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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 07-01-2011 and ending 06-30-2012

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

C Name of organization
 COMMUNITY UNITED METHODIST HOSPITAL INC
 Doing Business As
 Number and street (or P O box if mail is not delivered to street address) Room/suite
 PO BOX 48
 City or town, state or country, and ZIP + 4
 HENDERSON, KY 424190048

D Employer identification number
 61-0461753
E Telephone number
 (270) 827-7517
G Gross receipts \$ 161,002,446

F Name and address of principal officer
 BRUCE BEGLEY
 PO BOX 48
 HENDERSON, KY 424190048

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: ▶ METHODISTHOSPITAL.NET

K Form of organization Corporation Trust Association Other ▶ **L** Year of formation 1948 **M** State of legal domicile KY

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities IN LINE WITH ITS CHRISTIAN HERITAGE, TO PROVIDE A BROAD BASED HEALTHCARE DELIVERY SYSTEM FOCUSING ON THE COMPASSIONATE, HIGH QUALITY AND COST EFFECTIVE SERVICES THAT ADDRESS MENTAL, SPIRITUAL AND PHYSICAL NEEDS		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	27
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	22
	5 Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	1,508
	6 Total number of volunteers (estimate if necessary)	6	77
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	2,841
	b Net unrelated business taxable income from Form 990-T, line 34	7b	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	103,038	106,309
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	145,142,050	157,899,371
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	177,143	134,025
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	4,127,128	2,822,633
		149,549,359	160,962,338
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	292,668	313,471
	14 Benefits paid to or for members (Part IX, column (A), line 4)		0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	72,782,610	75,882,589
	16a Professional fundraising fees (Part IX, column (A), line 11e)		0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶ ⁰		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	74,233,562	84,035,435
18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	147,308,840	160,231,495	
19 Revenue less expenses Subtract line 18 from line 12	2,240,519	730,843	
Net Assets or Fund Balances		Beginning of Current Year	End of Year
	20 Total assets (Part X, line 16)	158,038,204	157,803,337
	21 Total liabilities (Part X, line 26)	81,123,575	98,291,079
	22 Net assets or fund balances Subtract line 21 from line 20	76,914,629	59,512,258

Part II Signature Block

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

Sign Here
 Signature of officer: *****
 Date: 2013-05-10
 Type or print name and title: BRUCE BEGLEY CEO

Paid Preparer's Use Only
 Preparer's signature: S MARTIN MCELROY JR CPA
 Date: 2013-05-14
 Check if self-employed
 Preparer's taxpayer identification number (see instructions)
 Firm's name (or yours if self-employed), address, and ZIP + 4: MCELROY MITCHELL & ASSOCIATES LLP
 PO BOX 528
 MORGANFIELD, KY 424370528
 EIN: _____
 Phone no: (270) 389-1239

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

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III Yes No

1 Briefly describe the organization's mission

IN LINE WITH ITS CHRISTIAN HERITAGE, TO PROVIDE A BROAD BASED HEALTHCARE DELIVERY SYSTEM FOCUSING ON THE COMPASSIONATE, HIGH QUALITY AND COST EFFECTIVE SERVICES THAT ADDRESS MENTAL, SPIRITUAL AND PHYSICAL NEEDS

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 \$ 132,705,698 including grants of \$ 313,471) (Revenue \$ 159,702,952)

COMMUNITY UNITED METHODIST HOSPITAL, INC OFFERS A BROAD RANGE OF INPATIENT AND OUTPATIENT MEDICAL SERVICES INCLUDING EMERGENCY CARE, SURGICAL SERVICES, AMBULATORY CARE, RADIOLOGY SERVICES, PHYSICAL THERAPY, SLEEP DISORDERS, ORTHOPEDIC SERVICES, PEDICATRIC CARE, NICU, SWING BED, DIAGNOSTIC AND THERAPEUTIC SERVICES, WOUND CARE AND PAIN CLINIC THE COMMUNITIES WE SERVE INCLUDE HENDERSON, UNION AND WEBSTER COUNTIES METHODIST HOSPITAL IS AN ACUTE CARE HOSPITAL IN HENDERSON, KY WITH 192 LICENSED BEDS IN 2012, MH SERVED 5,183 INPATIENTS FOR A TOTAL OF 24,367 INPATIENT DAYS OF SERVICE MH ALSO PROVIDED 273,797 OUTPATIENT VISITS WHICH INCLUDED 26,137 EMERGENCY ROOM VISITS CONTINUED ON SCHEDULE O UNION COUNTY METHODIST HOSPITAL IS A CRITICAL CARE HOSPITAL IN UNION COUNTY, KY IN 2012, UCMH SERVED 835 INPATIENTS FOR A TOTAL OF 4,859 INPATIENT DAYS UCMH ALSO PROVIDED 23,393 OUTPATIENT VISITS WHICH INCLUDED 8,460 EMERGENCY ROOM VISITS

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 \$ 132,705,698

Part IV Checklist of Required Schedules

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

Part IV Checklist of Required Schedules *(continued)*

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

Table with columns for question number, question text, and Yes/No columns. Includes rows for Form 1096, W-2G forms, employee reporting, foreign country information, prohibited tax shelter transactions, deductible contributions, and charitable trusts.

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		
1b	Enter the number of voting members included in line 1a, above, who are independent		
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?	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?		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		No
6	Did the organization have members or stockholders?	Yes	
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?	Yes	
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	Yes	
8b	Each committee with authority to act on behalf of the governing body?	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		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?		No
10b	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?		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?		No
11b	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	Yes	
12b	Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	Yes	
12c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	Yes	
13	Did the organization have a written whistleblower policy?	Yes	
14	Did the organization have a written document retention and destruction policy?	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?		
15a	The organization's CEO, Executive Director, or top management official	Yes	
15b	Other officers or key employees of the organization	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?	Yes	
16b	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?		No

Section C. Disclosure

- 17** List the States with which a copy of this Form 990 is required to be filed KY
- 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
 GREG HEBBELER
 1305 NORTH ELM STREET
 PO BOX 48
 HENDERSON, KY 424190048
 (270) 827-7502

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

(A) Name and Title	(B) Average hours per week per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)							4,324,749		309,500	

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 **60**

	Yes	No
3 Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>	3 Yes	
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? <i>If "Yes," complete Schedule J for such individual</i>	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? <i>If "Yes," complete Schedule J for such person</i>	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
NEW HOPE BLOOD AND CANCER CENTER PL 110 WATER STREET HENDERSON, KY 42420	ONCOLOGY SVCS	1,118,751
HENDERSON ACUTE CARE SPECIALIST LLC 1352 DYLAN CIRCLE HENDERSON, KY 42420	HOSPITALIST SVC	755,395
RUBEL MEDICAL SERVICES PC 2012 WILDERNESS CT EVANSVILLE, IN 47712	ANESTHESIOLOGY	600,000
ERICKSON ANESTHESIOLOGY 2444 LAKERIDGE DRIVE NEWBURGH, IN 47630	ANESTHESIOLOGY	502,747
CAREFUSION SOLUTIONS LLC 3750 TORREY VIEW CT SAN DIEGO, CA 92130	SOFTWARE	381,940

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 **31**

Part VIII Statement of Revenue

			(A)	(B)	(C)	(D)		
			Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512, 513, or 514		
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns 1a						
	b	Membership dues 1b						
	c	Fundraising events 1c						
	d	Related organizations 1d	95,026					
	e	Government grants (contributions) 1e						
	f	All other contributions, gifts, grants, and similar amounts not included above 1f	11,283					
	g	Noncash contributions included in lines 1a-1f \$ _____						
	h	Total. Add lines 1a-1f		106,309				
Program Service Revenue	2a	PATIENT SERVICES	Business Code 621110	157,899,371	157,899,371			
	b							
	c							
	d							
	e							
	f	All other program service revenue						
	g	Total. Add lines 2a-2f		157,899,371				
Other Revenue	3	Investment income (including dividends, interest and other similar amounts)		133,307		133,307		
	4	Income from investment of tax-exempt bond proceeds						
	5	Royalties						
	6a	Gross rents	(i) Real	18,396				
			(ii) Personal					
			b	Less rental expenses				
			c	Rental income or (loss)	18,396			
	d	Net rental income or (loss)		18,396		18,396		
	7a	Gross amount from sales of assets other than inventory	(i) Securities		40,826			
			(ii) Other		40,108			
			b	Less cost or other basis and sales expenses		40,108		
			c	Gain or (loss)		718		
	d	Net gain or (loss)		718		718		
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	a					
	b	Less direct expenses b						
c	Net income or (loss) from fundraising events							
9a	Gross income from gaming activities See Part IV, line 19	a						
b	Less direct expenses b							
c	Net income or (loss) from gaming activities							
10a	Gross sales of inventory, less returns and allowances	a						
b	Less cost of goods sold b							
c	Net income or (loss) from sales of inventory							
	Miscellaneous Revenue	Business Code						
11a	HEALTH CARE MANAGEMENT	561000	762,020	762,020				
b	CAFETERIA REVENUE	722210	667,368			667,368		
c	MISCELLANEOUS REVENUE	621110	631,130	631,130				
d	All other revenue		743,719	410,431	2,841	330,447		
e	Total. Add lines 11a-11d		2,804,237					
12	Total revenue. See Instructions		160,962,338	159,702,952	2,841	1,150,236		

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	94,040	94,040		
2	Grants and other assistance to individuals in the United States See Part IV, line 22	219,431	219,431		
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	2,436,360	359,703	2,076,657	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	52,769,679	44,343,034	8,426,645	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	2,593,044	2,265,407	327,637	
9	Other employee benefits	14,034,863	11,540,951	2,493,912	
10	Payroll taxes	4,048,643	3,238,914	809,729	
11	Fees for services (non-employees)				
a	Management				
b	Legal	90,072		90,072	
c	Accounting	284,267		284,267	
d	Lobbying	9,499		9,499	
e	Professional fundraising See Part IV, line 17				
f	Investment management fees	233,009		233,009	
g	Other	11,957,743	10,295,661	1,662,082	
12	Advertising and promotion	862,562	73,598	788,964	
13	Office expenses	17,256,132	15,962,969	1,293,163	
14	Information technology	1,076,365	456,665	619,700	
15	Royalties				
16	Occupancy	2,385,548	423,150	1,962,398	
17	Travel	164,015	136,037	27,978	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings				
20	Interest	2,794,162		2,794,162	
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	7,510,076	7,489,934	20,142	
23	Insurance	1,269,890	837,728	432,162	
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	30,527,075	30,527,075		
b	REPAIRS & MAINT	2,343,936	1,765,730	578,206	
c	KY PROVIDER TAX	2,279,568	2,279,568		
d	DIETARY/ FOOD	1,015,743	99,852	915,891	
e					
f	All other expenses	1,975,773	296,251	1,679,522	
25	Total functional expenses. Add lines 1 through 24f	160,231,495	132,705,698	27,525,797	0
26	Joint costs. Check here <input checked="" type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

		(A)		(B)
		Beginning of year		End of year
Assets	1 Cash—non-interest-bearing	14,388,481	1	15,561,304
	2 Savings and temporary cash investments	16,087,101	2	13,718,798
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net	26,416,306	4	28,406,904
	5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L	28,716	5	
	6 Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L		6	
	7 Notes and loans receivable, net	2,172,135	7	1,595,573
	8 Inventories for sale or use	2,231,320	8	2,289,866
	9 Prepaid expenses and deferred charges	1,653,937	9	1,492,407
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	175,529,423		
	b Less accumulated depreciation	89,030,928	10c	86,498,495
	11 Investments—publicly traded securities		11	
	12 Investments—other securities See Part IV, line 11	3,642,926	12	3,646,326
	13 Investments—program-related See Part IV, line 11		13	
	14 Intangible assets		14	
	15 Other assets See Part IV, line 11	3,617,364	15	4,593,664
16 Total assets. Add lines 1 through 15 (must equal line 34)	158,038,204	16	157,803,337	
Liabilities	17 Accounts payable and accrued expenses	13,519,002	17	15,155,281
	18 Grants payable		18	
	19 Deferred revenue		19	
	20 Tax-exempt bond liabilities	45,751,148	20	40,872,269
	21 Escrow or custodial account liability Complete Part IV of Schedule D		21	
	22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties	89,984	23	25,287
	24 Unsecured notes and loans payable to unrelated third parties		24	5,000,000
	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	21,763,441	25	37,238,242
	26 Total liabilities. Add lines 17 through 25	81,123,575	26	98,291,079
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	76,005,655	27	58,525,870
	28 Temporarily restricted net assets	908,974	28	986,388
	29 Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
33 Total net assets or fund balances	76,914,629	33	59,512,258	
34 Total liabilities and net assets/fund balances	158,038,204	34	157,803,337	

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	160,962,338
2	Total expenses (must equal Part IX, column (A), line 25)	2	160,231,495
3	Revenue less expenses Subtract line 2 from line 1	3	730,843
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	76,914,629
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-18,133,214
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	59,512,258

Part XII Financial Statements and Reporting

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

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

SCHEDULE A
(Form 990 or 990EZ)

Public Charity Status and Public Support

OMB No 1545-0047

2011

Open to Public Inspection

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

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

Department of the Treasury
Internal Revenue Service

Name of the organization
COMMUNITY UNITED METHODIST
HOSPITAL INC

Employer identification number

61-0461753

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

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

- 1 A church, convention of churches, or association of churches **section 170(b)(1)(A)(i).**
- 2 A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)
- 3 A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4 A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state

- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)
- 6 A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 8 A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 9 An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)
- 10 An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**
- 11 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h
 a Type I b Type II c Type III - Functionally integrated d Type III - Other
- e By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)
- f If the organization received a written determination from the IRS that it is a Type I, Type II or Type III supporting organization, check this box
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
 (i) a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization?
 (ii) a family member of a person described in (i) above?
 (iii) a 35% controlled entity of a person described in (i) or (ii) above?
- h Provide the following information about the supported organization(s)

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2011 (line 6 column (f) divided by line 11 column (f))	14	
15 Public Support Percentage for 2010 Schedule A, Part II, line 14	15	
16a 33 1/3% support test—2011. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization <input type="checkbox"/>		
b 33 1/3% support test—2010. If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization <input type="checkbox"/>		
17a 10%-facts-and-circumstances test—2011. If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test. The organization qualifies as a publicly supported organization <input type="checkbox"/>		
b 10%-facts-and-circumstances test—2010. If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test. The organization qualifies as a publicly supported organization <input type="checkbox"/>		
18 Private Foundation If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions <input type="checkbox"/>		

Part III Support Schedule for Organizations Described in IRC 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

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

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support (Add lines 9, 10c, 11 and 12.)						
14 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

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

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

Facts And Circumstances Test

Explanation

SCHEDULE C (Form 990 or 990-EZ)

Political Campaign and Lobbying Activities

OMB No 1545-0047

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

Complete if the organization is described below.

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

2011

Open to Public Inspection

Department of the Treasury Internal Revenue Service

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

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

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

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

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

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

Name of the organization COMMUNITY UNITED METHODIST HOSPITAL INC

Employer identification number

61-0461753

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

- 1 Provide a description of the organization's direct and indirect political campaign activities on behalf of or in opposition to candidates for public office in Part IV
2 Political expenditures
3 Volunteer hours

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

- 1 Enter the amount of any excise tax incurred by the organization under section 4955
2 Enter the amount of any excise tax incurred by organization managers under section 4955
3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year?
4a Was a correction made?
b If "Yes," describe in Part IV

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

- 1 Enter the amount directly expended by the filing organization for section 527 exempt function activities
2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities
3 Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b
4 Did the filing organization file Form 1120-POL for this year?
5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments

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

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period

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

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

	(a)		(b)
	Yes	No	Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a Volunteers?		No	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c Media advertisements?		No	
d Mailings to members, legislators, or the public?		No	
e Publications, or published or broadcast statements?		No	
f Grants to other organizations for lobbying purposes?		No	
g Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i Other activities? If "Yes," describe in Part IV	Yes		9,499
j Total lines 1c through 1i			9,499
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b If "Yes," enter the amount of any tax incurred under section 4912			
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?		No	

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
	SCHEDULE C, PART II-B, LINE 1	LOBBYING EXPENSES REPRESENT THE PORTION OF DUES THAT ARE PAID TO HOSPITAL ASSOCIATIONS THAT ARE ATTRIBUTABLE TO LOBBYING ACTIVITIES

SCHEDULE D (Form 990)

OMB No 1545-0047

Supplemental Financial Statements

2011

Open to Public Inspection

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

Department of the Treasury Internal Revenue Service

Name of the organization COMMUNITY UNITED METHODIST HOSPITAL INC

Employer identification number 61-0461753

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

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

- 5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?

