055,000 |
| 2014 | - |
| 2015 | 3,250,000 |
| 2016 | 3,410,000 |
| Thereafter | 84,760,000 |
| | $ 93,455,000 |

## Note 8: Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes

| | 2011 | 2010 |
|---|---|---|
| Purchase of property and equipment | $ 605,011 | $ 611,183 |
| Children's Miracle Network | 846,646 | 1,006,502 |
| Rathgeber House | 86,693 | 168,761 |
| Cardiac Institute | 191,290 | 218,101 |
| Other | 615,925 | 331,702 |
| | $ 2,345,565 | $ 2,336,249 |

Permanently restricted net assets are restricted to

| | 2011 | 2010 |
|---|---|---|
| Investments to be held in perpetuity, the income is unrestricted or temporarily restricted | $ 291,001 | $ 287,843 |

During 2011 and 2010, net assets were released from donor restrictions by incurring expenses, satisfying the restricted purpose of purchasing property and equipment in the amounts of $1,517,458 and $1,708,021, respectively

## Note 9: Charity Care

In support of its mission, URHCS voluntarily provides free care to patients who lack financial resources and are deemed to be medically indigent Because URHCS does not pursue collection of amounts determined to qualify as charity care, they are not reported in net patient service revenue The cost associated with URHCS charity care program were approximately $20,763,000 and $20,654,000 for 2011 and 2010, respectively The cost of charity care is estimated by applying the overall ratio of URHCS cost to charges to the gross charges related to services provided to patients qualifying for the URHCS charity care program

## Note 10: Functional Expenses

URHCS provides health care services primarily to residents within its geographic area Expenses related to providing these services are as follows

| | 2011 | 2010 |
|---|---|---|
| Health care services | $ 193,866,898 | $ 189,910,941 |
| General and administrative | 55,525,743 | 60,695,221 |
| | $ 249,392,641 | $ 250,606,162 |

### Note 11: Retirement Plans

URHCS sponsors a voluntary Section 403(b) plan to which employees can make salary deferral contributions as well as additional defined contribution plans organized under Sections 401(a), 457(b) and 457(f) of the Internal Revenue Code The Board annually determines the amount, if any, of URHCS' contributions to the plan Expense for all plans was approximately $2,873,000 and $2,905,000 for 2011 and 2010, respectively

### Note 12: Related Party Transactions

URHCS is a member of the North Texas Service Organization (the Service Organization), a nonprofit corporation and has one representative who serves on the Board of the Service Organization URHCS contributed approximately $11,800,000 and $8,235,000 to the Service Organization during the years ended December 31, 2011 and 2010, respectively These contributions were used to fund emergency care services and physician directorships in the North Texas area and are reflected as a component of supplies and other expense in the consolidated statements of operations

### Note 13: Disclosures About Fair Value of Assets and Liabilities

ASC Topic 820, *Fair Value Measurements*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date Topic 820 also specifies a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value

The standard describes three levels of inputs that may be used to measure fair value

**Level 1** Quoted prices in active markets for identical assets or liabilities

**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 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

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

### *Investments*

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy Level 1 securities include money market mutual funds, mutual funds and equity securities If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows Level 2 securities include U S Treasury and agency obligations, corporate bonds, municipal bonds and mortgage-backed securities In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy URHCS held no Level 3 securities at December 31, 2011 and 2010

The table below presents the fair value measurements of assets and liabilities recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2011 and 2010

| | | 2011 Fair Value Measurement Using | | |
|---|---|---|---|---|
| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Financial assets | | | | |
| Money market mutual funds | $ 13,118,330 | $ 13,118,330 | $ - | $ - |
| Debt securities | | | | |
| U S Treasury obligations | 3,075,035 | 3,075,035 | - | - |
| U S Agency obligations | 48,056,991 | 33,957,996 | 14,098,995 | - |
| Corporate bonds | 32,958,869 | 16,616,984 | 16,341,885 | - |
| Municipal bonds | 1,443,436 | - | 1,443,436 | - |
| Mortgage-backed securities | 9,451,327 | 9,451,327 | - | - |
| Equity securities | | | | |
| International equities | 19,278,060 | 19,278,060 | - | - |
| Consumer discretionary and staples | 5,875,582 | 5,875,582 | - | - |
| Energy and utilities | 2,381,271 | 2,381,271 | - | - |
| Financials | 7,559,203 | 7,559,203 | - | - |
| Healthcare | 3,295,824 | 3,295,824 | - | - |
| Industrials and materials | 4,983,152 | 4,983,152 | - | - |
| Information technology | 5,095,260 | 5,095,260 | - | - |
| Services | 11,642,510 | 11,642,510 | - | - |
| Basic materials | 4,239,111 | 4,239,111 | - | - |
| Conglomerates | 326,819 | 326,819 | - | - |
| Mutual funds | 1,776,174 | 1,776,174 | - | - |

