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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)	OMB No 1545-0047 2011 Open to Public Inspection
	The organization may have to use a copy of this return to satisfy state reporting requirements	

A For the 2011 calendar year, or tax year beginning 10-01-2011 and ending 09-30-2012		D Employer identification number	
B Check if applicable ☐ Address change ☐ Name change ☐ Initial return ☐ Terminated ☐ Amended return ☐ Application pending	C Name of organization T J SAMSON COMMUNITY HOSPITAL		61-0461767
	Doing Business As		E Telephone number (270) 651-4114
	Number and street (or P O box if mail is not delivered to street address) 1301 North Race Street	Room/suite	G Gross receipts \$ 130,371,622
	City or town, state or country, and ZIP + 4 Glasgow, KY 42141		
	F Name and address of principal officer WILLIAM KINDRED 1301 NORTH RACE STREET GLASGOW, KY 42141		
I Tax-exempt status ☒ 501(c)(3) ☐ 501(c) () ◀ (insert no) ☐ 4947(a)(1) or ☐ 527		H(a) Is this a group return for affiliates? ☐ Yes ☒ No H(b) Are all affiliates included? ☐ Yes ☐ No If "No," attach a list (see instructions) H(c) Group exemption number ▶	
J Website: ▶ WWW.TJSAMSON.ORG			
K Form of organization ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶		L Year of formation 1928	M State of legal domicile KY

Part I		Summary	
Activities & Governance	1 Briefly describe the organization's mission or most significant activities TJ SAMSON COMMUNITY HOSPITAL WILL PROMOTE AND PROVIDE FOR THE HEALTH AND WELL-BEING OF THOSE THEY SERVE 		
	2 Check this box ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	11
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	9
	5 Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	1,116
	6 Total number of volunteers (estimate if necessary)	6	72
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	-112,594
	7b Net unrelated business taxable income from Form 990-T, line 34	7b	-112,594
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	5,121	12,139
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	123,535,448	126,839,720
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	1,983,301	2,223,588
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	980,171	1,229,311
		126,504,041	130,304,758
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	60,059,982	59,774,106
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) $\rightarrow$ 0		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	64,500,845	63,238,364
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	124,560,827	123,012,470
	19 Revenue less expenses Subtract line 18 from line 12	1,943,214	7,292,288
	Net Assets or Fund Balances		Beginning of Current Year
20 Total assets (Part X, line 16)		156,424,783	167,428,479
21 Total liabilities (Part X, line 26)		65,319,178	84,541,597
22 Net assets or fund balances Subtract line 21 from line 20		91,105,605	82,886,882

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			2013-08-14 Date
	WILLIAM KINDRED CEO Type or print name and title			
Paid Preparer's Use Only	Preparer's signature	Date	Check if self-employed ☐	Preparer's taxpayer identification number (see instructions)
	Firm's name (or yours if self-employed), address, and ZIP + 4			EIN
				Phone no

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

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 \$ 101,673,551 including grants of \$) (Revenue \$ 126,513,699)
	ACUTE HOSPITAL AND EMERGENCY ROOM CARE PATIENT DAYS 24,710 AND ER VISITS 34,056

[illegible][illegible]

4d Other program services (Describe in Schedule O)
(Expenses \$ 0 including grants of \$ 0) (Revenue \$ 0)

4e	Total program service expenses	\$ 101,673,551
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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	No
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	No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III.</i>	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	No
e	Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X.</i> 	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	No
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		No
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III . . .</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J . . .</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer questions 24b-24d and complete Schedule K. If "No," go to line 25 . . .</i>	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . .	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . .	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . .	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I . . .</i>	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		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? <i>If "Yes," complete Schedule L, Part IV . . .</i>	28c		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	Yes	
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2 . . .</i>	35b		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	Yes	
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 ☐							
				Yes	No		
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable			1a	73		
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable			1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			1c	Yes		
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements filed for the calendar year ending with or within the year covered by this return			2a	1,116		
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	Yes		
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			
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			
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			
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . .			7f			
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			7h			
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			8			
9	Sponsoring organizations maintaining donor advised funds.						
a	Did the organization make any taxable distributions under section 4966?			9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?			9b			
10	Section 501(c)(7) organizations. Enter						
a	Initiation fees and capital contributions included on Part VIII, line 12			10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities			10b			
11	Section 501(c)(12) organizations. Enter						
a	Gross income from members or shareholders			11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)			11b			
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?			12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year			12b			
13	Section 501(c)(29) qualified nonprofit health insurance issuers.						
a	Is the organization licensed to issue qualified health plans in more than one state? Note. All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state			13a			
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans			13b			
c	Enter the aggregate amount of reserves on hand			13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?			14a			No
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O . . .			14b			

Part VI

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year		
1a	11		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	9
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	No
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
a	The governing body?	8a	Yes
b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed ▶ _____
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. ☐ Own website ☒ Another's website ☒ Upon request
19	Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table.
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶ TJ SAMSON COMMUNITY HOSPITAL 1301 North Race Street Glasgow, KY 42141 (270) 651-4112

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) HENRY ROYSE CHAIRMAN	13	X		X				0	0	0
(2) DAN FOUTCH VICE CHAIRMAN	12	X		X				0	0	0
(3) BUDDY UNDERWOOD SECRETARY	12	X		X				0	0	0
(4) FOLLIS CROW III TREASURER	12	X		X				0	0	0
(5) ELLEN BALE DIRECTOR	1	X						0	0	0
(6) KAREN SMALL DIRECTOR	40	X						0	35,629	0
(7) CHRIS LAWERENCE DIRECTOR	1	X						0	0	0
(8) JOEY BOTTS DIRECTOR	1	X						0	0	0
(9) BOGDAN MARCOL CHIEF OF STAFF	40	X						21,057	526,283	0
(10) JASON CAMPBELL INCOMING CHIEF OF STAFF	40	X						0	0	0
(11) MIKE BRYANT DIRECTOR	1			X				0	0	0
(12) WILLIAM KINDRED CEO	40			X	X			318,127	0	0
(13) ANTHONY SUDDUTH CFO/COO	40			X	X			258,623	0	0
(14) NEIL THORNBURY CHIEF OF PATIENT CARE SERVICES	40				X			154,788	0	0
(15) MARGARET BILLINGSLEY CHIEF OF NURSING SERVICES	40				X			157,556	0	0
(16) JOHN NESBITT PHYSICIAN	40					X		19,936	499,905	0
(17) VENKATA REDDY PHYSICIAN	40					X		28,755	719,121	0

Part VII

1b	Sub-Total			
c	Total from continuation sheets to Part VII, Section A			
d	Total (add lines 1b and 1c)	958,842	2,639,773	0

2 Total number of individuals (including but not limited to those listed in Item 1) who received more than \$100,000 of reportable compensation from the organization. 15

		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)	(B)	(C)
Name and business address	Description of services	Compensation
APOGEE MEDICAL MANAGEMENT 2525 E CAMELBACK RD SUITE 1100 PHOENIX, AZ 85016	HOSPITALIST	1,286,195
SURGICAL SOLUTIONS 702 A BARRETT BLVD HENDERSON, KY 42420	SURGERY	987,642
STENGEL HILL ARCHITECTURE 613 WEST MAIN LOUISVILLE, KY 40202	ARCHITECTURE	1,099,147
UNIDINE ONE GATEWAY CENTER SUITE 751 NEWTON, MA 02458	DINING SERVICES	944,992
ALLIANCE CORPORATION PO BOX 1480 GLASGOW, KY 42142	CONSTRUCTION CONTRACTORS	7,517,483

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ►28

Part VIII

Statement of Revenue

				(A)	(B)	(C)	(D)	
				Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . .	1a	0				
	b	Membership dues	1b	0				
	c	Fundraising events	1c	0				
	d	Related organizations	1d	0				
	e	Government grants (contributions)	1e	0				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	12,139				
	g	Noncash contributions included in lines 1a-1f \$ 0						
	h	Total. Add lines 1a-1f						12,139
Program Service Revenue			Business Code					
	2a	HOSPITAL PROGRAM SERVICE	622000	126,513,699	126,513,699	0	0	
	b	PARTNERSHIP INCOME	541900	335,991	331,511	4,480	0	
	c	OUTSIDE LAB	621500	-9,970	0	-9,970	0	
	d							
	e							
	f	All other program service revenue		0	0	0	0	
	g	Total. Add lines 2a-2f			126,839,720			
Other Revenue	3	Investment income (including dividends, interest and other similar amounts)			2,210,250	0	0	2,210,250
	4	Income from investment of tax-exempt bond proceeds . .			0	0	0	0
	5	Royalties			0	0	0	0
	6a	(i) Real		(ii) Personal				
		156,462		0				
		66,864		0				
		89,598		0				
	d	Net rental income or (loss)			89,598	89,598	0	0
	7a	(i) Securities		(ii) Other				
		0		13,338				
		0		0				
		0		13,338				
	d	Net gain or (loss)			13,338	13,338	0	0
	8a	Gross income from fundraising events (not including \$ 0 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	CHILD CARE SERVICES	624410	-72,296	34,190	-106,486	0		
b	LAUNDRY	812300	-618	0	-618	0		
c	PRIME ADVANTAGE	624100	11,413	11,413	0	0		
d	All other revenue		1,201,214	654,944	0	546,270		
e	Total. Add lines 11a-11d			1,139,713				
12	Total revenue. See Instructions			130,304,758	127,648,693	-112,594	2,756,520	

Part IX

Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D)

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States See Part IV, line 21				
2	Grants and other assistance to individuals in the United States See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	485,512	0	485,512	0
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	45,202,240	40,229,994	4,972,246	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	3,322,992	2,957,463	365,529	
9	Other employee benefits	7,437,298	6,619,195	818,103	
10	Payroll taxes	3,326,064	2,960,197	365,867	
11	Fees for services (non-employees)				
a	Management				
b	Legal	65,530	0	65,530	
c	Accounting	59,034	0	59,034	
d	Lobbying				
e	Professional fundraising See Part IV, line 17				
f	Investment management fees				
g	Other	3,556,540	3,556,540	0	
12	Advertising and promotion	428,213	428,213		
13	Office expenses	601,323	535,177	66,146	
14	Information technology	0	0	0	
15	Royalties	0	0	0	
16	Occupancy	1,770,118	1,575,405	194,713	
17	Travel	546,506	486,390	60,116	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	6,599		6,599	
20	Interest	541,104	541,104	0	
21	Payments to affiliates	9,700,521	0	9,700,521	
22	Depreciation, depletion, and amortization	5,711,475	5,711,475	0	
23	Insurance	892,780	794,574	98,206	
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	SUPPLIES	22,086,649	19,657,118	2,429,531	0
b	REPAIRS AND MAINTENANCE	4,785,178	4,258,808	526,370	0
c	CONTRACT SERVICES	7,568,162	6,735,664	832,498	0
d	TAXES	2,260,472	2,260,472	0	0
e					
f	All other expenses	2,658,160	2,365,762	292,398	
25	Total functional expenses. Add lines 1 through 24f	123,012,470	101,673,551	21,338,919	0
26	Joint costs. Check here ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing			368,398	1	580,923
	2	Savings and temporary cash investments			76,058,264	2	65,338,450
	3	Pledges and grants receivable, net			0	3	0
	4	Accounts receivable, net			21,172,436	4	22,851,974
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L			0	5	0
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L			0	6	0
	7	Notes and loans receivable, net			3,330	7	3,330
	8	Inventories for sale or use			2,289,884	8	2,630,369
	9	Prepaid expenses and deferred charges			4,101,782	9	8,503,851
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a	148,380,294			
	b	Less: accumulated depreciation	10b	91,964,013	41,938,255	10c	56,416,281
	11	Investments—publicly traded securities			4,230,248	11	2,212,853
	12	Investments—other securities. See Part IV, line 11			0	12	0
	13	Investments—program-related. See Part IV, line 11			3,270,466	13	3,456,375
	14	Intangible assets			0	14	0
	15	Other assets. See Part IV, line 11			2,991,720	15	5,434,073
	16	Total assets. Add lines 1 through 15 (must equal line 34)			156,424,783	16	167,428,479
Liabilities	17	Accounts payable and accrued expenses			25,540,847	17	46,728,151
	18	Grants payable			0	18	
	19	Deferred revenue			0	19	
	20	Tax-exempt bond liabilities			39,174,702	20	36,623,261
	21	Escrow or custodial account liability. Complete Part IV of Schedule D			0	21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L			0	22	
	23	Secured mortgages and notes payable to unrelated third parties			0	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			603,629	25	1,190,185
	26	Total liabilities. Add lines 17 through 25			65,319,178	26	84,541,597
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here ☒ and complete lines 27 through 29, and lines 33 and 34.						
	27	Unrestricted net assets			91,105,605	27	82,886,882
	28	Temporarily restricted net assets			0	28	0
	29	Permanently restricted net assets			0	29	0
	Organizations that do not follow SFAS 117, check here ☐ and complete lines 30 through 34.						
	30	Capital stock or trust principal, or current funds				30	
	31	Paid-in or capital surplus, or land, building or equipment fund				31	
	32	Retained earnings, endowment, accumulated income, or other funds				32	
	33	Total net assets or fund balances			91,105,605	33	82,886,882
	34	Total liabilities and net assets/fund balances			156,424,783	34	167,428,479