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

- 1 Purpose(s) of conservation easements held by the organization (check all that apply): Preservation of land for public use, Protection of natural habitat, Preservation of open space, Preservation of an historically important land area, Preservation of a certified historic structure.

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

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

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

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

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

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

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

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)?

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

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

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

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

(i) Revenues included in Form 990, Part VIII, line 1
(ii) Assets included in Form 990, Part X

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

a Revenues included in Form 990, Part VIII, line 1
b Assets included in Form 990, Part X

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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		884,356		884,356
b Buildings		99,300,912	36,628,491	62,672,421
c Leasehold improvements		1,857,748	1,159,801	697,947
d Equipment		67,529,271	51,242,636	16,286,635
e Other		5,957,136		5,957,136
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).)				86,498,495

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	160,962,338
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	160,231,495
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	730,843
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	-18,139,590
9	Total adjustments (net) Add lines 4 - 8	9	-18,139,590
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	-17,408,747

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

1	Total revenue, gains, and other support per audited financial statements	1	142,969,720
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIV)	2d	-17,993,490
e	Add lines 2a through 2d	2e	-17,993,490
3	Subtract line 2e from line 1	3	160,963,210
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV)	4b	-872
c	Add lines 4a and 4b	4c	-872
5	Total Revenue Add lines 3 and 4c . (This should equal Form 990, Part I, line 12)	5	160,962,338

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

1	Total expenses and losses per audited financial statements	1	160,378,467
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	146,972
e	Add lines 2a through 2d	2e	146,972
3	Subtract line 2e from line 1	3	160,231,495
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV)	4b	
c	Add lines 4a and 4b	4c	
5	Total expenses Add lines 3 and 4c . (This should equal Form 990, Part I, line 18)	5	160,231,495

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
LIABILITY UNDER FIN 48 FOOTNOTE	SCHEDULE D, PAGE 3, PART X	THE HOSPITAL APPLIES FINANCIAL ACCOUNTING STANDARDS BOARD (FASB) ASC TOPIC 740, ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES THE FOLLOWING FOOTNOTE APPEARS IN THE HOSPITAL'S AUDIT REPORT THE ACCOUNTING STANDARD ON ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES, WHICH ADDRESSES THE DETERMINATION OF WHETHER TAX BENEFITS CLAIMED OR EXPECTED TO BE CLAIMED ON A TAX RETURN, SHOULD BE RECORDED IN THE FINANCIAL STATEMENTS UNDER THIS GUIDANCE, THE HOSPITAL MAY RECOGNIZE THE TAX BENEFIT FROM AN UNCERTAIN TAX POSITION ONLY IF IT IS MORE LIKELY THAN NOT THAT THE TAX POSITION WILL BE SUSTAINED IN EXAMINATION BY TAXING AUTHORITIES, BASED ON THE TECHNICAL MERITS OF THE POSITION EXAMPLES OF TAX POSITIONS INCLUDE THE TAX-EXEMPT STATUS OF THE HOSPITAL AND VARIOUS POSITIONS RELATED TO THE POTENTIAL SOURCES OF UNRELATED BUSINESS TAXABLE INCOME (UBIT) THE BENEFITS RECOGNIZED IN THE FINANCIAL STATEMENTS FROM SUCH A POSITION ARE MEASURED BASED ON THE LARGEST BENEFIT THAT HAS A GREATER THAN 50 PERCENT LIKELIHOOD OF BEING REALIZED UPON ULTIMATE SETTLEMENT THERE WERE NO UNRECOGNIZED TAX BENEFITS IDENTIFIED OR RECORDED AS LIABILITIES FOR FISCAL YEAR 2012 AND 2011
RECONCILIATION OF CHANGES - OTHER	SCHEDULE D, PAGE 4, PART XI, LINE 8	CHANGE IN UNFUNDED PENSION LIABILITY (FASB 158 ADJUST) -18,070,904 CHANGE IN FOUNDATION NET ASSETS (FASB 136 ADJUST) 77,414 UNRELATED FEDERAL BUSINESS LOSS FROM PREMIER PURCH K-1 -2,841 NET INVESTMENT GAIN/LOSS FROM GENESIS HEALTH ALLIANCE K-1 8,679 NET INVESTMENT GAIN/LOSS FROM KY HOMECARE OF HENDERSON K-1 -1,166 NET INVESTMENT GAIN/LOSS FROM PREMIER PURCH PARTNERS K-1 -3,800 EXPENSES FROM ENTITIES FILING SEPERATE RETURNS INCLUDED 0 IN CONSOLIDATED AUDITED FINANCIAL STATEMENTS -146,972
REVENUE AMOUNTS INCLUDED IN FINANCIALS - OTHER	SCHEDULE D, PAGE 4, PART XII, LINE 2D	CHANGE IN UNFUNDED PENSION LIABILITY (FASB 158 ADJUST) -18,070,904 CHANGE IN FOUNDATION NET ASSETS (FASB 136 ADJUST) 77,414
REVENUE AMOUNTS INCLUDED ON RETURN - OTHER	SCHEDULE D, PAGE 4, PART XII, LINE 4B	UNRELATED FEDERAL BUSINESS LOSS FROM PREMIER PURCH K-1 2,841 NET INVESTMENT GAIN/LOSS FROM GENESIS HEALTH ALLIANCE K-1 -8,679 NET INVESTMENT GAIN/LOSS FROM KY HOMECARE OF HENDERSON K-1 1,166 NET INVESTMENT GAIN/LOSS FROM PREMIER PURCH PARTNERS K-1 3,800
EXPENSE AMOUNTS INCLUDED IN FINANCIALS - OTHER	SCHEDULE D, PAGE 4, PART XIII, LINE 2D	EXPENSES FROM ENTITIES FILING SEPERATE RETURNS INCLUDED 0 IN CONSOLIDATED AUDITED FINANCIAL STATEMENTS 146,972

SCHEDULE H (Form 990)

Hospitals

OMB No 1545-0047

2011

Open to Public Inspection

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

Department of the Treasury Internal Revenue Service

Name of the organization COMMUNITY UNITED METHODIST HOSPITAL INC

Employer identification number 61-0461753

Part I Charity Care and Certain Other Community Benefits at Cost

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

7 Charity Care and Certain Other Community Benefits at Cost

Table with 6 columns: (a) Number of activities or programs (optional), (b) Persons served (optional), (c) Total community benefit expense, (d) Direct offsetting revenue, (e) Net community benefit expense, (f) Percent of total expense. Rows include Charity Care and Means-Tested Government Programs and Other Benefits.

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing			3,813		3,813	
2 Economic development			5,748		5,748	
3 Community support						
4 Environmental improvements						
5 Leadership development and training for community members			810		810	
6 Coalition building			3,070		3,070	
7 Community health improvement advocacy			2,928		2,928	
8 Workforce development						
9 Other						
10 Total			16,369		16,369	0.010 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	1	Yes	
2 Enter the amount of the organization's bad debt expense	2		9,376,811
3 Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3		2,813,037
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		26,847,050
6 Enter Medicare allowable costs of care relating to payments on line 5	6		34,014,299
7 Subtract line 6 from line 5. This is the surplus or (shortfall)	7		-7,167,249
8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other			

Section C. Collection Practices

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

Part IV Management Companies and Joint Ventures (see instructions)

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

Part V Facility Information

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? 2

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	METHODIST HOSPITAL 1305 N ELM STREET HENDERSON, KY 42420	X	X		X			X		
2	METHODIST HOSPITAL UNION COUNTY 4604 US HWY 60 WEST MORGANFIELD, KY 42437	X	X			X		X		

Part V Facility Information (continued)

Section B. Facility Policies and Practices.

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

METHODIST HOSPITAL

Name of Hospital Facility: _____

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

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply)	1	
a <input type="checkbox"/> A definition of the community served by the hospital facility		
b <input type="checkbox"/> Demographics of the community		
c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input type="checkbox"/> How data was obtained		
e <input type="checkbox"/> The health needs of the community		
f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs		
h <input type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)	5	
a <input type="checkbox"/> Hospital facility's website		
b <input type="checkbox"/> Available upon request from the hospital facility		
c <input type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)		
a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
b <input type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility		
d <input type="checkbox"/> Participation in community-wide community benefit plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g <input type="checkbox"/> Prioritization of health needs in the community		
h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
8 Did the hospital facility have in place during the tax year a written financial assistance policy that explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>100</u> 0% If "No," explain in Part VI the criteria the hospital facility used	9	Yes

Part V Facility Information *(continued)*

	Yes	No
10 Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>200 0%</u> If "No," explain in Part VI the criteria the hospital facility used	10 Yes	
11 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)	11 Yes	
<ul style="list-style-type: none"> a <input checked="" type="checkbox"/> Income level b <input checked="" type="checkbox"/> Asset level c <input type="checkbox"/> Medical indigency d <input type="checkbox"/> Insurance status e <input type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input checked="" type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI) 		
12 Explained the method for applying for financial assistance?	12 Yes	
13 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)	13 Yes	
<ul style="list-style-type: none"> a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input checked="" type="checkbox"/> The policy was attached to all billing invoices c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input checked="" type="checkbox"/> Other (describe in Part VI) 		

Billing and Collections

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

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?

If "No," indicate why

- a** The hospital facility did not provide care for any emergency medical conditions
- b** The hospital facility's policy was not in writing
- c** The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)
- d** Other (describe in Part VI)

	Yes	No
18	Yes	

Individuals Eligible for Financial Assistance

19 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care

- a** The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- b** The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- c** The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- d** Other (describe in Part VI)

20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?

If "Yes," explain in Part VI

21 Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient?

.

If "Yes," explain in Part VI

19		
20		No
21	Yes	

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)

METHODIST HOSPITAL UNION COUNTY

Name of Hospital Facility: _____

Line Number of Hospital Facility (from Schedule H, Part V, Section A): _____ 2 _____

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply)	1	
a <input type="checkbox"/> A definition of the community served by the hospital facility		
b <input type="checkbox"/> Demographics of the community		
c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input type="checkbox"/> How data was obtained		
e <input type="checkbox"/> The health needs of the community		
f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs		
h <input type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)	5	
a <input type="checkbox"/> Hospital facility's website		
b <input type="checkbox"/> Available upon request from the hospital facility		
c <input type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)		
a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
b <input type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility		
d <input type="checkbox"/> Participation in community-wide community benefit plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g <input type="checkbox"/> Prioritization of health needs in the community		
h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
8 Did the hospital facility have in place during the tax year a written financial assistance policy that explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>100</u> 0% If "No," explain in Part VI the criteria the hospital facility used	9	Yes

Part V Facility Information *(continued)*

	Yes	No
10 Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>2000</u> % If "No," explain in Part VI the criteria the hospital facility used	10 Yes	
11 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)	11 Yes	
<ul style="list-style-type: none"> a <input checked="" type="checkbox"/> Income level b <input checked="" type="checkbox"/> Asset level c <input type="checkbox"/> Medical indigency d <input type="checkbox"/> Insurance status e <input type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input checked="" type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI) 		
12 Explained the method for applying for financial assistance?	12 Yes	
13 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)	13 Yes	
<ul style="list-style-type: none"> a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input checked="" type="checkbox"/> The policy was attached to all billing invoices c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input checked="" type="checkbox"/> Other (describe in Part VI) 		

Billing and Collections

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

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?

	Yes	No
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 its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- c** The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- d** Other (describe in Part VI)

19		
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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
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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	Yes	
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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? 22

Name and address	Type of Facility (Describe)
1 See Additional Data Table	
2	
3	
4	
5	
6	
7	
8	
9	
10	

Part VI Supplemental Information

Complete this part to provide the following information

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6l, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21
- 2 **Community health needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any community health needs assessments reported in Part V, Section B
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)
- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
EXCLUSIONS FROM PERCENT OF TOTAL EXPENSE	PART I LINE 7 COLUMN F	BAD DEBT EXPENSE OF 30527075 WAS EXCLUDED FROM THE TOTAL EXPENSES AS REPORTED ON FORM 990 PART IX LINE 25 IN THE PERCENTAGE CALCULATION FOR COLUMN F

Identifier	ReturnReference	Explanation
COSTING METHODOLOGY EXPLANATION	PART I LINE 7	THE COSTTOCHARGE RATIO WAS USED IN THE TABLE TO CALCULATE COST ASSOCIATED WITH BAD DEBT AND CHARITY CARE THE RATIO WAS CALCULATED FROM WORKSHEET 2 RATIO OF PATIENT CARE COSTTOCHARGES

Identifier	ReturnReference	Explanation
COMMUNITY BUILDING ACTIVITIES	PART II	COMMUNITY BUILDING ACTIVITIES INCLUDE THE HOSPITALS PARTICIPATION WITH GREEN RIVER AREA DISTRICT DEVELOPMENT A LOCAL GROUP DEDICATED TO ADDRESSING THE HEALTH CARE NEEDS OF COMMUNITIES SERVED ALSO AS PART OF COMMUNITY BUILDING ACTIVITIES VARIOUS HOSPITAL ADMINISTRATION STAFF VOLUNTEER TIME AS BOARD MEMBERS OR MEMBERS OF COMMUNITY ORGANIZATIONS AND COALITIONS TO KEEP ABREAST OF HEALTH CARE NEEDS CONCERNS AND ISSUES WITHIN THE AREA

Identifier	ReturnReference	Explanation
BAD DEBT EXPENSE EXPLANATION	PART III LINE 4	THE HOSPITAL HAS AGREEMENTS WITH THIRDPARTY PAYORS THAT PROVIDE FOR PAYMENTS TO THE HOSPITAL AT AMOUNTS DIFFERENT FROM ITS ESTABLISHED RATES PAYMENT ARRANGEMENTS INCLUDE PROSPECTIVELY DETERMINED RATES PER DISCHARGE REIMBURSED COSTS DISCOUNTED CHARGES AND PER DIEM PAYMENTS NET PATIENT SERVICE REVENUE IS REPORTED AT THE ESTIMATED NET REALIZABLE AMOUNTS FROM PATIENTS THIRDPARTY PAYORS AND OTHERS FOR SERVICES RENDERED INCLUDING ESTIMATED RETROACTIVE ADJUSTMENTS UNDER REIMBURSEMENT AGREEMENTS WITH THIRDPARTY PAYORS RETROACTIVE ADJUSTMENTS ARE ACCRUED ON AN ESTIMATED BASIS IN THE PERIOD THE RELATED SERVICES ARE RENDERED AND ADJUSTED IN FUTURE PERIODS AS FINAL SETTLEMENTS ARE DETERMINED THE HOSPITAL ESTIMATES AN ALLOWANCE FOR UNCOLLECTIBLE PATIENT ACCOUNTS RECEIVABLE BASED ON EVALUATION OF THE AGING OF THE ACCOUNTS HISTORICAL LOSSES CURRENT ECONOMIC CONDITIONS AND OTHER FACTORS UNIQUE TO THE SERVICE AREA AND THE HEALTHCARE INDUSTRY THE COSTING METHODOLOGY USED TO DETERMINE THE AMOUNTS REPORTED ON LINE 2 IS USING THE COSTTOCHARGE RATIO THE RATIO WAS CALCULATED FROM WORKSHEET A ESTIMATED BAD DEBT EXPENSEAT COST

Identifier	ReturnReference	Explanation
MEDICARE EXPLANATION	PART III LINE 8	MEDICARE ALLOWABLE COST WAS TAKEN DIRECTLY OFF MEDICARE COST REPORT FILED FOR 63012 THE CALCULATION INCLUDED MEDICARE INPATIENT AND OUTPATIENT CHARGES LESS MEDICARE REIMBURSEMENT LESS GME RECEIVED THE SHORTFALL SHOULD BE TREATED AS COMMUNITY BENEFIT BECAUSE THE REIMBURSEMENT RECEIVED DID NOT COVER THE COST OF PROVIDING THESE SERVICES

Identifier	ReturnReference	Explanation
COLLECTION PRACTICES EXPLANATION	PART III LINE 9B	HOSPITAL POLICY ON CHARITY CARE PROVIDES GUIDANCE ON HOW TO PROVIDE FINANCIAL ASSISTANCE FOR PATIENTS IN NEED HOSPITAL POLICY ON INDIGENT CARE OUTLINES THE DISPROPORTIONATE SHARE HOSPITAL DSH PROGRAM THROUGH THE STATE OF KY TO SERVE THE INDIGENT CARE NEEDS OF ALL PATIENTS WITHOUT ANY TYPE OF HEALTH INSURANCE PATIENTS MUST COMPLETE A DSH APPLICATION AND MEET THE KY DEPARTMENT OF MEDICAID SERVICES DSH PROGRAM MANUAL GUIDELINES