| | | 2010 Fair Value Measurement Using | | |
|---|---|---|---|---|
| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Financial assets | | | | |
| Money market mutual funds | $ 10,720,650 | $ 10,720,650 | $ - | $ - |
| Debt securities | | | | |
| U S Treasury obligations | 1,502,240 | 1,502,240 | - | - |
| U S Agency obligations | 38,073,518 | - | 38,073,518 | - |
| Corporate bonds | 21,355,094 | - | 21,355,094 | - |
| Equity securities | | | | |
| Global equity mutual funds | 92,752,002 | 92,752,002 | | |
| International equities | 165,158 | 165,158 | - | - |
| Consumer discretionary and staples | 57,344 | 57,344 | - | - |
| Energy and utilities | 17,006 | 17,006 | - | - |
| Financials | 53,540 | 53,540 | - | - |
| Healthcare | 50,061 | 50,061 | - | - |
| Industrials and materials | 49,257 | 49,257 | - | - |
| Information technology | 141,536 | 141,536 | - | - |
| Services | 105,791 | 105,791 | - | - |
| Basic materials | 185,758 | 185,758 | - | - |
| Conglomerates | 11,180 | 11,180 | - | - |
| Mutual funds | 429,226 | 429,226 | - | - |

The following methods were used to estimate the fair value of all other financial instruments recognized in the accompanying balance sheets at amounts other than fair value

### *Cash and Cash Equivalents and Accrued Interest Receivable*

The carrying amount approximates fair value

Cash and cash equivalents held in investment accounts and awaiting investment have been included with investments in the consolidated accompanying balance sheets

### *Contributions Receivable*

Fair value is estimated at the present value of the future payments expected to be received

### *Long-term Debt*

Fair value is estimated based on the price of the bonds at the measurement date

The following table presents estimated fair values of URHCS' financial instruments December 31, 2011 and 2010

| | 2011 | | 2010 | |
|---|---|---|---|---|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Financial assets | | | | |
| Cash and cash equivalents | $ 69,044,741 | $ 69,044,741 | $ 54,157,569 | $ 54,157,569 |
| Accrued interest | 671,962 | 671,962 | 722,692 | 722,692 |
| Pledges receivable | 1,317,890 | 1,317,890 | 1,994,692 | 1,994,692 |
| Financial liabilities | | | | |
| Long-term debt | 93,740,740 | 99,265,178 | 94,891,510 | 101,191,904 |

## Note 14: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations Those matters include the following

### *Allowance for Net Patient Service Revenue Adjustments*

Estimates of allowances for adjustments included in net patient service revenue are described in *Notes 1* and *2*

### *Self-insured Risks*

Estimates related to the accrual for self-insured risks are described in *Notes 1* and *6*

### *Admitting Physicians*

URHCS is served by one admitting physician group whose patients comprise approximately 16 00% of URHCS' admissions

### *Physician Guarantees*

In an effort to recruit new physicians to its service area, URHCS has entered into various agreements with physicians guaranteeing certain levels of income for the first 12 to 24 months that the physician operates in the service area These agreements typically require that the physician operate in the service area for a defined period of time In the event that URHCS has made payments to the physicians under these income guarantee agreements and the physician does not fulfill his or her obligation to practice in the service area for the term specified in the agreement, URHCS can demand that the physician return all or a portion of the payments made under the agreement As of December 31, 2011, the maximum potential future payments that URHCS could be required to make under existing agreements is approximately $1,530,000

### *Litigation*

In the normal course of business, URHCS is, from time to time, subject to allegations that may or do result in litigation Some of these allegations are in areas not covered by URHCS' self-insurance program (discussed elsewhere in these notes) or by commercial insurance, for example, allegations regarding employment practices or performance of contracts URHCS evaluates such allegations by conducting investigations to determine the validity of each potential claim Based upon the advice of counsel, management records an estimate of the amount of ultimate expected loss, if any, for each of these matters Events could occur that would cause the estimate of ultimate loss to differ materially in the near term

### *Investments*

URHCS invests in various investment securities Investment securities are exposed to various risks such as interest rate, market and credit risks Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying consolidated balance sheets

During 2010, Congress passed legislation that will significantly reform the United States health care system The legislation will require certain changes through 2014 to private and public health care insurance plans, including the Texas Medicaid program While the impact of these regulatory changes cannot currently be determined, it is reasonably possible that these changes will negatively impact the URHCS' net patient service revenues

## Note 15: Subsequent Events

On August 1, 2011, URHCS provided notice to the City-County Board of its intent to early terminate its lease of the 8th Street Campus This early termination gives the City-County Board the following three options as it relates to the 8th Street Campus

- Retake possession of the 8th Street Campus
- Not retake possession of the 8th Street Campus and thereby permit URHCS to take any and all action, in any manner elected by URHCS, without a need for further consent by the City-County Board Such actions include, but are not limited to, the sale or conversion to alternative use of the 8th Street Campus
- Re-take possession of the 8th Street Campus but also direct URCHS to demolish the facility prior to transfer of possession of the land back to the City-County Board

On February 13, 2012, the City-County Board and URHCS entered into a letter of intent (LOI) to sell the 8th Street Campus to a third-party buyer The parties have 120 days from the date of the LOI to make a decision on going forth with the proposed sale In the LOI, URHCS agreed to provide $1,590,000 in trust for the abatement and demolition of part of the 8th Street Campus structure These funds will remain in trust for three years after the closing of the sale Any unused funds will be transferred to URHCS at the end of that three-year period

Should this proposed sale not be executed, the City-County Board could require URHCS to demolish the facility The cost of demolition has been estimated at $5,400,000

Subsequent events have been evaluated through March 22, 2012, which is the date the accompanying consolidated financial statements were issued