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	130,304,758
2	Total expenses (must equal Part IX, column (A), line 25)	2	123,012,470
3	Revenue less expenses Subtract line 2 from line 1	3	7,292,288
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	91,105,605
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-15,511,011
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	82,886,882

Part XII Financial Statements and Reporting

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

		Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☒ Accrual ☐ Other If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		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 ☐ Separate basis ☒ Consolidated basis ☐ Both consolidated and separated basis		
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		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

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization T J SAMSON COMMUNITY HOSPITAL	Employer identification number 61-0461767
---	--

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	(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	(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

16b 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

17b 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 T J SAMSON COMMUNITY HOSPITAL	Employer identification number 61-0461767
---	--

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?		☐ Yes ☐ No												

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

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

Part II-B

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

		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
	a Volunteers?		No	
	b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
	c Media advertisements?		No	
	d Mailings to members, legislators, or the public?		No	
	e Publications, or published or broadcast statements?		No	
	f Grants to other organizations for lobbying purposes?		No	
	g Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
	h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?	Yes		7,881
	i Other activities? If "Yes," describe in Part IV		No	
j Total lines 1c through 1i				7,881
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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

Identifier	Return Reference	Explanation
SchC_P2B_S00_L01	Schedule C, Part II-B, Line 1	THE HOSPITAL PAYS MEMBERSHIP DUES TO THE AMERICAN HOSPITAL ASSOCIATION AS WELL AS THE KENTUCKY HOSPITAL ASSOCIATION OF WHICH SOME OF THE DUES ARE USED FOR LOBBYING PURPOSES

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
T J SAMSON COMMUNITY HOSPITAL

Employer identification number
61-0461767

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

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

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

1

Purpose(s) of conservation easements held by the organization (check all that apply)

☐ Preservation of land for public use (e g , recreation or pleasure)☐ Preservation of an historically importantly land area
☐ Protection of natural habitat☐ Preservation of a certified historic structure
☐ Preservation of open space

2

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

	Held at the End of the Year
a	Total number of conservation easements
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
► \$ _____

For Privacy Act and Paperwork Reduction Act Notice, see the Intructions for Form 990

Cat No 52283D

Schedule D (Form 990) 2011

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

	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

b

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

	Yes	No
3a(i)		
3a(ii)		
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	0	2,091,573		2,091,573
b Buildings	0	54,333,716	18,335,807	35,997,909
c Leasehold improvements	0	1,866,304	1,367,183	499,121
d Equipment	0	90,088,701	72,261,023	17,827,678
e Other	0	0	0	0
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				56,416,281

Schedule D (Form 990) 2011

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
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SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
T J SAMSON COMMUNITY HOSPITAL

Employer identification number
61-0461767

Part I

Charity Care and Certain Other Community Benefits at Cost

		Yes	No	
1a	Did the organization have a charity care policy? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization had multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals ☐ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☒ 100% ☐ 150% ☐ 200% ☐ Other _____%	3a	Yes	
b	Did the organization use FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care ☒ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☐ Other _____%	3b	Yes	
c	If the organization did not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care			
4	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	Yes	
6b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H			

7

Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1)			3,191,964	1,023,956	2,154,862	
b Medicaid (from Worksheet 3, column a)			16,116,937	12,778,778	3,240,931	
c Costs of other means-tested government programs (from Worksheet 3, column b)			0	0	0	
d Total Charity Care and Means-Tested Government Programs	0	0	19,308,901	13,802,734	5,395,793	0 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)					309,000	
f Health professions education (from Worksheet 5)			839,450		839,450	
g Subsidized health services (from Worksheet 6)					23,690	
h Research (from Worksheet 7)					0	
i Cash and in-kind contributions for community benefit (from Worksheet 8)					66,281	
j Total Other Benefits	0	0	839,450	0	1,238,421	0 %
k Total. Add lines 7d and 7j	0	0	20,148,351	13,802,734	6,634,214	0 %

Part IICommunity 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
1Physical improvements and housing			515		515	
2Economic development			77,611		77,611	
3Community support			2,560		2,560	
4Environmental improvements						
5Leadership development and training for community members			7,337		7,337	
6Coalition building			26,910		26,910	
7Community health improvement advocacy			23,319		23,319	
8Workforce development			30,900		30,900	
9Other						
10Total	0	0	169,152	0	169,152	0 %

Part IIIBad 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?	1Yes	
2	Enter the amount of the organization's bad debt expense	24,819,768	
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	31,301,337	
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)	529,831,441	
6	Enter Medicare allowable costs of care relating to payments on line 5	636,933,006	
7	Subtract line 6 from line 5. This is the surplus or (shortfall)	7-7,101,565	
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: ☐ Cost accounting system ☒ Cost to charge ratio ☐ Other		

Section C. Collection Practices

9a	Did the organization have a written debt collection policy during the tax year?	9aYes	
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.	9bYes	

Part IVManagement Companies and Joint Ventures (see instructions)

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

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)

TJ SAMSON COMMUNITY HOSPITAL INC

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

Part V

Facility Information (continued)

		Yes	No	
10	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>200</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 ☒ Income level b ☒ Asset level c ☒ Medical indigency d ☒ Insurance status e ☒ Uninsured discount f ☒ Medicaid/Medicare g ☒ State regulation h ☐ Other (describe in Part VI)	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 ☐ The policy was posted at all times on the hospital facility's web site b ☐ The policy was attached to all billing invoices c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms d ☐ The policy was posted in the hospital facility's admissions offices e ☐ The policy was provided, in writing, to patients upon admission to the hospital facility f ☒ The policy was available upon request g ☐ Other (describe in Part VI)	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 ☒ Reporting to credit agency b ☒ Lawsuits c ☒ Liens on residences d ☐ Body attachments or arrests e ☐ Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged a ☒ Reporting to credit agency b ☒ Lawsuits c ☒ Liens on residences d ☐ Body attachments e ☐ Other similar actions (describe in Part VI)	16	Yes	
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) a ☒ Notified patients of the financial assistance policy upon admission b ☒ Notified patients of the financial assistance policy prior to discharge c ☒ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d ☒ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy e ☐ Other (describe in Part VI)			

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

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

Part V

Facility Information (continued)

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

(list in order of size from largest to smallest)

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

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

Part VI

Supplemental Information

Complete this part to provide the following information

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

Identifier	ReturnReference	Explanation
SchH_P01_S00_L07	Schedule H, Part I, Line 7	COST IS CALCULATED BY APPLYING THE TOTAL COST TO CHARGE RATIO

Identifier	ReturnReference	Explanation
SchH_P01_S00_L072f	Schedule H, Part I, Line 7, Column f	N/A

Identifier	ReturnReference	Explanation
SchH_P01_S00_L07g	Schedule H, Part I, Line 7g	N/A

Identifier	ReturnReference	Explanation
SchH_P02_S00_L00	Schedule H, Part II	THE HOSPITAL PREFORMS BUILDING ACTIVITIES TO IMPROVE RESIDENTS HEALTH

Identifier	ReturnReference	Explanation
SchH_P03_S0A_L04	Schedule H, Part III, Section A, Line 4	PATIENT ACCOUNTS RECEIVABLE ARE STATED AT NET REALIZABLE VALUE THE HOSPITAL MAINTAINS ALLOWANCES FOR UNCOLLECTIBLE ACCOUNTS AND FOR ESTIMATED LOSSES RESULTING FROM A PAYOR'S INABILITY TO PAY MANAGEMENT ESTIMATES THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS BASED ON THEIR ASSESSMENT OF HISTORICAL AND EXPECTED NET COLLECTIONS CONSIDERING HISTORICAL AND CURRENT BUSINESS AND ECONOMIC FACTORS, TRENDS IN HEALTHCARE COVERAGE, AND OTHER COLLECTION INDICATORS ACCOUNTS RECEIVABLE ARE CHARGED TO THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS WHEN THEY ARE DEEMED UNCOLLECTIBLE

Identifier	ReturnReference	Explanation
SchH_P03_S0B_L08	Schedule H, Part III, Section B, Line 8	THE HOSPITAL BELIEVES THAT 100% OF THE SHORTFALL IS COMMUNITY BENEFIT AND IT IS AN UNREIMBURSED COST TO THE HOSPITAL FOR PROVIDING THE GOVERNMENT PROGRAM

Identifier	ReturnReference	Explanation
SchH_P03_S0C_L09b	Schedule H, Part III, Section C, Line 9b	THE HOSPITAL PROVIDES ASSISTANCE TO PATIENTS THAT QUALIFY UNDER THE GUIDELINES

Identifier	ReturnReference	Explanation
SchH_P06_S00_L02	Schedule H, Part VI, Line 2	Needs Assessment- TJSCH has an organizational commitment to improve the overall health of the communities that we serve. The health needs of our community are assessed in a number of ways. Quarterly Market Share Reports are utilized to identify inpatient and outpatient trends and migration of patients. This method is used to identify services that are currently needed or in high demand for expansion. In addition, by studying Community Health reporting conducted by Iowa Department of Public Health, we are able to identify areas that need to be addressed within our community. Currently, plans are developed utilizing hospital community health educators to screen and educate the community and target those specific demographics in needs. A dedicated location in the community has been designated to house the educators. It was determined that a separate location away from the hospital was appealing to our consumers and allowed the community educators plenty of space to provide services. Our community health educators partner with local businesses and industries to conduct health events. Some examples of services provided to the community are, health fairs, prostate screenings, glucose checks, CPR, cholesterol tests, blood pressure screenings, BMI check, cancer support, diabetic support, bereavement support, child birth classes, child safety seat training, and community support groups. TJSCH proudly sponsors events conducted by area school systems. Our vision is to invest in the youth by providing information and education at an early age causing students to be proactive about their health. Examples of events include sports bowls, career fairs, and school health events. For the last seven years, TJSCH has joined with Teach Kentucky (a state funded program designed to help Kentucky school teachers better understand healthcare related careers). TJSCH invites program attendees to round throughout the facility to meet with staff in all areas. We provide teachers with knowledge to educated students who are interested in healthcare careers, realizing that opportunities exist outside the careers of a doctor or a nurse. In 2011, TJSCH along with business, educational, community and other healthcare leaders joined alongside the Barren River District Health Department to facilitate an evidenced-based community health assessment process called MAPP (Mobilizing for Action through Planning and Partnerships). Evidence supports that the poor health status of Kentucky impacts the current/future workforce, our local economy and our quality of life. The coalition over the next few years will work to address the issues at hand. The outcome of the collaboration will produce a regional community health plan that will involve commitments from stakeholders. The hospital also utilizes community members to form the Patient Advisory Council to work as a sounding board for new and expanding services as well as to identify patient experiences that need improvement. Annually, T J Samson Community Hospital works through strategic planning and Consumer Preference data (an online servicing tool) to help identify and prioritize services that need to be improved or created in order to better meet the health needs of the community.