Identifier	ReturnReference	Explanation
NEEDS ASSESSMENT	PART VI	HOSPITAL CONTINUES TO WORK WITH THE GREEN RIVER AREA DISTRICT DEVELOPMENT TO ASSESS THE HEALTH CARE NEEDS OF THE COMMUNITIES SERVED THE MISSION IS TO IMPROVE THE HEALTH AND QUALITY OF LIFE WITHIN OUR REGION THROUGH EDUCATION MOTIVATION EVALUATION AND AVAILABILITY

Identifier	ReturnReference	Explanation
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	PART VI	HOSPITAL HAS FINANCIAL COUNSELORS TO INTERVIEW PATIENTS WHO MAY HAVE FINANCIAL NEED THE PROCESS IS PART OF PATIENT REGISTRATION AN INTERVIEW CAN TAKE PLACE AT ANY TIME THE PATIENT IS IN THE HOSPITAL AFTER THE PAITENT LEAVES THE HOSPITAL CONTACT IS MADE IN AN EFFORT TO ASSIST THE INDIVIDUAL WITH APPLYING FOR GOVERNMENT ENTITLEMENT PROGRAMS EACH PATIENT REGISTERED AS A SELFPAY AUTOMATICALLY RECEIVES PRINTED INFORMATION TITLED ELIGIBILTY FOR FINANCIAL ASSISTANCE THIS DOCUMENT EXPLAINS ABOUT THE KY MEDICAID DISPROPORTIONATE SHARE HOSPITAL DSH PROGRAM IT CONTAINS A LIST OF INFORMATION THE PATIENT IS REQUIRED TO PROVIDE WITH THE DSH APPLICATION ELIGIBILITY FOR THE PROGRAM IS DETERMINED FROM THE SUBMITTED DOCUMENTS IF PATIENT DOES NOT QUALIFY FOR THE DSH PROGRAM THEN THE DOCUMENTATION IS USED BY THE HOSPITAL FOR FINANCIAL ASSISTANCE DETERMINATION IN ADDITION DISCUSSION WITH PATIENTS CONCERNING VARIOUS PROGRAMS HOSPITAL ASSISTANCE ETC

Identifier	ReturnReference	Explanation
COMMUNITY INFORMATION	PART VI	<p>HOSPITAL IS LOCATED IN THE GREEN RIVER AREA DEVELOPMENT DISTRICT GRADDIN THE NORTH WESTERN PORTION OF KENTUCKY ALONG THE OHIO RIVER AND DIVIDED BY THE GREEN RIVER ACCORDING TO KENTUCKY HOSPITAL STATISTICS PUBLISHED IN 2010 THE TOTAL POPULATION OF GRADD IS APPROXIMATELY 211708 AND IS PROJECTED TO HAVE MINOR GROWTH OF 12 OVER THE NEXT FIVE YEARS METHODIST HOSPITALS PRIMARY SERVICE AREA COVERS PATIENTS FROM THE COUNTIES OF HENDERSON UNION AND WEBSTER AND INCLUDES A SECONDARY MARKET OF PATIENTS FROM EACH OF THE SURROUNDING COUNTIES AND SOUTHERN INDIANA AND SOUTHERN ILLINOIS THE TOTAL POPULATION IN THE PRIMARY AND SECONDARY SERVICE AREA IS APPROXIMATELY 75000 THIS ORGANIZATION OWNS METHODIST HOSPITAL IN HENDERSON COUNTY AND METHODIST HOSPITAL UNION COUNTY A CRITICAL ACCESS HOSPITAL IN UNION COUNTY THE ONLY TWO HOSPITALS IN THE PRIMARY SERVICE AREA THE PRIMARY SERVICE AREA INCLUDES DESIGNATED MEDICALLY UNDERSERVED COUNTIES AND METHODIST HOSPITAL HAS SUPPORTED THE MEDICAL CARE IN THE COMMUNITIES BY PROVIDING TWO PRIMARY CARE CLINICS IN WEBSTER COUNTY AND TWO IN UNION COUNTY WITH PHYSICIANS AND NURSE PRACTITIONERS</p>

Identifier	ReturnReference	Explanation
HEALTH OF COMMUNITY IN RELATION TO EXEMPT PURPOSE	PART VI	<p>METHODIST HOSPITAL IN KEEPING WITH ITS CHRISTIAN HERITAGE EXISTS TO PROVIDE A BROAD BASED HEALTHCARE DELIVERY SYSTEM IN PARTNERSHIP WITH OUR MEDICAL STAFF THE FOCUS WILL BE ON THE COMPASSIONATE HIGH QUALITY AND COST EFFECTIVE SERVICES THAT ADDRESS MENTAL SPIRITUAL AND PHYSICAL NEEDS AND WORKS TO IMPROVE THE HEALTH STATUS OF THE PEOPLE IN THE COMMUNITIES THE MAJORITY OF COMMUNITY UNITED METHODIST HOSPITALS BOARD OF DIRECTORS IS COMPRISED OF INDIVIDUALS WHO LIVE AND WORK IN THE HOSPITAL SERVICES AREA THE HOSPITAL EXTENDS MEDICAL STAFF PRIVILEGES TO ALL QUALIFIED PHYSICIANS IN THE COMMUNITY DURING THE FISCAL YEAR ENDED JUNE 30 2012 COMMUNITY UNITED METHODIST HOSPITAL INC AS PART OF ITS MISSION CONTINUES TO PROVIDE UNCOMPENSATED CARE TO THE RESIDENTS OF THE AREA EXAMPLES OF SERVICES PROVIDED FOR THE BENEFIT OF THE COMMUNITY ARE AS FOLLOWS ADULT AND PEDIATRIC CPR COURSES OFFERED FREE OR AT A NOMINAL COST SMOKING CESSATION PROGRAM OFFERED AT NOMINAL COST TO PARTICIPANTS CHILDBIRTH EDUCATION CLASSES INCLUDING PREPARED CHILDBIRTH BREAST FEEDING ETC OFFERED TO THE PUBLIC AT A NOMINAL COST ONGOING DIABETES SELF CARE CLASSES OFFERED AT A NOMINAL OR NO CHARGE INCLUDING SELF CARE BGM INSULIN AND GESTATIONAL OUTREACH PROGRAMS AT LOCAL ELEMENTARY AND JUNIOR HIGH SCHOOLS TO EDUCATE YOUNG PEOPLE ON A VARIETY OF TOPICS INCLUDING CHEMICAL DEPENDENCY AND CHILDBIRTH PROVIDE EDUCATION TO WOMENS ADDICTION RECOVERY MANOR CENTER 34 TIMES PER YEAR FOR EDUCATIONAL SESSIONS UPON REQUEST BROCHURES ON A WIDE VARIETY OF MEDICAL TOPICS ARE AVAILABLE TO THE PUBLIC AT NO CHARGE MULTIDISCIPLINARY CONTINUING EDUCATION PROGRAMS FOR OTHER MEDICAL PROFESSIONALS AND ANCILLARY PERSONNEL COMMUNITY EDUCATION PROGRAMS PROVIDED FREE TO THE PUBLIC ON VARIOUS HEALTHCARE TOPICS CANCER STROKE HEART ATTACK DIABETES ETC PROMOTION OF HEALTHCARE PROFESSIONALS THROUGH ASSOCIATION WITH HENDERSON COMMUNITY COLLEGE DAYMAR COLLEGE AND MADISONVILLE KENTUCKY TECH RADIOLOGY TECHNOLOGY NURSING AND LABORATORY PROGRAMS AND WITH INTERNSHIPS AND CLINICAL AFFILIATIONS WITH OTHER UNIVERSITIES FOR PHARMACY PHYSICAL THERAPY RADIOLOGY HEALTH CARE ADMINISTRATION AND DIETETICS FREE CHOLESTEROL SCREENINGS PROVIDED THE FIRST THURSDAY OF EVERY MONTH TO THE GENERAL PUBLIC BLOOD PRESSURE SCREENINGS DONE MONTHLY AT PLEASANT POINT AND TWICE A YEAR AT SENIOR CITIZEN COMPLEXES BLOOD SUGAR SCREENING PROVIDED MONTHLY AT PLEASANT POINT AND COLONIAL ASSISTED LIVING HEALTH FAIRS ARE HELD FOR LOCAL INDUSTRY AS WELL AS THE GENERAL PUBLIC PROVIDING A WIDE RANGE OF SCREENING TESTS AND EDUCATIONAL MATERIALS IN HENDERSON UNION AND WEBSTER COUNTIES SPEAKERS PROVIDED TO COMMUNITY ORGANIZATIONS FOR PRESENTATIONS ON SUCH HEALTHCARE TOPICS AS CANCER ALZHEIMERS DISEASE BLOOD PRESSURE CHOLESTEROL ETC WELLNESS PROGRAM OFFERED TO LOCAL BUSINESSES INCLUDES ONSITE HEALTH FAIRS RISK APPRAISAL NURSE VISITS AND EDUCATIONAL PROGRAMS FLU SHOTS PROVIDED TO INDUSTRY AND SCHOOLS DISCOUNT OF 50 OFFERED ON FIRST MAMMOGRAPHY SCREENING DURING BREAST CANCER AWARENESS MONTH A DISCOUNT AGREEMENT WITH THE HEALTH DEPARTMENT ON MAMMOGRAPHY REFERRALS NEONATAL SERVICES PROVIDED AT A REDUCED RATE FOR LOW INCOME WOMEN OUTPATIENT LACTATION CONSULTING FEES WAIVED FOR LOW INCOME MOTHERS METHODIST HOSPITAL ALSO PROVIDES FOR ADULTS WHO HAVE CHRONIC HEALTH CARE NEEDS THROUGH THE CONTINUITY CARE CLINIC THIS CLINIC OPERATES 4 DAYS PER WEEK WITH MEDICAL RESIDENTS AND THEIR SUPERVISORS METHODIST HOSPITAL SERVES AS A PRECEPTOR SITE FOR VARIOUS UNIVERSITIES AND COLLEGES FOR ADMINISTRATIVE PHYSICAL AND OCCUPATIONAL THERAPIES AND NURSING STUDENTS HOSPITAL MANAGEMENT PARTICIPATES IN AND ROUTINELY DONATES USE OF THE HOSPITAL FACILITY TO VARIOUS NONPROFIT COMMUNITY ORGANIZATIONS SUCH AS YMCA SALVATION ARMY UNITED WAY JUNIOR PRO BALL ETC PRESENTS ALTERNATIVE CARE DELIVERY MODELS TO LEADERSHIP HENDERSON TO ADDRESS THE IDENTIFIED COMMUNITY NEED FOR ACCESS TO MEDICAL CARE FOR CHILDREN OF LOW INCOME FAMILIES AND THOSE LIVING IN POVERTY THE HOSPITAL OPERATES A LICENSED PRIMARY CARE CENTER COMMUNITY ACCESS TO CHILD HEALTH CATCH PROGRAM THAT PROVIDES DIRECT MEDICAL CARE TO CHILDREN WITHOUT ACCESS TO MEDICAL CARE THIS SERVICE IS LICENSED AT SIX SITES THROUGHOUT THE COMMUNITY INCLUDING SCHOOLS TREATED APPROXIMATELY 1223 CHILDREN EMPLOYEES ARE MEMBERS OF VARIOUS COMMUNITY ORGANIZATIONS AND REGULARLY ATTEND MEETINGS TO KEEP THEM ACTIVELY INVOLVED IN THE COMMUNITY AMERICAN HEART ASSOCIATION KENTUCKY CANCER PROGRAM DIABETES COALITION I AM YOUR HENDERSON CHILD FOR EXAMPLE ASSISTED IN PLANNING AND ORGANIZING OF VARIOUS ACTIVITIES FOR COMMUNITY ORGANIZATIONS RELAY FOR LIFE AMERICAN CANCER SOCIETY RACE FOR THE CURE BREAST CANCER JAIL BAIL MARCH OF DIMES REGIONAL SENIOR GAMES BUILDING MAINTENANCE COMPUTER EQUIPMENT AND SOME MEDICAL EQUIPMENT PROVIDED TO THE HENDERSON CITY COUNTY AMBULANCE SERVICE AT NO CHARGE PROVIDE FOR TRANSPORTATION COSTS FOR PATIENTS NEEDING ASSISTANCE TO THEIR HOMES FROM THE HOSPITAL CASH AND IN KIND CONTRIBUTIONS TO SUPPORT VARIOUS OTHER NONPROFITS</p>

Identifier	ReturnReference	Explanation
HEALTH OF COMMUNITY IN RELATION TO EXEMPT PURPOSE	PART VI	LOCATED IN HENDERSON WEBSTER AND UNION COUNTIES CASH DONATION TO ECONOMIC DEVELOPMENT ENT ITY TO FOSTER DEVELOPMENT IN THE AREA PLEDGE SUPPORT OF NURSING PROGRAM AT LOCAL COLLEGE S CHOLARSHIPS OFFERED TO NURSING PHYSICAL THERAPY RADIOLOGY AND PHARMACY STUDENTS PARTICIPAT ION IN LOCAL CAREER DAYS TO PROVIDE INFORMATION ON HEALTH CAREERS TO HIGH SCHOOL COLLEGE A ND TECHNICAL SCHOOL STUDENTS HIGH SCHOOL AND COLLEGE STUDENTS GAIN VALUABLE EXPERIENCE THR OUGH THE HEALTH CAREERS PROGRAM THAT PUTS THEM IN A HOSPITAL SETTING WHILE EXPLORING HEALT HCARE CAREERS PRESENTATIONS MADE TO LOCAL HIGH SCHOOLS TO PROMOTE HEALTH CAREERS AND LECTU RE ON HEALTHCARE TOPICS HOSTED BIANNUAL BLOOD DRIVES FOR THE AMERICAN RED CROSS

Identifier	ReturnReference	Explanation
LIST OF STATES WHERE COMMUNITY BENEFIT REPORT IS FILED	PART VI	KENTUCKY

Identifier	ReturnReference	Explanation
METHODIST HOSPITAL LINE NUMBER 1 PART V LINE 13G	PART V LINE 13G	THE POLICY WAS PROVIDED IN DISCHARGE PACKETS TO PATIENTS IN EMERGENCY ROOM FINANCIAL COUNSELORS EXPLAIN THE POLICY TO IMPATIENTS UPON ADMISSION

Identifier	ReturnReference	Explanation
METHODIST HOSPITAL LINE NUMBER 1 PART V LINE 15E	PART V LINE 15E	PATIENTS WITHOUT THE ABILITY TO PAY ARE SCREENED FOR FINANCIAL ASSISTANCE PATIENTS WITH THE ABILITY TO PAY BUT FAIL TO DO SO AFTER A SERIES OF STATEMENTS AND COLLECTION EFFORTS ARE SUBMITTED TO A THIRD PARTY COLLECTION AGENCY TYPICALLY THIS OCCURS AFTER A MINIMUM OF 120 DAYS FROM DISCHARGE

Identifier	ReturnReference	Explanation
METHODIST HOSPITAL LINE NUMBER 1 PART V LINE 16E	PART V LINE 16E	AN UNPAID BALANCE OF THE PATIENTS LIABILITY IS REFERRED TO A THIRD PARTY COLLECTION AGENCY TYPICALLY THIS OCCURS AT LEAST 120 DAYS FROM THE TIME THE PATIENT IS LIABLE FOR AN UNPAID BALANCE

Identifier	ReturnReference	Explanation
METHODIST HOSPITAL LINE NUMBER 1 PART V LINE 19D	PART V LINE 19D	EVERYONE USING THE HOSPITAL SERVICES ARE CHARGED THE STANDARD RATES

Identifier	ReturnReference	Explanation
METHODIST HOSPITAL LINE NUMBER 1 PART V LINE 21	PART V LINE 21	ALL PAYERS INCLUDING ENTITLEMENT PROGRAMS INSURANCE COMPANIES AND PATIENTS WITHOUT INSURANCE ARE BILLED AT HOSPITALS STANDARD RATE REIMBURSEMENT AND DISCOUNTS ARE BASED ON ENTITLEMENT ALLOWABLE CONTRACTUALLY MUTUALLY AGREEABLE REDUCTIONS OF CHARGES WITH INSURANCE COMPANIES AND MUTUALLY AGREEABLE REDUCTIONS OF CHARGES WITH PATIENTS

Identifier	ReturnReference	Explanation
METHODIST HOSPITAL UNION COUNTY LINE NUMBER 2 PART V LINE 13G	PART V LINE 13G	SAME AS METHODIST HOSPITAL

Identifier	ReturnReference	Explanation
METHODIST HOSPITAL UNION COUNTY LINE NUMBER 2 PART V LINE 15E	PART V LINE 15E	SAME AS METHODIST HOSPITAL

Identifier	ReturnReference	Explanation
METHODIST HOSPITAL UNION COUNTY LINE NUMBER 2 PART V LINE 16E	PART V LINE 16E	SAME AS METHODIST HOSPITAL

