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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 <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization DICKENSON COMMUNITY HOSPITAL	D Employer identification number 77-0599553
	Doing Business As	E Telephone number (276) 926-0319
	Number and street (or P O box if mail is not delivered to street address) Room/suite PO BOX 1440 1 HOSPITAL DRIVE	G Gross receipts \$ 6,374,120
	City or town, state or country, and ZIP + 4 CLINTWOOD, VA 24228	
	F Name and address of principal officer MARK LEONARD 100 15TH STREET NW NORTON, VA 24273	H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) H(c) Group exemption number ▶
I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () ◀ (insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		
J Website: ▶ DCHOSP.COM		
K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		L Year of formation 2003
		M State of legal domicile VA

Part I	Summary		
Activities & Governance	1 Briefly describe the organization’s mission or most significant activities PART I,LINE 1 WITH A SIGNIFICANT ELDERLY POPULATION AND MOUNTAINOUS TERRAIN, TRAVEL OUTSIDE THE IMMEDIATE AREA CAN BE CHALLENGING, ESPECIALLY IN THE WINTER RURAL LIFE OFTEN INCLUDES HAZARDOUS OCCUPATIONS, WHICH IS CERTAINLY TRUE OF DICKENSON COUNTY DUE TO THE HIGH EMPLOYMENT RATES IN THE COAL MINING INDUSTRY GIVEN THESE FACTORS, RURAL HOSPITALS MUST REMAIN FLEXIBLE AND DIVERSE IN THEIR FACILITIES AND THE SERVICES THEY OFFER THE COMMUNITY MOUNTAIN STATES HEALTH ALLIANCE AND NORTON COMMUNITY HOSPITAL BELIEVE THAT SUPPORTING THE SERVICES OF DICKENSON COMMUNITY HOSPITAL (DCH) TO ASSIST RESIDENTS IN ATTAINING A HIGH LEVEL OF HEALTH CONTINUES TO BE A CORE VALUE OF OUR BUSINESS AND COMMUNITY SUPPORT		
	2 Check this box <input checked="" 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	10
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	3
	5 Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	0
	6 Total number of volunteers (estimate if necessary)	6	7
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	22,911	
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)	24,822	220,721
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	5,202,465	6,112,138
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	105	43
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	14,792	41,218
		5,242,184	6,374,120
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	50,000	50,000
	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)	3,863,791	3,757,475
	16a Professional fundraising fees (Part IX, column (A), line 11e)		0
	b Total fundraising expenses (Part IX, column (D), line 25) <input checked="" type="checkbox"/> 7,504		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	3,492,404	3,051,132
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	7,406,195	6,858,607
	19 Revenue less expenses Subtract line 18 from line 12	-2,164,011	-484,487
Net Assets or Fund Balances		Beginning of Current Year	End of Year
	20 Total assets (Part X, line 16)	2,641,329	3,930,700
	21 Total liabilities (Part X, line 26)	1,276,606	1,209,178
	22 Net assets or fund balances Subtract line 21 from line 20	1,364,723	2,721,522

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	2013-05-01 Date		
	STEPHEN SAWYER CFO Type or print name and title			
Paid Preparer's Use Only	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's taxpayer identification number (see instructions)
	Firm's name (or yours if self-employed), address, and ZIP + 4			EIN ▶
			Phone no ▶	
May the IRS discuss this return with the preparer shown above? (see instructions) <input type="checkbox"/> Yes <input type="checkbox"/> No				

Part III

Statement of Program Service Accomplishments

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

☐

☒

1

Briefly describe the organization’s mission

PART I,LINE 1 WITH A SIGNIFICANT ELDERLY POPULATION AND MOUNTAINOUS TERRAIN, TRAVEL OUTSIDE THE IMMEDIATE AREA CAN BE CHALLENGING, ESPECIALLY IN THE WINTER RURAL LIFE OFTEN INCLUDES HAZARDOUS OCCUPATIONS, WHICH IS CERTAINLY TRUE OF DICKENSON COUNTY DUE TO THE HIGH EMPLOYMENT RATES IN THE COAL MINING INDUSTRY GIVEN THESE FACTORS, RURAL HOSPITALS MUST REMAIN FLEXIBLE AND DIVERSE IN THEIR FACILITIES AND THE SERVICES THEY OFFER THE COMMUNITY MOUNTAIN STATES HEALTH ALLIANCE AND NORTON COMMUNITY HOSPITAL BELIEVE THAT SUPPORTING THE SERVICES OF DICKENSON COMMUNITY HOSPITAL (DCH) TO ASSIST RESIDENTS IN ATTAINING A HIGH LEVEL OF HEALTH CONTINUES TO BE A CORE VALUE OF OUR BUSINESS AND COMMUNITY SUPPORT

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 \$ 1,628,656 including grants of \$) (Revenue \$ 1,664,016)

EMERGENCY SERVICES OUR FULLY STAFFED 24-HOUR EMERGENCY DEPARTMENT IS AVAILABLE FOR PATIENTS IN A LIFE THREATENING SITUATION WE CAN PROVIDE AIR MEDICAL TRANSPORTATION TO A LARGER REGIONAL HOSPITAL FOR ANY PATIENT NEEDING A HIGHER LEVEL OF CARE THERE WERE 7,204 ED VISITS DURING FY12 THE EXPENSES REFLECT ONLY THE DIRECT EXPENSES FOR THE EMERGENCY DEPARTMENT AND DO NOT INCLUDE ANY INDIRECT EXPENSES

4b

(Code) (Expenses \$ 701,424 including grants of \$) (Revenue \$ 1,569,909)

RADIOLOGY OUR HIGHLY TRAINED TECHNICIANS CAN ADMINISTER ON-SITE PROCEDURES AND TESTING FOR CT SCANS, GENERAL RADIOLOGY (X-RAY), ULTRASOUND, AND BONE DENSITY TESTING THE HOSPITAL PERFORMED 8,300 RADIOLOGY PROCEDURES DURING FY12 THE EXPENSES REFLECT ONLY THE DIRECT EXPENSES FOR THE RADIOLOGY DEPARTMENT AND DO NOT INCLUDE ANY INDIRECT EXPENSES

4c

(Code) (Expenses \$ 784,105 including grants of \$) (Revenue \$ 1,914,516)

LABORATORY OUR EXPERIENCED STAFF OFFER COMPLETE AND COMPREHENSIVE SERVICES INCLUDING EMERGENCY & OUTPATIENT SERVICES, STAT TESTING, COMPREHENSIVE CHEMISTRY STUDIES, OCCUPATIONAL DRUG TESTING, HIGH SENSITIVE COUMADIN MONITORING, MICROBIOLOGY TRANSFUSION SERVICES, AND MORE WE PROVIDE LAB SERVICES 24 HOURS A DAY, 7 DAYS A WEEK DURING FY12, 67,784 LAB TESTS WERE PROCESSED THE EXPENSES REFLECT ONLY THE DIRECT EXPENSES FOR THE LABORATORY DEPARTMENT AND DO NOT INCLUDE ANY INDIRECT EXPENSES

(Code) (Expenses \$ 2,229,847 including grants of \$ 50,000) (Revenue \$ 1,000,778)

DCH IS A FEDERALLY DESIGNATED CRITICAL ACCESS HOSPITAL THIS FACILITY IS LOCATED IN ONE OF THE POOREST REGIONS OF VIRGINIA IN ADDITION TO EMERGENCY, OUTPATIENT, AND RADIOLOGY SERVICES, THE HOSPITAL PROVIDES PULMONARY FUNCTION TESTING, CARDIAC ULTRASOUND AND CT SCANNING SERVICES DCH PROVIDES LOCAL ACCESS TO DIAGNOSTIC SERVICES TO THE RESIDENTS OF THE AREA, WHO OTHERWISE WOULD HAVE TO DRIVE 45 MINUTES FOR HEALTH CARE SERVICES DCH HAS PARTNERED WITH THE COMPANY FIRSTSOURCE SOLUTIONS USA TO WORK WITH SELF-PAYING PATIENTS WHO HAVE LIMITED FINANCIAL RESOURCES DURING FY12, FIRSTSOURCE REPRESENTATIVES WERE AVAILABLE AT DCH TO ASSIST PATIENTS FIRSTSOURCE REPRESENTATIVES WERE ABLE TO DETERMINE GOVERNMENTAL MEDICAL ASSISTANCE (MEDICAID OR TENNCARE) ELIGIBILITY, AND TO HELP WITH THE APPLICATION PROCESS AND FOLLOW-UP ONCE A PERSON IS APPROVED FOR MEDICAID (OR TENNCARE) THROUGH THE PROGRAM OFFERED THROUGH DCH, THEY RETAIN COVERAGE FOR FUTURE MEDICAL CARE FIRSTSOURCE IS COMPENSATED BY DCH DURING FY12, DCH'S COST FOR THIS PROGRAM WAS 4,356 THE DCH EMERGENCY DEPARTMENT HOSPITALIST PROGRAM REALIZED A SIGNIFICANT INCREASE IN THE NUMBER OF IN-PATIENT ADMISSIONS DURING FY12 DCH IS THE ONLY HOSPITAL IN DICKENSON COUNTY, VA PREVIOUSLY, HOSPITAL ADMISSIONS REQUIRED PATIENTS TO BE TRANSFERRED TO ANOTHER FACILITY OUTSIDE THE COUNTY WHICH CREATED AN INCONVENIENCE TO THE PATIENT AS WELL AS THEIR FAMILY ADDITIONALLY, THERE ARE ADDITIONAL COSTS INCURRED WHEN A PATIENT IS ADMITTED TO A FACILITY OUTSIDE THE COUNTY BY KEEPING PATIENTS AT DCH, THE PATIENT IS CLOSER TO HOME AND FAMILY, AND BOTH TIME AND MONEY ARE SAVED BY THE PATIENT AS WELL AS THE FAMILY DCH PLANNED AND DEVELOPED ITS SENIOR LIFE SOLUTIONS PROGRAM (SLS) TO BEGIN IN EARLY FY13 THIS PROGRAM IS AN OUT-PATIENT BASED BEHAVIORAL HEALTH TREATMENT PROGRAM THAT CATERS TO OUR AGING POPULATION THE SLS PROGRAM IS DESIGNED TO ADDRESS THE EMOTIONAL AND BEHAVIORAL HEALTH OF ADULTS OVER THE AGE OF 65 AND PROVIDES TREATMENT TO INDIVIDUALS WHO MAY BE SUFFERING FROM CONDITIONS SUCH AS DEPRESSION, UNRESOLVED GRIEF, ANXIETY, THE LOSS OF A LOVED ONE, OR OTHER ISSUES FACED BY THE AGING

4d

Other program services (Describe in Schedule O)

(Expenses \$ 2,229,847 including grants of \$ 50,000) (Revenue \$ 1,000,778)

4e





















Total program service expenses

\$ 5,344,032

Form 990 (2011)

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

Part IV

Checklist of Required Schedules (continued)

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

Part V Statements Regarding Other IRS Filings and Tax Compliance						
Check if Schedule O contains a response to any question in this Part V <input checked="" type="checkbox"/>						
				Yes	No	
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable. .		1a	27		
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.		1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			1c	Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements filed for the calendar year ending with or within the year covered by this return. .		2a	0		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).			2b		
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?			3a	Yes	
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.			3b	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?			4a		No
b	If "Yes," enter the name of the foreign country: See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?			5a		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			5b		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			5c		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?			6a		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			6b		
7 Organizations that may receive deductible contributions under section 170(c).						
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?			7a		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			7c		No
d	If "Yes," indicate the number of Forms 8282 filed during the year.			7d		
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			7e		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?			7f		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			7g		No
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			7h		No
8 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?						
9 Sponsoring organizations maintaining donor advised funds.						
a	Did the organization make any taxable distributions under section 4966?			9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			9b		
10 Section 501(c)(7) organizations. Enter						
a	Initiation fees and capital contributions included on Part VIII, line 12.			10a		
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.			10b		
11 Section 501(c)(12) organizations. Enter						
a	Gross income from members or shareholders.			11a		
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).			11b		
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?						
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.			12b		
13 Section 501(c)(29) qualified nonprofit health insurance issuers.						
a	Is the organization licensed to issue qualified health plans in more than one state? Note. All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state.			13a		
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.			13b		
c	Enter the aggregate amount of reserves on hand.			13c		
14a Did the organization receive any payments for indoor tanning services during the tax year?						
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.			14b		No

Part VI

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year		
1a	10		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	3
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	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?	7a	Yes
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
a	The governing body?	8a	Yes
b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed <input checked="" type="checkbox"/> VA
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> 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. <input checked="" type="checkbox"/> STEPHEN SAWYER 100 15TH STREET NW NORTON, VA 24273 (276) 439-1011

Part VII

Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

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

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation, and **current** key employees Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees, if any See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, or highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations

List persons in the following order individual trustees or directors , institutional trustees , officers , key employees , highest compensated employees , and former such persons

Check this box if neither the organization nor any related organizations compensated any current or former officer, director, or trustee

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) ANN FLEMING DIRECTOR	50	X						0	501,320	66,728
(2) JOHN DOYLE DIRECTOR	50	X						0	241,176	36,759
(3) ROBERT LEONARD TREASURER	50	X						0	18,750	0
(4) BUFORD STURGILL VICE-CHAIRMA	50	X						0	14,242	0
(5) JAMES MANICURE DIRECTOR	50	X						0	14,242	0
(6) JOHN WRIGHT DIRECTOR	50	X						0	14,242	0
(7) DONALD BAKER CHAIRMAN & S	50	X						0	0	0
(8) ROGER DEEL DIRECTOR	50	X						0	0	0
(9) VONDA BUCHANAN DIRECTOR	50	X						0	0	0
(10) LARRY YATES DIRECTOR	50	X						0	0	0
(11) MARK LEONARD CEO	55 00			X				0	246,967	37,083
(12) STEPHEN SAWYER CFO	55 00			X				0	129,098	15,141

Part VII

1b	Sub-Total	▼			
c	Total from continuation sheets to Part VII, Section A	▼			
d	Total (add lines 1b and 1c)	▼		1,180,037	155,711

2 Total number of individuals (including but not limited to those \$100,000 of reportable compensation from the organization) ▶

		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	No
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <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

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 ►

Part VIII

Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . .	1a					
	b	Membership dues	1b					
	c	Fundraising events	1c					
	d	Related organizations	1d	74,467				
	e	Government grants (contributions)	1e	146,254				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f					
	g	Noncash contributions included in lines 1a-1f \$ _____						
	h	Total. Add lines 1a-1f			220,721			
Program Service Revenue			Business Code					
	2a	PATIENT SERVICES	621500	6,072,410	6,072,410			
	b	LABORATORY	621500	22,911		22,911		
	c	WELLNESS PROGRAMS	621990	16,817	16,817			
	d							
	e							
	f	All other program service revenue						
	g	Total. Add lines 2a-2f			6,112,138			
Other Revenue	3	Investment income (including dividends, interest and other similar amounts)			43	43		
	4	Income from investment of tax-exempt bond proceeds . . .						
	5	Royalties						
	6a	(i) Real		(ii) Personal				
	b	Less rental expenses						
	c	Rental income or (loss)						
	d	Net rental income or (loss)						
	7a	(i) Securities		(ii) Other				
	b	Less cost or other basis and sales expenses						
	c	Gain or (loss)						
	d	Net gain or (loss)						
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18		a				
	b	Less direct expenses		b				
	c	Net income or (loss) from fundraising events . . .						
9a	Gross income from gaming activities See Part IV, line 19		a					
b	Less direct expenses		b					
c	Net income or (loss) from gaming activities . . .							
10a	Gross sales of inventory, less returns and allowances		a					
b	Less cost of goods sold		b					
c	Net income or (loss) from sales of inventory . . .							
Miscellaneous Revenue		Business Code						
11a	OTHER REVENUE		900099	37,038	37,038			
b	MEDICAL RECORDS		900099	4,180			4,180	
c								
d	All other revenue							
e	Total. Add lines 11a-11d			41,218				
12	Total revenue. See Instructions			6,374,120	6,126,308	22,911	4,180	

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	50,000	50,000		
2	Grants and other assistance to individuals in the United States See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	56,104		56,104	
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	3,150,837	2,398,882	751,955	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	80,575	62,202	18,373	
9	Other employee benefits	274,527	264,333	10,194	
10	Payroll taxes	195,432	173,268	22,164	
11	Fees for services (non-employees)				
a	Management	2,050		2,050	
b	Legal	18,087		18,087	
c	Accounting	15,915	321	15,594	
d	Lobbying				
e	Professional fundraising See Part IV, line 17				
f	Investment management fees				
g	Other	1,190,916	1,115,566	75,350	
12	Advertising and promotion	39,078	39,078		
13	Office expenses	180,324	141,233	31,587	7,504
14	Information technology	65,580	64,529	1,051	
15	Royalties				
16	Occupancy	200,788	156,992	43,796	
17	Travel	31,900	18,120	13,780	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	2,629	2,629		
20	Interest				
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	288,691	211,936	76,755	
23	Insurance	-954	184	-1,138	
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	MEDICAL SUPPLIES & DRUGS	438,016	429,664	8,352	
b	MANAGEMENT FEES	335,580		335,580	
c	REPAIRS & MAINTENANCE	202,369	198,898	3,471	
d	DUES & SUBSCRIPTIONS	19,960	5,148	14,812	
e					
f	All other expenses	20,203	11,049	9,154	
25	Total functional expenses. Add lines 1 through 24f	6,858,607	5,344,032	1,507,071	7,504
26	Joint costs. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing			110,353	1	615,862
	2	Savings and temporary cash investments				2	
	3	Pledges and grants receivable, net				3	
	4	Accounts receivable, net			1,284,106	4	1,112,572
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L				5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L				6	
	7	Notes and loans receivable, net				7	
	8	Inventories for sale or use			76,726	8	75,763
	9	Prepaid expenses and deferred charges			180,333	9	45,815
	10a	Land, buildings, and equipment, cost or other basis. Complete Part VI of Schedule D	10a	3,719,720	984,411	10c	1,723,281
	b	Less accumulated depreciation	10b	1,996,439			
	11	Investments—publicly traded securities				11	
	12	Investments—other securities. See Part IV, line 11				12	
	13	Investments—program-related. See Part IV, line 11				13	
	14	Intangible assets				14	
	15	Other assets. See Part IV, line 11			5,400	15	357,407
16	Total assets. Add lines 1 through 15 (must equal line 34)			2,641,329	16	3,930,700	
Liabilities	17	Accounts payable and accrued expenses			660,283	17	656,092
	18	Grants payable				18	
	19	Deferred revenue				19	
	20	Tax-exempt bond liabilities				20	
	21	Escrow or custodial account liability. Complete Part IV of Schedule D				21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L				22	
	23	Secured mortgages and notes payable to unrelated third parties				23	
	24	Unsecured notes and loans payable to unrelated third parties				24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D			616,323	25	553,086
	26	Total liabilities. Add lines 17 through 25			1,276,606	26	1,209,178
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			1,364,723	27	2,720,772
	28	Temporarily restricted net assets				28	750
	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			1,364,723	33	2,721,522
	34	Total liabilities and net assets/fund balances			2,641,329	34	3,930,700

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	6,374,120
2	Total expenses (must equal Part IX, column (A), line 25)	2	6,858,607
3	Revenue less expenses Subtract line 2 from line 1	3	-484,487
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	1,364,723
5	Other changes in net assets or fund balances (explain in Schedule O)	5	1,841,286
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	2,721,522

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)

Department of the Treasury
Internal Revenue Service

Name of the organization
DICKENSON COMMUNITY HOSPITAL

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Employer identification number

77-0599553

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		
b 33 1/3% support test—2010. If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		
17a 10%-facts-and-circumstances test—2011. If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization		
b 10%-facts-and-circumstances test—2010. If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization		
18 Private Foundation If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions		

Part IIIPart III

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

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

Section B. Total Support

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

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

Section D. Computation of Investment Income Percentage			
17	Investment income percentage for 2011 (line 10c column (f) divided by line 13 column (f))	17	
18	Investment income percentage from 2010 Schedule A, Part III, line 17	18	
19a	33 1/3% support tests—2011. If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and stop here . The organization qualifies as a publicly supported organization		
b	33 1/3% support tests—2010. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here . The organization qualifies as a publicly supported organization		
20	Private Foundation If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions		

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

Facts And Circumstances Test

Explanation

SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ Complete if the organization is described below.