Identifier	ReturnReference	Explanation
SchH_P06_S00_L03	Schedule H, Part VI, Line 3	Patient education of eligibility for assistance T J Samson Community Hospital in an effort to provide superior patient education of eligibility for assistance informs each person billed for services on their eligibility for assistance under federal, state, and local government Upon admission each patient is provided with a packet that includes a brochure that is a guide to their hospital bill This guide educates that patient on insurance billing information as well as payment arrangements offered by T J Samson Options include a Disproportionate Share Hospital Program (DISH), First Source which provides information and education on federal assistance programs, charity and financial aid assistance applications, and payment schedule arrangements

Identifier	ReturnReference	Explanation
SchH_P06_S00_L04	Schedule H, Part VI, Line 4	Community Information SERVICE AREA AND DEMOGRAPHICS Overview TJSCH's 196 beds are located in Glasgow, Kentucky, the county seat of Barren County Barren County is one of the main hubs for the Barren River Area Development District (BRADD), with direct access to Interstate 65, railway service and an airport TJSCH is conveniently situated halfway between Louisville, Kentucky and Nashville, Tennessee The primary service area (PSA) includes Barren, Hart and Metcalfe counties with 70,470 residents in a 1,200 square mile area The secondary service area (SSA) includes Adair, Allen, Clinton, Cumberland, Edmonson, Green, Monroe, Russell and Warren counties with 221,480 residents in 3,000 square miles In total, TJSCH's twelve-county service area of approximately 4,200 square miles extends beyond the BRADD counties-providing health care services to over 290,000 residents

Identifier	ReturnReference	Explanation
SchH_P06_S00_L05	Schedule H, Part VI, Line 5	Promotion of community health Our mission TJSCH will promote and provide for the health a nd well being of those we serve Our vision As a regional provider, TJSCH takes pride in being good stewards of our available resources and utilizing them to anticipate and meet t he health needs of the region by promoting health in our communities and delivering qualit y, appropriate and compassionate care Our Goals * Clinical Quality * Customer Service * Quality Work-life * Financial Performance Organizational Values * Service * Excellence * Resources * Value * Innovation * Compassionate Care * Ethics Statement of Community Commit ment TJSCH is a nonprofit, charitable corporation operated for the sole purpose of promot ing and providing for the health of the people in its service area It does so by making s ure that necessary hospital and health services, appropriate for the size of the community , are available to all on a cost-effective basis, without regard to their ability to pay These include such essential services such as a 24-hour emergency room, obstetrics, critic al care capabilities, and disaster preparedness To be able to continue to offer these ser vices at a level of safety the community has a right to expect, this organization must be able to generate sufficient volume and sufficient revenue to support those essential servi ces which, due to insufficient reimbursement or high expenses associated with the type of service or patient involved, cannot sustain themselves It must also rely on the support o f a high quality staff of physicians, nurses and other professionals who not only deliver care, but also monitor and work to improve the quality and effectiveness of the services p rovided to the community All policies and actions of TJSCH shall be in furtherance of ide ntifying and meeting the health needs of those that we serve With dedicated staff positio ned locally, the community can be assured access to primary care Physicians strategically aligned with the rural provider can successfully manage their practice and the health of the local community Past strategies recommended that rural hospitals affiliate with large r, urban hospitals or health systems to increase the facility's access to capital, advance d health care and improved community health options To directly influence its own operati ons, the development of strong specialty clinics should increase ancillary utilization and improve local confidence in the hospital's ability to meet the local community's health d emands In order to meet increased demand for ancillary services, rural hospitals need to expand and grow outpatient business This is done so by purchasing the technology and labo ratory equipment to keep testing in- house By expanding the outpatient services offered t o the community and investing in the equipment to provide those services, a rural hospital is able to take full advantage of the business driven by the specialty clinics Marketing a situation where your care can be managed locally drives facility confidence locally Th e community will be aware of the many services available through the hospital, its outpati ent centers and its specialty clinics The aging community opens the door to increased dem and for sub-acute healthcare Home health, skilled nursing, and rehabilitation services pr ovide an inpatient hospital with a continuum of care to serve the community beyond the acu te environment Even if a resident needs to seek specialty care out of market, extensive s ub-acute services will return the patient to their community where they are comfortable an d familiar to the surroundings Other community health efforts TJSCH clinical staff comple ted the Agency for Healthcare Research and Quality (AHRQ) Patient Safety Culture Survey an nually since 2009 demonstrating improvements each year Our nursing department has held me mbership with the National Database of Nursing Quality Indicators (NDNQI) since 2008 We c urrently submit nursing quality indicators for pressure ulcers, patient falls, central lin e associated blood stream infections, catheter related urinary tract infections, and venti lator acquired pneumonia We also initiated participation in the RN staff satisfaction sur vey the fall of 2010 TJSCH has received better than the national average for Hospital Con sumer Assessment for Healthcare Provider Services (HCAHPS) for the past three reporting qu arters in all ten composite indicators TJSCH is a member of Premier Purchasing Partners a nd MHA-PRIME for the purpose of group purchasing TJSCH is very involved in the community and has led the charge in bringing several coalitions together for State programs such as Highway Safety (now Safe Communities), KY Injury and Prevention Research (funding provided as a pass-through grant from CDC to the University of Kentucky) which have all been finan cially supported by grants that TJ has helped procure In fall 2003, Barren, Hart and Metc alfe counties received an award of \$175,000 in sta

Identifier	ReturnReference	Explanation
SchH_P06_S00_L05	Schedule H, Part VI, Line 5	te funding to create a coalition to study substance abuse in their counties TJSCH served as the lead entity in forming the coalition and procuring the funding to identify and deve lop policies and treatment options for individuals in need of education and treatment for substance abuse Upon receipt of the funds TJSCH hired a Board Coordinator to execute the strategic plan that was developed during the grant application process TJSCH serves as th e fiscal agent for the distribution and record keeper of these resources We know the call to truly improve health status and quality of life regularly takes us outside of the hosp ital walls As such, the hospital is an active participant and supporter of organizations such as Camp Courageous, Discovery Academy, Community Medical Care and Med Share Internati onal TJSCH and its associates provide assistance to several community fundraisers that su pport the service, education and research needs of health and social service related organ izations In donations and staff time our contributions for these activities exceed \$64,00 0 not including the personal contributions of our employees totaling over \$30,000 * Ameri can Cancer Society-Relay for Life * American Diabetes Association Walk * American Heart As sociation-Heart Walk and Wear Red Day * Barren County Safe Communities * Barren County Safe Kids * Big Brothers/Big Sisters * Health Education Theatre * Coalition for Drug Free Com munities * Community Action Angel Tree * Community of Promise * Cystic Fibrosis Walk * Hig hland Games * March of Dimes Walk America * Susan G Komen * United Way * YMCA

Identifier	ReturnReference	Explanation
SchH_P06_S00_L06	Schedule H, Part VI, Line 6	Affiliated health care systems T J Regional Health, Inc As of January 1, 2011, TJSCH became a subsidiary of a newly formed organization, T J Regional Health, Inc This organization serves as the parent organization and was formed to help facilitate the organizations plans to become more regionally focused At the same time a second subsidiary of T J Regional Health was formed, T J Health Partners, LLC T J Health Partners, LLC, operates physician clinics that include family medicine, internal medicine, cardiology, urology, neurology, gynecology and pain management T J Health Partners, LLC is a physician multi-specialty clinic that offers patients easy access to care The comprehensive services allow patients to remain in the community for their healthcare needs As community needs are identified, ongoing efforts will be made to expand the offerings Specialties range from Primary Care to Invasive/Interventional Cardiology, Urology, Pulmonary, Oncology, and Neurology Each office is designed to meet as many of the patient's needs in the office setting as possible T J Health Pavilion is an outpatient service facility owned and operated by T J Samson Community Hospital and is designed to meet the demand of rising outpatient volumes The T J Health Pavilion houses the physician group of T J Health Partners and the outpatient services of T J Samson Community Hospital The facility allows the community access to a wide array of services and technology all located in one convenient location Services and specialties include, rehabilitation, dialysis, urgent care services, laboratory, radiology, primary care, oncology, urology, pain management, surgery physicians, obstetrics and gynecology, cardiology, and nephrology Barren-Metcalf EMS is a medical transport service company providing local medical transportation in Barren and Metcalfe County It offers a full range of medical transportation services The hospital has two representatives that serve on the Ambulance Board and provides financial support to cover 20% of the deficit incurred at month end TJSCH is home to the Louisville Medical Center's Air Methods Air Methods is a comprehensive medical transportation system that includes emergency helicopter, fixed-wing (airplane) aircraft, and ground mobile intensive care vehicles Air Methods is not a replacement for existing ground emergency medical services The goal is to compliment the care given by the team on the ground Air Methods is very active with public safety education This includes going to high schools to discourage drinking and driving by participating in mock motor vehicle crash demonstrations for local SADD chapters Air Methods also participates in Prom Promise activities and victim impact panels Air Methods frequently provides assistance to local EMS, fire departments, and police agencies with mock motor vehicle crashes, disaster scenarios, and other training TJSCH has on its campus the University of Louisville Family Medicine Residency Program This three-year program trains residents to become family practitioners under the guidance of local physicians The residency program at TJSCH is 1 of only 7 in Kentucky and treats some 12,000 patients annually The Barren River Regional Cancer Center is a joint venture between TJSCH and The Medical Center This center has allowed cancer specialists to create a caring and personal environment for those patients who require radiation oncology Cancer treatment is individualized, innovative, comprehensive, and delivered with care and optimism All treatment team members are specially certified and strive to create a relaxing, comfortable place in which to seek treatment The Center is staffed with full-time oncologists, therapists and technicians using the newest equipment to effectively diagnose cancers and plan the most effective course of treatment Community Medical Care, Inc is a local charity assisting Barren County's low-income seniors with prescription medication, prescription glasses, and hearing aids Community Medical Care also assists low-income, working uninsured adults of Barren County by providing primary health care, prescription medication, emergency dental, optometric and hospital care, and specialist consultation The primary health care is made possible through the residency program at T J Samson Community Hospital

Schedule J
(Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization T J SAMSON COMMUNITY HOSPITAL	Employer identification number 61-0461767
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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 ☐ First-class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax idemnification and gross-up payments ☐ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)		
1b 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 ☐ Compensation committee ☐ Written employment contract ☒ Independent compensation consultant ☐ Compensation survey or study ☐ Form 990 of other organizations ☐ Approval by the board or compensation committee		
4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization		
4a Receive a severance payment or change-of-control payment?		No
4b Participate in, or receive payment from, a supplemental nonqualified retirement plan?		No
4c Participate in, or receive payment from, an equity-based compensation arrangement? If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III		No
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		
5a The organization?		No
5b Any related organization? If "Yes," to line 5a or 5b, describe in Part III		No
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		
6a The organization?	Yes	
6b Any related organization? If "Yes," to line 6a or 6b, describe in Part III	Yes	
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)?		

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

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) WILLIAM KINDRED	(i)	264,555	53,572	0	21,643	14,335	354,105	
	(ii)	0	0	0	0	0	0	0
(2) ANTHONY SUDDUTH	(i)	214,453	44,170	0	20,315	13,978	292,916	0
	(ii)	0	0	0	0	0	0	0
(3) BOGDAN MARCOL	(i)	21,057	0	0	20,315	0	41,372	0
	(ii)	526,283	0	0	0	15,584	541,867	0
(4) NEIL THORNBURY	(i)	135,962	18,826	0	1,418	12,909	169,115	0
	(ii)	0	0	0	0	0	0	0
(5) MARGARET BILLINGSLEY	(i)	157,556	18,826	0	1,443	5,827	183,652	0
	(ii)	0	0	0	0	0	0	0
(6) JOHN NESBITT	(i)	19,936	0	0	9,800	0	29,736	0
	(ii)	499,905	0	0	0	14,794	514,699	0
(7) VENKATA REDDY	(i)	28,755	0	0	9,800	0	38,555	0
	(ii)	719,121	0	0	0	14,614	733,735	0
(8) HARIKRISHNAN NAIR	(i)	0	0	0	0	0	0	0
	(ii)	482,159	0	0	5,077	14,901	502,137	0
(9) RYAN TURPEN	(i)	0	0	0	0	0	0	0
	(ii)	189,285	0	0	6,154	12,071	207,510	0
(10) SUDHEER NAMBIAR	(i)	0	0	0	0	0	0	0
	(ii)	187,391	0	0	3,942	15,921	207,254	0

Part IIISupplemental 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
SchJ_P01_S00_L06	Schedule J, Part I, Line 6	THE CHEIFS OF THE HOSPITAL RECEIVE BONUSES IN WHICH PARTS ARE CALCULATED BASED ON THE NET EARNINGS OF TJ SAMSON COMMUNITY HOSPITAL AND TJ HEALTH PARTNERS LLC

Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization
T J SAMSON COMMUNITY HOSPITAL