Identifier	ReturnReference	Explanation
METHODIST HOSPITAL UNION COUNTY LINE NUMBER 2 PART V LINE 19D	PART V LINE 19D	SAME AS METHODIST HOSPITAL

Identifier	ReturnReference	Explanation
METHODIST HOSPITAL UNION COUNTY LINE NUMBER 2 PART V LINE 21	PART V LINE 21	SAME AS METHODIST HOSPITAL

Additional Data

Software ID:
Software Version:
EIN: 61-0461753
Name: COMMUNITY UNITED METHODIST HOSPITAL INC

Form 990 Schedule H, Part V Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

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? <u>22</u> Name and address	Type of Facility (Describe)
METHODIST FAMILY PRACTICE 1284 US HWY 60 WEST MORGANFIELD,KY 42437	FAMILY PRACTICE/ O/P LAB X-RAY
METHODIST FAMILY PRACTICE 1284 US HWY 60 WEST MORGANFIELD,KY 42437	FAMILY PRACTICE/ O/P LAB X-RAY
METHODIST FAMILY PRACTICE 1284 US HWY 60 WEST MORGANFIELD,KY 42437	FAMILY PRACTICE/ O/P LAB X-RAY
METHODIST FAMILY PRACTICE 1284 US HWY 60 WEST MORGANFIELD,KY 42437	FAMILY PRACTICE/ O/P LAB X-RAY
METHODIST FAMILY PRACTICE 1284 US HWY 60 WEST MORGANFIELD,KY 42437	FAMILY PRACTICE/ O/P LAB X-RAY
METHODIST FAMILY PRACTICE 1284 US HWY 60 WEST MORGANFIELD,KY 42437	FAMILY PRACTICE/ O/P LAB X-RAY
METHODIST FAMILY PRACTICE 1284 US HWY 60 WEST MORGANFIELD,KY 42437	FAMILY PRACTICE/ O/P LAB X-RAY
METHODIST FAMILY PRACTICE 1284 US HWY 60 WEST MORGANFIELD,KY 42437	FAMILY PRACTICE/ O/P LAB X-RAY
METHODIST FAMILY PRACTICE 1284 US HWY 60 WEST MORGANFIELD,KY 42437	FAMILY PRACTICE/ O/P LAB X-RAY
METHODIST FAMILY PRACTICE 1284 US HWY 60 WEST MORGANFIELD,KY 42437	FAMILY PRACTICE/ O/P LAB X-RAY
METHODIST FAMILY PRACTICE 1284 US HWY 60 WEST MORGANFIELD,KY 42437	FAMILY PRACTICE/ O/P LAB X-RAY
METHODIST FAMILY PRACTICE 1284 US HWY 60 WEST MORGANFIELD,KY 42437	FAMILY PRACTICE/ O/P LAB X-RAY
METHODIST FAMILY PRACTICE 1284 US HWY 60 WEST MORGANFIELD,KY 42437	FAMILY PRACTICE/ O/P LAB X-RAY
METHODIST FAMILY PRACTICE 1284 US HWY 60 WEST MORGANFIELD,KY 42437	FAMILY PRACTICE/ O/P LAB X-RAY
METHODIST FAMILY PRACTICE 1284 US HWY 60 WEST MORGANFIELD,KY 42437	FAMILY PRACTICE/ O/P LAB X-RAY
METHODIST FAMILY PRACTICE 1284 US HWY 60 WEST MORGANFIELD,KY 42437	FAMILY PRACTICE/ O/P LAB X-RAY
METHODIST FAMILY PRACTICE 1284 US HWY 60 WEST MORGANFIELD,KY 42437	FAMILY PRACTICE/ O/P LAB X-RAY
METHODIST FAMILY PRACTICE 1284 US HWY 60 WEST MORGANFIELD,KY 42437	FAMILY PRACTICE/ O/P LAB X-RAY
METHODIST FAMILY PRACTICE 1284 US HWY 60 WEST MORGANFIELD,KY 42437	FAMILY PRACTICE/ O/P LAB X-RAY
METHODIST FAMILY PRACTICE 1284 US HWY 60 WEST MORGANFIELD,KY 42437	FAMILY PRACTICE/ O/P LAB X-RAY

Form 990 Schedule H, Part V Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

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? 22

Name and address

Type of Facility
(Describe)

METHODIST FAMILY PRACTICE
 1284 US HWY 60 WEST
 MORGANFIELD, KY 42437

FAMILY PRACTICE/ O/P LAB X-RAY

METHODIST FAMILY PRACTICE
 1284 US HWY 60 WEST
 MORGANFIELD, KY 42437

FAMILY PRACTICE/ O/P LAB X-RAY

Schedule I (Form 990)

OMB No 1545-0047

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

2011

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

Open to Public Inspection

Department of the Treasury Internal Revenue Service

Name of the organization: COMMUNITY UNITED METHODIST HOSPITAL INC

Employer identification number: 61-0461753

Part I General Information on Grants and Assistance

- 1 Does the organization maintain records to substantiate the amount of the grants or assistance...
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.

Table with 8 columns: (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, (g) Description of non-cash assistance, (h) Purpose of grant or assistance. Includes entries for Northwest Kentucky Forward Inc and Henderson Community College.

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table.
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
(1) HEALTHCARE SCHOLARSHIP	14	18,564			
(2) EDUCATIONAL ASSISTANCE	83	200,867			

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
ADDITIONAL INFORMATION	SCHEDULE I, PAGE 4, PART IV	<p>HENDERSON COMMUNITY COLLEGE (PART II)- TO MEET THE COMMUNITY NEED FOR ADDITIONAL NURSING STUDENTS, THE HOSPITAL PLEDGED FUNDING OF 70,000 TO EXPAND THE NURSING PROGRAM AT THE LOCAL COMMUNITY COLLEGE ADDITIONALLY FUNDED 4,040 FOR THE JOHN A LOGAN SCHOLARSHIP WHICH IS AWARDED TO A VERY DESERVING STUDENT SO THEY CAN PURSUE THEIR GOAL OF ATTAINING A COLLEGE EDUCATION FUNDS ARE PROVIDED TO HENDERSON COMMUNITY COLLEGE, WHO AWARDS THE SCHOLARSHIPS TO PARTICIPANTS OF THEIR CHOOSING HEALTHCARE SCHOLARSHIPS- A RECEIPIENT MUST FILL OUT AN APPLICATION AND THEN IT IS SENT TO A COMMITTEE TO BE APPROVED OR DENIED THE RECEIPIENT MUST BE ACCEPTED INTO A DEGREE PROGRAM THAT IS CRITICAL AND NECESSARY TO THE OPERATION OF THE HOSPITAL RECEIPIENTS MUST MAINTAIN A CUMMULATIVE GPA OF 2.5 AND A FULL TIME COURSE STUDY (12 OR MORE CREDIT HOURS) THEY MUST SEND VERIFICATION OF GPA EACH SEMESTER SCHOLARSHIP RECEIPIENTS ARE OBLIGATED TO EMPLOYMENT WITH METHODIST HOSPITAL AFTER GRADUATION ACCORDING TO THE NUMBER OF SEMESTERS FUNDED FAILURE TO MEET THE SCHOLARSHIP REQUIREMENTS MAY RESULT IN REPAYMENT OF SCHOLARSHIP DOLLARS EDUCATIONAL ASSISTANCE- EACH RECEIPIENT MUST FILL OUT AN APPLICATION FOR EDUCATIONAL ASSISTANCE AND IT IS SENT TO A COMMITTEE TO BE APPROVED OR DENIED ONCE THE APPLICATION IS APPROVED THE EMPLOYEE OS NOTIFIED ONCE THE APPLICANT FINISHES HIS/HER CLASS WITH A PASSING GRADE OF A C OR BETTER, THE HOSPITAL WILL REIMBURSE THE EMPLOYEE FOR THE COST OF BOOKS, TUITION AND LAB FEES UP TO 3000 FOR ASSOCIATES AND 4000 FOR BACHELORS OR MASTERS PER CALENDAR YEAR IF THE EMPLOYEE LEAVES EMPLOYMENT THEY ARE REQUIRED TO PAY BACK ANY FUNDS REIMBURSED WITHIN THE LAST YEAR</p>

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2011

Open to Public Inspection

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Department of the Treasury
Internal Revenue Service

Name of the organization
COMMUNITY UNITED METHODIST
HOSPITAL INC

Employer identification number

61-0461753

Part I Questions Regarding Compensation

	Yes	No
1a		
1b	Yes	
2	Yes	
3		
4a		No
4b		No
4c		No
5a		No
5b		No
6a		No
6b		No
7		No
8		No
9		

- 1a** Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items
- | | |
|---|---|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax idemnification and gross-up payments | <input checked="" type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> Personal services (e g , maid, chauffeur, chef) |

b If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain

2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?

3 Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply

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

4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization

a Receive a severance payment or change-of-control payment?

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

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

If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III

Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.

5 For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of

a The organization?

b Any related organization?

If "Yes," to line 5a or 5b, describe in Part III

6 For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of

a The organization?

b Any related organization?

If "Yes," to line 6a or 6b, describe in Part III

7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III

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

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

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) BEGLEY BRUCE D	(i) (ii)	419,710		1,540	37,282	15,525	474,057	
(2) HEBBLER GREG	(i) (ii)	159,141		25,516	10,478	14,455	209,590	
(3) PARK DAVID B	(i) (ii)	170,612		13,193	19,579	8,122	211,506	
(4) SPRAGUE DR ARNOLD III	(i) (ii)	244,132		16,500	33,433	16,705	310,770	
(5) MERIWETHER JOHN W	(i) (ii)	162,289		16,555	44,328	13,963	237,135	
(6) ARSHAD I HUSAIN MD	(i) (ii)	428,253		16,500		20,475	465,228	
(7) DANIEL W HENRY MD	(i) (ii)	330,049	55,996	16,500		4,000	406,545	
(8) JAMES YELTON MD	(i) (ii)	460,086	220,910	16,500	6,600	22,400	726,496	
(9) KRISTOPHER BEICKMAN MD	(i) (ii)	347,655	73,103	28,716	10,797	13,243	473,514	
(10) REID WILSON MD	(i) (ii)	460,538	474,255	16,500	4,950	13,165	969,408	
(11) LOGAN JOHN A III	(i) (ii)	150,000					150,000	

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
FRINGE OR EXPENSE EXPLANATION	SCHEDULE J, PAGE 1, PART I, LINE 1A	SOCIAL CLUB DUES- PAID ON BEHALF OF THE HOSPITAL FOR THE CEO AT MH AND THE ADMINISTRATOR AT MHUC FOR THE PURPOSE OF RECRUITING PHYSICIAN'S SPECIALTIES FOR THE HEALTHCARE ORGANIZATION, AMOUNTS WERE NOT TREATED AS TAXABLE COMPENSATION

**Schedule K
(Form 990)**

OMB No 1545-0047

Supplemental Information on Tax Exempt Bonds

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

▶ Attach to Form 990. ▶ See separate instructions.

2011

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Inspection**

Department of the Treasury
Internal Revenue Service

Name of the organization
COMMUNITY UNITED METHODIST
HOSPITAL INC

Employer identification number
61-0461753

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	COUNTY OF HENDERSONKY SERIES 2009A	61-6000814		12-30-2009	12,000,000	SEE PART V		X		X		X
B	COUNTY OF HENDERSONKY SERIES 2009B	61-6000814		12-30-2009	18,000,000	SEE PART V		X		X		X
C	COUNTY OF HENDERSON KY SERIES 2010	61-6000814		02-16-2010	14,210,000	SEE PART V		X		X		X
D	COUNTY OF HENDERSON KY	61-6000814		06-08-2007	7,400,000	SEE PART V		X		X		X

Part II Proceeds

	A	B	C	D
1 Amount of bonds retired				
2 Amount of bonds defeased				
3 Total proceeds of issue	12,000,000	18,000,000	14,210,000	7,400,000
4 Gross proceeds in reserve funds				
5 Capitalized interest from proceeds				
6 Proceeds in refunding escrow				
7 Issuance costs from proceeds		102,783		29,900
8 Credit enhancement from proceeds				
9 Working capital expenditures from proceeds				
10 Capital expenditures from proceeds				7,370,100
11 Other spent proceeds	12,000,000	17,897,217	14,210,000	
12 Other unspent proceeds				
13 Year of substantial completion	2010	2010	2010	2010
	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		X		X
2 Are there any lease arrangements that may result in private business use of bond-financed property?		X		X		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		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?		X		X		X		X
c Are there any research agreements that may result in private business use of bond-financed property?		X		X		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?		X		X		X		X
4 Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government								
5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government			0 570 %				0 400 %	
6 Total of lines 4 and 5			0 570 %				0 400 %	
7 Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		X		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		X		X
2 Is the bond issue a variable rate issue?		X	X		X			X
3a Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X	X		X			X
b Name of provider			FIFTH THIRDBANK		FIFTH THIRDBANK			
c Term of hedge			5 0		5 0			
d Was the hedge superintegrated?				X		X		
e Was a hedge terminated?				X		X		
4a Were gross proceeds invested in a GIC?		X		X		X		X
b Name of provider								
c Term of GIC								
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5 Were any gross proceeds invested beyond an available temporary period?		X		X		X		X
6 Did the bond issue qualify for an exception to rebate?		X		X		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
DIFFERENCES IN ISSUE PRICE EXPLANATION	SCHEDULE K	COUNTY OF HENDERSONKY SERIES 2009A SINGLE FORM 8038 WAS FILED FOR THE 12000000 SERIES 2009A AND 18000000 SERIRES 2009B COUNTY OF HENDERSON KY HOSPITAL FACILITIES REFUNDING REVENUE BONDS REPORTED SEPERATELY ON SCHEDULE K DUE TO HAVING DIFFERENT PURPOSES INTEREST RATES AND MATURITIES COUNTY OF HENDERSONKY SERIES 2009B REFER TO SERIES 2009A EXPLANATION
PURPOSE OF ISSUE DESCRIPTION	SCHEDULE K	COUNTY OF HENDERSONKY SERIES 2009A REFINANCING OF SHORTTERM DEBT WHICH HAD BEEN USED TO FINANCE CAPITAL ACQUISITIONS AND CONSTRUCTION PROJECTS TO LONGTERM DEBT COUNTY OF HENDERSONKY SERIES 2009B PARTIAL REFUNDING OF PORTION OF HENDERSON COUNTY SERIES 2003 B DEBT COUNTY OF HENDERSON KY SERIES 2010 PARTIAL REFUNDING OF REMAINING PORTION OF HENDERSON COUNTY SERIES 2003 B DEBT COUNTY OF HENDERSON KY FINANCE ACQUISITION OF MEDITECH CLINICAL INFORMATION SYSTEM

Schedule L (Form 990 or 990-EZ)

Transactions with Interested Persons

OMB No 1545-0047

2011

Open to Public Inspection

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

Department of the Treasury Internal Revenue Service

Name of the organization COMMUNITY UNITED METHODIST HOSPITAL INC

Employer identification number 61-0461753

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

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

Table with 3 main columns: (a) Name of disqualified person, (b) Description of transaction, (c) Corrected? (Yes/No)

2 Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958
3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

Table with 3 main columns: (a) Name of interested person, (b) Relationship between interested person and the organization, (c) Amount of grant or type of assistance

Part IV Business Transactions Involving Interested Persons.

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

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

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
BUSINESS TRANSACTIONS INVOLVING INTERESTED PERSONS	SCHEDULE L PART IV	TAMI CLEMENTS 37525 RELATED KEY EMP WAGES

Additional Data**Software ID:****Software Version:****EIN:** 61-0461753**Name:** COMMUNITY UNITED METHODIST
HOSPITAL INC**Form 990, Schedule L, Part IV - Business Transactions Involving Interested Persons**

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction \$	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
OHIO VALLEY NATIONAL BANK	COMMON BD MBR	208,189	TRUST FEES		No
REID WILSON MD	RELATED KEY EMP	801,610	WAGES		No
HALEY MORGAN	RELATED KEY EMP	43,358	WAGES		No
AMY DAVENPORT	RELATED BOARD	15,698	WAGES		No
CHLOE EBLEN	RELATED BOARD	56,199	WAGES		No
JULIE WISCHER	RELATED BOARD	42,453	WAGES		No
EM FORD & COMPANY	BOARD MBR/OWNER	247,796	INSURANCE COVERAGE		No
MARTHA RIDLEY	RELATED BOARD	24,637	WAGES		No
AMY HENRY	RELATE HIGHCOMP	86,720	WAGES		No
TRICIA PAGE	RELATED KEY EMP	75,754	WAGES		No
TAMI CLEMENTS	RELATED KEY EMP	37,525	WAGES		No

SCHEDULE O
(Form 990 or 990-EZ)

Supplemental Information to Form 990 or 990-EZ

2011

Open to Public Inspection

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.