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

OMB No 1545-0047

2011

Open to Public Inspection

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

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

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

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

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

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

Name of the organization DICKENSON COMMUNITY HOSPITAL	Employer identification number 77-0599553
--	--

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

1

Provide a description of the organization's direct and indirect political campaign activities on behalf of or in opposition to candidates for public office in Part IV

2

Political expenditures

▶ \$

3

Volunteer hours

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

1

Enter the amount of any excise tax incurred by the organization under section 4955

▶ \$

2

Enter the amount of any excise tax incurred by organization managers under section 4955

▶ \$

3

If the organization incurred a section 4955 tax, did it file Form 4720 for this year?

☐ Yes ☒ No

4a

Was a correction made?

☐ Yes ☒ No

b

If "Yes," describe in Part IV

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

1

Enter the amount directly expended by the filing organization for section 527 exempt function activities

▶ \$

2

Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt funtion activities

▶ \$

3

Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b

▶ \$

4

Did the filing organization file Form 1120-POL for this year?

☐ Yes ☒ No

5

Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV

(a) Name	(b) Address	(c) EIN	(d) Amount paid from filing organization's funds If none, enter -0-	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization If none, enter -0-

Part II-A

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

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

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing Organization's Totals	(b) Affiliated Group Totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)															
b Total lobbying expenditures to influence a legislative body (direct lobbying)															
c Total lobbying expenditures (add lines 1a and 1b)															
d Other exempt purpose expenditures															
e Total exempt purpose expenditures (add lines 1c and 1d)															
f Lobbying nontaxable amount Enter the amount from the following table in both columns															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><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></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?	Yes		2,115
	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		No	
	j Total lines 1c through 1i			2,115
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 1i. Also, complete this part for any additional information.

Identifier	Return Reference	Explanation
ADDITIONAL INFORMATION	SCHEDULE C, PART IV	DCH HAD LOBBYING EXPENSES OF 2,115 WHICH REPRESENTS THE PORTION OF VIRGINIA HOSPITAL & HEALTHCARE ASSOCIATION DUES ATTRIBUTABLE FOR DIRECT LOBBYING

SCHEDULE D
(Form 990)

Supplemental Financial Statements

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization DICKENSON COMMUNITY HOSPITAL	Employer identification number 77-0599553
--	--

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

	(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year	
2	Aggregate contributions to (during year)	
3	Aggregate grants from (during year)	
4	Aggregate value at end of year	
5	Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
6	Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

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

1

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

2

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

	Held at the End of the Year
a	Total number of conservation easements
b	Total acreage restricted by conservation easements
c	Number of conservation easements on a certified historic structure included in (a)
d	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?

☐ Yes ☒ No

6

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

7

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

8

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

☐ Yes ☒ No

9

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

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

1a

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

b

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

(i)

Revenues included in Form 990, Part VIII, line 1

► \$ _____

(ii)

Assets included in Form 990, Part X

► \$ _____

2

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

a

Revenues included in Form 990, Part VIII, line 1

► \$ _____

b

Assets included in Form 990, Part X

► \$ _____

Part III

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

3

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

a

☐ Public exhibition

d

☐ Loan or exchange programs

b

☐ Scholarly research

e

☐ Other

c

☐ Preservation for future generations

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

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	Amount
1c	
1d	
1e	
1f	

2a

Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes☒ No

b

If "Yes," explain the arrangement in Part XIV

Part V

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

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

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶

b

Permanent endowment ▶

c

Term endowment ▶

3a

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

(i)

unrelated organizations

(ii)

related organizations

3a(i)

3a(ii)

b

If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

3b

4

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

Part VI

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

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a	Land			
b	Buildings	397,905	49,296	348,609
c	Leasehold improvements	557,291	355,419	201,872
d	Equipment	2,764,524	1,591,724	1,172,800
e	Other			
Total.	Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).)			1,723,281

Part XI

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

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

Part XII

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

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

Part XIII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

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

Part XIV

Supplemental Information

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

Identifier	Return Reference	Explanation
LIABILITY UNDER FIN 48 FOOTNOTE	SCHEDULE D, PAGE 3, PART X	"THE HOSPITAL IS CLASSIFIED AS AN ORGANIZATION EXEMPT FROM INCOME TAXES PURSUANT TO SECTION 501 (C)(3) OF THE INTERNAL REVENUE CODE. ACCORDINGLY, NO PROVISION FOR INCOME TAXES HAS BEEN MADE IN THE ACCOMPANYING FINANCIAL STATEMENTS FOR THE HOSPITAL. AT JUNE 30, 2012, TAX RETURNS FOR FISCAL YEARS 2009 THROUGH 2011 ARE SUBJECT TO EXAMINATION BY THE INTERNAL REVENUE SERVICE. MANAGEMENT BELIEVES THE HOSPITAL HAD NO UNCERTAIN TAX POSITIONS AT JUNE 30, 2012. THEREFORE, NO INTEREST OR PENALTIES OR OTHER RELATED LIABILITIES WERE RECOGNIZED IN THE STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIENCY)."

SCHEDULE H
(Form 990)

Hospitals

OMB No 1545-0047

2011

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, question 20.**

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

Name of the organization
DICKENSON COMMUNITY HOSPITAL

Employer identification number
77-0599553

Part I

Charity Care and Certain Other Community Benefits at Cost

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

7 Charity Care and Certain Other Community Benefits at Cost						
Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1)			54,232		54,232	0 790 %
b Medicaid (from Worksheet 3, column a)			1,154,684	429,520	725,164	10 570 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Charity Care and Means-Tested Government Programs			1,208,916	429,520	779,396	11 360 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			4,356		4,356	0 060 %
f Health professions education (from Worksheet 5)			6,495		6,495	0 090 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			50,000		50,000	0 730 %
j Total Other Benefits			60,851		60,851	0 890 %
k Total. Add lines 7d and 7j			1,269,767	429,520	840,247	12 250 %

Part II

Community Building Activities

Complete this table if the organization conducted any community building activities.

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

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No. 15?	1	Yes
2	Enter the amount of the organization's bad debt expense	2	372,189
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	297,751
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	2,512,888
6	Enter Medicare allowable costs of care relating to payments on line 5	6	2,583,200
7	Subtract line 6 from line 5. This is the surplus or (shortfall).	7	-70,312
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 type="checkbox"/> Cost to charge ratio <input checked="" 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				
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Section A. Hospital Facilities

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

Name and address

[illegible]

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)

DICKENSON COMMUNITY 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) a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility b <input checked="" type="checkbox"/> Demographics of the community c <input checked="" 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 checked="" type="checkbox"/> How data was obtained e <input checked="" type="checkbox"/> The health needs of the community f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs h <input checked="" 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)	1 Yes	
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 11		
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 Yes	
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 Yes	
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) a <input checked="" type="checkbox"/> Hospital facility's website b <input checked="" type="checkbox"/> Available upon request from the hospital facility c <input type="checkbox"/> Other (describe in Part VI)	5 Yes	
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a <input checked="" type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community b <input checked="" type="checkbox"/> Execution of the implementation strategy c <input checked="" 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 checked="" 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 checked="" type="checkbox"/> Prioritization of health needs in the community h <input checked="" 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	No
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8 Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care 200 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>400 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) a <input checked="" type="checkbox"/> Income level b <input checked="" type="checkbox"/> Asset level c <input checked="" type="checkbox"/> Medical indigency d <input type="checkbox"/> Insurance status e <input checked="" type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	Yes	
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) a <input checked="" type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input type="checkbox"/> The policy was attached to all billing invoices c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input checked="" 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)	13	Yes	

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments or arrests e <input 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 a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other similar actions (describe in Part VI)	16		No
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) 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

		Yes	No
18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	18	Yes	
If "No," indicate why			
a <input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions			
b <input type="checkbox"/> The hospital facility's policy was not in writing			
c <input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d <input type="checkbox"/> 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 <input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b <input type="checkbox"/> The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c <input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d <input type="checkbox"/> Other (describe in Part VI)			
20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?	20		No
If "Yes," explain in Part VI			
21 Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient?	21		No
If "Yes," explain in Part VI			

Part V

Facility Information *(continued)*

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

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

Name and address	Type of Facility (Describe)
1	
2	
3	
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Part VI

Supplemental Information

Complete this part to provide the following information

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

Identifier	ReturnReference	Explanation
RELATED ORGANIZATION INFORMATION	PART I LINE 6A	MOUNTAIN STATES HEALTH ALLIANCE HAS HISTORICALLY PREPARED AND MADE PUBLIC A COMMUNITY BENEFIT REPORT TO INCLUDE INFORMATION FOR ALL OF THE HOSPITALS WITHIN THE HEALTH SYSTEM DURING FY12 WE DID NOT ISSUE A COMMUNITY BENEFIT REPORT HOWEVER WE INTEND TO PREPARE A COMMUNITY BENEFIT REPORT DURING FY13

Identifier	ReturnReference	Explanation
COSTING METHODOLOGY EXPLANATION	PART I LINE 7	A COST TO CHARGE RATIO WAS USED TO CALCULATE LINE 7 UTILIZING THE SCHEDULE H APPLICABLE WORKSHEETS INCLUDING WORKSHEET 2 A RATIO OF PATIENT CARE COST TO GROSS PATIENT CHARGES

Identifier	ReturnReference	Explanation
BAD DEBT EXPENSE EXPLANATION	PART III LINE 4	THE CALCULATED COST TO CHARGE RATIO WORKSHEET 2 WAS APPLIED TO BAD DEBT CONTRA REVENUE AND PROVISION FOR BAD DEBT IN DETERMINING LINE 2 OUR VICE PRESIDENT OF PATIENT FINANCIAL SERVICES AND OUR CFO ESTIMATE THAT 80 OF TOTAL BAD DEBT EXPENSE WAS ASSUMED ATTRIBUTABLE TO PATIENTS LIKELY ELIGIBLE FOR FINANCIAL ASSISTANCE WE HAVE MANY INSTANCES DURING THE YEAR OF PATIENTS WITH LARGE ACCOUNT BALANCES AND NO HEALTH INSURANCE COVERAGE THAT WE ARE SURE WOULD QUALIFY FOR CHARITY CARE ALTHOUGH HOSPITAL TEAM MEMBERS ENCOURAGE THESE INDIVIDUALS TO COMPLETE OUR FINANCIAL ASSISTANCE APPLICATION MANY WILL NOT DO SO EVEN WHEN THESE INDIVIDUALS ARE TOLD WE FEEL SURE THEY DO QUALIFY FOR FULL OR PARTIAL ASSISTANCE THEY STILL REFUSE TO COMPLETE OUR FINANCIAL ASSISTANCE APPLICATION REGARDING LINE 3 IT IS IMPLAUSIBLE TO DETERMINE THE AMOUNT OF DCHS BAD DEBT ASSOCIATED WITH THOSE PATIENTS WHO MAY HAVE MET THE CRITERIA SET FORTH IN OUR FINANCIAL ASSISTANCE POLICY WITHOUT HAVING A COMPLETED FINANCIAL ASSESSMENT WE ARE UNABLE TO DETERMINE OUR PATIENTS FINANCIAL CIRCUMSTANCES UNLESS A COMPLETED FINANCIAL ASSESSMENT FORM IS VOLUNTARILY PROVIDED TO US WE CAN ASSERT THAT MORE THAN 90 OF OUR PATIENTS WHO HAVE PROVIDED COMPLETED FINANCIAL ASSESSMENT FORMS HAVE BEEN APPROVED FOR AT LEAST PARTIAL FINANCIAL ASSISTANCE FOOTNOTE DISCLOSURE FROM NCHS FY12 AUDITED FINANCIAL STATEMENT READS NEW ACCOUNTING PRONOUNCEMENTS IN JULY 2011 THE FASB ISSUED ASU 201107 PRESENTATION AND DISCLOSURE OF PATIENT SERVICE REVENUE PROVISION FOR BAD DEBTS AND THE ALLOWANCE FOR DOUBTFUL ACCOUNTS FOR CERTAIN HEALTH CARE ENTITIES THE ASU REQUIRES THE CHANGE OF PRESENTATION OF THE ESTIMATED PROVISION FOR BAD DEBTS IN THE CONSOLIDATED STATEMENTS OF OPERATIONS FROM AN OPERATING EXPENSE TO A DEDUCTION FROM PATIENT SERVICE REVENUE NET OF CONTRACTUAL DEDUCTIONS AND DISCOUNTS ALONG WITH ADDITIONAL DISCLOSURES ABOUT THE POLICIES FOR RECOGNIZING REVENUE AND ASSESSING BAD DEBTSAND QUALITATIVE INFORMATION ABOUT CHANGES IN THE ALLOWANCE FOR DOUBTFUL ACCOUNTS THE HOSPITAL RETROACTIVELY ADOPTED ASU 201107 IN FISCAL YEAR 2012 MANAGEMENT BELIEVES THE ADOPTION OF ASU 201107 DID NOT HAVE A MATERIAL IMPACT ON THE CONSOLIDATED FINANCIAL STATEMENTS THE FOOTNOTES TO THE AUDITED FINANCIAL STATEMENT REPORT THE AMOUNT OF ESTIMATED UNCOLLECTIBLE SELF PAY AND EXPLAINS THAT UNCOLLECTIBLE PATIENT ACCOUNTS RECEIVABLE ESTIMATED RESERVES ARE BASED UPON PRIOR COLLECTION HISTORY FOR GROUPS OF RECEIVABLES KNOWN COLLECTION RISKS AND OTHER ENVIRONMENTAL FACTORS INCLUDING THE AGE OF THE RECEIVABLES

Identifier	ReturnReference	Explanation
MEDICARE EXPLANATION	PART III LINE 8	MEDICARE ALLOWABLE COSTS WERE REPORTED USING DCHS FILED MEDICARE COST REPORT CR THE CR USES A COST TO CHARGE RATIO BASED ON A STEPDOWN ALLOCATION METHODOLOGY IN CARING FOR THE PATIENT THERE ARE SEVERAL SERVICES THAT ARE CONSIDERED NONALLOWABLE SUCH AS TRANSPORTATION OF A PATIENT COMFORT ITEMS TO INCLUDE A TELEVISION MAGAZINES OR A TELEPHONE ADDITIONAL NONALLOWABLE COSTS INCLUDE THE RECRUITMENT OF PHYSICIANS PHYSICIAN GUARANTEES AND A PORTION OF THE BAD DEBT 30 ASSOCIATED WITH THE CARE OF THE PATIENT MEDICARE LOSSES INCLUDING SOME NONALLOWABLE COSTS SHOULD BE COUNTED AS A COMMUNITY BENEFIT AS THIS IS THE COST OF CARE FOR SERVING THE AGING POPULATION WHILE DCH ESTIMATES A SMALL LOSS ASSOCIATED WITH MEDICARE WE REALIZE THAT WE ARE AN EXCEPTION DUE TO OUR SMALL SIZE AND THE FACT THAT OUR FACILITY FOCUSES ON OUTPATIENT CARE AND SERVES AS A CRITICAL ACCESS HOSPITAL OTHER HOSPITALS THAT PROVIDE SIGNIFICANT INPATIENT CARE TO A SICKER POPULATION OF PATIENTS PROVIDE A MUCH BROADER AND MORE EXPENSIVE LEVEL OF CARE AND THOSE HOSPITALS OFTEN HAVE SIGNIFICANT MEDICARE LOSSES

Identifier	ReturnReference	Explanation
COLLECTION PRACTICES EXPLANATION	PART III LINE 9B	DCH PROVIDES A PATIENT FRIENDLY BILLING FLOW CHART ON ITS WEBSITE THAT GUIDES A PATIENT THROUGH THE PROCESS BEGINNING WITH ADMISSION AND ENDS WITH THE PATIENTS ACCOUNT BEING SUCCESSFULLY RESOLVED DCH FOLLOWS A STRONG COLLECTION PROGRAM THAT COMMUNICATES FINANCIAL RESPONSIBILITY TO THE PATIENT COLLECTION PRACTICES APPLY TO ALL PATIENTS CHARITY AND NONCHARITY CARE IN ROUTINE CIRCUMSTANCES WHEN IT IS DETERMINED THAT A PATIENT HAS NOT RESPONDED TO REQUESTS FOR PAYMENT AND HAS NOT PROVIDED INFORMATION TO ASCERTAIN ABILITY TO PAY AN ACCONT CAN BE REFERRED TO AN OUTSIDE COLLECTION AGENCY FOR COLLECTION ASSISTANCE DCH ENSURES THAT OUTSIDE COLLECTION AGENCIES FOLLOW HOSPITAL BILLIANG AND COLLECTION GUIDELINES ONCE A DELINQUENT PATIENT ACCOUNT HAS BEEN SUBMITTED TO AN OUTSIDE AGENCY IT CAN BE RETRACTED IF IT IS LATER DETERMINED THAT THE PATIENT IS ELIGIBLE FOR FINANCIAL ASSISTANCE ALL REQUESTS FOR FINANCIAL ASSISTANCE MUST BE ACCOMPANIED BY A COMPLETED FINAICIAL ASSESSMENT FORM AND SUPPORTING DOCUMENTATION