Employer identification number
61-0461767

Part I

Bond Issues

(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A CITY OF GLASGOW KENTUCKY	61-6001831	376844AT3	08-24-2011	29,632,455	FOR CONSTRUCTION		X		X		X
B CITY OF EDMONTON KY	61-6012870		04-03-2012	7,650,000	To refinance 1998 bond issue		X		X		X

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired	0		0					
2	Amount of bonds defeased	0		0					
3	Total proceeds of issue	0		7,650,000					
4	Gross proceeds in reserve funds	2,212,852		0					
5	Capitalized interest from proceeds	1,940,080		0					
6	Proceeds in refunding escrow	221,767		0					
7	Issuance costs from proceeds	0		132,460					
8	Credit enhancement from proceeds	0		0					
9	Working capital expenditures from proceeds	0		0					
10	Capital expenditures from proceeds	19,693,045		0					
11	Other spent proceeds	0		7,650,000					
12	Other unspent proceeds	0		0					
13	Year of substantial completion	2013							
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X		X				
15	Were the bonds issued as part of an advance refunding issue?		X	X					
16	Has the final allocation of proceeds been made?	X		X					
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

Part III

Private Business Use

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

Part III

Private Business Use (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?		X		X				
b	If 'Yes' to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X				
d	If 'Yes' to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government			0 %					
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government			0 %					
6	Total of lines 4 and 5	0 %		0 %					
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		X					

Part IV

Arbitrage

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

Part V

Procedures To Undertake Corrective Action

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

Part VI

Supplemental Information

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

Identifier	Return Reference	Explanation
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SCHEDULE 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
T J SAMSON COMMUNITY HOSPITAL**Employer identification number**

61-0461767

Identifier	Return Reference	Explanation
F990_P06_S0B_L11b	Form 990, Part VI, Section B, Line 11b	THE 990 IS REVIEWED BY THE CEO AND CFO BEFORE FILED
F990_P06_S0B_L12c	Form 990, Part VI, Section B, Line 12c	YEARLY THE BOARD REVIEWS THE POLICY AND ENSURES COMPLIANCE BY ALL MEMBERS EACH MEMBER MUST ANNUALLY DISCLOSE COMPLIANCE
F990_P06_S0B_L15	Form 990, Part VI, Section B, Line 15	THE HOSPITAL USES AN OUTSIDE AGENCY TO HELP DETERMINE COMPENSATION LEVELS
F990_P06_S0C_L19	Form 990, Part VI, Section C, Line 19	ALL DOCUMENTS ARE AVAILABLE UPON REQUEST FROM THE ORGANIZATION
F990_P11_S00_L05	Form 990, Part XI, Line 5	PARTNERSHIP DEDUCTIONS-2 UNREALIZED GAINS ON INVESTMENTS-590,646 CHANGE IN RETIREMENT PLAN-(15,731,035) PARTNERSHIP INCOME PER K-1-(335,991) PARTNERSHIP INVESTMENT INCOME PER K-1-(1,104) PARTNERSHIP GAIN PER K-1-(4) GIFT SHOP PROFIT-(33,525)

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
T J SAMSON COMMUNITY HOSPITAL

Employer identification number
61-0461767

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) TJ REGIONAL HEALTH INC 1301 NORTH RACE STREET GLASGOW, KY 42141 27-3988336	PARENT ORGANIZATION OF HEALTHCARE FACILITY	KY	501c3		N/A	Yes	

Part III

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end-of- year assets	(h) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) TJ HEALTH PARTNERS LLC 1301 NORTH RACE STREET GLASGOW, KY 42141 27-3988456	TO PROVIDE DOCTOR SERVICES IN BARREN AND SURROUNDING COUNTIES IN KENTUCKY	KY	N/A									

Part IV

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

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

Part V

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

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

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

a Receipt of (i) interest (ii) annuities (iii) royalties (iv) rent from a controlled entity

b Gift, grant, or capital contribution to related organization(s)

c Gift, grant, or capital contribution from related organization(s)

d Loans or loan guarantees to or for related organization(s)

e Loans or loan guarantees by related organization(s)

f Sale of assets to related organization(s)

g Purchase of assets from related organization(s)

h Exchange of assets with related organization(s)

i Lease of facilities, equipment, or other assets to related organization(s)

j Lease of facilities, equipment, or other assets from related organization(s)

k Performance of services or membership or fundraising solicitations for related organization(s)

l Performance of services or membership or fundraising solicitations by related organization(s)

m Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

n Sharing of paid employees with related organization(s)

o Reimbursement paid to related organization(s) for expenses

p Reimbursement paid by related organization(s) for expenses

q Other transfer of cash or property to related organization(s)

r Other transfer of cash or property from related organization(s)

Yes

No

1a

No

1b

Yes

1c

No

1d

No

1e

No

1f

No

1g

No

1h

No

1i

No

1j

No

1k

Yes

1l

Yes

1m

Yes

1n

Yes

1o

No

1p

No

1q

No

1r

No

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) TJ REGIONAL HEALTH INC	b	9,700,520	CASH AMOUNT DONATED TO TJ REGIONAL HEALTH FROM TJ SAMSON COMMUNITY HOSPITAL
(2) TJ HEALTH PARTNERS LLC	d	2,510,322	THE AMOUNT IS THE ADDITIONAL AMOUNT FOR THE YEAR THAT TJ HEALTH PARTNER OWES TJ SAMSON FOR SERVICES IN WHICH TJ SAMSON PROVIDED FOR TJ HEALTH PARTNER'S OR AMOUNTS PAID ON BEHALF OF TJ HEALTH PARTNERS THE TOTAL OF THE DUE FROM TJ HEALTH PARTNERS IS 3,852,796
(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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T. J. REGIONAL HEALTH, INC.
FINANCIAL STATEMENTS
SEPTEMBER 30, 2012 AND 2011

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TAYLOR, POLSON & COMPANY, PSC

CERTIFIED PUBLIC ACCOUNTANTS

101 McKENNA STREET, P. O. BOX 1804
GLASGOW, KENTUCKY 42142-1804

TELEPHONE 270-651-8877
FAX 270-651-8879

JOHN M. TAYLOR, CPA
FREDDIE C. POLSON, CPA
BELINDA E. COULTER, CPA

JANET M. WILEY, CPA
JOHN M. TAYLOR III, CPA
JEFF P. CARTER, CPA

BRANCH OFFICE
108 WEST THIRD STREET
P.O. BOX 778
TOMPKINSVILLE, KENTUCKY 42167
TELEPHONE 270-487-6515
FAX 270-487-6515

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
T. J. Regional Health, Inc.
Glasgow, Kentucky

We have audited the accompanying consolidated balance sheets of T. J. Regional Health, Inc., as of September 30, 2012 and 2011, and the related consolidated statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the 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 Organization's internal control over financial reporting. Accordingly, we express no such opinion.

An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of T. J. Regional Health, Inc., as of September 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.


Certified Public Accountants

January 19, 2013

CONSOLIDATED FINANCIAL STATEMENTS

**T. J. REGIONAL HEALTH, INC.
BALANCE SHEETS
SEPTEMBER 30, 2012 AND 2011**

ASSETS

	<u>9-30-12</u>	<u>9-30-11</u>
CURRENT ASSETS		
Cash and Cash Equivalents	3,137,096	2,745,025
Investments	8,761,665	10,107,798
Patient Accounts Receivable, Net of Allowance for Doubtful Accounts of \$11,129,330 and \$10,470,805	25,027,952	23,369,556
Estimated Third-Party Payor Settlements	502,086	625,068
Other Receivables	237,937	148,604
Inventories	2,833,378	2,345,717
Prepaid Expenses	1,740,617	1,555,973
Notes and Interest Receivable	<u>3,330</u>	<u>3,329</u>
Total Current Assets	<u>42,244,061</u>	<u>40,901,070</u>
ASSETS WHOSE USE IS LIMITED		
Internally Designated - Depreciation Funds	41,722,228	36,923,191
Held by Trustee - Bond Funds	<u>14,853,777</u>	<u>31,428,083</u>
Total Assets Whose Use is Limited	<u>56,576,005</u>	<u>68,351,274</u>
PROPERTY, PLANT, AND EQUIPMENT		
Land	2,091,573	1,961,573
Land Improvements	1,866,304	1,653,940
Buildings	19,972,783	19,750,954
Building Improvements	14,667,889	13,849,651
Fixed Equipment	23,875,297	23,861,560
Movable Equipment	66,549,365	62,563,366
Construction in Progress	<u>19,693,045</u>	<u>5,295,771</u>
	148,716,256	128,936,815
Accumulated Depreciation	<u>(92,140,435)</u>	<u>(86,747,370)</u>
Net Property, Plant, and Equipment	<u>56,575,821</u>	<u>42,189,445</u>
OTHER ASSETS		
Equity Interests		
Barren River Regional Cancer Center, Inc.	3,456,375	3,270,466
Premier LLP	93,361	93,361
Intangibles	207,092	207,092
Deposits and Advances	7,047,462	2,596,293
Physician Contracts	<u>1,405,275</u>	<u>1,620,378</u>
Total Other Assets	<u>12,209,565</u>	<u>7,787,590</u>
TOTAL ASSETS	<u>167,605,452</u>	<u>159,229,379</u>

LIABILITIES AND NET ASSETS

	<u>9-30-12</u>	<u>9-30-11</u>
CURRENT LIABILITIES		
Accounts Payable	6,850,167	3,648,044
Accrued Wages	2,911,199	1,684,389
Accrued Vacation Pay	2,593,284	2,393,575
Accrued Health Insurance	1,054,774	859,620
Payroll Withholdings	290,025	255,418
Provider Tax Payable	180,770	178,645
Estimated Third-Party Payor Settlements	717,301	1,252,017
Other Liabilities	41,981	33,284
Current Portion of Capital Lease	521,716	49,980
Current Portion of Bonds Payable	1,534,000	1,230,000
Accrued Interest on Bonds	293,211	4,631
Total Current Liabilities	<u>16,988,428</u>	<u>11,589,603</u>
NON-CURRENT LIABILITIES		
Capital Lease Payable, Net of Current Portion	948,844	8,330
Bonds Payable, Net of Current Portion	34,796,049	37,940,071
Accrued Pension Costs	34,498,293	17,826,803
Total Non-Current Liabilities	<u>70,243,186</u>	<u>55,775,204</u>
TOTAL LIABILITIES	<u>87,231,614</u>	<u>67,364,807</u>
NET ASSETS		
Unrestricted		
Internally Designated for Capital Acquisition and Debt Retirement	56,576,005	68,351,274
Undesignated	23,797,833	23,513,298
TOTAL NET ASSETS	<u>80,373,838</u>	<u>91,864,572</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>167,605,452</u>	 <u>159,229,379</u>

See accompanying notes to financial statements.

**T. J. REGIONAL HEALTH, INC.
STATEMENTS OF ACTIVITIES
SEPTEMBER 30, 2012 AND 2011**

	<u>9-30-12</u>	<u>9-30-11</u>
REVENUES AND OTHER SUPPORT		
Net Patient Service Revenue	137,182,620	115,873,506
Other Revenue	<u>2,630,143</u>	<u>2,808,930</u>
Total Revenues and Other Support	<u>139,812,763</u>	<u>118,682,436</u>
OPERATING EXPENSES		
Salaries and Wages	59,899,043	52,225,929
Benefits	16,368,925	14,858,902
Contract Labor	16,122	120,078
Medical Supplies	8,555,177	8,636,897
Drugs	8,006,134	5,319,792
Food	812,090	733,147
Professional Services	3,785,386	3,776,940
Contract Services	10,793,405	5,705,084
Rents and Leases	1,263,812	1,101,780
Repairs and Maintenance	5,002,832	3,826,174
Utilities	2,215,617	1,989,690
Other Supplies	8,001,876	7,731,826
Travel	929,768	713,194
Dues and Subscriptions	400,455	264,925
Taxes	2,272,256	2,215,604
Hospital Insurance	1,529,572	1,145,810
Depreciation	5,822,912	5,823,536
Miscellaneous	<u>1,448,908</u>	<u>896,317</u>
Total Operating Expenses	<u>137,124,290</u>	<u>117,085,625</u>
INCOME FROM OPERATIONS	<u>2,688,473</u>	<u>1,596,811</u>
OTHER INCOME (EXPENSE)		
Investment Income	1,523,238	1,307,765
Interest Expense	<u>(562,053)</u>	<u>(264,246)</u>
Net Other Income	<u>961,185</u>	<u>1,043,519</u>
REVENUES OVER EXPENSES	<u>3,649,658</u>	<u>2,640,330</u>
Change in Funded Status of Pension Plan	(15,731,035)	7,407,452
Unrealized Gain (Loss) on Investments	<u>590,646</u>	<u>(322,560)</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	<u>(11,490,731)</u>	<u>9,725,222</u>
NET ASSETS - BEGINNING OF YEAR	<u>91,864,572</u>	<u>82,139,350</u>
NET ASSETS - END OF YEAR	<u><u>80,373,841</u></u>	<u><u>91,864,572</u></u>

See accompanying notes to financial statements.