Department of the Treasury
Internal Revenue Service

Name of the organization
COMMUNITY UNITED METHODIST
HOSPITAL INC

Employer identification number
61-0461753

Identifier	Return Reference	Explanation
FIRST ACCOMPLISHMENT DESCRIPTION	FORM 990, PAGE 2, PART III, LINE 4A	UNION COUNTY METHODIST HOSPITAL IS A CRITICAL CARE HOSPITAL IN UNION COUNTY, KY IN 2012, UCMH SERVED 835 INPATIENTS FOR A TOTAL OF 4,859 INPATIENT DAYS UCMH ALSO PROVIDED 23,393 OUTPATIENT VISITS WHICH INCLUDED 8,460 EMERGENCY ROOM VISITS
ADDITIONAL INFORMATION	FORM 990, PART VI	LINE 16B - JOINT VENTURE POLICY ALTHOUGH THE HOSPITAL HAS NO WRITTEN POLICY, THE AGREEMENT WITH THE JOINT VENTURE STATES THAT THE ORGANIZATION MUST ACCEPT CERTAIN RATIOS OF PATIENTS WHICH ENSURE ACCEPTANCE OF MEDICARE, MEDICAID AND INDIGENT PATIENTS SIMILAR TO RATIOS OFFERED BY THE HOSPITAL PRIOR TO THE JOINT VENTURE AGREEMENT WAS REVIEWED BY INDEPENDENT THIRD PARTIES TO ENSURE COMPLIANCE
RELATED PARTY INFORMATION AMONG OFFICERS	FORM 990, PAGE 6, PART VI, LINE 2	JON SIGHTS DALE SIGHTS DIRECTOR OFFICER FAMILY RELATIONSHIP CHIP WILLIAMS CYNTHIA WILLIAMS DIRECTOR OFFICER FAMILY RELATIONSHIP RAY NIX TOMMY DEMPFWOLF DIRECTOR DIRECTOR FAMILY RELATIONSHIP NANCY HODGE LEO KING DIRECTOR EMERITUS FAMILY RELATIONSHIP
CLASSES OF MEMBERS OR STOCKHOLDERS	FORM 990, PAGE 6, PART VI, LINE 6	COMMUNITY UNITED METHODIST HOSPITAL, INC IS GOVERNED BY A BOARD OF DIRECTORS
ELECTION OF MEMBERS AND THEIR RIGHTS	FORM 990, PAGE 6, PART VI, LINE 7A	THE NOMINATING COMMITTEE OF THE BOARD OF DIRECTORS CONSIDER THE APPROPRIATE BOARD MEMBER CANDIDATES BASED ON CRITERIA THE COMMITTEE MAKES BOARD MEMBER RECOMMENDATIONS TO THE BOARD WHICH VOTES AT A REGULARLY SCHEDULED MEETING
ORGANIZATION'S PROCESS USED TO REVIEW FORM 990	FORM 990, PAGE 6, PART VI, LINE 11B	FORM 990 INFORMATION IS COMPILED BY HOSPITAL MANAGEMENT AND RETURN IS PREPARED BY AN INDEPENDENT THIRD PARTY CERTIFIED PUBLIC ACCOUNTING FIRM FAMILIAR WITH HOSPITAL OPERATIONS, POLICIES, AND COMMITTEE/BOARD ACTIONS FINAL RETURN IS REVIEWED BY CEO & CFO RETURNS ARE REVIEWED BY THE AUDIT AND COMPLIANCE COMMITTEE (OF THE BOARD OF DIRECTORS) FOR RECOMMENDATION TO THE FULL BOARD OF DIRECTORS FOR APPROVAL EMAIL IS SENT TO THE MEMBERS OF THE BOARD OF DIRECTORS INFORMING THEM THAT THE FORM 990 IS AVAILABLE IN IT'S ENTIRETY
ENFORCEMENT OF CONFLICTS POLICY	FORM 990, PAGE 6, PART VI, LINE 12C	ONGOING MONITORING BY COMPLIANCE OFFICER (MH VP OF LEGAL SERVICES)
COMPENSATION PROCESS FOR TOP OFFICIAL	FORM 990, PAGE 6, PART VI, LINE 15A	EVERY YEAR, SURVEYS ARE SENT OUT TO THE BOARD MEMBERS, MEDICAL STAFF AND DIRECTORS SURVEYS ARE RETURNED AND TABULATED CONFIDENTIALLY AND THE AGGREGATED RESPONSES ARE SHARED WITH THE ADMINISTRATIVE PERSONNEL COMMITTEE AND THE BOARD COMPENSATION IS REVIEWED BY USING THIRD PARTY EXECUTIVE COMPENSATION SURVEYS CURRENTLY COMPENSATION AND THIRD PARTY EXECUTIVE COMPENSATION SURVEYS ARE THEN REVIEWED BY THE ADMINISTRATIVE PERSONNEL COMMITTEE WHO THEN RECOMMENDS APPROVAL TO THE INDEPENDENT BOARD THE BOARD HAS FINAL APPROVAL ON COMPENSATION FOR THE CEO
COMPENSATION PROCESS FOR OFFICERS	FORM 990, PAGE 6, PART VI, LINE 15B	EVERY YEAR, HOSPITAL USES EXTERNAL THIRD PARTY COMPENSATION SURVEYS FOR ALL KEY EMPLOYEES
GOVERNING DOCUMENTS DISCLOSURE EXPLANATION	FORM 990, PAGE 6, PART VI, LINE 19	METHODIST HOSPITAL CONFORMS TO THE FREEDOM OF INFORMATION ACT, HOSPITAL PROVIDES DOCUMENTS REQUESTED VIA PUBLIC REQUEST
OTHER CHANGES IN NET ASSETS EXPLANATION	FORM 990, PART XI, LINE 5	REFER TO SCHEDULE D FOR RECONCILIATION FROM RETURN TO AUDITED FINANCIAL STATEMENTS ADDITIONALLY, AN ADJUSTMENT OF 6,376 IS REQUIRED FOR ACCOUNTING OF AFFILIATE ENTITIES THAT FILE SEPERATE TAX RETURNS

**SCHEDULE R
(Form 990)**

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2011

Open to Public Inspection

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

Department of the Treasury
Internal Revenue Service

Name of the organization
COMMUNITY UNITED METHODIST
HOSPITAL INC

Employer identification number

61-0461753

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) HENDERSON REGIONAL HOSPITAL FNDN 1305 NORTH ELM STREET HENDERSON, KY 42420 61-0944432	FUNDRAISNG	KY	501C3	9	N/A		No
(2) TRI-CO MEDICAL COLLECTIONS INC 1305 NORTH ELM STREET HENDERSON, KY 42420 61-1202266	COLLECTION	KY	501C3	11C	N/A		No
(3) UNION CO METHODIST HOSPITAL FNDN 4604 US HWY 60 WEST MORGANFIELD, KY 42437 61-1230297	FUNDRAISNG	KY	501C3	9	N/A		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) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) KENTUCKY HOME CARE OF HENDERSON LLC 420 WEST PINHOOK ROAD LAFAYETTE, LA 70503 26-4812417	HOMEHEALTH	KY	N/A	RELATED	-53,591	240,469		No			No	33 000 %

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) COMMUNITY CARE NETWORK INC 220 A SECOND STREET HENDERSON, KY 42420 61-1254545	HOSP NET	KY	N/A	C CORP	215,311	53,969	100 000 %

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

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

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

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

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

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

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

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

	Yes	No
1a		No
1b		No
1c	Yes	
1d		No
1e		No
1f		No
1g		No
1h		No
1i	Yes	
1j	Yes	
1k		No
1l	Yes	
1m	Yes	
1n	Yes	
1o		No
1p	Yes	
1q		No
1r		No

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) HENDERSON REGIONAL HOSPITAL FNDN	C	95,026	ACTUAL AMOUNTS USED
(2) TRI-COUNTY MEDICAL COLLECTIONS INC	P	60,561	ACTUAL AMOUNTS USED
(3) TRI-COUNTY MEDICAL COLLECTIONS INC	L	126,613	ACTUAL AMOUNTS USED
(4) HENDERSON REGIONAL HOSPITAL FNDN	N	79,539	ACTUAL AMOUNTS USED
(5)			
(6)			

Part VII Supplemental Information

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

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

Additional Data

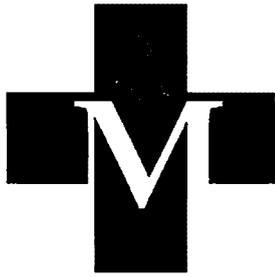
Software ID:
Software Version:
EIN: 61-0461753
Name: COMMUNITY UNITED METHODIST
HOSPITAL INC

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
WOODRING BRUCE DIRECTOR	2 00	X					0	0	0	
MCCOLLUM CHARLIE DIRECTOR	2 00	X					0	0	0	
WILLIAMS CHIP DIRECTOR	2 00	X					0	0	0	
WILLIAMS CYNTHIA SECRETARY	2 00	X		X			0	0	0	
CARDEN REV DALE DIRECTOR	2 00	X					0	0	0	
SIGHTS DALE CHAIRMAN	2 00	X		X			0	0	0	
EVERSON DUDLEY EMERITUS	2 00	X					0	0	0	
TORIBIO IGNACIO DIRECTOR	2 00	X					0	0	0	
KEACH JENNIFER DIRECTOR	2 00	X					0	0	0	
HOFFMAN JOAN VICE-CHAIR	2 00	X		X			0	0	0	
HOPPER JOEL DIRECTOR	2 00	X					0	0	0	
DAVENPORT JOEY DIRECTOR	2 00	X					0	0	0	
EBLEN JOHN DIRECTOR	2 00	X					0	0	0	
SIGHTS JON DIRECTOR	2 00	X					0	0	0	
CRAFTON JAMES M JR DIRECTOR	2 00	X					0	0	0	
KING LEO EMERITUS	2 00	X					0	0	0	
SHANNON LIN DIRECTOR	2 00	X					0	0	0	
GRAUL MARGARET DIRECTOR	2 00	X					0	0	0	
BAILEY MARK DIRECTOR	2 00	X					0	0	0	
HAZELWOOD MIKE DIRECTOR	2 00	X					0	0	0	
HODGE NANCY DIRECTOR	2 00	X					0	0	0	
NIX RAY DIRECTOR	2 00	X					0	0	0	
WISCHER GERALD S DIRECTOR	2 00	X					0	0	0	
AUDAS SCOTT DIRECTOR	2 00	X					0	0	0	
HARGIS STEVE TREASURER	2 00	X		X			0	0	0	

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
DEMPEWOLF THOMAS DIRECTOR	2 00	X						0	0	0
LUTZ TIM DIRECTOR	2 00	X						0	0	0
JENKINS WAYNE DIRECTOR	2 00	X						0	0	0
KNIPP REV WILLARD DIRECTOR	2 00	X						0	0	0
BEGLEY BRUCE D EXEC DIRECT	50 00			X				421,250	0	52,807
HEBBLER GREG CHIEF FINANC	50 00			X				184,657	0	24,933
PARK DAVID B VP LEGAL SER	50 00				X			183,805	0	27,701
SPRAGUE DR ARNOLD III VP EMPLOY P	50 00				X			260,632	0	50,138
MERIWETHER JOHN W CHIEF OPERAT	50 00				X			178,844	0	58,291
ARSHAD I HUSAIN MD ONCOLOGIST	50 00					X		444,753	0	20,475
DANIEL W HENRY MD INTERNIST	50 00					X		402,545	0	4,000
JAMES YELTON MD ORTHOPEDIC S	50 00					X		697,496	0	29,000
KRISTOPHER BEICKMAN MD OB/GYN	50 00					X		449,474	0	24,040
REID WILSON MD ORTHOPEDIC S	50 00					X		951,293	0	18,115
LOGAN JOHN A III FMR MED DIR/	10 00						X	150,000	0	0



**METHODIST
HOSPITAL**

COMMUNITY UNITED METHODIST HOSPITAL, INC.

**REPORT ON AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

For the fiscal years ended June 30, 2012 and 2011

Contents

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McELROY, MITCHELL & ASSOCIATES, LLP

CERTIFIED PUBLIC ACCOUNTANTS

BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

PARTNERS

S. MARTIN McELROY, JR., CPA
ROBERT E. MITCHELL, CPA

ASSOCIATES

TODD BOWLEY
ERIC SUDDOTH

To the Board of Directors of
Community United Methodist Hospital, Inc.
Henderson, Kentucky

We have audited the accompanying consolidated balance sheets of Community United Methodist Hospital, Inc. (a non-profit organization) and affiliates as of June 30, 2012 and 2011, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended. These consolidated financial statements are the responsibility of Community United Methodist Hospital, Inc.'s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Community United Methodist Hospital, Inc. and affiliates as of June 30, 2012 and 2011, and changes in net assets, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements referred to in the first paragraph taken as a whole. The accompanying schedules on pages 32 through 35 are presented for the purpose of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

McElroy, Mitchell & Associates, LLP

Morganfield, Kentucky
October 31, 2012

COMMUNITY UNITED METHODIST HOSPITAL, INC.
Consolidated Balance Sheets
June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 19,527,488	\$ 18,856,282
Investments	8,857,808	10,333,124
Patient accounts receivable, net of estimated uncollectibles of \$42,173,496 and \$22,481,000 respectively	28,108,597	26,093,352
Other receivables	2,768,096	2,304,041
Inventories	2,289,866	2,231,320
Third-party payor settlements	313,612	-
Other current assets	<u>1,492,407</u>	<u>1,653,937</u>
Total current assets	<u>63,357,874</u>	<u>61,472,056</u>
Assets limited as to use:		
Self-insurance fund	<u>4,302,112</u>	<u>4,689,536</u>
Interest in net assets of Henderson Regional Hospital Foundation, Inc. and Union County Methodist Hospital Foundation, Inc.		
	<u>986,388</u>	<u>908,974</u>
Property and equipment, net	86,498,495	87,799,918
Other long-term receivables	1,695,573	2,206,059
Other non-current assets	<u>913,842</u>	<u>918,984</u>
	<u>89,107,910</u>	<u>90,924,961</u>
Total assets	<u><u>\$ 157,754,284</u></u>	<u><u>\$ 157,995,527</u></u>

	<u>2012</u>	<u>2011</u>
Liabilities and Net Assets		
Current liabilities:		
Notes payable	\$ 5,000,000	\$ -
Current portion of long-term debt	3,663,651	4,793,606
Current portion of obligations under capital lease	25,287	69,267
Accounts payable	4,674,029	4,430,354
Accrued vacation	4,105,511	3,892,911
Accrued payroll	1,061,030	737,809
Deferred revenue and gains	703,335	27,701
Other accrued liabilities	4,445,231	4,316,317
Estimated third-party payor settlements	<u>3,542,951</u>	<u>3,971,463</u>
Total current liabilities	<u>27,221,025</u>	<u>22,239,428</u>
Self-insurance liabilities and estimated costs	4,281,515	4,672,701
Derivative liability	2,610,580	2,839,970
Accrued retirement	26,803,196	10,279,255
Other non-current liabilities	166,145	113,962
Long-term portion of obligations under capital lease	-	20,717
Long-term debt, net of current portion	<u>37,208,618</u>	<u>40,957,542</u>
Total liabilities	<u>98,291,079</u>	<u>81,123,575</u>
Net Assets:		
Unrestricted	58,476,817	75,962,978
Temporarily restricted	<u>986,388</u>	<u>908,974</u>
Total net assets	<u>59,463,205</u>	<u>76,871,952</u>
Total liabilities and net assets	<u>\$ 157,754,284</u>	<u>\$ 157,995,527</u>

The accompanying notes are an integral part of these financial statements

COMMUNITY UNITED METHODIST HOSPITAL, INC.
Consolidated Statements of Operations
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Unrestricted revenues, gains and other support:		
Net patient service revenue	\$ 157,899,371	\$ 145,142,050
Other operating revenue	2,372,456	3,489,098
Investment income	354,969	403,628
Gain on disposal of equipment	716	31,680
	<u>160,627,512</u>	<u>149,066,456</u>
Expenses:		
Operating expenses	116,171,916	110,493,400
Depreciation and amortization	7,517,562	7,651,169
Interest	2,794,162	3,046,076
Provision for bad debts	30,527,075	22,316,640
Other operating expenses	3,367,753	3,988,593
	<u>160,378,468</u>	<u>147,495,878</u>
Excess of revenues, gains and other support over expenses	249,044	1,570,578
Net assets released from restrictions	95,026	93,691
(Increase)decrease in pension liability	(18,070,904)	9,396,409
Unrealized gain on derivative	229,390	371,228
Contributions from others	11,283	9,347
	<u>11,283</u>	<u>9,347</u>
Increase(decrease) in unrestricted net assets	<u>\$ (17,486,161)</u>	<u>\$ 11,441,253</u>