Identifier	ReturnReference	Explanation
NEEDS ASSESSMENT	PART VI	<p>PART VI LINE 2 MSHA INCLUDED AMERICAS HEALTH RANKINGS AHR IN ITS ASSESSMENT IN ORDER TO BETTER DEFINE THE HEALTH CARE NEEDS OF THE COMMUNITIES IT SERVES TENNESSEE RANKED 39TH AND VIRGINIA RANKED 20TH HOWEVER IT SHOULD BE NOTED THAT SOUTHWEST VIRGINIA WHERE MSHA FACILITIES ARE LOCATED CLOSELY RESEMBLES THE HEALTH RANKINGS FOR TENNESSEE AMERICAS HEALTH RANKINGS ARE BASED ON A SERIES OF MEASURES INCLUDING SEVERAL HEALTH OUTCOMES AND HEALTH FACTORS A SURVEY WAS GIVEN TO 67 INDIVIDUALS REPRESENTING THE NINE COUNTIES IN WHICH MSHA OWNS A FACILITY THESE INDIVIDUALS INCLUDED PHYSICIANS PUBLIC HEALTH LEADERS NONPROFIT DIRECTORS SCHOOL NURSES AND OFFICIALS AND BUSINESS LEADERS A SURVEY WAS GIVEN TO EACH INDIVIDUAL SEEKING FEEDBACK REGARDING AVAILABLE RESOURCES IN EACH AREA THE HEALTH STATUS HEALTH PRIORITIES AND SUGGESTIONS FOR IMPROVEMENT THE MAJORITY OF RESPONSES SUGGESTED FOCUSING ON EDUCATION IN ORDER TO PROMOTE HEALTHY HABITS OTHER RESPONSES INCLUDED MAKE PHYSICAL EDUCATION A REQUIREMENT AS PART OF SCHOOL CURRICULUM IMPROVE NATURAL TRAILS AND WALKWAYS INCREASE COMMUNITY SUPPORT FOR SMOKEFREE AREAS PARTNER WITH LOCAL FARMERS MARKETS SHARE HEALTH INFORMATION BETWEEN PHARMACIES NETWORK WITH SMALL BUSINESSES AND NONPROFITS IN ORDER TO AVOID DUPLICATING RESOURCES AND PROVIDE EARLY SCREENINGS FOR THE UNINSURED OR UNDERINSURED OVERALL THE COMMUNITY MEMBERS GAVE MSHAS CORE SERVICE AREA A HEALTH STATUS RANKING OF 424 OUT OF 10 1 BEING THE LOWEST 10 BEING THE HIGHEST ALSO ALL 67 PARTICIPANTS AGREED THAT OBESITY CANCER HEART DISEASE AND DIABETES WERE THE TOP HEALTH PRIORITIES IN EACH COUNTY AHR REPORTS THAT TENNESSEE AND VIRGINIA BOTH SAW AN INCREASE IN DIABETES AND OBESITY WITHIN THE PAST TEN YEARS TENNESSEE ALSO RANKED 44TH FOR CARDIOVASCULAR DISEASE AND 46TH FOR CANCER DEATHS VIRGINIA OVERALL HAD A BETTER RANKING IN THESE TWO CATEGORIES BUT AS STATED EARLIER SOUTHWEST VIRGINIA CLOSELY RESEMBLES TENNESSEE MSHA PLANS TO USE THE AVAILABLE RESOURCES TO START IMPROVING THE HEALTH STATUS OF NORTHEAST TENNESSEE AND SOUTHWEST VIRGINIA</p>

Identifier	ReturnReference	Explanation
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	PART VI	PART VI LINE 3 DCH PROVIDES COMMUNICATION OF FINANCIAL ASSISTANCE ON ITS WEBSITE AND ON POSTERS LOCATED IN PROMINENT AREAS OF THE HOSPITAL SUCH AS ADMITTING AND THE EMERGENCY DEPARTMENT PRINTED EDUCATIONAL MATERIALS INCLUDING FINANCIAL ASSISTANCE CONTACT INFORMATION ARE ALSO PROVIDED IN EACH PATIENTS PAPERWORK POSTERS AND REFERENCE MATERIALS ARE WRITTEN IN BOTH ENGLISH AND SPANISH ADMITTING STAFF ARE TRAINED TO EDUCATE PATIENTS ON DCHS FINANCIAL ASSISTANCE POLICY DCH ALSO HAS FINANCIAL COUNSELORS TO PROVIDE FURTHER INFORMATION AND ASSISTANCE TO DCH PATIENTS REGARDING DCHS FINANCIAL ASSISTANCE POLICY THESE COUNSELORS ALSO HELP UNINSURED PATIENTS DETERMINE SOURCES OF PAYMENT FOR MEDICAL BILLS AND HELP PATIENTS DETERMINE ELIGIBILITY FOR PROGRAMS SUCH AS MEDICAID IN ADDITION DCH CONTRACTS WITH THE COMPANY FIRSTSOURCE SOLUTIONS USA TO WORK WITH SELFPAYING PATIENTS WHO HAVE LIMITED FINANCIAL RESOURCES FIRSTSOURCE SOLUTIONS USA DETERMINES A PATIENTS ELIGIBILITY IN MEDICAL COVERAGE OPTIONS AND ASSISTS WITH THEIR ENROLLMENT DCH BEARS THE COST FOR THE FIRSTSOURCE SOLUTIONS PROGRAM

Identifier	ReturnReference	Explanation
COMMUNITY INFORMATION	PART VI	PART VI LINE 4 DCH IS LOCATED IN CLINTWOOD DICKENSON COUNTY WHICH IS IN RURAL SOUTHWEST VIRGINIA BOTH NORTHEAST TENNESSEE AND SOUTHWEST VIRGINIASWVA ARE LOCATED WITHIN THE APPALACHIAN MOUNTAINS SPECIFICALLY THE BLUE RIDGE MOUNTAIN REGION AND TENNESSEE VALLEY SWVA IS CONSIDERED RURAL AND MUCH DIFFERENT THAN THE REST OF THE STATE SWVA HAS BEEN AND REMAINS A MAJOR COAL MINING REGION DICKENSON COUNTY IS A FEDERALLY DESIGNATED MEDICALLY UNDERSERVED AREA AND HAS A HIGH RATE OF INDIVIDUALS WHO ARE UNINSURED THE POPULATION OF DICKENSON COUNTY IS JUST UNDER 15700 AND ACCORDING TO THE US CENSUS BUREAU THE TOWN OF CLINTWOOD HAS A POPULATION OF 1414 THE MEDIAN AGE OF RESIDENTS OF DICKENSON COUNTY IS 418 WHICH IS OLDER THAN THE AVERAGE AGE OF 372 IN THE UNITED STATES DICKENSON COUNTY HAS A MEDIAN HOUSEHOLD INCOME OF 38488 WHICH IS 46 BELOW VIRGINIAS MEDIAN HOUSEHOLD INCOME 27 OF DICKENSON COUNTYS CHILDREN LIVE IN POVERTY COMPARED TO 14 STATEWIDE

Identifier	ReturnReference	Explanation
HEALTH OF COMMUNITY IN RELATION TO EXEMPT PURPOSE	PART VI	PART VI LINE 5 DICKENSON COMMUNITY HOSPITAL IS A 25BED CRITICAL ACCESS HOSPITAL THE HOSPITAL PERFORMS LIMITED INPATIENT PROCEDURES IN AN EFFORT TO REDUCE OPERATING COSTS THE HOSPITAL IS A SUBSIDIARY OF NORTON COMMUNITY HOSPITAL INC WHO IS THE SOLE MEMBER OF DCH DCH IS DEDICATED TO OPERATING EFFICIENTLY SO THAT WASTE IS MINIMIZEDDCHS LEADERSHIP REMAINS MINDFUL OF MANAGING THE HOSPITALS LIMITED RESOURCES SO THAT ADEQUATE FACILITIES AND EQUIPMENT ARE AVAILABLE FOR THE CARE OF OUR PATIENTS VARIOUS CHECKS AND BALANCES ARE ESTABLISHED TO ENSURE THAT EXPENDITURES FOR OPERATING EXPENSES AND CAPITAL COSTS ARE REASONABLE AND NECESSARY DCH DOES NOT ENJOY NET OPERATING SURPLUSES AND RELIES ON SUBSIDIZATION FROM NORTON COMMUNITY HOSPITAL THE MAJORITY OF DCHS GOVERNING BODY IS COMPRISED OF PERSONS WHO RESIDE IN THE ORGANIZATIONS PRIMARY SERIVCE AREA ONLY TWO DIRECTORSANN FLEMING AND JOHN DOYLE EMPLOYEES OF MSHA LIVE OUTSIDE OF THE AREA PHYSICIANS THAT REQUEST PRIVILEGES WHO ARE QUALIFIED AND CREDENTIALAED ARE EXTENDED PRIVELEGES BY DCH

Identifier	ReturnReference	Explanation
AFFILIATED HEALTH CARE INFORMATION	PART VI	PART VI LINE 6 DCH IS A 25BED CRITICAL ACCESS HOSPITAL OPERATED UNDER THE DIRECTION OF A 10MEMBER BOARD OF DIRECTORS PRIMARILY COMPRISED OF LOCAL COMMUNITY RESIDENTS DCH IS ACCREDITED BY THE AMERICAN OSTEOPATHIC ASSOCIATION DCH IS OWNED BY NORTON COMMUNITY HOSPITAL NCH DCH HAS A LOAN AGREEMENT WITH NCH THAT PROVIDES FOR NCH TO ASSIST IN SUBSIDIZING DCHS OPERATING EXPENSES NCH IS MAJORITY OWNED BY MOUNTAIN STATES HEALTH ALLIANCE MSHA BASED IN JOHNSON CITY TENNESSEE MSHA IS INTEGRATED BOTH VERTICALLY AND HORIZONTALLY AND IS THE LARGEST REGIONAL HEALTHCARE SYSTEM WITH 13 HOSPITALS MSHA PROVIDES CARE TO PEOPLE IN 29 COUNTIES IN TENNESSEE VIRGINIA KENTUCKY AND NORTH CAROLINA DCH SERVES AS THE COUNTYS PRIMARY HEALTH SERVICE PROVIDER PATIENTS BENEFIT FROM DCHS AFFILIATION WITH A HEALTHCARE SYSTEM WHERE THEY CAN BE EFFICIENTLY MOVED ALONG AN INTEGRATED COMPREHENSIVE CONTINUM OF CARE AS THEIR HEALTH STATUS DICTATES PATIENTS CAN BE MOVED TO THE SYSTEMS FLAGSHIP FACILITY JOHNSON CITY MEDICAL CENTER WHICH IS A TERTIARY CARE FACILITY PROVIDING ADVANCED TREATMENT OPTIONS DCH OPERATES A 24HOUR EMERGENCY DEPARTMENT TO TREAT PATIENTS IN LIFE THREATENING SITUATIONS FOR ANY PATIENT WHO NEEDS A HIGHER LEVEL OF CARE THAN DCH CAN PROVIDE AIR MEDICAL TRANSPORTATION IS AVAILABLE THROUGH WINGS AIR RESCUE WINGS III IS BASED IN JENKINS KENTUCKY AND CAN QUICKLY RESPOND AND HAVE ANY PATIENT TRANSPORTED TO NORTON COMUMUNITY HOSPITAL 7 MINUTES JOHNSON CITY MEDICAL CENTER 20 MINUTES AND OTHER REGINAL HOSPITALS WHEN MINUTES COUNT

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

Identifier	ReturnReference	Explanation
DICKENSON COMMUNITY HOSPITAL LINE NUMBER 1 PART V LINE 3	PART V LINE 3	MSHA MET WITH TEN FOCUS GROUPS EACH REPRESENTING ONE OF THE TEN HOSPITAL FACILITIES INCLUDING DCH LOCATED IN NINE COUNTIES WITHIN MSHAS CORE SERVICE AREA EACH GROUP CONSISTED OF PUBLIC HEALTH LEADERS NURSES NONPROFIT DIRECTORS COMMUNITY DEVELOPERS FAITH BASED LEADERS PUBLIC OFFICIALS AND SCHOOL REPRESENTATIVES EACH GROUP RANGED IN ATTENDANCE FROM 6 TO 21 INDIVIDUALS PARTICIPANTS WERE GIVEN SURVEYS TO DETERMINE A COUNTYS HEALTH STATUS RATING AVAILABLE RESOURCES TOP HEALTH PRIORITIES AND SUGGESTIONS FOR IMPROVEMENT OPEN DISCUSSION FOLLOWED THE COLLECTED INFORMATION WAS THEN PAIRED WITH STATISTICAL DATA IN ORDER TO PRIORITIZE HEALTH NEEDS THE SPECIFIC NEEDS FOR EACH COUNTY WERE INCLUDED IN THE APPROPRIATE FACILITY IMPLEMENTATION PLAN

Identifier	ReturnReference	Explanation
DICKENSON COMMUNITY HOSPITAL LINE NUMBER 1 PART V LINE 4	PART V LINE 4	EACH HOSPITAL WITHIN THE MSHA SYSTEM COMPLETED A CHNA FOR THOSE HOSPITALS THAT ARE LOCATED IN THE SAME COUNTY ONLY ONE COMMUNITY GROUP WAS SURVEYED FOR INSTANCE JOHNSON CITY MEDICAL CENTER AND FRANKLIN WOODS COMMUNITY HOSPITAL ARE BOTH LOCATED IN WASHINGTON COUNTY TENNESSEE WE SURVEYED 21 INDIVIDUALS FROM WASHINGTON COUNTY IN ORDER TO DETERMINE HEALTH PRIORITIES DICKENSON COUNTY COMMUNITY HOSPITAL AND NORTON COMMUNITY HOSPITAL ALSO HAD ONE COMMUNITY GROUP SURVEYED THESE TWO COUNTIES SERVE SIMILAR COMMUNITIES AND HAVE SIMILAR HEALTH RANKINGS ACCORDING TO AMERICAS HEALTH RANKINGS EVEN THOUGH ONLY TWO COMMUNITY GROUPS SERVED ON BEHALF OF THE FOUR HOSPITALS LISTED STATISTICAL DATA WAS COLLECTED FOR EACH INDIVIDUALLY DCHS CHNA WAS CONDUCTED WITH ALL MSHA HOSPITALS TO INCLUDE JOHNSON CITY MEDICAL CENTER FRANKLIN WOODS COMMUNITY HOSPITAL WOODRIDGE PSYCHIATRIC HOSPITAL JAMES H CECILE C QUILLEN REHABILITATION HOSPITAL INDIAN PATH MEDICAL CENTER SYCAMORE SHOALS HOSPITAL JOHNSON COUNTY COMMUNITY HOSPITAL RUSSELL COUNTY MEDICAL CENTER JOHNSTON MEMORIAL HOSPITAL SMYTH COUNTY COMMUNITY HOSPITAL AND NORTON COMMUNITY HOSPITAL

Identifier	ReturnReference	Explanation
DICKENSON COMMUNITY HOSPITAL LINE NUMBER 1 PART V LINE 7	PART V LINE 7	MSHA PUBLISHED ITS COMMUNITY HEALTH NEEDS ASSESSMENT ON JUNE 29 OF FY12 THE DATA INCLUDED WAS COLLECTED OVER THE COURSE OF 2011 AND 2012 AN IMPLEMENTATION PLAN WAS CREATED FOR EACH HOSPITAL AND EACH HOSPITALS BOARD APPROVED THE IMPLEMENTATION PLAN DURING THE MONTHS OF MAY AND JUNE 2012 NOW THAT THE IMPLEMENTATION PLANS HAVE BEEN ADOPTED MSHA WILL BE ABLE TO BEGIN TAKING ACTION TO IMPROVE THE HEALTH PRIORITIES IN EACH COUNTY THOUGH AT THIS POINT NOT ALL OF THE PRIORITIES HAVE BEEN ADDRESSED DUE TO LACK OF RESOURCES SOME OF MSHA FACILITIES WERE UNABLE TO ADDRESS ISSUES THAT WERE IDENTIFIED

Identifier	ReturnReference	Explanation
DICKENSON COMMUNITY HOSPITAL LINE NUMBER 1 PART V LINE 13G	PART V LINE 13G	DURING THE ADMISSION PROCESS PATIENTS ARE TOLD THAT THE HOSPITAL HAS A FINANCIAL ASSISTANCE POLICY AND ADMISSION PAPERS GIVEN TO EACH PATIENT ADVISES THEM OF THE POLICY BILLING CORRESPONDENCE ALSO ADVISES THAT FINANCIAL ASSISTANCE MAY BE AVAILABLE A COMMUNITY RESO URCE GUIDE REPORTS THAT THE HOSPITAL HAS A FINANCIAL ASSISTANCE POLICY

Identifier	ReturnReference	Explanation
DICKENSON COMMUNITY HOSPITAL LINE NUMBER 1 PART V LINE 19D	PART V LINE 19D	UNINSURED PATIENTS RECEIVE A 50 DISCOUNT AND BASED ON OTHER FACTORS SUCH AS INCOME OR MEDICAL INDIGENCY MAY QUALIFY FOR AN ADDITIONAL DISCOUNT

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
DICKENSON COMMUNITY HOSPITAL

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

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

OMB No 1545-0047

2011

Open to Public
Inspection

Employer identification number
77-0599553

Part I General Information on Grants and Assistance

1

Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?

☒ Yes ☐ No

2

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

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) ST MARY'S HEALTH WAGON119 NUMBER TEN ST CLINCHCO,VA 24226	04-3739083	501	50,000				INDIGENT SUPPORT

2

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

1

3

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

Part III

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

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

Part IV

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

Identifier	Return Reference	Explanation
ADDITIONAL INFORMATION	SCHEDULE I, PAGE 4, PART IV	SCHEDULE I, PART I, LINE 2 DICKENSON COMMUNITY HOSPITAL IS A SMALL, RURAL HOSPITAL WITH LIMITED FINANCIAL RESOURCES DURING FY12, THE HOSPITAL MADE ONE CHARITABLE DONATION TO ST MARY'S HEALTH WAGON, AN ORGANIZATION THAT PROVIDES QUALITY HEALTH CARE TO MEDICALLY UNDERSERVED PEOPLE IN THE MOUNTAINS OF SOUTHWEST VIRGINIA

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.