**T. J. REGIONAL HEALTH, INC.
STATEMENTS OF CASH FLOWS
SEPTEMBER 30, 2012 AND 2011**

	<u>9-30-12</u>	<u>9-30-11</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Income from Operations	2,688,473	1,596,811
Adjustments to Reconcile Income from Operations to Net Cash Provided by Operating Activities		
Depreciation and Amortization	5,822,912	5,823,536
Gain on the Sale of Assets	-	(572)
(Increase) Decrease in		
Patient Accounts Receivable	(1,658,396)	(800,106)
Estimated Third-Party Payor Settlements	122,922	(402,592)
Other Receivables	(89,333)	456,539
Inventories	(487,661)	(133,890)
Prepaid Expenses	(184,644)	(459,007)
Receivable from Medicaid Lawsuit	-	148,902
Equity Interests	(185,909)	(675,782)
Physician Contracts	215,103	(774,548)
Increase (Decrease) in		
Accounts Payable	3,202,126	22,817
Accrued Wages	1,226,810	(1,250,058)
Accrued Vacation Pay	199,709	476,671
Accrued Health Insurance	195,154	117,506
Payroll Withholdings	34,607	88,043
Provider Tax Payable	2,125	(4,788)
Estimated Third-Party Payor Settlements	(534,716)	269,835
Other Liabilities	8,697	1,894
Accrued Pension Costs	940,455	4,051,536
Net Cash Provided by Operating Activities	<u>11,518,434</u>	<u>8,552,747</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income	1,523,238	1,307,765
Property and Equipment Purchases and Deposits	(22,679,166)	(11,107,362)
Purchase of Intangibles	-	(207,092)
Proceeds from Sale of Equipment	-	58,000
(Increase) Decrease in		
Investments	1,555,077	(1,747,512)
Interest Receivable	12,944	(15,540)
Notes and Interest Receivable	-	1,115
Net Cash Used by Investing Activities	<u>(19,587,907)</u>	<u>(11,710,626)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Bonds	(2,312,126)	(1,160,000)
Interest Paid on Bonds	(1,924,868)	(245,213)
Proceeds of Bond Issue	-	29,383,188
Payments on Capital Lease	(140,403)	(49,980)
Net Cash Provided (Used) by Financing Activities	<u>(4,377,397)</u>	<u>27,927,995</u>
NET INCREASE (DECREASE) IN CASH	<u>(12,446,870)</u>	<u>24,770,116</u>
CASH - BEGINNING OF YEAR	<u>40,095,515</u>	<u>15,325,399</u>
CASH - END OF YEAR	<u>27,648,645</u>	<u>40,095,515</u>

See accompanying notes to financial statements.

**T. J. REGIONAL HEALTH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2012 AND 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

T. J. Samson Community Hospital (the Hospital) was established in 1929, as a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code. The Hospital serves the city of Glasgow, Barren County, and surrounding counties.

To facilitate the implementation of its strategic plan of becoming a regional provider and increased participation in physician practice ownership, the Organization was reorganized on January 1, 2011.

As part of this reorganization, two new entities were formed: T. J. Regional Health, Inc., (TJRH) and T. J. Health Partners, LLC. TJRH was formed as a 501(c)(3) not-for-profit organization and serves as the parent organization of the Hospital and the LLC. T. J. Health Partners, LLC (Partners) is considered a pass-through entity to TJRH, the sole member of the LLC. Partners is the company that operates all physician-related practices.

Basis of Consolidation

The consolidated financial statements include the accounts of T. J. Regional Health, Inc., and its wholly-owned subsidiaries, T. J. Samson Community Hospital (a not-for-profit corporation) and T. J. Health Partners, LLC (a limited liability company). All significant intercompany transactions and account balances have been eliminated in consolidation.

Use of Estimates

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

New Accounting Pronouncements

In August 2010, the FASB issued ASU 2010-23, *Measuring Charity Care for Disclosure*. The provisions of ASU 2010-23 are intended to reduce the diversity in how charity care is calculated and disclosed across healthcare entities that provide it. Charity care is required to be measured at cost, defined as the direct and indirect costs of providing the charity care. Funds received to offset or subsidize the cost of charity care provided, for example from gifts or grants restricted for charity care, should be separately disclosed. As a healthcare entity does not recognize revenue when charity care is provided, this update will only require enhanced disclosures and will have no effect on the consolidated statements of activities and changes in net assets. This new guidance is effective for fiscal years beginning after December 15, 2010, with retrospective application required and with early application permitted. T. J. Regional Health, Inc., adopted this guidance in fiscal year 2012. The adoption had no effect on the consolidated financial statements.

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*. ASU 2011-07 requires healthcare entities that recognize significant amounts of patient service revenue at the time of service even though they do not assess the patient's ability to pay

**T. J. REGIONAL HEALTH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2012 AND 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

New Accounting Pronouncements - Concluded

to present the provision for bad debts related to patient service revenue as a deduction from patient service revenue on the statement of operations. In addition, enhanced disclosure about the entity's policies for recognizing revenue and assessing bad debts, including disclosures of patient service revenue (net of contractual allowances and discounts) as well as qualitative and quantitative information about changes in the allowance for doubtful accounts, is required. This new guidance is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2011, with early adoption permitted. This guidance was adopted by T. J. Regional Health, Inc., in fiscal year 2012. The adoption had the effect of reducing net patient service revenue for the 2011 year by \$11,801,701, with an offsetting reduction in operating expenses. The statement of activities for the year ended September 30, 2011, has been changed to reflect this adoption.

Investments

Certificates of deposit, demand deposits, money market funds, and similar negotiable instruments that are not reported as cash and cash equivalents are reported as investments at contract value, which approximates fair value.

Mutual funds are reported at fair value based on the fund's market price. Other investments are generally reported at fair value. See Note 6 for fair value information.

Investment income, including changes in the fair value of investments, is reported as nonoperating income in the consolidated statement of activities. Due to the nature of these investments, substantially all of the investment income is interest income.

Patient Accounts Receivable

Patient accounts receivable are stated at net realizable value. The Hospital and Partners maintain allowances for uncollectible accounts and for estimated losses resulting from a payor's inability to make payments on accounts. Management estimates the allowance for uncollectible accounts based on their assessment of historical and expected net collections considering historical and current business and economic conditions, trends in healthcare coverage, and other collection indicators. Accounts receivable are charged to the allowance for uncollectible accounts when they are deemed uncollectible.

Inventory

Inventory is valued at the lower of cost or market with cost being determined on the first-in, first-out (FIFO) method. Inventory consists of medical supplies and pharmaceuticals.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost, or donor's basis if donated. The assets are depreciated on the straight-line method over the estimated useful lives of the related assets, in accordance with American Hospital Association guidelines. The useful lives are as follows:

Buildings	10-50 Years
Improvements	10-20 Years
Equipment and Fixtures	5-10 Years

**REGIONAL HEALTH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2012 AND 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property, Plant, and Equipment - Concluded

Costs for repairs and maintenance that do not add to an asset's value or estimated useful life are expensed as incurred. When items are disposed of, the cost and accumulated depreciation are removed, and any gain or loss is included in the results of operations.

Intangibles

All intangibles are indefinite-lived assets. No amortization is recorded.

Asset Impairment

Management considers whether indicators of impairment are present and performs the necessary tests to determine if the carrying value of an asset is appropriate. Impairment write-downs are recognized in operating income at the time the impairment is identified. There was no impairment of long-lived assets recognized in 2012 or 2011.

Bond Issuance Cost and Bond Discount

Management provides for the amortization of costs incurred for the issuance of bonds over the life of the bonds. Management also amortizes the bond discounts using the effective interest method over the life of the related debt.

Income Taxes

T. J. Regional Health, Inc., is a not-for-profit corporation, determined as exempt under Section 501(c)(3) of the Internal Revenue Code.

T. J. Samson Community Hospital is also a not-for-profit corporation and has been recognized as tax-exempt pursuant to Section 501(c)(3).

T. J. Health Partners, LLC, is a single member limited liability company organized in Kentucky. The sole member is T. J. Regional Health, Inc.

Net Patient Service Revenue

The Hospital and Partners have agreements with third-party payors that provide for payments at amounts different from their established rates. Payment arrangements include prospectively determined rates per admission or visit, reimbursed costs, discounted charges, and per diem rates. Net patient service revenue is reported at the estimated net amount due from patients and third-party payors for services rendered, including estimated adjustments under reimbursement agreements with third-party payors, certain of which are subject to audit by administering agencies. These adjustments are accrued on an estimated basis and are adjusted, as needed, in future periods.

Advertising

The Organization's advertising consists of media promotion and human resource opportunities. The expense is recognized as incurred, or the first time the advertising takes place. Total advertising costs expensed for years ended September 30, 2012 and 2011, was \$641,176 and \$491,781.

**T. J. REGIONAL HEALTH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2012 AND 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONCLUDED

Consolidated Statements of Cash Flows

For the purpose of consolidated statements of cash flows, cash and cash equivalents include demand deposits and highly liquid short-term investments with maturities of ninety days or less from date of purchase.

Charity Care

T. J. Samson Community Hospital provides care to patients regardless of their ability to pay. The Hospital developed a Charity Care Policy for both the uninsured and the underinsured. Under the policy, patients are offered discounts of up to 100% of charges on a sliding scale, which is based on income as a percentage of the Federal Poverty Level guidelines (up to 200%). Since the Hospital does not pursue collection of these amounts, they are not reported as net patient revenue, and the cost of providing such care is recognized within operating expenses.

The Hospital estimates the direct and indirect cost of providing charity care by applying a cost to charge ratio to the gross uncompensated charges associated with providing charity care to patients. The cost of providing charity care was \$2,379,680 and \$2,407,060 for the years ended September 30, 2012 and 2011, respectively. In the Annual Report prepared by the Hospital for the year ended September 30, 2011, the Hospital reported total community benefit of approximately \$18.2 million (unaudited), including unreimbursed cost of charity care of \$2,668,225 (unaudited), which is calculated using a different methodology than that used for the consolidated financial statements. Management is currently collecting the information needed to file the 2012 Annual Report.

2. NET PATIENT SERVICE REVENUE

The Organization provides care to patients under payment arrangements with Medicare, Medicaid, Anthem, other managed care programs, and other third-party payors. Services provided under those arrangements are paid at predetermined rates and/or reimbursable costs, as defined. Reported costs and/or services provided under certain of the arrangements are subject to retroactive audit and adjustment. Changes in Medicare and Medicaid programs and reduction of funding levels could have an adverse effect on the Organization.

Provision has been made in the accompanying consolidated financial statements for contractual adjustments, which represent the difference between the standard charges for services and the actual or estimated payment.

The Organization grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix by payor source of patient accounts receivable, before deducting estimated uncollectibles, at 2012 and 2011, was as follows:

	<u>9-30-12</u>	<u>9-30-11</u>
Medicare	31%	35%
Medicaid	17%	10%
Anthem/Blue Cross	7%	9%
Other Third-Party Payors	15%	13%
Self-Pay	30%	33%
	<u>100%</u>	<u>100%</u>

**T. J. REGIONAL HEALTH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2012 AND 2011**

2. NET PATIENT SERVICE REVENUE - CONCLUDED

The following is a summary of net patient service revenue for the years ended September 30, 2012 and 2011:

	<u>9-30-12</u>	<u>9-30-11</u>
Inpatient Routine Services	24,663,765	25,157,584
Inpatient Ancillary Services	71,065,218	67,303,410
Outpatient Ancillary Services	188,640,641	165,679,964
Physician Clinics	<u>21,433,441</u>	<u>10,236,623</u>
Gross Patient Service Revenues	305,803,065	268,377,581
Contractual Allowances	(143,249,807)	(133,911,665)
Provision for Bad Debts	(15,136,399)	(11,801,701)
Charity Care	(1,712,838)	(1,580,906)
Other Adjustments	<u>(8,521,401)</u>	<u>(5,209,803)</u>
Net Patient Service Revenue	<u>137,182,620</u>	<u>115,873,506</u>

3. INVESTMENTS

Undesignated investments are recorded at fair value and consist of the following:

	<u>9-30-12</u>	<u>9-30-11</u>
Cash and Cash Equivalents	91,562	97,783
Fixed Income	<u>8,670,103</u>	<u>10,010,015</u>
Current Asset - Investments	<u>8,761,665</u>	<u>10,107,798</u>

Investment income is reported net of fees of \$95,786 and \$73,950.