The accompanying notes are an integral part of these financial statements

COMMUNITY UNITED METHODIST HOSPITAL, INC.
Consolidated Statements of Changes in Net Assets
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Unrestricted net assets:		
Excess of revenues, gains and other support over expenses	\$ 249,044	\$ 1,570,578
Net assets released from restrictions	95,026	93,691
Unrealized gain on derivative	229,390	371,228
(Increase)decrease in pension liability	(18,070,904)	9,396,409
Contributions from others	<u>11,283</u>	<u>9,347</u>
 Increase(decrease) in unrestricted net assets	 <u>(17,486,161)</u>	 <u>11,441,253</u>
Temporarily restricted net assets:		
Change in interest in net assets of Henderson Regional Hospital Foundation, Inc and Union County Methodist Hospital Foundation Inc	172,440	222,252
Net assets released from restrictions	<u>(95,026)</u>	<u>(93,691)</u>
 Increase in temporarily restricted net assets	 <u>77,414</u>	 <u>128,561</u>
 Increase(decrease) in net assets	 (17,408,747)	 11,569,814
 Net assets at beginning of year	 <u>76,871,952</u>	 <u>65,302,138</u>
 Net assets at end of year	 <u>\$ 59,463,205</u>	 <u>\$ 76,871,952</u>

The accompanying notes are an integral part of these financial statements

COMMUNITY UNITED METHODIST HOSPITAL, INC.
Consolidated Statements of Cash Flows
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Change in net assets	\$ (17,408,747)	\$ 11,569,814
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	7,517,562	7,651,169
Provision for bad debts	30,527,075	22,316,640
Gain on disposal of equipment	(716)	(31,680)
Restricted investment income received	(449)	(589)
Unrealized gain on derivative	(229,390)	(371,228)
Undistributed portion of change in interest in net assets of Henderson Regional Hospital Foundation, Inc and Union County Methodist Hospital Foundation, Inc	(77,414)	(128,561)
Increase(decrease) in pension liability	16,523,941	(8,544,383)
(Increase) decrease in operating assets		
Patient accounts receivable	(32,542,320)	(22,267,899)
Other receivables	184,794	27,045
Inventories	(58,546)	(460,344)
Third-party payor settlements	(313,612)	605,039
Other current assets	161,530	(396,563)
Increase (decrease) in operating liabilities		
Accounts payable	243,675	146,028
Accrued liabilities	273,549	848,455
Estimated third-party payor settlements	(428,512)	977,176
Deferred revenue and gains	675,634	19,371
Net cash provided by operations	<u>5,048,054</u>	<u>11,959,490</u>
Cash flows from investing activities:		
Purchases of property and equipment	(6,168,356)	(5,146,778)
Proceeds from the sale of property and equipment	10,258	7,605
Advances to self-insurance fund	(471)	(391,072)
Withdraws from self-insurance fund	387,856	358,485
Purchases of investments	(16,028,351)	(17,438,383)
Proceeds from the sale and maturity of investments	17,502,133	17,372,503
Proceeds from Henderson County on ambulance facility	-	47,694
Collections from physicians	42,741	39,071
Advances to physicians	(179,531)	(271,887)
Net cash used by investing activities	<u>(4,433,721)</u>	<u>(5,422,762)</u>

Continued

COMMUNITY UNITED METHODIST HOSPITAL, INC.
Consolidated Statements of Cash Flows
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from financing activities:		
Proceeds from issuance of debt	\$ 5,000,000	\$ 109,676
Principal payments on notes payable	-	(23,775)
Principal payments on capital leases	(64,697)	(73,095)
Principal payments on long-term debt	(4,878,879)	(4,365,040)
Proceeds from restricted investment income	449	589
	<u>56,873</u>	<u>(4,351,645)</u>
Net cash provided(used) by financing activities		
Net increase in cash and cash equivalents	671,206	2,185,083
Cash and cash equivalents, beginning of year	<u>18,856,282</u>	<u>16,671,199</u>
Cash and cash equivalents, end of year	<u>\$ 19,527,488</u>	<u>\$ 18,856,282</u>
 Supplemental Disclosures:		
Cash interest paid	<u>\$ 2,861,280</u>	<u>\$ 2,910,744</u>
 Non-Cash Investing and Financing Activities:		
Acquisition of equipment via capital lease	<u>\$ -</u>	<u>\$ 109,676</u>

The accompanying notes are an integral part of these financial statements

COMMUNITY UNITED METHODIST HOSPITAL, INC.
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

1. Description of Organization and Summary of Significant Accounting Policies

A. Organization

Community United Methodist Hospital, Inc. (the Hospital) is a not-for-profit organization operating an acute care hospital, a critical access hospital, a medical equipment service, and medical outpatient clinics, serving primarily Henderson, Webster and Union Counties in northwestern Kentucky. Admitting physicians are primarily practitioners in the local area. The Hospital was incorporated in Kentucky in 1948.

B. Principles of Consolidation

The accompanying financial statements include the accounts of Community United Methodist Hospital, Inc. and the following affiliated organizations: Tri-County Medical Collections and Community Care Network, Inc. All inter-company transactions and balances have been eliminated in consolidation.

C. Use of Estimates

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

D. Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with a maturity of three months or less.

The Hospital routinely invests its surplus operating funds in certificates of deposit, repurchase agreements, and money market mutual funds. These funds generally invest in highly liquid U.S. government and agency obligations.

At June 30, 2012, Community United Methodist Hospital, Inc. maintained deposits of \$33,542,306 at seven financial institutions. Of these bank balances, \$9,538,172 was covered by federal depository insurance, \$1,420,303 were repurchase agreements with various financial institutions secured by mortgage-backed U.S. government agency securities, \$7,766,638 was secured by pledged collateral and \$14,817,193 was neither insured nor collateralized as of June 30, 2012. However, management believes that the credit risk relating to these deposits is minimal due to the underlying nature of these investments.

E. Patient Accounts Receivable

Patient accounts receivable are reflected on the balance sheet net of allowances for estimated uncollectibles. These allowances are determined based upon an annual review of account balances, including the age of the balance and the historical experience with the payor based on insurance type and collection experience.

1. Description of Organization and Summary of Significant Accounting Policies, Continued

F. Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheet. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in the excess of revenues over expenses unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are excluded from the excess of revenues over expenses unless the investments are trading securities. Donated investments are recorded at fair value at the date of receipt, which is then treated as cost.

G. Assets Limited as to Use

Assets limited as to use primarily include assets held by trustees under loan agreements, set aside in accordance with agreements with third-party payors; and designated by the Board of Directors for future capital improvements and self-insurance reserves, over which the Board retains control and may at its discretion subsequently use for other purposes. Amounts required to meet current obligations of the Hospital have been reclassified in the balance sheet at June 30, 2012 and 2011.

H. Inventories

Inventories are stated at lower of cost, determined primarily by the first-in, first-out method, or market. Inventories consist primarily of medical, surgical, and pharmaceutical supplies.

I. Property and Equipment

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

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

1. Description of Organization and Summary of Significant Accounting Policies, Continued

J. Cost of Borrowing

Deferred financing costs associated with the issuance of the notes payable to Henderson County are being amortized on the straight line method over the term of the debt. Amortization expense charged to the statement of activities for the years ended June 30, 2012 and 2011 was \$20,142.

K. Temporarily and Permanently Restricted Net Assets

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

L. Excess of Revenues Over Expenses

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

M. Donor-Restricted Gifts

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

N. Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

1. Description of Organization and Summary of Significant Accounting Policies, Continued

O. Charity Care

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue or receivables.

P. Compensated Absences

Compensated absences are accrued when the employee's right to receive compensation for future absences is earned.

Q. Estimated Malpractice Costs

The provision for estimated medical malpractice claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported.

R. Income Taxes

The Hospital is a not-for-profit corporation and has been recognized as tax-exempt pursuant to Section 501(c) (3) of the Internal Revenue Code and applicable state law.

The accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return, should be recorded in the financial statements. Under this guidance, the Hospital may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained in examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Hospital and various positions related to the potential sources of unrelated business taxable income (UBIT). The benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal year 2012 and 2011.

The Hospital files forms 990 in the U.S. Federal jurisdiction and the State of Kentucky. The Hospital is generally no longer subject to examination by the Internal Revenue Service for years before 2008.

S. Goodwill

Long-lived assets are reviewed for impairment whenever events and changes in business circumstances indicate the carrying value of the assets may not be recoverable.

T. Reclassifications

Certain items relating to prior year amounts have been reclassified in the financial statements to conform to current year's presentation. These reclassifications had no impact on the net assets previously reported.

COMMUNITY UNITED METHODIST HOSPITAL, INC.
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

2. Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

A. Medicare

Inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Inpatient nonacute services, certain outpatient services and defined capital and medical education costs related to Medicare beneficiaries are paid based upon a cost reimbursement methodology. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. These cost reports have been settled for Methodist Hospital through June 30, 2007 and Union County Methodist Hospital through June 30, 2009.

B. Medicaid

The Department of Medicaid services has adopted the Medicare Prospective Payment System approach and implemented the Medicaid DRG payment system for inpatient services as of April 1, 2003. Prior to this date reimbursement was on a per diem basis. Outpatient services continue under the cost reimbursement methodology with the exception of emergency room services. They now pay on a three tier fixed price basis with final settlement determined after the submission and audit of annual cost reports. These cost reports have been settled for Methodist Hospital through June 30, 2008 and Union County Methodist Hospital through June 30, 2009 and for June 30, 2011.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a possibility that recorded estimates may change by an unknown amount in the near term. The Hospital believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future governmental review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs. The Hospital's classification of patients and the appropriateness of their care are subject to review by the fiscal intermediaries administering the Medicare and Medicaid programs.

Revenue from the Medicare and Medicaid programs accounted for approximately 23.0 percent and 11.5 percent, respectively, of the Hospital's net patient revenue for the year ended June 30, 2012 and 27.5 percent and 12.7 percent, respectively, of the Hospital's net patient revenue for the year ended June 30, 2011.

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

COMMUNITY UNITED METHODIST HOSPITAL, INC.
Notes to Consolidated Financial Statements
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3. Investments

Assets Limited as to Use

The composition of assets whose use is limited at June 30, 2012 and 2011 is set forth below. Investments are stated at fair value.

	<u>2012</u>	<u>2011</u>
Self-insurance fund:		
Cash and cash equivalents	\$ 4,302,112	\$ 4,689,497
Interest receivable	-	39
Total assets whose use is limited	<u>\$ 4,302,112</u>	<u>\$ 4,689,536</u>

Other Investments

Other investments, stated at fair value, at June 30, 2012 and 2011, include:

	<u>2012</u>	<u>2011</u>
Certificates of deposit	\$ 7,431,895	\$ 8,915,294
Repurchase agreements	1,420,303	1,410,686
Interest receivable	5,610	7,144
Total investments	<u>\$ 8,857,808</u>	<u>\$ 10,333,124</u>

Investment income of \$354,969 and \$403,628, for the years ending June 30, 2012 and 2011, respectively, consisted entirely of interest income.

4. Ambulance Service

The Hospital has agreements with the City of Henderson, Henderson County Fiscal Court, and Union County Fiscal Court to operate their respective county-wide ambulance services. The agreements provide for the Hospital to be reimbursed for any excess of the costs of operations over revenues earned. The receivable from local governments at June 30, 2012 and 2011 (included in "other receivables" on the balance sheets) is \$277,691 and \$198,728, respectively.

COMMUNITY UNITED METHODIST HOSPITAL, INC.
Notes to Consolidated Financial Statements
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5. Property and Equipment

A summary of property and equipment at June 30, 2012 and 2011 follows:

	<u>2012</u>	<u>2011</u>
Land	\$ 884,356	\$ 884,356
Land improvements	1,857,748	1,766,608
Building and improvements	99,300,912	98,051,433
Equipment and furniture	67,278,032	65,442,286
Equipment under capital lease obligations	<u>251,239</u>	<u>251,239</u>
	169,572,287	166,395,922
Less: accumulated depreciation and amortization	<u>89,030,928</u>	<u>81,908,884</u>
	80,541,359	84,487,038
Construction in progress	<u>5,957,136</u>	<u>3,312,880</u>
Property and equipment, net	<u>\$ 86,498,495</u>	<u>\$ 87,799,918</u>

Depreciation expense for the years ended June 30, 2012 and 2011 amounted to \$7,497,420 and \$7,618,494, respectively. Accumulated depreciation for equipment under capital lease obligations was \$154,490 and \$100,601 at June 30, 2012 and 2011, respectively.

6. Debt and Obligations Under Capital Leases

A. Long-Term Debt

On December 30, 2009 and January 1, 2010, the County of Henderson, Kentucky issued Bonds in the principal sums of \$18,000,000 (Series 2009 B) and \$14,210,000 (Series 2010 A). The proceeds from these bonds were loaned by the County of Henderson, Kentucky to Community United Methodist Hospital, Inc. (“the Hospital”) by promissory notes dated December 30, 2009 and February 16, 2010. These promissory notes were executed pursuant to loan agreements dated December 1, 2009 and January 1, 2010, respectively, between the lender and the Hospital. The proceeds of these issues were used by the Hospital to currently refund the outstanding principal balance of the County of Henderson, Kentucky Health Facilities Revenue Bonds, Series 2003 B and to pay for costs of issuance.

COMMUNITY UNITED METHODIST HOSPITAL, INC.
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

6. Debt and Obligations Under Capital Leases

A. Long-Term Debt, Continued

Under these agreements, the lender has agreed to loan to the Hospital the principal proceeds received from the sale of Health Facilities Refunding Revenue Bonds, Series 2009 B, and Health Facilities Revenue Bonds, Series 2010 A dated as of December 30, 2009 and January 1, 2010, respectively, to assist the borrower in the refunding of all outstanding Series 2003 B Revenue Bonds and in the financing of costs of the Project (as defined in the Agreement). The Hospital has agreed to repay such loans by making payments at the times and in the amounts set forth in the Note. The bonds are secured by, the Master Trust Indenture (the "Indenture"), dated as of December 1, 2009, between the lender and The Bank of New York Mellon Trust, Louisville, Kentucky, as trustee (the "Trustee"). The notes shall bear interest from their respective dates at a variable rate (adjusted weekly), payable on the 1st day of each month, commencing March 1, 2010. The Bonds shall mature on December 1 in the years and in the respective principal amounts set forth in the loan agreements.

A summary of long-term debt obligations at June 30, 2012 and 2011 is as follows:

	<u>2012</u>	<u>2011</u>
Note payable to Henderson County, Kentucky, Series 2009A, bears interest at 5.75%, due in monthly installments of \$131,744. Final scheduled maturity on January 1, 2020 (1)	\$ 9,612,979	\$ 10,690,360
Note payable to Henderson County, Kentucky, Series 2009B, variable interest due monthly, principal amounts ranging from \$62,000 to \$137,000 due annually. Final scheduled maturity December 1, 2025 (1)	16,153,000	16,971,000
Note payable to Henderson County, Kentucky, Series 2010A, variable interest due monthly, principal amounts ranging from \$49,000 to \$108,000 due annually. Final scheduled maturity December 1, 2025 (1)	12,725,000	13,369,000
Note payable to Henderson County, bears interest at 4.95%, due in monthly installments of \$104,417. Final scheduled maturity is June 8, 2014	2,381,290	3,486,563

COMMUNITY UNITED METHODIST HOSPITAL, INC.
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

6. Debt and Obligations Under Capital Leases, Continued

A. Long-Term Debt, Continued

	<u>2012</u>	<u>2011</u>
Note payable to Union County, bears interest at 4.99%, due in monthly installments of \$105,653. Final scheduled maturity is June 28, 2012	-	1,234,225
	40,872,269	45,751,148
Current Portion	<u>(3,663,651)</u>	<u>(4,793,606)</u>
Long-term debt	<u>\$ 37,208,618</u>	<u>\$ 40,957,542</u>

(1) The loan agreements with Henderson County also require the Hospital to comply with certain restrictive covenants. The notes are secured by a first security interest in all of the Hospital's gross receipts, all patient accounts, deposit accounts, investments, equipment and inventory.

Scheduled principal maturities on long-term debt for years ending June 30 are as follows:

<u>Year ending June 30,</u>	<u>Amounts</u>
2013	\$ 3,663,652
2014	3,947,761
2015	2,876,408
2016	3,032,981
2017	3,196,662
2018-2022	14,713,805
2022-2026	<u>9,441,000</u>
	<u>\$ 40,872,269</u>

B. Notes Payable

Short-term notes payable consist of the following at June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Banks	<u>\$ 5,000,000</u>	<u>\$ -</u>

Notes payable to banks bear variable interest and are unsecured.