Name of the organization
DICKENSON COMMUNITY HOSPITAL

Employer identification number
77-0599553

Part I

Questions Regarding Compensation

		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items		
	<div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Discretionary spending account</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div>		
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		
	<div><div><input type="checkbox"/> Compensation committee</div><div><input type="checkbox"/> Written employment contract</div><div><input type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Compensation survey or study</div><div><input type="checkbox"/> Form 990 of other organizations</div><div><input type="checkbox"/> Approval by the board or compensation committee</div></div>		
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?		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III		
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.		
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of		
a	The organization?		No
b	Any related organization?		No
	If "Yes," to line 5a or 5b, describe in Part III		
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of		
a	The organization?		No
b	Any related organization?		No
	If "Yes," to line 6a or 6b, describe in Part III		
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III		No
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		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?		

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.

[illegible]

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
SEVERANCE, NONQUALIFIED, AND EQUITY-BASED PAYMENTS	SCHEDULE J, PAGE 1, PART I, LINE 4	ANN FLEMING 0 35,303 0 MARK LEONARD 0 10,087 0
OTHER ADDITIONAL INFORMATION	SCHEDULE J, PART III	PART I, LINE 3 DCH'S CEO'S SALARY AND BENEFITS ARE SUBJECT TO THE MOUNTAIN STATES HEALTH ALLIANCE (MSHA) COMPENSATION COMMITTEE PROCESS, WHEREBY THE MSHA CEO RECOMMENDS THE SALARY AND IT IS REVIEWED AND APPROVED BY THE COMPENSATION COMMITTEE, BASED UPON MARKET DATA, MADE AVAILABLE BY THIRD PARTY CONSULTANTS. THE COMPENSATION COMMITTEE HAS FINAL APPROVAL OF MSHA'S CEO RECOMMENDATIONS FOR PAY AND BENEFITS FOR THE DCH CEO AND ALL OTHER EXECUTIVES WITHIN MSHA. PART I, LINE 4B ANN FLEMING AND MARK LEONARD PARTICIPATED IN A 457(F) RETIREMENT PLAN PROVIDED BY MOUNTAIN STATES HEALTH ALLIANCE (MSHA). THE 457(F) PLAN IS A NONQUALIFIED TAX-DEFERRED COMPENSATION PLAN AVAILABLE TO A SELECT GROUP OF KEY EXECUTIVES FOR THE INTENT OF SUPPORTING RETENTION AND TO OFFER A COMPETITIVE TOTAL RETIREMENT PROGRAM. ACCOUNT BALANCES HAVE A "SUBSTANTIAL RISK OF FORFEITURE." IN ADDITION TO CREDITOR RISK, SUBSTANTIAL RISK OF FORFEITURE IS CREATED THROUGH DEFAULT RISK IF THE PARTICIPANT'S EMPLOYMENT WITH MSHA IS TERMINATED PRIOR TO AGE 65. HOWEVER, THE 457(F) PLAN CONTAINS A NON-COMPETE PROVISION THAT PROVIDES THE ACCOUNT BALANCE TO BE PAID IN A LUMP SUM AFTER THE EXECUTIVE SATISFIES THE TWO-YEAR NON-COMPETE PERIOD. THIS PROVISION APPLIES TO EMPLOYER CONTRIBUTIONS IF THE EXECUTIVE HAS PROVIDED ELIGIBLE SERVICE FOR SIX OR MORE YEARS (ELIGIBLE SERVICE IS OFFICER SERVICE THAT PERMITTED THE EXECUTIVE TO PARTICIPATE IN THE PLAN). THE EXECUTIVE WILL RECEIVE THE ENTIRE ACCOUNT BALANCE IF HE/SHE BECOMES DISABLED, DIES OR IF THE EXECUTIVE TERMINATES FOR "GOOD REASON" OR IS INVOLUNTARILY TERMINATED WITHOUT "GOOD CAUSE" WITHIN A 24 MONTH PERIOD AFTER A CHANGE-OF-CONTROL OCCURS. DISTRIBUTIONS FROM THIS PLAN ARE SUBJECT TO FEDERAL, STATE, AND LOCAL TAXES ON THE ENTIRE ACCOUNT BALANCE UPON DISTRIBUTION.

Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
DICKENSON COMMUNITY HOSPITAL

Employer identification number
77-0599553

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) ROY R DEEL	FAMILY MEMBER	44,589	EMPLOYMENT		No

Part V

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

Identifier	Return Reference	Explanation
ADDITIONAL INFORMATION	SCHEDULE L PART V	A NAME OF PERSON ROY R DEEL B RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION FAMILY MEMBER OF ROGER DEEL DCH BOARD MEMBER D DESCRIPTION OF TRANSACTION ROGER DEEL DCH BOARD MEMBER IS A FAMILY MEMBER OF ROY DEEL AN EMPLOYEE OF NORTON COMMUNITY HOSPITALNCH

SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on
Form 990 or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization DICKENSON COMMUNITY HOSPITAL	Employer identification number 77-0599553
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Identifier	Return Reference	Explanation
ORGANIZATION'S MISSION	FORM 990 - ORGANIZATION'S MISSION	PART I,LINE 1 WITH A SIGNIFICANT ELDERLY POPULATION AND MOUNTAINOUS TERRAIN, TRAVEL OUTSIDE THE IMMEDIATE AREA CAN BE CHALLENGING, ESPECIALLY IN THE WINTER RURAL LIFE OFTEN INCLUDES HAZARDOUS OCCUPATIONS, WHICH IS CERTAINLY TRUE OF DICKENSON COUNTY DUE TO THE HIGH EMPLOYMENT RATES IN THE COAL MINING INDUSTRY GIVEN THESE FACTORS, RURAL HOSPITALS MUST REMAIN FLEXIBLE AND DIVERSE IN THEIR FACILITIES AND THE SERVICES THEY OFFER THE COMMUNITY MOUNTAIN STATES HEALTH ALLIANCE AND NORTON COMMUNITY HOSPITAL BELIEVE THAT SUPPORTING THE SERVICES OF DICKENSON COMMUNITY HOSPITAL (DCH) TO ASSIST RESIDENTS IN ATTAINING A HIGH LEVEL OF HEALTH CONTINUES TO BE A CORE VALUE OF OUR BUSINESS AND COMMUNITY SUPPORT

Identifier	Return Reference	Explanation
ALL OTHER ACCOMPLISHMENT DESCRIPTION	FORM 990, PAGE 2, PART III, LINE 4D	<p>DCH IS A FEDERALLY DESIGNATED CRITICAL ACCESS HOSPITAL. THIS FACILITY IS LOCATED IN ONE OF THE POOREST REGIONS OF VIRGINIA. IN ADDITION TO EMERGENCY, OUTPATIENT, AND RADIOLOGY SERVICES, THE HOSPITAL PROVIDES PULMONARY FUNCTION TESTING, CARDIAC ULTRASOUND AND CT SCANNING SERVICES. DCH PROVIDES LOCAL ACCESS TO DIAGNOSTIC SERVICES TO THE RESIDENTS OF THE AREA, WHO OTHERWISE WOULD HAVE TO DRIVE 45 MINUTES FOR HEALTH CARE SERVICES. DCH HAS PARTNERED WITH THE COMPANY FIRSTSOURCE SOLUTIONS USA TO WORK WITH SELF-PAYING PATIENTS WHO HAVE LIMITED FINANCIAL RESOURCES. DURING FY 12, FIRSTSOURCE REPRESENTATIVES WERE AVAILABLE AT DCH TO ASSIST PATIENTS. FIRSTSOURCE REPRESENTATIVES WERE ABLE TO DETERMINE GOVERNMENTAL MEDICAL ASSISTANCE (MEDICAID OR TENNCARE) ELIGIBILITY, AND TO HELP WITH THE APPLICATION PROCESS AND FOLLOW-UP. ONCE A PERSON IS APPROVED FOR MEDICAID (OR TENNCARE) THROUGH THE PROGRAM OFFERED THROUGH DCH, THEY RETAIN COVERAGE FOR FUTURE MEDICAL CARE. FIRSTSOURCE IS COMPENSATED BY DCH. DURING FY 12, DCH'S COST FOR THIS PROGRAM WAS 4,356. THE DCH EMERGENCY DEPARTMENT HOSPITALIST PROGRAM REALIZED A SIGNIFICANT INCREASE IN THE NUMBER OF IN-PATIENT ADMISSIONS DURING FY 12. DCH IS THE ONLY HOSPITAL IN DICKENSON COUNTY, VA. PREVIOUSLY, HOSPITAL ADMISSIONS REQUIRED PATIENTS TO BE TRANSFERRED TO ANOTHER FACILITY OUTSIDE THE COUNTY WHICH CREATED AN INCONVENIENCE TO THE PATIENT AS WELL AS THEIR FAMILY. ADDITIONALLY, THERE ARE ADDITIONAL COSTS INCURRED WHEN A PATIENT IS ADMITTED TO A FACILITY OUTSIDE THE COUNTY. BY KEEPING PATIENTS AT DCH, THE PATIENT IS CLOSER TO HOME AND FAMILY, AND BOTH TIME AND MONEY ARE SAVED BY THE PATIENT AS WELL AS THE FAMILY. DCH PLANNED AND DEVELOPED ITS SENIOR LIFE SOLUTIONS PROGRAM (SLS) TO BEGIN IN EARLY FY 13. THIS PROGRAM IS AN OUT-PATIENT BASED BEHAVIORAL HEALTH TREATMENT PROGRAM THAT CATERS TO OUR AGING POPULATION. THE SLS PROGRAM IS DESIGNED TO ADDRESS THE EMOTIONAL AND BEHAVIORAL HEALTH OF ADULTS OVER THE AGE OF 65 AND PROVIDES TREATMENT TO INDIVIDUALS WHO MAY BE SUFFERING FROM CONDITIONS SUCH AS DEPRESSION, UNRESOLVED GRIEF, ANXIETY, THE LOSS OF A LOVED ONE, OR OTHER ISSUES FACED BY THE AGING</p>

Identifier	Return Reference	Explanation
ADDITIONAL INFORMATION	FORM 990, PART V	LINE 2A W-2 EMPLOYEES DICKENSON COMMUNITY HOSPITAL (DCH) TEAM MEMBERS ARE PAID BY NORTON COMMUNITY HOSPITAL, SOLE MEMBER OF DCH, EXCEPT FOR THE CEO, CFO AND CNO WHO ARE PAID BY MOUNTAIN STATES HEALTH ALLIANCE NORTON COMMUNITY HOSPITAL BILLS DCH FOR THE SALARY AND BENEFITS AND THE EXPENSE IS RECORDED ON DCH'S BOOKS THE CEO AND CFO SALARY AND BENEFIT COSTS ARE ALLOCATED BETWEEN NCH AND DCH

Identifier	Return Reference	Explanation
CLASSES OF MEMBERS OR STOCKHOLDERS	FORM 990, PAGE 6, PART VI, LINE 6	THE CORPORATION IS ORGANIZED AS A VIRGINIA NON-STOCK, NON-PROFIT CORPORATION

Identifier	Return Reference	Explanation
ELECTION OF MEMBERS AND THEIR RIGHTS	FORM 990, PAGE 6, PART VI, LINE 7A	THE BOARD OF DIRECTORS OF NORTON COMMUNITY HOSPITAL ANNUALLY ELECTS MEMBERS TO THE BOARD OF DIRECTORS FOR DICKENSON COMMUNITY HOSPITAL A REQUIREMENT OF AT LEAST (1) MEMBER IS TO BE FROM DICKENSON COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY NORTON COMMUNITY HOSPITAL IS THE SOLE OWNER OF DICKENSON COMMUNITY HOSPITAL MOUNTAIN STATES HEALTH ALLIANCE IS THE MAJORITY OWNER OF NORTON COMMUNITY HOSPITAL

Identifier	Return Reference	Explanation
DECISIONS SUBJECT TO APPROVAL OF MEMBERS	FORM 990, PAGE 6, PART VI, LINE 7B	CERTAIN DECISIONS OF THE BOARD ARE PURSUANT TO CHARTER AND VIRGINIA STATUTE, SUBJECT TO APPROVAL OF THE MEMBERS THESE DECISIONS INCLUDE DISSOLUTION OF THE CORPORATION, MERGER OF THE CORPORATION, NON-ORDINARY COURSE OF BUSINESS SALE OF ASSETS, ETC NO ORDINARY DAY TO DAY DECISIONS ARE SUBJECT TO MEMBER APPROVAL

Identifier	Return Reference	Explanation
ORGANIZATION'S PROCESS USED TO REVIEW FORM 990	FORM 990, PAGE 6, PART VI, LINE 11B	THE CFO REVIEWED THE FORM 990 WITH THE BOARD OF DIRECTORS PRIOR TO FILING AND THE RETURN WAS MADE AVAILABLE TO EACH BOARD MEMBER IN AN ELECTRONIC FORMAT PRIOR TO THE REVIEW

Identifier	Return Reference	Explanation
ENFORCEMENT OF CONFLICTS POLICY	FORM 990, PAGE 6, PART VI, LINE 12C	ANNUALLY, THE AUDIT AND COMPLIANCE DEPARTMENT OF THE CORPORATION FORWARDS THE POLICY AND THE CONFLICT OF INTEREST DISCLOSURE FORMS TO ALL COVERED PERSONS. EACH PERSON IS REQUIRED TO PROVIDE A COMPLETED DISCLOSURE FORM, NOTING ANY CONFLICTS OR ATTESTING THEY HAVE "NONE", AND THEN FORWARD THOSE BACK TO THE AUDIT AND COMPLIANCE DEPARTMENT. ANY DISCLOSURES ARE FORWARDED TO THE APPROPRIATE MANAGEMENT OR BOARD PERSONNEL TO EVALUATE AND UTILIZE WHEN A TRANSACTION INVOLVING A CONFLICTED PERSON ARISES. ADDITIONALLY, PERSONNEL WHO HAVE A CONFLICT ARISE BETWEEN THE ANNUAL DISTRIBUTION OF THE POLICY AND FORMS ARE REQUIRED TO DISCLOSE THE CONFLICT AND WOULD BE DISCIPLINED IN ANY INSTANCE WHERE THEY HAVE NOT DISCLOSED AND ENGAGED IN A CONFLICTED TRANSACTION.

Identifier	Return Reference	Explanation
COMPENSATION PROCESS FOR TOP OFFICIAL	FORM 990, PAGE 6, PART VI, LINE 15A	DCH'S CEO COMPENSATION IS SUBJECT TO THE MOUNTAIN STATES HEALTH ALLIANCE (MSHA) COMPENSATION COMMITTEE PROCESS, WHEREBY THE MSHA CEO RECOMMENDS THE SALARY AND IT IS REVIEWED AND APPROVED BY THE COMPENSATION COMMITTEE, BASED UPON MARKET DATA MADE AVAILABLE BY THIRD PARTY CONSULTANTS, JUST LIKE ANY OTHER MSHA EXECUTIVE BELOW THE MSHA CEO AND CFO LEVEL

Identifier	Return Reference	Explanation
COMPENSATION PROCESS FOR OFFICERS	FORM 990, PAGE 6, PART VI, LINE 15B	THE BOARD ALSO APPROVES PAY AND BENEFITS FOR THE CFO THE COMPENSATION COMMITTEE REVIEWS AND HAS FINAL APPROVAL OF CEO RECOMMENDATIONS FOR PAY AND BENEFITS FOR ALL OTHER EXECUTIVES

Identifier	Return Reference	Explanation
GOVERNING DOCUMENTS DISCLOSURE EXPLANATION	FORM 990, PAGE 6, PART VI, LINE 19	GOVERNING DOCUMENTS AND CONFLICT OF INTEREST POLICY ARE MADE AVAILABLE UPON REQUEST TO APPROPRIATE PARTIES REQUESTING THEM FINANCIAL STATEMENTS ARE MADE AVAILABLE UPON REQUEST TO APPROPRIATE PARTIES REQUESTING THEM, AND THEY ARE MADE AVAILABLE TO THOSE PARTIES WHO OWN INDEBTEDNESS OF THE COMPANY ON A QUARTERLY BASIS

Identifier	Return Reference	Explanation
OTHER CHANGES IN NET ASSETS EXPLANATION	FORM 990, PART XI, LINE 5	PENSION LIABILITY ADJUSTMENT -17,874 INCREASE TEMPORARILY RESTRICTED NET ASSETS 750 TRANSFER OF NET ASSETS FROM NCH & OTHER AFFILIATES 1,858,410 TOTAL TO FORM 990,PART XI, LINE 5 1,841,286

SCHEDULE R

(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization
DICKENSON COMMUNITY HOSPITAL

Employer identification number

77-0599553

Part I

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

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

Part II

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
See Additional Data Table							

Part III

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end-of- year assets	(h) Disproportionate allocations?		(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	
See Additional Data Table												

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
See Additional Data Table							

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

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

No

No

Yes

No

Yes

No

No

No

No

No

No

Yes

No

Yes

No

Yes

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)			
(2)			
(3)			
(4)			
(5)			
(6)			

Schedule R (Form 990) 2011

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

[illegible]

Part VII

Supplemental Information

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

Identifier	Return Reference	Explanation	
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Software ID:

Software Version:

EIN: 77-0599553

Name: DICKENSON COMMUNITY HOSPITAL

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

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c) (3))	(f) Direct Controlling Entity	(g) Section 512 (b)(13) controlled organization	
NORTON COMMUNITY HOSPITAL 100 15TH STREET NW NORTON, VA 24273 54-0566029	HOSPITAL	VA	501C3	3	MSHA		No
MOUNTAIN STATES HEALTH ALLIANCE 400 N STATE OF FRANKLIN ROAD JOHNSON CITY, TN 37604 62-0476282	HOSPITAL	TN	501C3	3	NA		No
SMYTH COUNTY COMMUNITY HOSPITAL 245 MEDICAL PARK DRIVE MARION, VA 24354 54-0794913	HOSPITAL	VA	501C3	3	MSHA		No
JOHNSTON MEMORIAL HOSPITAL 16000 JOHNSTON MEMORIAL DRIVE ABINGDON, VA 24211 54-0544705	HOSPITAL	VA	501C3	3	MSHA		No
ABINGDON PHYSICIAN PARTNERS 16000 JOHNSTON MEMORIAL DRIVE ABINGDON, VA 24211 20-5485346	MED SERV	VA	501C3	11A	JMH		No
COMMUNITY HEALTHCARE FOUNDATION 100 15TH STREET NW NORTON, VA 24273 54-2002314	SUPPORT	VA	501C3	11A	NA		No
MOUNTAIN STATES FOUNDATION 2335 KNOB CREEK ROAD STE 101 JOHNSON CITY, TN 37604 58-1418862	FUNDRAISER	TN	501C3	11A	NA		No
MSHA AUXILIARY 400 N STATE OF FRANKLIN ROAD JOHNSON CITY, TN 37604 58-1418345	SUPPORT	TN	501C3	11A	N/A		No