4. ASSETS WHOSE USE IS LIMITED

The classification of assets whose use is limited includes:

- **Internally Designated** - Amounts designated by the Organization's Board of Trustees for future capital improvements over which the Board retains control and may, at its discretion, subsequently use for other purposes.
- **Funds Held by Trustee** - Organization funds deposited with a trustee and limited as to use in accordance with the requirements of a trust indenture for debt service and capital construction.

Assets whose use is limited that are required for obligations classified as current liabilities are reported in current assets. The composition of assets limited as to use includes the following:

T. J. REGIONAL HEALTH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2012 AND 2011

4. ASSETS WHOSE USE IS LIMITED - CONCLUDED

	<u>9-30-12</u>	<u>9-30-11</u>
Internally Designated		
Cash and Cash Equivalents	9,566,211	5,824,624
Equities	1,930,910	1,643,699
Fixed Income	30,039,827	29,256,643
Interest Receivable	<u>185,280</u>	<u>198,225</u>
	<u>41,722,228</u>	<u>36,923,191</u>
Held by Trustee		
Cash and Cash Equivalents	<u>14,853,777</u>	<u>31,428,083</u>
Total Assets Whose Use is Limited	<u>56,576,005</u>	<u>68,351,274</u>

5. DEPOSITS AND INVESTMENTS

Deposits and investments consist of the following:

	<u>9-30-12</u>	<u>9-30-11</u>
Carrying Amount		
Deposits	27,648,645	40,095,515
Fixed Income	38,709,931	39,266,658
Equity Securities	<u>1,930,910</u>	<u>1,643,699</u>
	<u>68,289,486</u>	<u>81,005,872</u>
Included in Balance Sheet Captions		
Cash and Cash Equivalents	3,137,096	2,745,025
Investments	8,761,665	10,107,798
Internally Designated	41,536,948	36,724,966
Held by Trustee	<u>14,853,777</u>	<u>31,428,083</u>
	<u>68,289,486</u>	<u>81,005,872</u>

See Note 6 for related fair value disclosures.

6. FAIR VALUE MEASUREMENTS

The carrying values of cash and cash equivalents, patient accounts receivable, estimated receivables from third-party payors as well as accounts payable, accrued expenses, other current liabilities, and short-term borrowings are reasonable estimates of their fair values due to the short-term nature of these financial instruments. The estimated fair value of the long-term debt portfolio, including the current portion, approximates the carrying amount.

The methodologies used to determine fair value of assets and liabilities reflect market participant objectives and are based on the applications of a three-level valuation hierarchy that prioritizes observable market inputs over unobservable inputs. The three levels are defined as follows:

T. J. REGIONAL HEALTH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2012 AND 2011

6. FAIR VALUE MEASUREMENTS - CONCLUDED

- **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 or 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 financial instrument.
- **Level 3** - Inputs to the valuation methodology are unobservable but reflect the assumptions market participants would use in pricing the asset or liability.

A financial instrument's categorization within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The following table represents the fair value hierarchy for financial assets and liabilities measured at fair value on a recurring basis:

September 30, 2012				
Fair Value Measurements at Reporting Date Using				
	Carrying Amount at Fair Value	Quoted Prices In Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and Cash Equivalents	27,648,645	27,648,645	-	-
Fixed Income	38,709,931	38,709,931	-	-
Equity Securities	1,930,910	1,930,910	-	-
	<u>68,289,486</u>	<u>68,289,486</u>	<u>-</u>	<u>-</u>

September 30, 2011				
Fair Value Measurements at Reporting Date Using				
	Carrying Amount at Fair Value	Quoted Prices In Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and Cash Equivalents	40,095,515	40,095,515	-	-
Fixed Income	39,266,658	39,266,658	-	-
Equity Securities	1,643,699	1,643,699	-	-
	<u>81,005,872</u>	<u>81,005,872</u>	<u>-</u>	<u>-</u>

All assets have been valued using a market approach. There have been no changes in valuation techniques and related inputs. There are no significant transfers into or out of Level 1 or Level 2 that took place between October 1, 2010 and September 30, 2012.

**T. J. REGIONAL HEALTH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2012 AND 2011**

7. LEASE AGREEMENTS

Capital Leases

The Organization has acquired some of its equipment under the provisions of long-term leases. For financial reporting purposes, minimum lease payments relating to the equipment have been capitalized and included in property, plant, and equipment on the balance sheet. The leased equipment under capital leases as of September 30, 2012, has a cost of \$1,611,809. Accumulated depreciation relating to the leased equipment was \$91,630. The following is a schedule of future minimum lease payments:

September 30, 2013	521,716
September 30, 2014	517,551
September 30, 2015	<u>431,293</u>
	<u>1,470,560</u>

Operating Leases

The Hospital has entered into lease agreements with Siemens Medical Solutions for the rental of medical equipment. The agreements require various monthly payments for the rental of these units and customer support for a term of sixty months; the customer support agreement may not be terminated early. Minimum required lease and support payments for the next five years, under current agreements, are as follows:

September 30, 2013	1,675,628
September 30, 2014	569,728
September 30, 2015	569,728
September 30, 2016	391,575
September 30, 2017	<u>351,966</u>
	<u>3,558,625</u>

The Hospital has a lease agreement with Lanier for copiers in various departments. The leases generally are for sixty months. As of September 30, 2012, remaining minimum lease payments are as follows:

September 30, 2013	102,428
September 30, 2014	97,378
September 30, 2015	81,861
September 30, 2016	40,799
September 30, 2017	<u>849</u>
	<u>323,315</u>

The Hospital and Partners lease other medical equipment from various suppliers. These leases range from three to five years. As of September 30, 2012, the minimum lease payments for the next five years are as follows:

September 30, 2013	782,182
September 30, 2014	636,216
September 30, 2015	558,392
September 30, 2016	505,965
September 30, 2017	<u>353,297</u>
	<u>2,836,052</u>

**T. J. REGIONAL HEALTH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2012 AND 2011**

7. LEASE AGREEMENTS - CONCLUDED

The Hospital has leased vehicles from Enterprise. The lease was for fifteen vehicles for five years. As of September 30, 2012, the remaining lease payments are as follows:

September 30, 2013	77,515
September 30, 2014	77,515
September 30, 2015	77,515
September 30, 2016	<u>38,758</u>
	<u>271,303</u>

The Hospital and Partners lease certain facilities under various noncancelable operating leases. Most terms range between three to five years, with options to renew for additional years at a renegotiated monthly rental. Following is a schedule of remaining minimum rental payments required under the current leases as of September 30, 2012:

September 30, 2013	769,010
September 30, 2014	224,470
September 30, 2015	158,268
September 30, 2016	66,068
September 30, 2017	<u>41,568</u>
	<u>1,259,384</u>

Total rent expense was \$1,263,812 and \$1,101,780 for the years ended September 30, 2012 and 2011.

8. BONDS PAYABLE

In April 2012, the Hospital refinanced its remaining Series 1998 bonds. The principal amount of \$7.65 million was refinanced with JP Morgan Chase, maturing over the next six years, with a variable interest rate, currently between 1.00% to 2.00%. Closing costs in the amount of \$132,000 are being amortized over the life of the indenture.

In August 2011, the Hospital issued \$30 million of revenue bonds. The rates of interest vary and range from 3.85% to 6.45%. The proceeds of the bonds will be used to acquire, construct, renovate, and/or equip a healthcare facility for various outpatient services as well as a medical office building. Principal on the bonds is paid annually with interest paid semi-annually. Payment on this issue begins February 1, 2013, and ends February 1, 2041.

The bonds are collateralized by real property carried at an amount of \$18,287,386, included in construction in progress on the balance sheet, and the remaining construction funds of \$14,853,777, included in assets limited as to use. Discount and bond issue costs in connection with the bonds in the amount of \$950,004 are being amortized over the life of the bonds.

Interest during the construction period is being capitalized, in the amount of \$1,940,080 for the year ended September 30, 2012.

**T. J. REGIONAL HEALTH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2012 AND 2011**

8. BONDS PAYABLE - CONCLUDED

Aggregate principal maturities for the next five years are as follows:

September 30, 2013	1,534,000
September 30, 2014	1,666,000
September 30, 2015	1,705,000
September 30, 2016	1,739,000
September 30, 2017	<u>1,776,000</u>
	<u>8,420,000</u>

9. RETIREMENT PLANS

Defined Benefit Plan

In March 2011, the Hospital approved a soft freeze for its defined benefit pension plan, effective October 2011. No new participants will be admitted to the plan; however, current participants will stay in the plan and accrue benefits. Pension benefits vest after five years of service and are based on years of service and average salary as defined by the plan. The Hospital's funding policy is to contribute funds to a trust as necessary to provide for current service and for any unfunded projected benefit obligation over a reasonable period. Employer contributions for the year ended September 30, 2012, were \$2,030,986; benefits paid out were \$2,621,600. The expected contributions for the year ending September 30, 2013, are \$3,131,340. There are no expected refunds of previously made contributions.

The components of the net periodic pension cost for the years ended September 30, 2012 and 2011, are as follows:

	<u>9-30-12</u>	<u>9-30-11</u>
Service Cost	2,572,672	2,974,562
Interest Cost	3,404,584	3,762,080
Expected Return on Plan Assets	(3,309,946)	(3,541,406)
Amortization of Prior Service Cost (Credit)	(572,414)	5,405
Amortization of Net Loss	<u>876,545</u>	<u>850,895</u>
Net Periodic Pension Cost	<u>2,971,441</u>	<u>4,051,536</u>

The following weighted-average assumptions have been used to determine net periodic pension cost and the benefit obligation:

	<u>9-30-12</u>	<u>9-30-11</u>
Net Periodic Pension Cost		
Discount Rate	5.5%	5.5%
Plan Asset Rate	7.5%	7.5%
Compensation Increases	2%	3%
Benefit Obligation		
Discount Rate	4%	5.5%
Rate of Compensation Increase	2%	2%
Measurement Date	9/30	9/30

T. J. REGIONAL HEALTH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2012 AND 2011

9. RETIREMENT PLANS - CONTINUED

Defined Benefit Plan - Continued

Basis Used to Determine Expected Long-Term Return on Plan Assets - The expected long-term return on plan assets assumption was developed as a weighted average rate based on the target asset allocation of the plan and the long-term capital market assumptions. The overall return for each asset class was developed by combining a long-term inflation component and the associated expected real rates. The development of the capital market assumptions utilized a variety of methodologies, including, but not limited to, historical analysis, stock valuation models such as dividend discount models and earnings yields' models, expected economic growth outlook, and market yields analysis.

The following table sets forth the change in projected benefit obligations, change in plan assets, and funded status of the plan for the years ended September 30, 2012 and 2011 (measured as of September 30):

	<u>9-30-12</u>	<u>9-30-11</u>
Change in Benefit Obligation		
Benefit Obligation, Beginning of Year	63,211,521	69,701,463
Service Cost	2,572,672	2,974,562
Interest Cost	3,404,584	3,762,080
Actuarial (Gain) Loss	19,030,644	(3,926,278)
Benefits Paid	(2,621,600)	(2,508,620)
Other	-	(6,791,686)
Benefit Obligation, End of Year	<u>85,597,821</u>	<u>63,211,521</u>
Change in Plan Assets		
Fair Value of Plan Assets, Beginning of Year	45,384,718	48,518,744
Actual Return on Plan Assets	6,305,424	(625,406)
Employer Contributions	2,030,986	-
Benefits Paid	(2,621,600)	(2,508,620)
Fair Value of Plan Assets, End of Year	<u>51,099,528</u>	<u>45,384,718</u>
Funded Status	<u>(34,498,293)</u>	<u>(17,826,803)</u>
Net Amount Recognized as a Non-Current Liability in the Balance Sheet	<u>(34,498,293)</u>	<u>(17,826,803)</u>

The accumulated benefit obligations were \$85,597,821 and \$63,211,521 at September 30, 2012 and 2011.