C. Obligations Under Capital Leases

The Hospital leases various medical equipment under capital lease agreements. The related assets and liabilities under the agreements are recorded at the lower of the present value of the minimum lease payments or the fair value of the assets. The recorded cost of assets is being amortized over the term of the leases.

COMMUNITY UNITED METHODIST HOSPITAL, INC.
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

6. Debt and Obligations Under Capital Leases, Continued

C. Obligations Under Capital Leases, Continued

Scheduled payments under capital lease obligations for years ending June 30 are as follows:

<u>Year ending June 30,</u>	<u>Amounts</u>
2013	<u>\$ 25,364</u>
Total minimum lease payments	25,364
Less: Amount representing interest	<u>(77)</u>
Present value of minimum lease payments	<u><u>\$ 25,287</u></u>

The rate of interest on the above leases is imputed at varying rates from 0.0% to 7.551%.

Presented as follows on the balance sheet:

	<u>2012</u>	<u>2011</u>
Current portion-obligation under capital lease	\$ 25,287	\$ 69,267
Long-term portion-obligation under capital lease	<u>-</u>	<u>20,717</u>
	<u><u>\$ 25,287</u></u>	<u><u>\$ 89,984</u></u>

7. Employee Benefits

A. Defined Benefit Pension Plan

The Hospital has a defined benefit pension plan covering substantially all of its employees hired before October 1, 2009. The plan benefits are based on years of service and the employee's compensation. Contributions are intended to provide not only for benefits attributed for service to date but also for those expected to be earned in the future.

Obligations and Funded Status:

The following table sets forth the Plan's funded status and amounts recognized in the Hospital's financial statements at June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Benefit obligation at June 30	\$ 70,579,250	\$ 51,571,629
Fair value of plan assets	<u>43,776,104</u>	<u>41,292,374</u>
Funded status	<u><u>\$ (26,803,146)</u></u>	<u><u>\$ (10,279,255)</u></u>

Amounts recognized in the balance sheet consist of:

Current liabilities	\$ -	\$ -
Noncurrent liabilities	<u>(26,803,146)</u>	<u>(10,279,255)</u>
Total	<u><u>\$ (26,803,146)</u></u>	<u><u>\$ (10,279,255)</u></u>

COMMUNITY UNITED METHODIST HOSPITAL, INC.
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

7. Employee Benefits, Continued

A. Defined Benefit Pension Plan, Continued

	<u>2012</u>	<u>2011</u>
Amounts recognized in the statement of operations consist of:		
Net loss (gain)	\$ 27,509,794	\$ 9,238,368
Prior service cost (credit)	416,842	617,364
Total	<u>\$ 27,926,636</u>	<u>\$ 9,855,732</u>

The accumulated benefit obligation was \$57,950,347 and \$41,986,017 at June 30, 2012 and 2011, respectively.

	<u>2012</u>	<u>2011</u>
Net periodic benefit cost	\$ 1,953,172	\$ 3,352,034
Employer contributions	3,500,185	2,500,008
Plan participants' contributions	-	-
Benefits paid	2,373,604	4,058,322

Components of Net Periodic Benefit Cost:

Service cost	\$ 1,614,350	\$ 1,797,307
Interest cost	3,156,545	3,189,709
Expected return on plan assets	(3,332,184)	(2,834,865)
Amortization of prior service cost	200,522	200,522
Amortization of net (gain) loss	313,939	999,361
Net periodic benefit cost	<u>\$ 1,953,172</u>	<u>\$ 3,352,034</u>

The estimated net loss (gain) and prior service cost (credit) for the defined benefit pension plan that will be amortized into net periodic benefit cost over the next fiscal year are \$1,573,221 and \$200,522, respectively.

	<u>2012</u>	<u>2011</u>
Reconciliation of Prepaid (Accrued) Benefit Cost:		
Funded status	\$ (26,803,146)	\$ (10,279,255)
Unrecognized net actuarial loss (gain)	27,509,794	9,238,368
Unrecognized prior service cost (benefit)	416,842	617,364
Prepaid (accrued) benefit cost	<u>\$ 1,123,490</u>	<u>\$ (423,523)</u>

COMMUNITY UNITED METHODIST HOSPITAL, INC.
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

7. Employee Benefits, Continued

A. Defined Benefit Pension Plan, Continued

Assumptions:

Weighted-average assumptions used to determine net periodic benefit cost and benefit obligations for the years ended June 30 were as follows:

	<u>2012</u>	<u>2011</u>
Benefit Obligations		
Discount rate	4.75%	6.25%
Average rates of compensation increase	3.50%	3.50%
Net Periodic Benefit Cost		
Discount rate	6.25%	6.00%
Average rates of compensation increase	3.50%	3.50%
Expected long-term return on plan assets	8.00%	8.00%

Contributions:

The amount of employer's contribution expected to be paid during the year ended June 30, 2013 is \$555,000.

Plan Assets:

FASB ASC 820 (formerly Statement No. 157, *Fair Value Measurements and Disclosures*), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

COMMUNITY UNITED METHODIST HOSPITAL, INC.
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

7. Employee Benefits, Continued

A. Defined Benefit Pension Plan, Continued

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Common stocks, corporate bonds and U.S. government securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued at the net asset value (NAV) of shares held by the Plan at year end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2012 and 2011:

Assets at Fair Value as of June 30, 2012					
	Level 1	Level 2	Level 3	Total	%
U S Government and agency obligations	\$ 1,797,008	\$ -	\$ -	\$ 1,797,008	4 1 ^o o
Municipal bonds and debentures	6,672,422	-	-	6,672,422	15 2 ^o o
Corporate bonds and debentures	5,688,660	-	-	5,688,660	13 0 ^o o
Common stocks	18,557,308	-	-	18,557,308	42 4 ^o o
Preferred stocks	740,503	-	-	740,503	1 7 ^o o
Mutual funds	8,961,142	-	-	8,961,142	20 5 ^o o
Certificates of deposit	384,490	-	-	384,490	0 9 ^o o
Cash and cash equivalents	974,571	-	-	974,571	2 2 ^o o
Total assets at fair value	<u>\$ 43,776,104</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,776,104</u>	<u>100 0^o o</u>

Assets at Fair Value as of June 30, 2011					
	Level 1	Level 2	Level 3	Total	%
U S Government and agency obligations	\$ 3,222,622	\$ -	\$ -	\$ 3,222,622	7 8 ^o o
Municipal bonds and debentures	5,585,357	-	-	5,585,357	13 5 ^o o
Corporate bonds and debentures	4,761,357	-	-	4,761,357	11 5 ^o o
Common stocks	16,694,873	-	-	16,694,873	40 4 ^o o
Preferred stocks	687,132	-	-	687,132	1 7 ^o o
Mutual funds	9,317,086	-	-	9,317,086	22 6 ^o o
Certificates of deposit	287,414	-	-	287,414	0 7 ^o o
Cash and cash equivalents	736,533	-	-	736,533	1 8 ^o o
Total assets at fair value	<u>\$ 41,292,374</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,292,374</u>	<u>100 0^o o</u>

COMMUNITY UNITED METHODIST HOSPITAL, INC.
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

7. Employee Benefits, Continued

A. Defined Benefit Pension Plan, Continued

The primary objective for all investment assets shall be preservation of principal with emphasis on long-term growth without undue exposure to risk. The Hospital coordinates with investment managers and provides direction to allow for assets to be within a range of targeted percentages (60% equity securities, 40% debt securities). To reduce risk, a diverse portfolio of investments is used for each asset classifications. In addition, to mitigate volatility, multiple managers are used.

Plan assets include no Hospital securities at June 30, 2012 and 2011, respectively.

Estimated Future Benefit Payments:

As of June 30, 2012, the amount of benefits expected to be paid, based on the same assumptions used to measure the benefit obligation (including, when applicable, benefits attributable to estimated future services) were as follows:

<u>Year ending June 30,</u>	<u>Amounts</u>
2013	\$ 3,903,865
2014	2,311,703
2015	2,494,347
2016	3,636,699
2017	3,267,578
2018-2022	20,784,222

B. Defined Contribution Pension Plan

The Hospital has various defined contribution pension plans covering substantially all of its employees. Total expenses for these defined contribution pension plans for the years ended June 30, 2012 and 2011 were \$913,259 and \$739,423, respectively.

8. Commitments and Contingencies

A. Litigation

The Hospital is involved in litigation and regulatory investigations arising in the course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Hospital's future financial position or results from operations.

B. Letter of Credit

The Hospital has signed an unsecured letter of credit in the amount of \$2,016,281 with Ohio Valley Financial Group. The letter of credit satisfies the state certification requirement as an individual self-insured company with the Commonwealth of Kentucky. At June 30, 2012 and 2011, the balance was zero, respectively.

COMMUNITY UNITED METHODIST HOSPITAL, INC.
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8. Commitments and Contingencies, Continued

C. Operating Leases

The Hospital leases various buildings and equipment under operating leases expiring at various dates through 2015. Total rental expense for the years ended June 30, 2012 and 2011 was approximately \$1,718,013 and \$1,751,454, respectively.

The following is a schedule by year of future minimum lease payments under operating leases as of June 30, 2012, that have an initial or remaining lease term in excess of one year.

Year ending June 30,	Amount to be Paid
2013	\$ 477,023
2014	288,788
2015	101,045
Total minimum future rental payments	<u>\$ 866,856</u>

9. Related Party Transactions

Henderson Regional Hospital Foundation, Inc. and Union County Methodist Hospital Foundation, Inc. were established to solicit contributions from the general public solely for the funding of capital acquisitions by the Hospital. Funds are distributed to the Hospital as determined by the Foundations' Board of Directors. The Hospital's interest in the net assets of the Foundations is reported as a non-current asset on the balance sheet. A summary of the Foundations' assets, liabilities, net assets, results of operations, and changes in net assets at June 30, 2012 and 2011 follows:

	2012	2011
Assets, primarily cash and investments	<u>\$ 996,540</u>	<u>\$ 923,566</u>
Liabilities	10,151	14,592
Net assets	<u>986,389</u>	<u>908,974</u>
Total liabilities and net assets	<u>\$ 996,540</u>	<u>\$ 923,566</u>
Revenues, gains, and other support	<u>\$ 234,086</u>	<u>\$ 260,562</u>
Expenses		
Distributions to Hospital	95,026	93,691
Other	61,645	38,310
Total Expenses	<u>156,671</u>	<u>132,001</u>
Excess(deficiency) of revenues, gains and other support over expenses	77,415	128,561
Net assets, beginning of year	<u>908,974</u>	<u>780,413</u>
Net assets, end of year	<u>\$ 986,389</u>	<u>\$ 908,974</u>

COMMUNITY UNITED METHODIST HOSPITAL, INC.

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

9. Related Party Transactions, Continued

The following entities are owned or controlled by members of the Board of Directors or their immediate families and transacted business with the Hospital during the fiscal year ended June 30, 2012 as follows:

Home Oil & Gas	Gas and oil purchases	\$	38,623
Ohio Valley Financial Group	Trust fees (pension & thrift)		208,189
Royal Crown Bottling Corporation	Beverage purchases		80,350
Sitex Corporation	Uniform and cleaning services		55,792
Bruce Woodring Auto Sales & Leasing	Vehicle purchase		400
Dempewolf Ford	Auto Repair		6,241
E M Ford & co (Agent)	Property and Auto Insurance		247,796
Affiliated Entity			
<u>Western Kentucky Hospital Services</u>	Contributed capital		15,000

In the ordinary course of business the Hospital maintains various bank and investment accounts with financial institutions whose officers are members of the Hospital Board of Directors. These institutions include Ohio Valley Financial Group, Independence Bank, Bank of Henderson, and United Community Bank of West Kentucky, Inc.

10. Other Non-Current Assets

Other non-current assets consisted of the following as of June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Goodwill	\$ 326,139	\$ 326,139
Deferred debt issuance costs	257,360	277,502
Other assets	330,343	315,343
	<u>\$ 913,842</u>	<u>\$ 918,984</u>

11. Concentrations of Credit Risks

The Hospital operates an acute care hospital located in Henderson and a critical access hospital in Morganfield, Kentucky. The Hospital grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at June 30, 2012 and 2011, was as follows:

<u>Receivables at June 30</u>	<u>2012</u>	<u>2011</u>
Medicare	25 1% ^o	31 8% ^o
Medicaid	19 1% ^o	8 0% ^o
Other third-party payors (none over 10% ^o)	15 6% ^o	20 6% ^o
Private pay	40 2% ^o	39 6% ^o
	<u>100 0%^o</u>	<u>100 0%^o</u>

Continued

COMMUNITY UNITED METHODIST HOSPITAL, INC.
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

12. Fair Value of Financial Instruments

The following methods and assumptions were used by the Hospital in estimating the fair value of its financial instruments:

Cash and cash equivalents: The carrying amount reported in the balance sheet for cash and cash equivalents approximates its fair value.

Investments: Fair values, which are the amounts reported in the balance sheet, are based on quoted market prices, if available, or estimated using quoted market prices for similar securities.

Assets limited as to use: These assets consist primarily of cash and short-term investments and interest receivable. The fair value of these items was estimated using quoted market prices, for similar securities. The carrying amount reported in the balance sheet is fair value.

Derivative asset/liability: The carrying amount of the Hospital's derivative asset/ liability (which is used for hedging purposes) as reported in the balance sheet approximates its fair value and is based on the issuing financial institutions valuation.

Accounts payable, accrued expenses, deferred revenue and gains, estimated malpractice costs and self-insurance liability: The carrying amount reported in the balance sheet for accounts payable, accrued expenses, deferred revenue and gains, estimated malpractice costs and self-insurance liability approximates its fair value.

Estimated third-party payor settlements: The carrying amount reported in the balance sheet for estimated third-party payor settlements approximates its fair value.

Long-term debt: The carrying amount of the Hospital's long-term debt as reported in the financial statements approximates its fair value.

The carrying amounts and fair values of the Hospital's financial instruments at June 30, 2012 and 2011 are as follows:

	2012		2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	\$ 19,527,488	\$ 19,527,488	\$ 18,856,282	\$ 18,856,282
Investments	8,857,808	8,857,808	10,333,124	10,333,124
Assets limited as to use	4,302,112	4,302,112	4,689,536	4,689,536
Third party payor settlements	313,612	313,612	-	-
expenses, and other liabilities	19,436,796	19,436,796	18,191,755	18,191,755
Accrued retirement	26,803,196	26,803,196	10,279,255	10,279,255
Derivative liability	2,610,580	2,610,580	2,839,970	2,839,970
Payable for estimated third party payor settlements	3,542,951	3,542,951	3,971,463	3,971,463
Debt and capital lease obligations	45,897,556	45,897,556	45,841,132	45,841,132

COMMUNITY UNITED METHODIST HOSPITAL, INC.
Notes to Consolidated Financial Statements
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12. Fair Value of Financial Instruments, Continued

FASB ASC 820 (formerly Statement No. 157, *Fair Value Measurements and Disclosures*), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables sets forth by level, within the fair value hierarchy, the Hospital's assets and liabilities valued at fair value as of June 30, 2012 and 2011:

Assets (Liabilities) at Fair Value as of June 30, 2012				
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 19,527,488	\$ -	\$ -	\$ 19,527,488
Investments	8,857,808	-	-	8,857,808
Assets limited as to use	4,302,112	-	-	4,302,112
Derivative liability	-	(2,610,580)	-	(2,610,580)
Total assets at fair value	<u>\$ 32,687,408</u>	<u>\$ (2,610,580)</u>	<u>\$ -</u>	<u>\$ 30,076,828</u>

COMMUNITY UNITED METHODIST HOSPITAL, INC.
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

12. Fair Value of Financial Instruments, Continued

Assets (Liabilities) at Fair Value as of June 30, 2011				
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 18,856,282	\$ -	\$ -	\$ 18,856,282
Investments	10,333,124	-	-	10,333,124
Assets limited as to use	4,689,536	-	-	4,689,536
Derivative liability	-	(2,839,970)	-	(2,839,970)
Total assets at fair value	<u>\$ 33,878,942</u>	<u>\$ (2,839,970)</u>	<u>\$ -</u>	<u>\$ 31,038,972</u>

13. Physician Receivables

The Hospital has contracted with various physicians and physician groups to advance funds for office renovations, assistance with malpractice insurance premiums, education loan payoffs, and income guarantee agreements. The Hospital provides income guarantee agreements to certain physicians who agree to relocate to the community to fill a need in the Hospital's service area and commit to remain in practice there. Under such agreements the Hospital is required to make payments to the physicians in excess of the amounts they earn in their practice up to the amount of the income guarantee. The income guarantee periods are typically two years. Such payments are recoverable from the physicians if they do not fulfill their commitment period to the community, which is typically three years. At June 30, 2012, the maximum potential amount of future payments under these agreements was approximately \$10,417.