Form 990, Schedule R, Part III - Identification of Related Organizations Taxable as a Partnership

(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) Dispropportionate allocations?		(i) Code V- UBI amount on Box 20 of K-1 (\$)	(j) General or Managing Partner?		(k) Percentage ownership
INTEGRATED SOLUTIONS HEALTH NETWORK 400 N STATE OF FRANKLIN ROAD JOHNSON CITY, TN 37604 62-1711997	INVESTMENT	TN	NA					No			No	
EMMAUS COMMUNITY HEALTHCARE LLC 6070 HWY 11E PINEY FLATS, TN 37686 20-0577483	MED SERV	TN	NA					No			No	
MEDICAL SPECIALISTS OF JC LLC 2526 WESLEY STREET SUITE 2 JOHNSON CITY, TN 37601 27-2199037	MED SERV	TN	NA					No			No	
INTEGRATED SOLUTIONS HEALTH NETWORK 400 N STATE OF FRANKLIN ROAD JOHNSON CITY, TN 37604 62-1711997	INVESTMENT	TN	NA					No			No	
EMMAUS COMMUNITY HEALTHCARE LLC 6070 HWY 11E PINEY FLATS, TN 37686 20-0577483	MED SERV	TN	NA					No			No	
MEDICAL SPECIALISTS OF JC LLC 2526 WESLEY STREET SUITE 2 JOHNSON CITY, TN 37601 27-2199037	MED SERV	TN	NA					No			No	
INTEGRATED SOLUTIONS HEALTH NETWORK 400 N STATE OF FRANKLIN ROAD JOHNSON CITY, TN 37604 62-1711997	INVESTMENT	TN	NA					No			No	
EMMAUS COMMUNITY HEALTHCARE LLC 6070 HWY 11E PINEY FLATS, TN 37686 20-0577483	MED SERV	TN	NA					No			No	
MEDICAL SPECIALISTS OF JC LLC 2526 WESLEY STREET SUITE 2 JOHNSON CITY, TN 37601 27-2199037	MED SERV	TN	NA					No			No	
INTEGRATED SOLUTIONS HEALTH NETWORK 400 N STATE OF FRANKLIN ROAD JOHNSON CITY, TN 37604 62-1711997	INVESTMENT	TN	NA					No			No	
EMMAUS COMMUNITY HEALTHCARE LLC 6070 HWY 11E PINEY FLATS, TN 37686 20-0577483	MED SERV	TN	NA					No			No	
MEDICAL SPECIALISTS OF JC LLC 2526 WESLEY STREET SUITE 2 JOHNSON CITY, TN 37601 27-2199037	MED SERV	TN	NA					No			No	

Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust

(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
COMMUNITY HOME CARE INC 1460 PARK AVENUE NORTON, VA 24273 54-1453810	DME	VA	NA	C CORP			
COMMUNITY PHYSICIAN SERVICES CORP 100 15TH STREET NW NORTON, VA 24273 54-1641446	MED SERV	VA	NA	C CORP			
SOUTHWEST COMMUNITY HEALTH SERV 565 RADIO HILL RD PO BOX 880 MARION, VA 24354 54-1460695	MED SERV	VA	NA	C CORP			
BLUE RIDGE MEDICAL MANAGEMENT CORP 1019 W OAKLAND AVENUE JOHNSON CITY, TN 37604 62-1490616	MED SERV	TN	NA	C CORP			
MEDISERVE 1021 W OAKLAND AVENUE SUITE 207 JOHNSON CITY, TN 37604 62-1212286	DME	TN	NA	C CORP			
MOUNTAIN STATES PROPERTIES 1021 W OAKLAND AVENUE SUITE 207 JOHNSON CITY, TN 37604 62-1845895	PROP MGMT	TN	NA	C CORP			
MOUNTAIN STATES PHYSICIANS GRP INC 1019 W OAKLAND AVENUE JOHNSON CITY, TN 37604 62-1700412	HEALTHCARE	TN	NA	C CORP			
WILSON PHARMACY INC PO BOX 5289 JOHNSON CITY, TN 37602 62-0329587	PHARMACY	TN	NA	C CORP			
CRESTPOINT HEALTH INSURANCE CO INC 208 SUNSET DRIVE SUITE 101 JOHNSON CITY, TN 37604 62-0381170	INSURANCE	TN	NA	C CORP			
COMMUNITY HOME CARE INC 1460 PARK AVENUE NORTON, VA 24273 54-1453810	DME	VA	NA	C CORP			
COMMUNITY PHYSICIAN SERVICES CORP 100 15TH STREET NW NORTON, VA 24273 54-1641446	MED SERV	VA	NA	C CORP			
SOUTHWEST COMMUNITY HEALTH SERV 565 RADIO HILL RD PO BOX 880 MARION, VA 24354 54-1460695	MED SERV	VA	NA	C CORP			
BLUE RIDGE MEDICAL MANAGEMENT CORP 1019 W OAKLAND AVENUE JOHNSON CITY, TN 37604 62-1490616	MED SERV	TN	NA	C CORP			
MEDISERVE 1021 W OAKLAND AVENUE SUITE 207 JOHNSON CITY, TN 37604 62-1212286	DME	TN	NA	C CORP			
MOUNTAIN STATES PROPERTIES 1021 W OAKLAND AVENUE SUITE 207 JOHNSON CITY, TN 37604 62-1845895	PROP MGMT	TN	NA	C CORP			
MOUNTAIN STATES PHYSICIANS GRP INC 1019 W OAKLAND AVENUE JOHNSON CITY, TN 37604 62-1700412	HEALTHCARE	TN	NA	C CORP			
WILSON PHARMACY INC PO BOX 5289 JOHNSON CITY, TN 37602 62-0329587	PHARMACY	TN	NA	C CORP			
CRESTPOINT HEALTH INSURANCE CO INC 208 SUNSET DRIVE SUITE 101 JOHNSON CITY, TN 37604 62-0381170	INSURANCE	TN	NA	C CORP			
COMMUNITY HOME CARE INC 1460 PARK AVENUE NORTON, VA 24273 54-1453810	DME	VA	NA	C CORP			
COMMUNITY PHYSICIAN SERVICES CORP 100 15TH STREET NW NORTON, VA 24273 54-1641446	MED SERV	VA	NA	C CORP			

Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust

(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
SOUTHWEST COMMUNITY HEALTH SERV 565 RADIO HILL RD PO BOX 880 MARION, VA 24354 54-1460695	MED SERV	VA	NA	C CORP			
BLUE RIDGE MEDICAL MANAGEMENT CORP 1019 W OAKLAND AVENUE JOHNSON CITY, TN 37604 62-1490616	MED SERV	TN	NA	C CORP			
MEDISERVE 1021 W OAKLAND AVENUE SUITE 207 JOHNSON CITY, TN 37604 62-1212286	DME	TN	NA	C CORP			
MOUNTAIN STATES PROPERTIES 1021 W OAKLAND AVENUE SUITE 207 JOHNSON CITY, TN 37604 62-1845895	PROP MGMT	TN	NA	C CORP			
MOUNTAIN STATES PHYSICIANS GRP INC 1019 W OAKLAND AVENUE JOHNSON CITY, TN 37604 62-1700412	HEALTHCARE	TN	NA	C CORP			
WILSON PHARMACY INC PO BOX 5289 JOHNSON CITY, TN 37602 62-0329587	PHARMACY	TN	NA	C CORP			
CRESTPOINT HEALTH INSURANCE CO INC 208 SUNSET DRIVE SUITE 101 JOHNSON CITY, TN 37604 62-0381170	INSURANCE	TN	NA	C CORP			

**NORTON COMMUNITY HOSPITAL
AND SUBSIDIARIES**

**Audited Consolidated Financial Statements
(and Supplemental Schedules)**

Years Ended June 30, 2012 and 2011



NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Audited Consolidated Financial Statements (and Supplemental Schedules)

Years Ended June 30, 2012 and 2011

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Norton Community Hospital:

We have audited the accompanying consolidated balance sheets of Norton Community Hospital and subsidiaries (the Hospital) as of June 30, 2012 and 2011, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Hospital'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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. 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 Norton Community Hospital and subsidiaries as of June 30, 2012 and 2011, and the results of their operations, changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements themselves, and other additional procedures in

accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Knoxville, Tennessee
December 17, 2012

Penning Yarbey & Associates, P.C.

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES***Consolidated Balance Sheets***

	<i>June 30,</i>	
	<i>2012</i>	<i>2011</i>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,511,525	\$ 1,659,991
Assets limited as to use	-	506,213
Patient accounts receivable, less estimated allowances for uncollectible accounts of \$3,809,277 in 2012 and \$10,004,120 in 2011	9,079,196	7,766,744
Other receivables, net	406,390	612,326
Inventories and prepaid expenses	1,857,610	2,286,574
TOTAL CURRENT ASSETS	12,854,721	12,831,848
ASSETS LIMITED AS TO USE, less amounts required to fund current obligations	17,597,249	21,762,909
TRADING SECURITIES	5,470,670	5,557,394
HELD-TO-MATURITY SECURITIES	11,151,832	10,717,966
PROPERTY, PLANT AND EQUIPMENT, net	36,741,964	28,555,386
OTHER ASSETS		
Deferred financing costs, net	185,070	333,813
Other long-term receivables	417,834	486,270
Other assets	-	5,400
TOTAL ASSETS	\$ 84,419,340	\$ 80,250,986

	<i>June 30,</i>	
	<i>2012</i>	<i>2011</i>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of long-term debt and capital lease obligations	\$ 212,550	\$ 719,773
Accounts payable and accrued expenses	7,691,702	4,677,156
Accrued salaries, compensated absences and amounts withheld	3,394,227	3,213,231
Estimated amounts due to third-party payors, net	1,125,860	480,919
Pension and post-retirement benefit liabilities	645,739	523,274
Due to Member and other affiliates, net	209,917	563,182
TOTAL CURRENT LIABILITIES	13,279,995	10,177,535
OTHER LIABILITIES		
Long-term debt and capital lease obligations, less current portion	11,453,225	11,172,135
Pension and post-retirement benefit liabilities	6,468,219	4,550,994
Estimated professional liability and other	818,950	1,190,126
Deferred tax liability, net	64,442	64,442
TOTAL LIABILITIES	32,084,831	27,155,232
COMMITMENTS AND CONTINGENCIES - Note M		
NET ASSETS		
Unrestricted net assets	52,248,654	53,006,536
Temporarily restricted net assets	85,855	89,218
TOTAL NET ASSETS	52,334,509	53,095,754
TOTAL LIABILITIES AND NET ASSETS	\$ 84,419,340	\$ 80,250,986

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Consolidated Statements of Operations and Changes in Net Assets

	<i>Year Ended June 30,</i>	
	2012	2011
CHANGES IN UNRESTRICTED NET ASSETS:		
Revenue, gains and support:		
Patient service revenue, net of contractual adjustments and discounts	\$ 77,600,027	\$ 76,494,902
Provision for bad debts	(8,441,287)	(11,175,064)
Net patient service revenue	69,158,740	65,319,838
Other operating revenue	1,892,670	1,743,817
Net assets released from restrictions for operations	35,738	26,422
TOTAL REVENUE, GAINS AND SUPPORT	71,087,148	67,090,077
Expenses:		
Salaries and wages, including employee incentives of \$23,146 in 2012 and \$269,446 in 2011	31,704,486	32,028,522
Contract labor	692,945	561,869
Employee benefits	8,313,205	8,651,709
Fees - physician and other	6,877,480	5,221,179
Supplies	9,130,604	9,237,525
Utilities	1,220,245	1,165,799
Depreciation	3,336,718	3,637,796
Amortization	37,212	132,911
Management fees	4,003,515	3,288,005
Interest and taxes	197,205	733,651
Other	4,475,436	4,944,833
TOTAL EXPENSES	69,989,051	69,603,799
OPERATING GAIN (LOSS)	1,098,097	(2,513,722)
Nonoperating gains (losses):		
Interest and dividends	768,793	1,151,372
Net realized gains on sale of securities	43,961	226,861
Net unrealized gains (losses) on securities	(384,274)	691,505
Loss on early extinguishment of debt	(587,162)	-
Gain on postretirement plan curtailment	518,509	-
Other nonoperating losses, net	18,437	(196,072)
NET NONOPERATING GAINS	378,264	1,873,666
EXCESS (DEFICIT) OF REVENUE, GAINS AND SUPPORT OVER EXPENSES AND LOSSES	1,476,361	(640,056)

	<i>Year Ended June 30,</i>	
	<i>2012</i>	<i>2011</i>
Pension and postretirement liability adjustments	<u>(2,234,243)</u>	<u>1,236,967</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	(757,882)	596,911
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:		
Restricted contributions and grants	32,375	30,211
Net assets released from restrictions	<u>(35,738)</u>	<u>(26,422)</u>
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	<u>(3,363)</u>	<u>3,789</u>
INCREASE (DECREASE) IN TOTAL NET ASSETS	(761,245)	600,700
NET ASSETS, BEGINNING OF YEAR	<u>53,095,754</u>	<u>52,495,054</u>
NET ASSETS, END OF YEAR	<u>\$ 52,334,509</u>	<u>\$ 53,095,754</u>

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Consolidated Statements of Cash Flows

	<i>Year Ended June 30,</i>	
	<i>2012</i>	<i>2011</i>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ (761,245)	\$ 600,700
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Provision for depreciation and amortization	3,373,930	3,770,707
Estimated provision for bad debts	8,441,287	11,175,064
Restricted contributions	(32,375)	(30,211)
Change in pension and post-retirement benefit liabilities	2,234,243	(1,236,967)
Loss on early extinguishment of debt	587,162	-
Gain on postretirement plan curtailment	(518,509)	-
Deferred tax expense	-	6,388
Net loss on disposals of equipment	-	76,179
Increase (decrease) in cash due to change in:		
Net patient accounts receivable	(9,753,739)	(11,070,793)
Other receivables, net	27,838	176,347
Inventories and prepaid expenses	428,964	(406,232)
Trading securities	86,724	(1,019,059)
Other assets	(61,811)	(94,174)
Accounts payable and accrued expenses	1,241,178	342,185
Accrued salaries, compensated absences and amounts withheld	180,996	240,044
Estimated amounts due to third-party payors, net	644,941	(366,201)
Due to Member and other affiliates, net	(353,265)	539,377
Other long-term liabilities	(47,220)	730,641
Total adjustments	6,480,344	2,833,295
NET CASH PROVIDED BY OPERATING ACTIVITIES	5,719,099	3,433,995
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(9,749,928)	(5,585,431)
Net decrease in assets limited as to use	4,671,873	3,699,421
Purchases of held-to-maturity securities, net	(433,866)	(417,769)
NET CASH USED IN INVESTING ACTIVITIES	(5,511,921)	(2,303,779)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on long-term debt and capital lease obligations	(11,859,804)	(718,693)
Proceeds from long-term debt	11,663,856	-
Payments for debt costs of issuance	(146,454)	-
Payments required for early extinguishment of debt	(292,151)	-

	<i>Year Ended June 30,</i>	
	<i>2012</i>	<i>2011</i>
Physician and student loan payments received, net	246,534	304,156
Restricted contributions received	32,375	30,211
NET CASH USED IN FINANCING ACTIVITIES	(355,644)	(384,326)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(148,466)	745,890
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,659,991	914,101
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,511,525	\$ 1,659,991
SUPPLEMENTAL INFORMATION:		
Cash paid for interest	\$ 251,781	\$ 733,972
Cash paid for income taxes	\$ 57,000	\$ 52,287
NONCASH INVESTING TRANSACTIONS:		
Equipment purchased in accounts payable and accrued expenses	\$ 2,118,258	\$ 344,890

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Years Ended June 30, 2012 and 2011

NOTE A--ORGANIZATION AND OPERATIONS

Norton Community Hospital (the Hospital) is a tax-exempt entity with operations located in the cities of Norton and Clintwood, Virginia. The Hospital's membership consists of Mountain States Health Alliance (the Alliance) and Community Healthcare Foundation (the Foundation), which maintain a 50.1% and 49.9% interest in the Hospital, respectively. The Hospital owns and operates a 129 bed acute care hospital and a home health agency. The Hospital is the sole member or sole shareholder of the following subsidiaries, which are included in the Hospital's consolidated financial statements:

- *Dickenson Community Hospital* (DCH) is a tax-exempt entity which operates a 25 bed critical access hospital in Clintwood, Virginia.
- *Norton Community Physician Services, LLC* (NCPS), formed November 1, 2008, is a limited liability corporation that consists of physician practices and pharmacies.
- *Community Physicians Services Corp* (CPSC) was a taxable corporation that consisted of physician practices and pharmacies. During 2009, NCPS was formed to perform substantially the same operations as CPSC. CPSC was dissolved in February 2012.
- *Community Home Care* (CHC) is a taxable corporation that provides home medical equipment.

During 2012, the Hospital became a member of the Mountain States Health Alliance Obligated Group (MSHA OG) as an obligated issuer under the terms of the Alliance's Amended and Restated Master Trust Indenture dated as of February 1, 2000.

NOTE B--SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation: The accompanying consolidated financial statements include the accounts of the Hospital and its subsidiaries after elimination of all significant intercompany accounts and transactions. The Hospital classifies those activities directly associated with its mission of providing healthcare services, as well as other activities deemed significant to its operations, as operating activities.

Use of Estimates: The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Estimates associated with contractual allowances, allowances for uncollectible accounts, net patient service revenue, tax positions, accrued professional liability, and pension and postretirement benefit liabilities are particularly susceptible to material change in the near term. Actual results could differ from these estimates.

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2012 and 2011

NOTE B--SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash and Cash Equivalents: Cash and cash equivalents include all highly liquid investments with a maturity of three months or less when purchased. Cash and cash equivalents designated as assets limited as to use or uninvested cash in trading securities portfolios are not included as cash and cash equivalents on the Consolidated Balance Sheets.

Trading Securities, Held-to-Maturity Securities and Assets Limited as to Use: The Hospital records investments in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 954-320, *Investments-Debt and Equity Securities*. Assets limited as to use include assets held by a trustee under bond indenture agreements and designated assets set aside by the Hospital for future capital improvements, over which the Hospital retains control, and may at its discretion subsequently use for other purposes.