T. J. REGIONAL HEALTH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2012 AND 2011

9. RETIREMENT PLANS - CONTINUED

Defined Benefit Plan - Continued

	<u>9-30-12</u>	<u>9-30-11</u>
Amounts Not Yet Reflected in Net Periodic Pension Cost and Included in Change in Unrestricted Net Assets		
Prior Service Cost	6,176,352	6,748,766
Accumulated Gain (Loss)	(31,814,238)	(16,655,617)
Accumulated Amounts Recognized	(25,637,886)	(9,906,851)
Cumulative Employer Contributions in Excess of Net Periodic Pension Cost	(8,860,407)	(7,919,952)
Net Amount Recognized	(34,498,293)	(17,826,803)
	<u>9-30-12</u>	<u>9-30-11</u>
Other Amounts Recognized in Change in Net Assets		
Net (Gain) Loss Arising During Period	16,035,166	240,534
Amortization of Prior Service Cost	572,414	(5,405)
Amortization of Loss	(876,545)	(850,895)
Prior Service Cost (Credit)	-	(6,791,686)
Total Recognized in Change in Net Assets	<u>15,731,035</u>	<u>(7,407,452)</u>

Prior service cost has been amortized on a straight-line basis over the average remaining service period of participants expected to receive benefits under the plan.

Unrecognized gains and losses in excess of 10% of the greater of the projected benefit obligation or market-related value of plan assets are amortized on a straight-line basis over the average remaining service period of participants expected to receive benefits under the plan.

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

September 30, 2013	2,830,000
September 30, 2014	2,880,000
September 30, 2015	3,030,000
September 30, 2016	2,830,000
September 30, 2017	3,000,000
September 30, 2018-2022	<u>18,860,000</u>
	<u>33,430,000</u>

The expected net periodic benefit cost for the upcoming year ending September 30, 2013, is listed on the following page.

T. J. REGIONAL HEALTH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2012 AND 2011

9. RETIREMENT PLANS - CONTINUED

Defined Benefit Plan - Concluded

Components of Net Periodic Benefit Cost

Service Cost	3,722,297
Interest Cost	3,367,313
Expected Return on Plan Assets	(3,209,539)
Amortization of Net (Gain) Loss	1,987,560
Amortization of Prior Service Cost/(Credit)	(572,414)

Net Periodic Benefit Cost	<u>5,295,217</u>
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Weighted-Average Assumptions Used to Determine Net Periodic Benefit Cost

Discount Rate	4%
Expected Long-Term Rate of Return	6.25%
Rate of Compensation Increase	2%

These amounts represent the estimated portion of the net (gain) loss, transition (asset) obligation, and net prior service cost (credit) remaining in unrestricted net assets that is expected to be recognized as a component of net periodic benefit cost over the upcoming year.

The preceding calculations were made by the actuary for the plan, Principal Life Insurance Company, Atlanta, Georgia, and are based on assets of the T. J. Samson Community Hospital Retirement Trust. The plan is reported on using an end-of-the-year valuation date and benefit information.

Plan Assets - The Hospital's overall investment strategy for the plan is to provide a regular and reliable source of income to meet the liquidity needs of the pension plan and minimize reliance on plan sponsor contributions as a source of benefit security. The Hospital's investment policy includes various guidelines and procedures designed to ensure assets are invested in a manner necessary to meet expected future benefits earned by participants. The target allocation ranges by major asset classes are central to the investment policy. The objective of the target allocations is to ensure assets are invested with the intent to protect pension plan assets so that such assets are preserved for the provision of benefits to participants and their beneficiaries and such long-term growth as may maximize the amounts available to provide such benefits without undue risk. Also considered are the weighted average return of a capital markets model and historical returns on comparable equity, debt, and other investments. Plan assets are invested in the following major categories:

	9-30-12		9-30-11	
Large U.S. Equities	9,301,582	18.2%	8,047,585	17.7%
Small/Mid U.S. Equities	2,264,990	4.4%	1,958,101	4.3%
International Equities	3,822,214	7.5%	3,416,608	7.5%
Short-Term Fixed Income	4,340,449	8.5%	7,822,116	17.3%
Fixed Income Funds	<u>31,370,293</u>	<u>61.4%</u>	<u>24,140,308</u>	<u>53.2%</u>
	<u>51,099,528</u>	<u>100.0%</u>	<u>45,384,718</u>	<u>100.0%</u>

All assets are in pooled separate accounts, classified in Level 2 of the fair value hierarchy. (See Note 6.)

**T. J. REGIONAL HEALTH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2012 AND 2011**

9. RETIREMENT PLANS - CONCLUDED

Defined Contribution Plans

The Organization also sponsors a 403(b) plan covering substantially all full-time employees of Regional and the Hospital. For the year ended September 30, 2011, the Hospital made no contribution to the plan. For the year ended September 30, 2012, contributions totaled \$354,434.

Partners sponsor a 401(k) Plan covering substantially all of its employees. The plan includes an employer matching contribution of up to 5% of compensation. Employer and employee contributions are self-directed by plan participants. Employer contributions to the plan for the years ended September 30, 2012 and 2011, were \$253,539 and \$115,914.

10. SELF-INSURANCE ACCRUALS

The Organization is self-insured up to certain limits for employee healthcare benefits. At September 30, 2012, the estimated liability accrued is \$1,054,774. The Organization accounts for these costs through measurement of claims outstanding and projected payments. Such measurement requires the consideration of historical cost experience and judgments about the present and expected levels of cost per claim. The Organization believes the use of this method provides a consistent and effective way to measure this accrual. However, the use of any estimation technique is inherently sensitive, given the claims involved and the length of time until the ultimate cost is known. Changes in healthcare costs and other factors can materially affect the estimates for this liability.

11. FUNCTIONAL EXPENSES

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

	<u>9-30-12</u>	<u>9-30-11</u>
Health Care Services	125,927,929	107,328,192
General and Administrative	<u>11,758,414</u>	<u>10,021,679</u>
	<u>137,686,343</u>	<u>117,349,871</u>

12. JOINT VENTURES

T.J. Samson Community Hospital, Inc., and Bowling Green-Warren County Community Hospital Corporation entered into a 50% ownership agreement in the Barren River Regional Cancer Center, Inc., on February 13, 2003. , is organized exclusively as a charitable organization, currently providing radiation oncology services for residents of Barren and surrounding counties.

The Ambulance Service Corporation, Inc., a non-stock, non-profit corporation, is a joint venture involving the following entities:

A joint venture is a legal entity or other

T. J. REGIONAL HEALTH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2012 AND 2011

12. JOINT VENTURES - CONCLUDED

organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain an ongoing financial interest or an ongoing financial responsibility. The purpose of this joint venture is to provide emergency medical care service and transportation to the citizens of

13. CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of temporary cash investments and accounts receivable. The Hospital places its temporary cash investments with various financial institutions and limits the amount of credit exposure to any one financial institution. Concentrations of credit risk with respect to receivables are limited due to the large number of accounts comprising the Hospital's patient base and their dispersion across different demographic and geographic groups. However, approximately 78% and 72% of inpatient days for the years ended September 30, 2012 and 2011, were for Medicare and Medicaid recipients.

14. COMMITMENTS AND CONTINGENCIES

From time to time, the Hospital is named as a defendant in court cases involving various claims. According to correspondence from the Hospital's legal counsel, there are several cases pending at this time. The Hospital and its insurance carriers are defending the claims. It is impossible to predict if the Hospital will have any liability beyond its policy limits.

The Hospital is committed under various agreements from time to time in the normal course of business. One significant commitment at September 30, 2012, is for anesthesiology services. A contract with Anesthesiology Associates of Glasgow, PSC, requires annual payments of \$300,000 for the primary term, which expired August 31, 2009, and is renewable from year-to-year.

The Center for Medicare and Medicaid Services (CMS) has contracted with four Recovery Audit Contractors (RACs) to conduct recovery audits for improper Medicare payments from healthcare providers throughout the United States. A demonstration project from 2005 - 2008 covering six states resulted in \$900 million in improper payments being returned to Medicare, while \$38 million in underpayments were refunded to healthcare providers. CGI is the RAC for Region B, which includes Kentucky. Healthcare providers have had some automated reviews and requests for medical records. Reviews may take place of any Medicare services paid as of October 1, 2007. At this time, there is no definitive way to estimate the potential financial risk to T. J. Regional Health, Inc.. Policies and procedures are in place to accept and respond to requests and to prepare appeals on denied claims. Various risk areas already evaluated have not revealed significant weaknesses.

The Hospital has received notification from the Office of Inspector General (OIG) of a potential civil monetary penalty following an administrative action and subsequent resolution by Centers for Medicare and Medicaid Services (CMS). The Hospital's attorneys are negotiating with OIG. The amount of any penalty is undetermined at this time; however, it is not expected to be a material amount.

T. J. REGIONAL HEALTH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONCLUDED
SEPTEMBER 30, 2012 AND 2011

14. COMMITMENTS AND CONTINGENCIES - CONCLUDED

The Hospital has entered into a contract with Siemens Medical Solutions USA, Inc. Under the agreement, Siemens provides information systems operations managed services, including equipment, software, and support, as well as personnel. As a part of the transition, the managed services have replaced the Hospital's HIS department. The contract requires equipment and software costs in the approximate amount of \$5.7 million. In addition, the Managed Services Agreement will require payments over the next ten years of \$2 - \$3 million annually. The new system will enable the Hospital to comply with recent changes in Medicare requirements. Subject to timely completion and approval, the Hospital expects to be compensated by Medicare for approximately \$5.2 million.

15. SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 19, 2013, the date the financial statements were available to be issued.

TAYLOR, POLSON & COMPANY, PSC

CERTIFIED PUBLIC ACCOUNTANTS

101 McKENNA STREET, P. O. BOX 1804
GLASGOW, KENTUCKY 42142-1804

TELEPHONE 270-651-8877
FAX 270-651-8879

JOHN M. TAYLOR, CPA
FREDDIE C. POLSON, CPA
BELINDA E. COULTER, CPA

JANET M. WILEY, CPA
JOHN M. TAYLOR III, CPA
JEFF P. CARTER, CPA

BRANCH OFFICE
108 WEST THIRD STREET
P.O. BOX 778

TOMPKINSVILLE, KENTUCKY 42167
TELEPHONE 270-487-6515
FAX 270-487-6515

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Trustees
T. J. Regional Health, Inc.
Glasgow, Kentucky

We have audited the consolidated financial statements of T. J. Regional Health, Inc., as of and for the years ended September 30, 2012 and 2011, and our report dated January 19, 2013, which expressed an unqualified opinion on those financial statements, appears on Page 3. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information on Pages 26-33 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual entities, and it is not a required part of the consolidated financial statements. The schedule on Page 34 is for the purpose of compliance with the 2011 bond indenture. 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 supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Furthermore, we have obtained no knowledge of any default by any member of the Obligated Group in fulfillment of any terms, covenants, provisions, or conditions of the Master Trust Indenture dated July 1, 2011, or any Related Supplemental Indenture.