Management estimates these advances (net of estimated uncollectibles of \$0 at June 30, 2012 and 2011, respectively) will be fully recovered in future periods.

The activity during the years ended June 30, 2012 and 2011 was as follows:

	2012	2011
Balance, July 1	\$ 3,003,504	\$ 3,499,827
Increases		
Advances	179,531	271,887
Interest accrued	27,093	37,946
Decreases		
Collections	(42,741)	(39,071)
Reduction due to satisfaction of contract provisions	(861,361)	(767,085)
Balance, June 30	<u>\$ 2,306,026</u>	<u>\$ 3,003,504</u>

These balances are included in "other receivables" and "other long-term receivables" on the balance sheet. Long-term portions were approximately \$1.6 million and \$2.2 million at June 30, 2012 and 2011, respectively.

COMMUNITY UNITED METHODIST HOSPITAL, INC.
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

14. Functional Expenses

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

	<u>2012</u>	<u>2011</u>
Nursing Services	\$ 28,720,947	\$ 26,702,422
Other professional services	46,024,493	43,504,547
General services	8,585,056	8,269,598
Administrative and fiscal services	14,461,925	13,775,557
Employee benefits	18,379,495	18,241,276
	<u>\$ 116,171,916</u>	<u>\$ 110,493,400</u>

15. Charity Care

The amount of charges foregone for services and supplies under the Hospital's charity care policy aggregated approximately \$5,847,724 and \$6,754,052 in the years ended June 30, 2012 and 2011, respectively.

16. Advertising Costs

Advertising costs are charged to expense as incurred. Advertising expenses for the year ended June 30, 2012 and 2011 were \$811,129 and \$749,612, respectively.

17. Facility Renovation and Expansion

On August 17, 2000 the Hospital Board of Directors gave its approval to proceed with various capital projects related to the Hospital's Master Plan, including renovation of the existing facility as well as new construction and related equipment.

Implementation of the Master Plan continues with work being done on the ground floor of the South Tower for a new Pharmacy department.

The Board of Directors approved the complete replacement of the HVAC system in the main hospital building and to create a backup hot water system for the North Tower. This work continued throughout fiscal year 2012 and is scheduled for completion during the first quarter of fiscal year 2013 at an estimated total cost of \$4,150,000.

Ongoing planning, development and implementation of various internal renovations and relocations continued during the 2012 fiscal year. There were no additional significant project expenditures in fiscal year 2012.

COMMUNITY UNITED METHODIST HOSPITAL, INC.
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

18. Derivative

The Hospital entered into a “cash flow hedge interest rate swap” agreement with a notional amount of \$40,000,000 during the fiscal year ended June 30, 2006 with a financial institution. On February 16, 2010, the swap was amended to correspond with the Hospital’s debt restructuring. The amended swap agreement was effective February 16, 2010, contains an outstanding notional value as of June 30, 2012 in the amount of \$28,878,000 and matures July 1, 2015. Based on the amended agreement the Hospital pays a monthly fixed interest rate of 3.475% and the financial institution pays a variable rate based on the variable rate index of “LIBOR” multiplied by 65% over the term of the agreement.

The Hospital entered into a cancellation agreement effective February 16, 2010 with the financial institution in order to cancel the Hospital’s obligations under the original agreement and transition it’s obligations to the amended swap agreement effective February 16, 2010. The Hospital incurred an early termination cost of \$183,835 which was paid on February 19, 2010. The remainder of the early termination cost was blended into the new amended swap agreement.

The Hospital’s objective is to provide protection against market driven increases in variable interest rates. The fair value of the agreement was determined by the financial institution using the present value of the estimated projected cash flows. The Hospital is in a liability position as of June 30, 2012 and 2011 due to the present value of its estimated projected cash flows being more than the financial institution’s present value of estimated projected cash flows. The derivative liability for the Hospital amounted to \$2,610,580 as of June 30, 2012 and \$2,839,970 as of June 30, 2011.

The total unrealized derivative gain recognized on the financial statements were \$229,390 and \$371,228 for the years ended June 30, 2012 and 2011, respectively. Upon termination of the agreement by the Hospital, prior to maturity, the gain or loss determined by the derivative fair value on that date would be realized.

19. Self-Insurance

The Hospital’s Board of Director’s elected to self-insure its professional liability and general liability as of November 1, 2003. Each Hospital (Methodist and Union County) is allocated and accrues its proportionate share of these liabilities.

For professional liability, the Hospital had \$1,000,000/\$3,000,000 aggregate self-insurance retention in 2012 and 2011. To pay claims in excess of the self-insured retention, the Hospital purchased an excess professional liability policy (claims-made basis). Losses from asserted claims and from unasserted claims identified under the Hospital’s incident reporting system are accrued based on estimates that incorporate the Hospital’s past experience, as well as other considerations including the nature of each claim or incident and relevant trend factors and incidents that may have occurred but have not been identified under the incident reporting system. As of June 30, 2012 and 2011, the Hospital had accrued approximately \$4,281,515 and \$4,672,701, respectively, which in the opinion of management, based on historical experience and current actuarial analysis, is sufficient to cover reported claims and claims incurred but not reported. The accrued professional liability has been discounted at a rate of 5.0 percent in 2012 and 2011.

COMMUNITY UNITED METHODIST HOSPITAL, INC.
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

20. Subsequent Events

The date to which events occurring after June 30, 2012, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is October 31, 2012, which is the date on which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

COMMUNITY UNITED METHODIST HOSPITAL, INC.
Schedule of Patient Service Revenue
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>Daily patient services:</u>		
Medical and surgical	\$ 12,387,727	\$ 12,740,207
Pediatrics	668,670	714,324
Obstetrics	3,224,721	3,204,698
Nursery	711,222	988,495
NICU	1,294,455	1,124,645
Intensive care	2,974,586	3,012,789
Telemetry	4,883,285	4,588,106
	<u>26,144,666</u>	<u>26,373,264</u>
<u>Special professional services - Inpatients:</u>		
Operating rooms	9,226,538	8,851,894
Endoscopy	1,494,139	1,154,086
Recovery rooms	1,358,828	1,092,078
Emergency services	4,431,154	4,187,054
Sterile processing	2,722,952	2,673,541
Laboratories	16,321,912	16,981,833
Neurology	3,418,303	3,589,066
Radiology	6,027,822	5,486,123
MRI services	2,059,099	1,698,043
CT scans	7,007,473	6,789,263
Cardiac catheterization	859,329	881,861
Pharmacy	21,097,025	23,880,639
Intravenous solutions	4,188,852	4,352,620
Anesthesiology	2,727,901	2,245,157
Therapy services	2,434,142	2,425,879
Respiratory therapy	7,368,664	9,294,977
Other	49,261	125,662
	<u>92,793,394</u>	<u>95,709,776</u>
<u>Special professional services - Outpatients:</u>		
Medical and surgical	7,652,990	5,802,317
Pediatrics	704,857	510,078
Obstetrics	1,687,664	1,604,693
Nursery	2,269	2,324
Intensive care	459,639	413,546
Telemetry	1,806,526	1,154,965
Operating rooms	19,883,959	18,576,457
Endoscopy	4,123,824	4,065,147
Recovery rooms	7,193,282	6,437,988

COMMUNITY UNITED METHODIST HOSPITAL, INC.
Schedule of Patient Service Revenue
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>Special professional services - Outpatients, Continued:</u>		
Emergency services	\$ 27,917,167	\$ 23,644,939
Sterile processing	2,458,229	2,178,445
Laboratories	30,499,052	26,991,789
Neurology	7,467,541	6,648,206
Radiology	21,405,531	19,321,266
MRI services	9,185,303	8,341,507
CT scans	24,675,253	22,579,113
Cardiac catheterization	1,082,293	1,126,261
Lithotripsy	728,999	612,934
Pharmacy	24,759,087	19,498,311
Intravenous solutions	4,492,535	3,953,383
Anesthesiology	5,536,560	4,500,285
Therapy services	4,137,143	4,170,332
Respiratory therapy	1,976,899	1,809,803
Pain Clinic	826,410	-
Wound Care Clinic	2,350,537	-
Home Medical Equipment	1,989,917	2,340,966
Webster County Family Medicine	406,193	390,904
Sebree Methodist Family Medicine	488,552	370,471
Methodist Women's Services	2,618,721	2,402,717
Methodist Family Practice	3,025,289	2,970,962
Methodist Orthopedic Services	2,955,631	3,416,449
Methodist Family Medicine Clinics:		
East	33,954	138,259
Imperial Building	1,246,999	1,174,936
Sturgis	1,212,395	1,335,353
Elm	511,060	480,057
8th Street Suite #1	567,595	511,774
Barrett Blvd	848,630	717,664
Methodist Hematology/Oncology	338,378	392,210
Methodist Surgical Services	1,216,982	1,139,384
Methodist Comprehensive Care	1,002,162	728,079
Methodist Gastroenterology	2,595,005	627,772
Other	921,851	916,917
	<u>234,992,863</u>	<u>203,998,963</u>
Gross patient service revenue	353,930,923	326,082,003
Deductions from gross revenue	<u>196,031,552</u>	<u>180,939,953</u>
Net patient service revenue	<u>\$ 157,899,371</u>	<u>\$ 145,142,050</u>

COMMUNITY UNITED METHODIST HOSPITAL, INC.
Schedule of Operating Expenses
Years Ended June 30, 2012 and 2011

	2012			2011		
	Personnel Services	Supplies & Other	Total	Personnel Services	Supplies & Other	Total
<u>Nursing services:</u>						
Administrative	\$ 962,685	\$ 109,594	\$ 1,072,279	\$ 917,629	\$ 80,945	\$ 998,574
Education	503,021	116,017	619,038	560,943	106,262	667,205
Medical and surgical	5,749,727	458,855	6,208,582	5,093,317	471,974	5,565,291
Pediatrics	545,530	32,823	578,353	521,999	36,561	558,560
Obstetrics	1,641,905	145,158	1,787,063	1,504,543	139,181	1,643,724
Nursery	837,464	47,745	885,209	698,229	59,569	757,798
NICU	524,087	511,539	1,035,626	649,937	88,456	738,393
Intensive care	1,282,578	119,262	1,401,840	1,241,060	108,560	1,349,620
Telemetry	2,109,431	181,588	2,291,019	1,905,004	147,885	2,052,889
Operating rooms	1,707,538	3,868,496	5,576,034	1,788,233	3,515,426	5,303,659
Endoscopy	440,468	345,082	785,550	360,757	293,781	654,538
Recovery rooms	643,943	33,843	677,786	603,467	30,614	634,081
Emergency services	3,108,414	1,526,981	4,635,395	3,031,078	1,459,044	4,490,122
Sterile processing	367,827	799,346	1,167,173	410,406	877,562	1,287,968
	20,424,618	8,296,329	28,720,947	19,286,602	7,415,820	26,702,422
<u>Other professional services:</u>						
Intravenous solutions	-	403,245	403,245	-	405,010	405,010
Laboratories	2,124,974	3,113,149	5,238,123	1,984,580	2,839,212	4,823,792
Neurology	402,455	605,222	1,007,677	396,613	625,812	1,022,425
Radiology	1,821,378	1,457,153	3,278,531	1,842,849	1,441,363	3,284,212
MRI services	154,852	444,029	598,881	150,460	431,410	581,870
CT scans	135,832	678,208	814,040	134,779	629,402	764,181
Cardiac catheterization	253,369	324,761	578,130	240,368	300,768	541,136
Pharmacy	1,414,684	5,566,354	6,981,038	1,381,474	5,342,918	6,724,392
Anesthesiology	-	2,967,554	2,967,554	-	3,251,823	3,251,823
Therapy services	1,496,244	158,458	1,654,702	1,522,532	207,760	1,730,292
Respiratory therapy	1,144,038	279,199	1,423,237	1,204,630	365,664	1,570,294
Pain Clinic	27,628	202,215	229,843	-	-	-
Wound Care Clinic	44,392	546,781	591,173	-	-	-
Home Medical Equipment	385,734	566,754	952,488	402,466	585,124	987,590
Webster Co Family Medicine	251,624	165,353	416,977	255,738	157,106	412,844
Sebree Methodist Family Medicine	266,796	149,045	415,841	241,908	134,741	376,649
Methodist Women's Services	1,493,660	731,501	2,225,161	1,193,565	647,499	1,841,064
Methodist Family Practice	1,202,478	911,408	2,113,886	1,222,310	877,401	2,099,711
Methodist Orthopedic Services	1,816,500	571,068	2,387,568	2,030,655	549,178	2,579,833
Methodist Family Medicine Clinics						
East	108,600	44,697	153,297	265,721	109,987	375,708
Imperial Building	748,911	346,940	1,095,851	691,600	348,511	1,040,111
Sturgis	550,300	261,424	811,724	547,297	268,096	815,393
Elm	345,891	207,758	553,649	373,386	202,448	575,834
8th Street Suite #1	381,606	189,460	571,066	407,728	179,847	587,575
Barratt Blvd	718,509	348,771	1,067,280	697,926	328,984	1,026,910

Continued

COMMUNITY UNITED METHODIST HOSPITAL, INC.
Schedule of Operating Expenses
Years Ended June 30, 2012 and 2011

	2012			2011		
	Personnel Services	Supplies & Other	Total	Personnel Services	Supplies & Other	Total
Other professional services, Continued:						
Methodist Hematology/Oncology	\$ 506,955	\$ 163,701	\$ 670,656	\$ 491,405	\$ 491,405	\$ 982,810
Methodist Surgical Services	687,460	256,108	943,568	635,156	635,156	1,270,312
Methodist Comprehensive Care	634,245	267,262	901,507	455,192	455,192	910,384
Methodist Gastroenterology	863,254	312,821	1,176,075	185,189	185,189	370,378
Other	2,009,161	1,792,564	3,801,725	1,769,530	1,891,583	3,661,113
	<u>21,991,530</u>	<u>24,032,963</u>	<u>46,024,493</u>	<u>20,725,057</u>	<u>22,779,490</u>	<u>43,504,547</u>
General services:						
Food and nutrition services	1,205,017	946,137	2,151,154	1,091,831	810,546	1,902,377
Plant operations	1,220,604	2,029,573	3,250,177	1,273,847	1,963,918	3,237,765
Security	208,176	139,763	347,939	208,215	132,120	340,335
Environmental services	1,196,004	319,414	1,515,418	1,223,449	329,459	1,552,908
Patient ambassadors	280,925	1,421	282,346	230,155	2,733	232,888
Laundry and linen	24,896	8,057	32,953	23,201	2,677	25,878
Auxiliary units	53,795	101,547	155,342	52,853	94,854	147,707
Materials management	351,195	74,643	425,838	372,372	40,640	413,012
Child care	352,158	71,731	423,889	344,633	72,095	416,728
	<u>4,892,770</u>	<u>3,692,286</u>	<u>8,585,056</u>	<u>4,820,556</u>	<u>3,449,042</u>	<u>8,269,598</u>
Administrative and fiscal services:						
Accounting	486,262	29,012	515,274	533,184	24,022	557,206
Legal services	216,406	390,322	606,728	212,239	305,099	517,338
Data processing	706,652	628,552	1,335,204	636,321	669,603	1,305,924
Fiscal services	1,596,457	1,163,313	2,759,770	1,499,412	1,656,156	3,155,568
Administrative office	1,853,422	3,562,937	5,416,359	1,758,298	2,592,918	4,351,216
Personnel	497,299	254,698	751,997	483,336	261,801	745,137
Patient utilization service	1,101,123	316,869	1,417,992	1,108,381	370,164	1,478,545
Medical records	1,139,401	441,638	1,581,039	1,104,113	461,164	1,565,277
Other	-	77,562	77,562	-	99,346	99,346
	<u>\$ 7,597,022</u>	<u>\$ 6,864,903</u>	<u>\$ 14,461,925</u>	<u>\$ 7,335,284</u>	<u>\$ 6,440,273</u>	<u>\$ 13,775,557</u>
Non classified expenses:						
Employee benefits			\$ 18,379,495			\$ 18,241,276
Depreciation and amortization			7,517,562			7,651,169
Interest expense			2,794,162			3,046,076
Provision for bad debts			30,527,075			22,316,640
Kentucky provider tax			2,279,568			2,279,568
Insurance			1,088,185			1,709,025
			<u>62,586,047</u>			<u>55,243,754</u>
Total operating expenses			<u>\$ 160,378,468</u>			<u>\$ 147,495,878</u>