At June 30, 2012 and 2011, investments in which the Hospital has the positive intent and ability to hold to maturity are accounted for in the held-to-maturity portfolio and consist mainly of corporate bonds and municipal obligations, which are carried at amortized cost. Substantially all other investments (including assets limited as to use) of the Hospital are classified as trading securities. Management will annually evaluate the held-to-maturity investment portfolio and recognize any "other-than-temporary" losses as deductions from the Performance Indicator (described below). Management's evaluation will consider the amount of decline in fair value, as well as the time period of any such decline. Management does not believe any investment in the held-to-maturity portfolio to be other-than-temporarily impaired at June 30, 2012 and 2011.

All marketable equity securities with readily determinable fair values are considered trading securities and reported at fair value based on quoted market prices. Other investments without readily determinable fair values are reported at fair market value pursuant to FASB ASC 825, *Financial Instruments*. Management classifies trading securities and assets limited as to use as short-term or long-term based upon the Hospital's need relative to specific current liabilities.

Realized gains and losses on investments and assets limited as to use are computed using the specific identification method for cost determination. Investment income is reported net of related investment fees.

Inventories: Inventories, consisting primarily of medical supplies, are stated at the lower of cost or market with cost determined by the first-in, first-out method.

Property, Plant and Equipment: Property, plant and equipment is stated on the basis of cost or, if donated, at the fair value at the date of gift. Depreciation is computed by the straight-line method based on the estimated useful life of the asset. Equipment held under capital lease obligations is amortized under the straight-line method over the shorter of the lease term or

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2012 and 2011

NOTE B--SIGNIFICANT ACCOUNTING POLICIES - Continued

estimated useful life. Amortization of equipment held under a capital lease obligation is reported as part of depreciation expense in the accompanying Consolidated Statements of Operations and Changes in Net Assets. Renewals and betterments are capitalized and depreciated over their useful life, whereas costs of maintenance and repairs are expensed as incurred.

The Hospital reviews long-lived assets for impairment whenever circumstances and situations change indicating that the carrying value of these assets may not be recoverable. At June 30, 2012, management believes there are no such impairments, although it is reasonably possible management's estimate may change in the near term.

Deferred Financing Costs: Deferred financing costs relate to the issuance of bonds payable and are being amortized over the life of the bonds principally using the straight-line method.

Estimated Professional Liability: Insurance liabilities include estimated reserves for reported and unreported professional liability claims based on historical data and actuarial assumptions.

Net Patient Service Revenue/Receivables: Net patient service revenue is reported on the accrual basis in the period in which services are provided at the estimated net realizable amounts, 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.

Patient accounts receivable are reported net of both an estimated allowance for uncollectible accounts and an estimated allowance for contractual adjustments. The contractual allowance represents the difference between established billing rates and estimated reimbursement from Medicare, Medicaid and other third-party payment programs. Current operations are charged with an estimated provision for bad debts based upon historical experience, known collection risks and other environmental factors, including the age of the receivables. Additions to the allowance for uncollectible accounts result from the provision for bad debts. Patient accounts written off as uncollectible are deducted from the allowance for uncollectible accounts.

Charity Care: The Hospital accepts all patients regardless of their ability to pay. A patient is classified as a charity patient by reference to certain established policies of the Hospital and various guidelines outlined by the Federal Government. These policies define charity as those services for which no payment is anticipated and, as such, charges at established rates are not included in net patient service revenue. Charges foregone, based on established rates, totaled approximately \$4,000,000 and \$2,300,000 during 2012 and 2011, respectively. The estimated costs of providing those services totaled approximately \$814,000 and \$468,000 for the years ended June 30, 2012 and 2011, respectively. The estimated costs of providing charity care

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2012 and 2011

NOTE B--SIGNIFICANT ACCOUNTING POLICIES - Continued

are based on a calculation which applies a ratio of costs to charges analysis with indirect costs allocated under a reasonable and systematic approach.

Excess (Deficit) of Revenue, Gains and Support Over Expenses and Losses: The Consolidated Statements of Operations and Changes in Net Assets include the caption *Excess (Deficit) of Revenue, Gains and Support Over Expenses and Losses* (the Performance Indicator). Changes in unrestricted net assets which are excluded from the Performance Indicator include pension and postretirement liability adjustments, assets contributed and used for capital and transfers of assets to and from affiliates, if any.

Income Taxes: The Hospital is classified as an organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, no provision for income taxes has been made in the accompanying consolidated financial statements for the Hospital. CHC is a taxable entity and accounts for income taxes in accordance with FASB ASC 740, *Income Taxes* (Note K). At June 30, 2012, tax returns for fiscal years 2009 through 2011 are subject to examination by the Internal Revenue Service.

The Hospital had no uncertain tax positions at June 30, 2012 and 2011. As such, no interest or penalties were recognized in the consolidated Statements of Operations and Changes in Net Assets related to unrecognized tax benefits.

Temporarily Restricted Net Assets: Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose. When a donor or time restriction expires; that is, when a stipulated time restriction ends or purpose restriction is fulfilled, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the Statements of Operations and Changes in Net Assets as net assets released from restrictions.

Fair Value of Financial Instruments: The fair value of the Hospital's financial instruments, other than certain investments which are discussed in Note C and long-term debt discussed in Note E, approximates their carrying value due to the nature and terms of these assets and liabilities. Patient accounts receivable; other assets; accounts payable and accrued expenses; accrued salaries, compensated absences and amounts withheld; estimated amounts due to third-party payors, net; the current portion of the pension benefit liability; due to Member and other affiliates, net amounts have short maturities or will otherwise be settled within a short period of time. The fair value of financial instruments reported as part of other long-term liabilities is not estimable, due to the unpredictable timing of payments and the nature of the estimates involved.

In January 2010, the FASB issued ASU 2010-06, *Fair Value Measurements and Disclosures* (Topic 820) *Improving Disclosures about Fair Value Measurements* (ASU 2010-06). ASU 2010-06 requires new disclosures regarding significant transfers in and out of Levels 1 and 2, as

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2012 and 2011

NOTE B--SIGNIFICANT ACCOUNTING POLICIES - Continued

well as information about activity in Level 3 fair value measurements. In addition, ASU 2010-06 clarifies existing disclosures regarding input and valuation techniques, as well as the level of disaggregation for each class of assets and liabilities. The Hospital adopted ASU 2010-06 during the fiscal year ending June 30, 2011, except for the disclosures regarding the activity in Level 3 fair value measurements, which became effective for the Hospital beginning July 1, 2011. The adoption of ASU 2010-06 did not have a significant impact on the consolidated financial statements.

Date of Management's Review: The Hospital has evaluated all events and transactions that occurred after June 30, 2012 through December 17, 2012, the date that the consolidated financial statements were available to be issued. During this period, management did not note any material recognizable subsequent events that required recognition or disclosure in the June 30, 2012 consolidated financial statements other than the item disclosed in Note Q.

New Accounting Pronouncements: In July 2011, the FASB issued ASU 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*. The ASU requires the change of presentation of the estimated provision for bad debts in the consolidated statements of operations from an operating expense to a deduction from patient service revenue, net of contractual deductions and discounts, along with additional disclosures about the policies for recognizing revenue and assessing bad debts, and qualitative information about changes in the allowance for doubtful accounts. The Hospital retroactively adopted ASU 2011-07 in fiscal year 2012. Management believes the adoption of ASU 2011-07 did not have a material impact on the consolidated financial statements.

In August 2010, the FASB issued ASU 2010-24, *Health Care Entities - Presentation of Insurance Claims and Related Insurance Recoveries*. The amendments in the ASU clarify that a health care entity may not net insurance recoveries against related claim liabilities. In addition, the amount of the claim liability must be determined without consideration of insurance recoveries. Prior to this Update, healthcare entities were permitted to net insurance recoveries against the accrual for malpractice claims or similar liabilities. The amendments in this ASU became effective for the Hospital during 2012. However, there was no material impact on the accompanying consolidated financial statements upon adoption (Note M).

Reclassifications: Certain 2011 amounts have been reclassified to conform to the 2012 presentation.

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2012 and 2011

NOTE C--ASSETS LIMITED AS TO USE, HELD-TO-MATURITY AND TRADING SECURITIES

Assets limited as to use are summarized by designation or restriction as follows at June 30:

	<u>2012</u>	<u>2011</u>
Designated or restricted for:		
Under bond indenture agreement	\$ 5,888	\$ 1,928,213
Capital improvements	17,591,361	20,340,909
	17,597,249	22,269,122
Less: amounts required to meet current obligations	-	(506,213)
	<u>\$ 17,597,249</u>	<u>\$ 21,762,909</u>

Trading securities and assets limited as to use are reported at estimated fair value (except for the held-to-maturity securities which are reported at amortized cost) and consist of the following at June 30:

	<u>2012</u>	<u>2011</u>
<u>Trading Securities:</u>		
Cash, cash equivalents and money market funds	\$ 39,824	\$ 86,502
Mutual funds	4,396,968	4,528,190
U.S. equity securities	519,782	500,689
Corporate bonds	10,090,933	10,016,264
Municipal obligations	1,033,768	651,555
Other	541,227	492,160
	16,622,502	16,275,360
Less: amounts classified as held-to-maturity	(11,151,832)	(10,717,966)
	<u>\$ 5,470,670</u>	<u>\$ 5,557,394</u>
<u>Assets Limited as to Use:</u>		
Cash, cash equivalents and money market funds	\$ 3,646,558	\$ 22,269,122
Mortgaged backed securities	9,677,559	-
Corporate bonds	3,349,076	-
U.S. treasury and agency securities	924,056	-
	17,597,249	22,269,122
Less: amounts classified as current	-	(506,213)
	<u>\$ 17,597,249</u>	<u>\$ 21,762,909</u>

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2012 and 2011

NOTE C--ASSETS LIMITED AS TO USE, HELD-TO-MATURITY AND TRADING SECURITIES - Continued

At June 30, 2012 and 2011, the Hospital held debt securities and uninvested cash of \$11,151,832 and \$10,717,966 in a held-to-maturity portfolio, respectively. Such securities had net unrealized gains of \$747,311 and \$681,759 at June 30, 2012 and 2011, respectively. No security within the held-to-maturity portfolio had been at an unrealized loss position for over one year as of June 30, 2012 or 2011. The contractual maturities of held-to-maturity securities at June 30, 2012 are \$1,183,068 due in less than one year, \$4,813,948 due in one to five years and \$5,154,816 due after five years.

At June 30, 2012 and 2011, the Hospital held trading securities in certain investments structured as a limited liability company of approximately \$541,000 and \$492,000, respectively. The Hospital has elected the fair value option, pursuant to FASB ASC 825, for its investments in this limited partnership. The objective of this election was to report the entire portfolio on the same measurement basis, thereby eliminating the mixed-attribute approach and better reflecting the overall economic position and result of the investment portfolio. The fair value of these instruments is estimated by the fund manager based upon estimated market prices of the underlying assets.

Investment fees of approximately \$56,000 and \$62,000 were recognized during the years ended June 30, 2012 and 2011, respectively, and are deducted from interest and dividends in the accompanying Consolidated Statements of Operations and Changes in Net Assets.

Total net unrealized gains/(losses) related to trading securities and assets limited as to use as of June 30, 2012 and 2011 were approximately \$(298,000) and \$86,000, respectively.

The Hospital did not hold any trading securities which individually exceeded 10% of the trading security portfolio at June 30, 2012 or 2011.

NOTE D--PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following at June 30:

	<i>2012</i>	<i>2011</i>
Land and land improvements	\$ 2,469,937	\$ 2,431,182
Buildings and leasehold improvements	31,428,136	29,793,298
Equipment	31,508,404	28,496,616
Equipment held under capital lease	1,318,248	1,335,990
	66,724,725	62,057,086

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2012 and 2011

NOTE D--PROPERTY, PLANT AND EQUIPMENT - Continued

	2012	2011
Less: Allowances for depreciation and amortization	(39,183,574)	(35,915,615)
	27,541,151	26,141,471
Construction in progress	9,200,813	2,413,915
	\$ 36,741,964	\$ 28,555,386

The net book value of equipment held under capital leases is \$266 and \$27,034 at June 30, 2012 and 2011, respectively.

Construction in progress as of June 30, 2012 consists of costs associated with improvements to the Hospital's information systems infrastructure and various facility renovations. As of June 30, 2012, the remaining commitments for these projects are approximately \$13,000,000.

NOTE E--LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS

Long-term debt and capital lease obligations consist of the following at June 30:

Description	Maturities	Rates	Outstanding Balance	
			2012	2011
2011 Hospital Revenue Bonds	Uninsured term bonds, due July 1, 2031, subject to early/redemption or tender	Variable, 0.16% at June 30, 2012	\$ 11,663,856	\$ -
2001 Hospital Refunding and Improvement Revenue Bonds, net of unamortized discount of \$33,873 at June 30, 2011	\$1,460,000 insured term bonds, due December 1, 2012 \$1,635,000 insured term bonds, due December 1, 2014 \$8,815,000 insured term bonds, due December 1, 2022	5.75% 6.00% 6.00%	-	11,876,127
Capital lease obligations secured by equipment	Monthly principal and interest payments maturing through 2012	Various	1,919	15,781
			11,665,775	11,891,908
	Less current portion		(212,550)	(719,773)
			\$ 11,453,225	\$ 11,172,135

Series 2011 Bonds: During 2012, the Alliance issued variable rate tax-exempt Hospital Revenue Bonds through the Industrial Development Authority of Smyth County, Virginia totaling \$49,875,000 (Series 2011 Bonds) under the Mountain States Health Alliance Obligated Group (MSHA OG), of which \$11,663,856 of the proceeds were allocated to the Hospital, a member of the MSHA OG, and used to refinance the Series 2001 Bonds, discussed below, and to fund certain capital improvements and equipment acquisitions. The Hospital's portion of the bond

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2012 and 2011

NOTE E--LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS - Continued

obligation is included in the accompanying 2012 Consolidated Balance Sheet and its future principal maturities are included in the schedule below.

Series 2001 Bonds: The Series 2001 Bonds were subject to mandatory sinking fund redemption on December 1, in each of the years 2012 through 2022 in amounts ranging from \$710,000 to \$1,340,000 at a redemption price of 100% of principal amount so redeemed. During 2012, the Hospital paid off the outstanding balance of the 2001 Bonds with proceeds received from the Series 2011 Bonds discussed above. The Hospital recognized a loss of \$587,162 on the early extinguishment of the Series 2001 Bonds which is included as part of nonoperating losses in the accompanying 2012 Consolidated Statement of Operations and Changes in Net Assets.

The loan agreement between the Hospital and the Industrial Development Authority of the City of Norton, Virginia, related to the Series 2001 Bonds contained certain requirements regarding the maintenance of specified financial liquidity and debt service ratios, deposits to trustee funds, permitted indebtedness, use of facilities and disposals of property. Management believed the Hospital was in compliance with all such covenants at June 30, 2011. There are no specific covenants required by the Hospital regarding the Series 2011 Bonds as such bonds were issued to the MSHA OG; however, management believes the MSHA OG is in compliance with all financial and operating covenants as of June 30, 2012.

The scheduled maturities and mandatory sinking fund payment of the long-term debt and capital lease obligations at June 30, 2012 are as follows:

<i>Year Ending June 30,</i>	
2013	\$ 212,550
2014	176,827
2015	187,040
2016	233,800
2017	245,490
Thereafter	10,610,068
	<u><u>\$11,665,775</u></u>

NOTE F--NET PATIENT SERVICE REVENUE

A reconciliation of the amount of services provided to patients at established rates to net patient service revenue as presented in the accompanying Consolidated Statements of Operations and Changes in Net Assets is as follows for the years ended June 30, 2012 and 2011:

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2012 and 2011

NOTE F--NET PATIENT SERVICE REVENUE - Continued

	<i>2012</i>	<i>2011</i>
Inpatient service charges	\$ 88,197,465	\$ 84,070,584
Outpatient service charges	173,577,664	158,689,209
Gross patient service charges	261,775,129	242,759,793
Less:		
Estimated contractual adjustments and other discounts	180,169,423	163,963,104
Charity care	4,005,679	2,301,787
Provision for bad debts	8,441,287	11,175,064
	192,616,389	177,439,955
Net patient service revenue	\$ 69,158,740	\$ 65,319,838

Net patient service revenue by major payor source for the years ended June 30, 2012 and 2011, net of contractual allowances and self-pay discounts (before the provision for bad debts), is as follows:

	<i>2012</i>	<i>2011</i>
Third-party payors	\$ 66,406,438	\$ 67,936,944
Self-pay	11,193,589	8,557,958
Patient service revenue	\$ 77,600,027	\$ 76,494,902

Deductibles and copayments under third-party payment programs, which are included within the third-party payor amount above, are the patient's responsibility and the Hospital considers these amounts in its determination of the provision for bad debts based on prior collection experience. Accounts receivable are also reduced by an allowance for doubtful accounts. In evaluating the collectibility of accounts receivable, the Hospital analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, the Hospital analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary, for expected uncollectible deductibles and copayments or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely. For receivables associated with self-pay patients, which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill, the Hospital records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible.

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2012 and 2011

NOTE F--NET PATIENT SERVICE REVENUE - Continued

The difference between discounted rates and the amounts actually collected after all reasonable collection efforts have been exhausted is charged against the allowance for doubtful accounts.

The Hospital's allowance for doubtful accounts totaled \$3,809,277 and \$10,004,120 at June 30, 2012 and 2011, respectively. The allowance for doubtful accounts decreased from 55% of patient accounts receivable, net of contractual allowances, at June 30, 2011 to 30% of patient accounts receivable, net of contractual allowances, as of June 30, 2012. Write-offs, net of recoveries, for the years ending June 30, 2012 and 2011 were approximately \$14,600,000 and \$11,300,000, respectively, and relate primarily to self-pay patients. Write-offs of third-party accounts were not significant in the years ending June 30, 2012 and 2011. The Hospital has not experienced significant changes in write-off trends and has not changed its charity care policy for the year ended June 30, 2012. The provision for bad debts associated with the Hospital's ancillary service lines are not significant.

NOTE G--THIRD-PARTY REMBURSEMENT

The Hospital renders services to patients under contractual arrangements with Medicare, Medicaid, Blue Cross and various other commercial payors. The Medicare program pays for inpatient services on a prospective basis. Payments are based upon diagnosis related group assignments, which are determined by the patient's clinical diagnosis and medical procedures utilized. The Hospital also receives additional payments from Medicare based on the provision of services to a disproportionate share of Medicaid and other low income patients. Most Medicare outpatient services are reimbursed on a prospectively determined payment methodology. The Medicare program also reimburses certain other services on the basis of reasonable cost, subject to various prescribed limitations and reductions.