Taylor, Polson & Company, PSC
Certified Public Accountants

January 19, 2013

**T. J. REGIONAL HEALTH, INC.
CONSOLIDATING BALANCE SHEET
SEPTEMBER 30, 2012**

ASSETS

	<u>T.J. Regional Health, Inc.</u>
CURRENT ASSETS	
Cash and Cash Equivalents	8,914
Investments	-
Patient Accounts Receivable, Net	-
Estimated Third-Party Payor Settlements	-
Other Receivables	-
Inventories	-
Prepaid Expenses	69,317
Notes and Interest Receivable	<u>-</u>
Total Current Assets	<u>78,231</u>
ASSETS WHOSE USE IS LIMITED	
Internally Designated - Depreciation Funds	-
Held by Trustee - Bond Funds	<u>-</u>
Total Assets Whose Use is Limited	<u>0</u>
PROPERTY, PLANT, AND EQUIPMENT	
Land	-
Land Improvements	-
Buildings	-
Building Improvements	-
Fixed Equipment	-
Movable Equipment	335,961
Construction in Progress	<u>-</u>
	335,961
Accumulated Depreciation	<u>(176,422)</u>
Net Property, Plant, and Equipment	<u>159,539</u>
OTHER ASSETS	
Equity Interests	
Investment in Subsidiary	11,535,450
Barren River Regional Cancer Center, Inc.	-
Premier LLP	-
Intangibles	207,092
Due from Subsidiary	-
Deposits and Advances	75,000
Physician Contracts	<u>-</u>
Total Other Assets	<u>11,817,542</u>
TOTAL ASSETS	<u><u>12,055,312</u></u>

<u>T.J. Samson Community Hospital</u>	<u>T.J. Health Partners, LLC</u>	<u>Eliminations</u>	<u>Total</u>
2,979,835	148,347	-	3,137,096
8,761,665	-	-	8,761,665
22,851,974	2,175,978	-	25,027,952
502,086	-	-	502,086
237,937	-	-	237,937
2,630,369	203,009	-	2,833,378
1,444,738	226,562	-	1,740,617
<u>3,330</u>	<u>-</u>	<u>-</u>	<u>3,330</u>
<u>39,411,934</u>	<u>2,753,896</u>	<u>0</u>	<u>42,244,061</u>
41,722,228	-	-	41,722,228
<u>14,853,777</u>	<u>-</u>	<u>-</u>	<u>14,853,777</u>
<u>56,576,005</u>	<u>0</u>	<u>0</u>	<u>56,576,005</u>
2,091,573	-	-	2,091,573
1,866,304	-	-	1,866,304
19,972,783	-	-	19,972,783
14,667,889	-	-	14,667,889
23,875,297	-	-	23,875,297
66,213,404	-	-	66,549,365
<u>19,693,045</u>	<u>-</u>	<u>-</u>	<u>19,693,045</u>
<u>148,380,295</u>	<u>0</u>	<u>0</u>	<u>148,716,256</u>
(91,964,013)	<u>-</u>	<u>-</u>	(92,140,435)
<u>56,416,282</u>	<u>0</u>	<u>0</u>	<u>56,575,821</u>
-	-	(11,535,450)	0
3,456,375	-	-	3,456,375
93,361	-	-	93,361
-	-	-	207,092
3,852,796	-	(3,852,796)	0
6,972,462	-	-	7,047,462
<u>649,265</u>	<u>756,010</u>	<u>-</u>	<u>1,405,275</u>
<u>15,024,259</u>	<u>756,010</u>	<u>(15,388,246)</u>	<u>12,209,565</u>
<u>167,428,480</u>	<u>3,509,906</u>	<u>(15,388,246)</u>	<u>167,605,452</u>

**T. J. REGIONAL HEALTH, INC.
CONSOLIDATING BALANCE SHEET - CONCLUDED
SEPTEMBER 30, 2012**

LIABILITIES AND NET ASSETS

	<u>T.J. Regional Health, Inc.</u>
CURRENT LIABILITIES	
Accounts Payable	78,134
Accrued Wages	251,592
Accrued Vacation Pay	132,053
Accrued Health Insurance	-
Payroll Withholdings	9,198
Provider Tax Payable	-
Estimated Third-Party Payor Settlements	-
Other Liabilities	331
Current Portion of Capital Lease	-
Current Portion of Bonds Payable	-
Accrued Interest on Bonds	-
Total Current Liabilities	<u>471,308</u>
NON-CURRENT LIABILITIES	
Capital Lease Payable, Net of Current Portion	-
Bonds Payable, Net of Current Portion	-
Due to Subsidiary	-
Accrued Pension Costs	-
Total Non-Current Liabilities	<u>0</u>
TOTAL LIABILITIES	<u>471,308</u>
NET ASSETS	
Unrestricted	
Internally Designated for Capital Acquisition and Debt Retirement	-
Undesignated	11,584,004
TOTAL NET ASSETS	<u>11,584,004</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>12,055,312</u></u>

<u>T.J. Samson Community Hospital</u>	<u>T.J. Health Partners, LLC</u>	<u>Eliminations</u>	<u>Total</u>
6,504,054	267,979	-	6,850,167
1,474,776	1,184,831	-	2,911,199
1,747,847	713,384	-	2,593,284
1,054,774	-	-	1,054,774
228,582	52,245	-	290,025
180,770	-	-	180,770
717,301	-	-	717,301
41,381	269	-	41,981
521,716	-	-	521,716
1,534,000	-	-	1,534,000
293,211	-	-	293,211
<u>14,298,412</u>	<u>2,218,708</u>	<u>0</u>	<u>16,988,428</u>
948,844	-	-	948,844
34,796,049	-	-	34,796,049
-	3,852,796	(3,852,796)	0
34,498,293	-	-	34,498,293
<u>70,243,186</u>	<u>3,852,796</u>	<u>(3,852,796)</u>	<u>70,243,186</u>
<u>84,541,598</u>	<u>6,071,504</u>	<u>(3,852,796)</u>	<u>87,231,614</u>
56,576,005	-	-	56,576,005
26,310,877	(2,561,598)	(11,535,450)	23,797,833
<u>82,886,882</u>	<u>(2,561,598)</u>	<u>(11,535,450)</u>	<u>80,373,838</u>
<u>167,428,480</u>	<u>3,509,906</u>	<u>(15,388,246)</u>	<u>167,605,452</u>

**T. J. REGIONAL HEALTH, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2012**

T.J. Regional Health, Inc.

REVENUES AND OTHER SUPPORT

Net Patient Service Revenue	-
Other Revenue	<u>9,700,521</u>

Total Revenues and Other Support	<u>9,700,521</u>
---	-------------------------

OPERATING EXPENSES

Salaries and Wages	1,785,056
Benefits	304,854
Contract Labor	5,347
Medical Supplies	-
Drugs	11,064
Food	1,613
Professional Services	9,001
Contract Services	108,142
Rents and Leases	396
Repairs and Maintenance	41,408
Utilities	2,126
Other Supplies	41,864
Travel	48,474
Dues and Subscriptions	5,530
Taxes	-
Bad Debt	-
Hospital Insurance	128,880
Depreciation	111,437
Miscellaneous	<u>25,929</u>

Total Operating Expenses	<u>2,631,121</u>
---------------------------------	-------------------------

INCOME FROM OPERATIONS	<u>7,069,400</u>
-------------------------------	-------------------------

OTHER INCOME (EXPENSE)

Investment Income	-
Interest Expense	<u>-</u>

Net Other Income (Expense)	<u>0</u>
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REVENUES OVER (UNDER) EXPENSES	<u>7,069,400</u>
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Change in Funded Status of Pension Plan	-
Unrealized Loss on Investments	<u>-</u>

INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	<u>7,069,400</u>
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NET ASSETS - BEGINNING OF YEAR	<u>4,514,604</u>
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NET ASSETS - END OF YEAR	<u><u>11,584,004</u></u>
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<u>T.J. Samson Community Hospital</u>	<u>T.J. Health Partners, LLC</u>	<u>Eliminations</u>	<u>Total</u>
126,098,783	11,083,837	-	137,182,620
<u>2,629,492</u>	<u>651</u>	<u>(9,700,521)</u>	<u>2,630,143</u>
<u>128,728,275</u>	<u>11,084,488</u>	<u>(9,700,521)</u>	<u>139,812,763</u>
45,535,042	12,578,945	-	59,899,043
14,200,837	1,863,234	-	16,368,925
5,764	5,011	-	16,122
8,550,175	5,002	-	8,555,177
5,362,754	2,632,316	-	8,006,134
804,433	6,044	-	812,090
3,681,104	95,281	-	3,785,386
8,944,838	1,740,425	-	10,793,405
811,776	451,640	-	1,263,812
4,767,013	194,411	-	5,002,832
2,075,309	138,182	-	2,215,617
7,382,920	577,092	-	8,001,876
807,109	74,185	-	929,768
350,401	44,524	-	400,455
2,258,875	13,381	-	2,272,256
-	-	-	0
892,780	507,912	-	1,529,572
5,711,475	-	-	5,822,912
<u>10,646,137</u>	<u>477,363</u>	<u>(9,700,521)</u>	<u>1,448,908</u>
<u>122,788,742</u>	<u>21,404,948</u>	<u>(9,700,521)</u>	<u>137,124,290</u>
<u>5,939,533</u>	<u>(10,320,460)</u>	<u>0</u>	<u>2,688,473</u>
1,523,238	-	-	1,523,238
<u>(541,104)</u>	<u>(20,949)</u>	<u>-</u>	<u>(562,053)</u>
<u>982,134</u>	<u>(20,949)</u>	<u>0</u>	<u>961,185</u>
<u>6,921,667</u>	<u>(10,341,409)</u>	<u>0</u>	<u>3,649,658</u>
(15,731,035)	-	-	(15,731,035)
<u>590,646</u>	<u>-</u>	<u>-</u>	<u>590,646</u>
<u>(8,218,722)</u>	<u>(10,341,409)</u>	<u>0</u>	<u>(11,490,731)</u>
<u>91,105,606</u>	<u>(3,755,638)</u>	<u>-</u>	<u>91,864,572</u>
<u>82,886,884</u>	<u>(14,097,047)</u>	<u>0</u>	<u>80,373,841</u>

**T. J. SAMSON COMMUNITY HOSPITAL
STATEMENTS OF ACTIVITIES
SEPTEMBER 30, 2012 AND 2011**

	<u>9-30-12</u>	<u>9-30-11</u>
REVENUES AND OTHER SUPPORT		
Net Patient Service Revenue	126,098,783	122,881,007
Other Revenue	<u>2,629,492</u>	<u>2,796,029</u>
Total Revenues and Other Support	<u>128,728,275</u>	<u>125,677,036</u>
OPERATING EXPENSES		
Salaries and Wages	45,535,042	46,669,458
Benefits	14,200,837	13,503,446
Contract Labor	5,764	117,377
Medical Supplies	8,550,175	8,635,538
Drugs	5,362,754	5,212,799
Food	804,433	729,474
Professional Services	3,681,104	3,718,057
Contract Services	8,944,838	5,204,210
Rents and Leases	811,776	840,919
Repairs and Maintenance	4,767,013	3,725,821
Utilities	2,075,309	1,921,963
Other Supplies	7,382,920	7,497,579
Travel	807,109	670,909
Dues and Subscriptions	350,401	246,259
Taxes	2,258,875	2,211,820
Bad Debt	-	11,801,701
Hospital Insurance	892,780	977,302
Depreciation	5,711,475	5,758,552
Miscellaneous	<u>10,646,137</u>	<u>5,399,801</u>
Total Operating Expenses	<u>122,788,742</u>	<u>124,842,985</u>
INCOME FROM OPERATIONS	<u>5,939,533</u>	<u>834,051</u>
OTHER INCOME (EXPENSE)		
Investment Income	1,523,238	1,307,765
Interest Expense	(541,104)	(260,452)
Net Other Income	<u>982,134</u>	<u>1,047,313</u>
REVENUES OVER EXPENSES	<u>6,921,667</u>	<u>1,881,364</u>
Change in Funded Status of Pension Plan	(15,731,035)	7,407,452
Unrealized Gain on Investments	<u>590,646</u>	<u>(322,560)</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	<u>(8,218,722)</u>	<u>8,966,256</u>
NET ASSETS - BEGINNING OF YEAR	<u>91,105,606</u>	<u>82,139,350</u>
NET ASSETS - END OF YEAR	<u><u>82,886,884</u></u>	<u><u>91,105,606</u></u>

**T. J. REGIONAL HEALTH, INC.
DEBT SERVICE COVERAGE RATIO
SEPTEMBER 30, 2012**

NET INCOME AVAILABLE FOR DEBT SERVICE	
Income from Operations	2,823,473
Add: Investment Income	1,523,238
Depreciation Expense	<u>5,822,912</u>
NET INCOME AVAILABLE FOR DEBT SERVICE	<u>10,169,623</u>
 MAXIMUM ANNUAL DEBT SERVICE	
Maximum Payment on Bonds ¹	3,540,318
Payments on Capital Lease	<u>544,711</u>
 MAXIMUM ANNUAL DEBT SERVICE	<u>4,085,029</u>
 DEBT SERVICE COVERAGE RATIO	 <u>2.49</u>

¹For the 2012 Bond Issue, an interest rate of 1.34% is used.