The Medicare program pays for inpatient and outpatient services provided by critical access hospitals on the basis of reasonable costs computed through the filing of the annual Medicare cost report. These payments are subject to various prescribed limitations and reductions.

The Virginia Medicaid program reimbursement for inpatient hospital services is also based on a prospective payment system using both a per case and per diem methodologies. Additional payments are made for the allowable costs of capital. Payments for outpatient services are based on Medicare cost reimbursement principles and settled through the filing of an annual Medicaid cost report.

Amounts earned under the contractual agreements with the Medicare and Medicaid programs are subject to review and final determination by fiscal intermediaries and other appropriate governmental authorities or their agents. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2012 and 2011

NOTE G--THIRD-PARTY REMIBURSEMENT - Continued

settlements are determined. Management believes that adequate provision has been made for any adjustments which may result from such reviews. However, due to uncertainties in the estimation, it is at least reasonably possible that management's estimate will change in 2013, although the amount of any change cannot be estimated. During the years ended June 30, 2012 and 2011, net patient service revenue decreased by approximately \$541,000 and \$421,000, respectively, relating to adjustments of prior years' estimates and final settlements of prior periods.

Participation in the Medicare and Medicaid programs subjects the Hospital to significant rules and regulations. Failure to adhere to such regulations could result in fines, penalties or expulsion from the program. Management believes that adequate provision has been made for any adjustments, fines or penalties which may result from final settlements or violations of other rules or regulations. Management has represented that the Hospital is in substantial compliance with these rules and regulations as of June 30, 2012.

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

NOTE H--PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

Norton Community Hospital Retirement Plan: Effective January 1, 1975, the Hospital established the Norton Community Hospital Retirement Plan, a noncontributory defined benefit pension plan for employees covered by the terms of a collective bargaining agreement between the Hospital and union employees.

The plan provides benefits to retired, terminated and active employees and their beneficiaries based on earnings and years of credited service. Effective December 31, 2006, the plan was frozen to new participants. The funding policy is to contribute annually such amounts as are necessary to provide assets sufficient to meet the benefits to be paid to the plan's participants and to keep the plan actuarially sound.

The following table presents a reconciliation of the beginning and ending balances of the plan's benefit obligations and fair value of plan assets and the funded status of the plan:

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES***Notes to Consolidated Financial Statements - Continued******Years Ended June 30, 2012 and 2011*****NOTE H--PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS - Continued**

	<i>June 30,</i>	
	<i>2012</i>	<i>2011</i>
Change in benefit obligations		
Benefit obligations, beginning of period	\$ 10,106,079	\$ 9,786,648
Service cost	3,978	5,740
Interest cost	587,042	594,222
Actuarial loss	661,008	247,274
Benefits paid	(579,914)	(527,805)
Benefit obligations, end of period	<u>\$ 10,778,193</u>	<u>\$ 10,106,079</u>
Change in plan assets		
Fair value of plan assets, beginning of period	\$ 8,793,483	\$ 7,844,891
Actual return on plan assets	4,588	1,476,397
Benefits paid	(579,914)	(527,805)
Fair value of plan assets, end of period	<u>\$ 8,218,157</u>	<u>\$ 8,793,483</u>
Funded status of the plan at end of period	<u>\$ (2,560,036)</u>	<u>\$ (1,312,596)</u>

The accumulated benefit obligation (ABO) of the plan was \$10,778,193 and \$10,106,079 at June 30, 2012 and 2011, respectively. In accordance with generally accepted accounting principles, the Hospital is required to recognize the funded status of the plan as an asset or liability and gains or losses and prior service costs or credits not yet recognized as pension expense as a change in unrestricted net assets.

Amounts recognized in the Consolidated Balance Sheets consist of the following:

	<i>June 30,</i>	
	<i>2012</i>	<i>2011</i>
Current liabilities	\$ 478,859	\$ 523,274
Noncurrent liabilities	2,081,177	789,322
	<u>\$ 2,560,036</u>	<u>\$ 1,312,596</u>

Amounts recognized in unrestricted net assets consist of the following:

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2012 and 2011

NOTE H--PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS - Continued

	<i>June 30,</i>	
	<i>2012</i>	<i>2011</i>
Unrecognized net actuarial loss	\$ 3,582,852	\$ 2,625,536
Unrecognized prior service cost obligation (asset)	34,378	(12,976)
	\$ 3,617,230	\$ 2,612,560

Net periodic pension cost and other amounts recognized in unrestricted net assets during the years ended June 30, 2012 and 2011 consist of the following:

	<i>2012</i>	<i>2011</i>
Net periodic pension cost		
Service cost	\$ 3,978	\$ 5,740
Interest cost	587,042	594,222
Expected return on plan assets	(637,764)	(569,811)
Amortization of prior service cost	(47,354)	(47,354)
Recognized net actuarial loss	336,869	393,220
Net periodic pension cost	\$ 242,771	\$ 376,017
Other changes in unrestricted net assets		
Net loss (gain)	\$ 1,294,184	\$ (659,312)
Amortization of net gain	(336,868)	(393,220)
Amortization of prior service cost	47,354	47,354
Total recognized in unrestricted net assets	\$ 1,004,670	\$ (1,005,178)
Total recognized in net periodic pension cost and unrestricted net assets	\$ 1,247,441	\$ (629,161)

The estimated net loss and prior service cost asset that will be amortized from unrealized net assets into net periodic pension cost over the next fiscal year are \$452,421 and (\$47,354), respectively.

The actuarial assumptions used for the plan as of June 30, 2012 and 2011 are as follows:

	<i>2012</i>	<i>2011</i>
Discount rate	5.44%	6.00%
Expected return on plan assets	7.50%	7.50%

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2012 and 2011

NOTE H--PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS - Continued

During 2012, management adjusted assumptions related to the discount rate based on their evaluation of current and future circumstances.

The fair value of plan assets at June 30, 2012 and 2011, by asset category, are as follows:

	<i>Carrying Value</i>	<i>Quoted Prices in Active Markets (Level 1)</i>	<i>Significant Other Observable Inputs (Level 2)</i>	<i>Significant Unobservable Inputs (Level 3)</i>
June 30, 2012				
Cash and cash equivalents	\$ 157,574	\$ 157,574	\$ -	\$ -
Mutual Funds:				
Equity mutual funds	3,874,045	3,874,045	-	-
Fixed income mutual funds	2,770,257	2,770,257	-	-
Common Stocks:				
Materials	21,672	21,672	-	-
Consumer Discretionary	48,748	48,748	-	-
Consumer Staples	45,957	45,957	-	-
Health Care	109,999	109,999	-	-
Energy	69,521	69,521	-	-
Financial	108,214	108,214	-	-
Industrial	37,125	37,125	-	-
Information Technology	69,547	69,547	-	-
Utilities	31,302	31,302	-	-
Other	11,272	11,272	-	-
UBS Trumbull Real Estate Fund	862,924	-	-	862,924
	<u>\$ 8,218,157</u>	<u>\$ 7,355,233</u>	<u>\$ -</u>	<u>\$ 862,924</u>
June 30, 2011				
Cash and cash equivalents	\$ 231,904	\$ 231,904	\$ -	\$ -
Mutual Funds:				
Equity mutual funds	3,525,785	3,525,785	-	-
Fixed income mutual funds	3,218,434	3,218,434	-	-
Common Stocks	804,131	804,131	-	-
UBS Trumbull Real Estate Fund	1,013,229	-	-	1,013,229
	<u>\$ 8,793,483</u>	<u>\$ 7,780,254</u>	<u>\$ -</u>	<u>\$ 1,013,229</u>

The following table sets forth a summary of changes in the fair value of the plan's Level 3 assets for the years ended June 30, 2012 and 2011:

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2012 and 2011

NOTE H--PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS - Continued

	<i>2012</i>	<i>2011</i>
Balance, beginning of year	\$ 1,013,229	\$ 834,058
Total net realized and unrealized gains (losses)	50,910	132,993
Purchases, sales, issuances, and settlements, net	(201,215)	46,178
Balance, end of year	<u>\$ 862,924</u>	<u>\$ 1,013,229</u>

The Hospital's investment policy for this plan is to maintain a balance approximating 45% in domestic and international equity securities, 38% in fixed income securities and 17% in global allocation securities and other investments. The Hospital anticipates to make a contribution of \$106,000 to this plan during fiscal year 2013.

Estimated future benefit payments are expected to be paid as follows:

<u><i>Year Ending June 30,</i></u>	
2013	\$ 478,859
2014	494,092
2015	510,241
2016	531,765
2017	559,418
2018-2022	3,311,280

Other Postretirement Benefit Plan: The Hospital provides health and life insurance for current and retired employees under the collective bargaining agreement when the employee becomes eligible for these benefits by satisfying certain age and/or service requirements. Spouses of eligible retirees are eligible for healthcare benefits. All dependent benefits cease when the retiree dies. During 2012, the Hospital amended the plan to exclude all non-vested employees from future benefits, which resulted in the recognition of a curtailment gain totaling \$518,509 for the year ended June 30, 2012.

The following table presents a reconciliation of the beginning and ending balances of the plan's projected benefit obligation and the fair value of plan assets, and the funded status of the plan:

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES***Notes to Consolidated Financial Statements - Continued******Years Ended June 30, 2012 and 2011*****NOTE H--PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS - Continued**

	<i>June 30,</i>	
	<i>2012</i>	<i>2011</i>
Change in benefit obligations		
Benefit obligations, beginning of period	\$ 3,761,672	\$ 3,843,038
Service cost	138,834	139,070
Interest cost	226,059	207,986
Actuarial (gain) loss	1,103,495	(333,016)
Plan curtailment	(518,509)	-
Benefits paid	(157,629)	(95,406)
Benefit obligations, end of period	<u>\$ 4,553,922</u>	<u>\$ 3,761,672</u>
Change in plan assets		
Fair value of plan assets, beginning of period	\$ -	\$ -
Contributions of plan sponsor	157,629	95,406
Benefits paid	(157,629)	(95,406)
Fair value of plan assets, end of period	<u>\$ -</u>	<u>\$ -</u>
Funded status of the plan at end of period	<u>\$ (4,553,922)</u>	<u>\$ (3,761,672)</u>

Amounts recognized in the Consolidated Balance Sheets consist of the following:

	<i>June 30,</i>	
	<i>2012</i>	<i>2011</i>
Current liabilities	\$ 166,880	\$ -
Noncurrent liabilities	4,387,042	3,761,672
	<u>\$ 4,553,922</u>	<u>\$ 3,761,672</u>

Amounts recognized in unrestricted net assets consist of the following:

	<i>June 30,</i>	
	<i>2012</i>	<i>2011</i>
Unrecognized net gain	\$ (739,373)	\$ (1,968,946)

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2012 and 2011

NOTE H--PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS - Continued

Net periodic postretirement benefit cost and other changes in plan assets and benefit obligations recognized in unrestricted net assets during the years ended June 30, 2012 and 2011 consist of the following:

	<u>2012</u>	<u>2011</u>
Net periodic postretirement benefit cost		
Service cost	\$ 138,837	\$ 139,070
Interest cost	226,059	207,986
Recognized net actuarial gain	(126,079)	(101,227)
Net periodic postretirement benefit cost	<u>\$ 238,817</u>	<u>\$ 245,829</u>
Other changes in unrestricted net assets		
Net (gain) loss	\$ 1,103,495	\$ (333,016)
Amortization of net actuarial gain	126,079	101,227
Total recognized in unrestricted net assets	<u>\$ 1,229,574</u>	<u>\$ (231,789)</u>
Total recognized in net periodic pension cost and unrestricted net assets	<u>\$ 1,468,391</u>	<u>\$ 14,040</u>

The estimated net gain and prior service cost that will be amortized from unrestricted net assets into net periodic benefit cost over the next fiscal year is \$39,190 and \$0, respectively. The Hospital expects to contribute approximately \$166,880 to the plan during fiscal year 2013.

The actuarial assumptions used for the plan as of June 30, 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Discount rate	5.44%	6.00%

During 2012, management adjusted assumptions related to the discount rate based on their evaluation of current and future circumstances.

Estimated future benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2012 and 2011

NOTE H--PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS - Continued

Year Ending June 30,

2013	\$	166,880
2014		174,382
2015		185,101
2016		195,151
2017		196,639
2018-2022		1,028,360

NOTE I--OTHER RETIREMENT PLANS

The Hospital sponsors a defined contribution plan for the benefit of its employees. The Hospital contributes 3% of eligible employee compensation annually. Additionally, the Hospital sponsors a separate defined contribution plan for the benefit of the employees under a collective bargaining agreement. The Hospital contributes 4% of eligible employee compensation annually, up to \$1,000, to this plan. Contribution expenses under the terms of these plans totaled approximately \$743,000 and \$615,000 during the years ended June 30, 2012 and 2011, respectively.

NOTE J--CONCENTRATIONS OF RISK

The Hospital has locations in Wise and Dickenson Counties of Virginia, which is a geographic concentration. The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of gross receivables from patients and third-party payors based on charges at established rates is as follows as of June 30:

	<u>2012</u>	<u>2011</u>
Medicare	24%	35%
Medicaid	19%	20%
Commercial	48%	23%
Other third-party payors	1%	8%
Patients	8%	14%
	<u>100%</u>	<u>100%</u>

Approximately 97% of the consolidated total revenue, gains and support were related to the provision of healthcare services for the years ended June 30, 2012 and 2011. Admitting physicians are primarily practitioners in the local area.

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2012 and 2011

NOTE J--CONCENTRATIONS OF RISK - Continued

The Hospital routinely invests in investment vehicles as listed in Note C. The Hospital's investment portfolio is managed by outside investment management companies. Investments in money market funds, equities and other vehicles that are held by safekeeping agents are not insured or guaranteed by the U.S. government; however, management believes that credit risk related to these investments is minimal.

The Hospital is under two collective bargaining agreements with the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union which extend through February 2, 2014 and January 31, 2015, respectively, and cover certain employees of the Hospital and DCH. Approximately 40% and 19% of employees of the Hospital and DCH, respectively, are covered under the collective bargaining agreements.

At June 30, 2012, the Hospital has deposits in financial institutions in excess of the Federal Deposit Insurance Corporation's (FDIC) limits. Management believes that credit risk related to these deposits is minimal.

NOTE K--INCOME TAXES

CPSC and CHC account for income taxes under the provisions of FASB ASC 740, *Income Taxes*. Both CPSC and CHC file separate federal and state tax returns. CPSC was dissolved during 2012 and filed final federal and state tax returns for the period ending February 21, 2012. All net operating loss carryforwards expired with the filing of the final returns.

Due to net operating losses, CPSC did not incur or pay income taxes for the period ended February 21, 2012 and the year ended June 30, 2011, respectively. CHC paid net income taxes of \$49,000 and \$8,000 for federal and state, respectively, for the year ending June 30, 2012. CHC paid net income taxes of \$40,000 and \$12,287 for federal and state, respectively, for the year ended June 30, 2011.

CHC has a net deferred tax liability arising from depreciation as of June 30, 2012 and 2011 of \$64,442. The components of income tax expense for the years ended June 30, 2012 and 2011 are as follows and included as part of interest and taxes in the accompanying Consolidated Statements of Operations and Changes in Net Assets:

	<i>2012</i>	<i>2011</i>
Current income tax expense	\$ 43,024	\$ 15,271
Deferred income tax expense	-	6,388
Income tax expense	<u>\$ 43,024</u>	<u>\$ 21,659</u>

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2012 and 2011

NOTE K--INCOME TAXES - Continued

The provisions for federal and state income taxes differ from the application of federal and state income tax rates to income before income tax expense due primarily to timing differences related to depreciation.

NOTE L--RELATED PARTY TRANSACTIONS

The Hospital had amounts due from a member and other affiliates totaling \$165,781 and \$58,489 at June 30, 2012 and 2011, respectively. At June 30, 2012 and 2011, the Hospital had amounts due to a member and other affiliates totaling \$375,698 and \$621,671, respectively. The payable amounts relate primarily to costs incurred by the Alliance or affiliates of the Alliance on behalf of the Hospital. Corporate allocation expense from the Alliance and recognized by the Hospital during the years ended June 30, 2012 and 2011 was approximately \$4,004,000 and \$3,288,000, respectively.

NOTE M--COMMITMENTS AND CONTINGENCIES

Malpractice and Workers' Compensation: The Hospital is covered under the Alliance's \$25,000,000 umbrella liability policy that attaches over the 2012 self-insurance limits of \$10,000,000 per claim and a \$15,000,000 annual aggregate retention. At June 30, 2012, the Hospital is involved in litigation relating to medical malpractice, workers' compensation and other claims arising in the ordinary course of business. There are also known incidents occurring through June 30, 2012 that may result in the assertion of additional claims, and other unreported claims may be asserted arising from services provided in the past. The Hospital has established an accrual of approximately \$812,000 and \$1,188,000 for incurred but unreported claims as of June 30, 2012 and 2011, respectively, based on historical data and actuarial assumptions. The discount rate utilized was 5% at June 30, 2012 and 2011. Management estimates that none of the asserted claims will ultimately settle above the self-insurance retention levels and, accordingly, has not recognized any insurance recovery receivables at June 30, 2012.

The Hospital is not self-insured for workers' compensation claims and maintains workers' compensation insurance through commercial carriers with 2012 coverage limits of \$1,000,000 per accident or employee. Management has not identified any significant workers' compensation claims outstanding as of June 30, 2012 and, accordingly, has not recognized any insurance recovery receivables.

Additionally, the Hospital is self-insured for employee health claims and recognizes expense each year based upon actual claims paid and an estimate of claims incurred but not yet paid.

Operating Leases: The Hospital leases certain equipment and facilities under operating lease arrangements. For the years ended June 30, 2012 and 2011, the Hospital incurred approximately \$843,000 and \$947,000, respectively, in rent expense under these leasing arrangements. Future

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2012 and 2011

NOTE M--COMMITMENTS AND CONTINGENCIES - Continued

minimum lease payments under noncancellable operating leases with remaining lease terms in excess of one year for each of the next five years and in the aggregate are as follows:

<u>Year Ending June 30,</u>	
2013	\$ 60,000
2014	60,000
2015	60,000
2016	60,000
2017	60,000
Thereafter	70,000
	<u>\$ 370,000</u>

DCH leases its medical facility and grounds from the Dickenson County Industrial Development Authority. Total lease expense incurred during the years ended June 30, 2012 and 2011 and future minimum lease payments are included in the table and paragraph above. During the years ended June 30, 2012 and 2011, the Dickenson County Industrial Development Authority forgave facility lease payments totaling \$140,089 and \$130,089, respectively, which have been reflected as other operating revenue and other expenses in the accompanying Consolidated Statements of Operations and Changes in Net Assets. During 2012, the Dickenson County Industrial Development Authority amended the lease agreement to extend the term through September 2018, during which time DCH will pay \$5,000 each month.

Estimated future minimum payments under various noncancellable maintenance contracts at June 30, 2012 totals, in the aggregate, approximately \$231,000 through 2013.

Healthcare Industry: The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, Medicare fraud and abuse, and under provisions of the Health Insurance Portability and Accountability Act of 1996, patient records privacy and security. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers, such as the Medicare Recovery Audit Contractor program. Management does not believe the increase in government activity will have a material adverse impact on the consolidated financial statements. However, due to uncertainties in the estimation, it is at least reasonably possible that management's estimate will change in 2013, although the amount of any

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2012 and 2011

NOTE M--COMMITMENTS AND CONTINGENCIES - Continued

change cannot be estimated. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

In March 2010, Congress adopted comprehensive healthcare insurance legislation, the Patient Care Protection and Affordable Care Act and Health Care and Education Reconciliation Act. The legislation, among other matters, is designated to expand access to substantially all citizens by 2019 through a combination of public program expansion and private industry health insurance. Implementing regulations are generally required for these legislative acts which are to be adopted over a period of years and, accordingly, the specific impact of any future regulations is not determinable.

NOTE N--OPERATING EXPENSES BY FUNCTIONAL CLASSIFICATION

The Hospital does not present expense information by functional classification because its resources and activities are primarily related to providing healthcare services. Further, since the Hospital receives substantially all of its resources from providing healthcare services in a manner similar to a business enterprise, other indicators contained in these consolidated financial statements are considered important in evaluating how well management has discharged their stewardship responsibilities.

NOTE O--FAIR VALUE MEASUREMENT

FASB ASC 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, FASB ASC 820 establishes a fair value hierarchy.

Valuation Hierarchy: FASB ASC 820 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2012 and 2011

NOTE O--FAIR VALUE MEASUREMENT - Continued

- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement

The following table sets forth, by level within the fair value hierarchy, the financial assets recorded at fair value on a recurring basis as of June 30, 2012 and 2011:

	Carrying Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets Measured at Fair Value on a Recurring Basis at June 30, 2012				
Trading Securities:				
Money market funds and cash equivalents	\$ 12,693	\$ 12,693	\$ -	\$ -
Mutual funds:				
Equity mutual funds	3,143,600	3,143,600	-	-
Fixed income mutual funds	1,253,368	1,253,368	-	-
Common stocks:				
Materials	21,672	21,672	-	-
Consumer discretionary	46,776	46,776	-	-
Consumer staples	43,338	43,338	-	-
Health care	88,646	88,646	-	-
Energy	70,687	70,687	-	-
Financials	101,957	101,957	-	-
Industrials	37,125	37,125	-	-
Information technology	67,830	67,830	-	-
Utilities	33,297	33,297	-	-
Other	8,454	8,454	-	-
UBS Trumbull real estate fund	541,227	-	-	541,227
Assets Limited as to Use:				
Money market funds and cash equivalents	3,646,558	3,646,558		
Mortgaged backed securities	9,677,559	-	9,677,559	-
Corporate bonds	3,349,076	-	3,349,076	-
U.S. treasury and agency funds	924,056	-	924,056	-
	\$23,067,919	\$ 8,576,001	\$ 13,950,691	\$ 541,227

Assets Measured at Fair Value on a Recurring Basis at June 30, 2011

Trading Securities:

Money market funds and cash equivalents	\$ 86,502	\$ 86,502	\$ -	\$ -
Mutual funds:				
Equity mutual funds	3,279,105	3,279,105	-	-
Fixed income mutual funds	1,249,085	1,249,085	-	-

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2012 and 2011

NOTE O--FAIR VALUE MEASUREMENT - Continued

	Carrying Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common stocks:				
Materials	21,610	21,610	-	-
Consumer discretionary	37,143	37,143	-	-
Consumer staples	28,138	28,138	-	-
Health care	69,919	69,919	-	-
Energy	66,147	66,147	-	-
Financials	108,145	108,145	-	-
Industrials	62,219	62,219	-	-
Information technology	60,129	60,129	-	-
Telecommunication services	15,705	15,705	-	-
Utilities	31,534	31,534	-	-
UBS Trumbull real estate fund	492,160	-	-	492,160
Assets Limited as to Use:				
Money market funds and cash equivalents	22,269,122	22,269,122	-	-
	\$27,876,663	\$ 27,384,503	\$ -	\$ 492,160

Trading securities and assets limited as to use classified as Level 1 are measured using quoted market prices. Assets limited as to use classified as Level 2 are measured at quoted market prices of identical or similar assets in inactive markets. Trading securities classified as Level 3 are estimated by the fund manager based upon estimated market prices of the underlying assets.

The following table sets forth a summary of changes in the fair value of the Hospital's Level 3 assets for the years ended June 30, 2012 and 2011:

	2012	2011
Balance, beginning of year	\$ 492,160	\$ 424,514
Total realized and unrealized gains recognized in the Performance Indicator, net	28,461	55,204
Net investment income	20,606	12,442
Balance, end of year	\$ 541,227	\$ 492,160

NOTE P--FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial instruments has been estimated by the Hospital using available market information as of June 30, 2012 and 2011, and valuation methodologies considered appropriate. The estimates presented are not necessarily indicative of amounts the Hospital could realize in a

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2012 and 2011

NOTE P--FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

current market exchange. The carrying value of substantially all financial instruments approximates fair value due to the nature or term of the instruments, except as described below.

Other Long-Term Liabilities: It is not practical to estimate the fair market value of certain other long-term liabilities due to uncertainty of when these amounts may be paid. Estimates of reported and unreported professional liability claims and pension and post-retirement liabilities are discounted to approximate their estimated fair value. Other long-term liabilities are not discounted and are not significant.

Long-Term Debt and Capital Leases: The fair value of long-term debt is estimated based upon quotes obtained from brokers. For long-term debt with variable interest rates, the carrying value approximates fair value.

The Hospital's capital lease obligations were negotiated with various entities and are considered unique. It is not practical to estimate the fair value of these obligations under current conditions.

The estimated fair value of the Hospital's financial instruments that have carrying values different from fair value is as follows at June 30:

	2012		2011	
	<i>Carrying Value</i>	<i>Estimated Fair Value</i>	<i>Carrying Value</i>	<i>Estimated Fair Value</i>
FINANCIAL LIABILITIES:				
2001 Hospital Revenue Refunding and Improvement Revenue Bonds	\$ -	\$ -	\$ 11,876,127	\$ 11,958,829

NOTE Q--SUBSEQUENT EVENT

Subsequent to June 30, 2012, the MSHA OG issued variable rate tax-exempt Hospital Revenue Bonds through the Industrial Development Authority of Wise County, Virginia totaling \$9,785,000 which was allocated to the Hospital to finance capital improvements, equipment acquisitions and to pay issuance costs associated with the bonds. The timely payment of the bonds is secured by an irrevocable transferable direct-pay letter of credit.

Supplemental Schedules

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Consolidating Balance Sheet

June 30, 2012

	Norton Community Hospital	Norton Community Physician Services	Community Homecare	Dickenson Community Hospital	Eliminations	Total
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	\$ 401,750	\$ 261,888	\$ 232,025	\$ 615,862	\$ -	\$ 1,511,525
Patient accounts receivable, less estimated allowances for uncollectible accounts of \$3,809,277	7,451,461	344,381	170,783	1,112,571	-	9,079,196
Other receivables, net	297,713	108,677	-	-	-	406,390
Inventories and prepaid expenses	1,285,105	426,045	24,882	121,578	-	1,857,610
TOTAL CURRENT ASSETS	9,436,029	1,140,991	427,690	1,850,011	-	12,854,721
ASSETS LIMITED AS TO USE, less amounts required to fund current obligations	17,597,249	-	-	-	-	17,597,249
TRADING SECURITIES	5,470,670	-	-	-	-	5,470,670
HELD-TO-MATURITY SECURITIES	11,151,832	-	-	-	-	11,151,832
PROPERTY, PLANT AND EQUIPMENT, net	32,839,232	1,901,336	278,114	1,723,282	-	36,741,964
OTHER ASSETS						
Deferred financing costs, net	185,070	-	-	-	-	185,070
Other long-term receivables	417,834	-	-	-	-	417,834
TOTAL ASSETS	\$ 77,097,916	\$ 3,042,327	\$ 705,804	\$ 3,573,293	\$ -	\$ 84,419,340

See Independent Auditor's Report.

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Consolidating Balance Sheet - Continued

June 30, 2012

	Norton Community Hospital	Norton Community Physician Services	Community Homecare	Dickenson Community Hospital	Eliminations	Total
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Current portion of long-term debt and capital lease obligations	\$ 210,784	\$ 1,766	\$ -	\$ -	\$ -	\$ 212,550
Accounts payable and accrued expenses	6,179,372	1,017,761	59,664	434,905	-	7,691,702
Accrued salaries, compensated absences and amounts withheld	2,271,061	881,237	20,742	221,187	-	3,394,227
Estimated amounts due to third-party payors, net	748,550	-	-	377,310	-	1,125,860
Pension and post-retirement benefit liabilities	645,739	-	-	-	-	645,739
Due to (from) Member and other affiliates, net	120,000	363,165	84,159	(357,407)	-	209,917
TOTAL CURRENT LIABILITIES	10,175,506	2,263,929	164,565	675,995	-	13,279,995
OTHER LIABILITIES						
Long-term debt and capital lease obligations, less current portion	11,453,225	-	-	-	-	11,453,225
Pension and post-retirement benefit liabilities	6,341,421	-	-	126,798	-	6,468,219
Estimated professional liability and other	345,183	424,789	-	48,978	-	818,950
Deferred tax liability, net	-	-	64,442	-	-	64,442
TOTAL LIABILITIES	28,315,335	2,688,718	229,007	851,771	-	32,084,831
NET ASSETS						
Unrestricted net assets	48,697,476	353,609	476,797	2,720,772	-	52,248,654
Temporarily restricted net assets	85,105	-	-	750	-	85,855
TOTAL NET ASSETS	48,782,581	353,609	476,797	2,721,522	-	52,334,509
TOTAL LIABILITIES AND NET ASSETS	\$ 77,097,916	\$ 3,042,327	\$ 705,804	\$ 3,573,293	\$ -	\$ 84,419,340

See Independent Auditor's Report.

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Consolidating Statement of Operations and Changes in Net Assets

Year Ended June 30, 2012

	Norton Community Hospital	Norton Community Physician Services	Community Homecare	Dickenson Community Hospital	Eliminations	Total
CHANGES IN UNRESTRICTED NET ASSETS:						
Revenue, gains and support:						
Patient service revenue, net of contractual adjustments and discounts	\$ 59,012,737	\$ 11,032,018	\$ -	\$ 7,555,272	\$ -	\$ 77,600,027
Provision for bad debts	(6,463,449)	(517,886)	-	(1,459,952)	-	(8,441,287)
Net patient service revenue	52,549,288	10,514,132	-	6,095,320	-	69,158,740
Other operating revenue (losses)	1,069,914	1,279,536	862,089	(450,058)	(368,811)	1,892,670
Net assets released from restrictions for operations	35,738	-	-	-	-	35,738
TOTAL REVENUE, GAINS AND SUPPORT	53,654,940	11,793,668	862,089	5,645,262	(368,811)	71,087,148
Expenses:						
Salaries and wages, including employee incentives of \$23,146	21,115,589	7,200,727	190,510	3,197,660	-	31,704,486
Contract labor	690,895	-	-	2,050	-	692,945
Employee benefits	6,146,249	1,479,158	127,977	559,821	-	8,313,205
Fees - physician and other	4,659,933	2,463,775	18,700	603,883	(368,811)	6,877,480
Supplies	5,441,998	3,073,321	135,659	479,626	-	9,130,604
Utilities	919,439	108,327	16,795	175,684	-	1,220,245
Depreciation	2,783,958	167,279	96,791	288,690	-	3,336,718
Amortization	37,212	-	-	-	-	37,212
Management fees	1,758,767	1,907,440	1,728	335,580	-	4,003,515
Interest and taxes	161,694	(7,728)	43,239	-	-	197,205
Other	3,169,806	509,416	119,056	677,158	-	4,475,436
TOTAL EXPENSES	46,885,540	16,901,715	750,455	6,320,152	(368,811)	69,989,051
OPERATING GAIN (LOSS)	6,769,400	(5,108,047)	111,634	(674,890)	-	1,098,097

See Independent Auditor's Report.

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Consolidating Statement of Operations and Changes in Net Assets - Continued

Year Ended June 30, 2012

	Norton Community Hospital	Norton Community Physician Services	Community Homecare	Dickenson Community Hospital	Eliminations	Total
Nonoperating gains (losses):						
Interest and dividends	766,175	1,678	897	43	-	768,793
Net realized gains on sale of securities	43,961	-	-	-	-	43,961
Net unrealized losses on securities	(384,274)	-	-	-	-	(384,274)
Loss on early extinguishment of debt	(587,162)	-	-	-	-	(587,162)
Gain on postretirement plan curtailment	518,509	-	-	-	-	518,509
Other nonoperating gains (losses), net	(151,381)	4,455	(25,000)	190,363	-	18,437
NET NONOPERATING GAINS (LOSSES)	205,828	6,133	(24,103)	190,406	-	378,264
EXCESS (DEFICIT) OF REVENUE, GAINS AND SUPPORT OVER EXPENSES AND LOSSES	6,975,228	(5,101,914)	87,531	(484,484)	-	1,476,361
Pension and postretirement liability adjustments	(2,216,369)	-	-	(17,874)	-	(2,234,243)
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	4,758,859	(5,101,914)	87,531	(502,358)	-	(757,882)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:						
Restricted contributions and grants	31,625	-	-	750	-	32,375
Net assets released from restrictions	(35,738)	-	-	-	-	(35,738)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	(4,113)	-	-	750	-	(3,363)
INCREASE (DECREASE) IN TOTAL NET ASSETS	4,754,746	(5,101,914)	87,531	(501,608)	-	(761,245)
NET ASSETS, BEGINNING OF YEAR	44,027,835	5,455,523	389,266	3,223,130	-	53,095,754
NET ASSETS, END OF YEAR	\$ 48,782,581	\$ 353,609	\$ 476,797	\$ 2,721,522	\$ -	\$ 52,334,509

See Independent Auditor's Report.

Additional Data

Software ID:
Software Version:
EIN: 77-0599553
Name: DICKENSON COMMUNITY HOSPITAL

Form 990, Part III - 4 Program Service Accomplishments (See the Instructions)

4d. Other program services					
(Code) (Expenses \$	2,229,847	including grants of \$	50,000) (Revenue \$	1,000,778)
DCH IS A FEDERALLY DESIGNATED CRITICAL ACCESS HOSPITAL THIS FACILITY IS LOCATED IN ONE OF THE POOREST REGIONS OF VIRGINIA IN ADDITION TO EMERGENCY, OUTPATIENT, AND RADIOLOGY SERVICES, THE HOSPITAL PROVIDES PULMONARY FUNCTION TESTING, CARDIAC ULTRASOUND AND CT SCANNING SERVICES DCH PROVIDES LOCAL ACCESS TO DIAGNOSTIC SERVICES TO THE RESIDENTS OF THE AREA, WHO OTHERWISE WOULD HAVE TO DRIVE 45 MINUTES FOR HEALTH CARE SERVICES DCH HAS PARTNERED WITH THE COMPANY FIRSTSOURCE SOLUTIONS USA TO WORK WITH SELF-PAYING PATIENTS WHO HAVE LIMITED FINANCIAL RESOURCES DURING FY12, FIRSTSOURCE REPRESENTATIVES WERE AVAILABLE AT DCH TO ASSIST PATIENTS FIRSTSOURCE REPRESENTATIVES WERE ABLE TO DETERMINE GOVERNMENTAL MEDICAL ASSISTANCE (MEDICAID OR TENNCARE) ELIGIBILITY, AND TO HELP WITH THE APPLICATION PROCESS AND FOLLOW-UP ONCE A PERSON IS APPROVED FOR MEDICAID (OR TENNCARE) THROUGH THE PROGRAM OFFERED THROUGH DCH, THEY RETAIN COVERAGE FOR FUTURE MEDICAL CARE FIRSTSOURCE IS COMPENSATED BY DCH DURING FY12, DCH'S COST FOR THIS PROGRAM WAS 4,356 THE DCH EMERGENCY DEPARTMENT HOSPITALIST PROGRAM REALIZED A SIGNIFICANT INCREASE IN THE NUMBER OF IN-PATIENT ADMISSIONS DURING FY12 DCH IS THE ONLY HOSPITAL IN DICKENSON COUNTY, VA PREVIOUSLY, HOSPITAL ADMISSIONS REQUIRED PATIENTS TO BE TRANSFERRED TO ANOTHER FACILITY OUTSIDE THE COUNTY WHICH CREATED AN INCONVENIENCE TO THE PATIENT AS WELL AS THEIR FAMILY ADDITIONALLY, THERE ARE ADDITIONAL COSTS INCURRED WHEN A PATIENT IS ADMITTED TO A FACILITY OUTSIDE THE COUNTY BY KEEPING PATIENTS AT DCH, THE PATIENT IS CLOSER TO HOME AND FAMILY, AND BOTH TIME AND MONEY ARE SAVED BY THE PATIENT AS WELL AS THE FAMILY DCH PLANNED AND DEVELOPED ITS SENIOR LIFE SOLUTIONS PROGRAM (SLS) TO BEGIN IN EARLY FY13 THIS PROGRAM IS AN OUT-PATIENT BASED BEHAVIORAL HEALTH TREATMENT PROGRAM THAT CATERS TO OUR AGING POPULATION THE SLS PROGRAM IS DESIGNED TO ADDRESS THE EMOTIONAL AND BEHAVIORAL HEALTH OF ADULTS OVER THE AGE OF 65 AND PROVIDES TREATMENT TO INDIVIDUALS WHO MAY BE SUFFERING FROM CONDITIONS SUCH AS DEPRESSION, UNRESOLVED GRIEF, ANXIETY, THE LOSS OF A LOVED ONE, OR OTHER ISSUES FACED BY THE AGING					