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Form **990**  
 Department of the Treasury  
 Internal Revenue Service

**Return of Organization Exempt From Income Tax**  
**Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)**  
 The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047  
**2012**  
**Open to Public Inspection**

**A For the 2012 calendar year, or tax year beginning 01-01-2012, 2012, and ending 12-31-2012**

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

**C** Name of organization: MARY WASHINGTON HEALTHCARE GROUP RETURN  
 Doing Business As:  
 Number and street (or P O box if mail is not delivered to street address) Room/suite: 2300 FALL HILL AVENUE NO 509  
 City or town, state or country, and ZIP + 4: FREDERICKSBURG, VA 22401

**D** Employer identification number: 20-1106426

**E** Telephone number: (540) 741-1821

**F** Name and address of principal officer: WINIFRED J HAIKEY, 2300 FALL HILL AVENUE NO 509, FREDERICKSBURG, VA 22401

**G** Gross receipts \$ 556,114,566

**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: 4243

**I** Tax-exempt status:  501(c)(3)  501(c) ( ) (Insert no )  4947(a)(1) or  527

**J** Website: WWW.MARYWASHINGTONHEALTHCARE.COM

**K** Form of organization:  Corporation  Trust  Association  Other   
**L** Year of formation: 1983 **M** State of legal domicile: VA

**Part I Summary**

<b>Activities &amp; Governance</b>	<b>1</b> Briefly describe the organization's mission or most significant activities OUR MISSION IS TO IMPROVE THE HEALTH OF PEOPLE IN THE COMMUNITIES WE SERVE THROUGH OUR SUBSIDIARIES WE PROVIDE INPATIENT AND OUTPATIENT HOSPITAL SERVICES AND OTHER MEDICAL SERVICES		
	<b>2</b> Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	<b>3</b> Number of voting members of the governing body (Part VI, line 1a)	<b>3</b>	52
	<b>4</b> Number of independent voting members of the governing body (Part VI, line 1b)	<b>4</b>	39
	<b>5</b> Total number of individuals employed in calendar year 2012 (Part V, line 2a)	<b>5</b>	4,455
	<b>6</b> Total number of volunteers (estimate if necessary)	<b>6</b>	628
	<b>7a</b> Total unrelated business revenue from Part VIII, column (C), line 12	<b>7a</b>	2,206,714
<b>b</b> Net unrelated business taxable income from Form 990-T, line 34	<b>7b</b>	0	
<b>Revenue</b>	<b>8</b> Contributions and grants (Part VIII, line 1h)	<b>Prior Year</b>	<b>Current Year</b>
	<b>9</b> Program service revenue (Part VIII, line 2g)	3,276,620	2,411,552
	<b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d)	579,696,645	537,035,684
	<b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-51,980	2,855,304
	<b>12</b> Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	50,240,217	13,215,573
<b>Expenses</b>	<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1-3)	633,161,502	555,518,113
	<b>14</b> Benefits paid to or for members (Part IX, column (A), line 4)	1,819,323	2,402,339
	<b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	0	0
	<b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e)	257,022,512	249,763,997
	<b>b</b> Total fundraising expenses (Part IX, column (D), line 25) <input checked="" type="checkbox"/> 126,659	0	0
	<b>17</b> Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	379,711,817	325,039,772
	<b>18</b> Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	638,553,652	577,206,108
<b>19</b> Revenue less expenses Subtract line 18 from line 12	-5,392,150	-21,687,995	
<b>Net Assets or Fund Balances</b>		<b>Beginning of Current Year</b>	<b>End of Year</b>
	<b>20</b> Total assets (Part X, line 16)	531,390,646	491,115,201
	<b>21</b> Total liabilities (Part X, line 26)	316,739,101	305,149,607
<b>22</b> Net assets or fund balances Subtract line 21 from line 20	214,651,545	185,965,594	

**Part II Signature Block**

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

**Sign Here**  
 Signature of officer: \*\*\*\*\* Date: 2013-11-13  
 WINIFRED J HAIKEY SR VICE PRESIDENT  
 Type or print name and title

**Paid Preparer Use Only**  
 Preparer's name: KEITH L WAMPLER Preparer's signature: Date: 2013-11-13  
 Check  if self-employed PTIN: P00436324  
 Firm's name: PBMARES LLP Firm's EIN: 54-0737372  
 Firm's address: 725 JACKSON STREET SUITE 210 FREDERICKSBURG, VA 22401 Phone no: (540) 371-3566

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

**Part III Statement of Program Service Accomplishments**

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

**1** Briefly describe the organization's mission  
OUR MISSION IS TO IMPROVE THE HEALTH OF PEOPLE IN THE COMMUNITIES WE SERVE THROUGH OUR SUBSIDIARIES WE PROVIDE INPATIENT AND OUTPATIENT HOSPITAL SERVICES AND OTHER MEDICAL SERVICES

**2** Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?  Yes  No  
If "Yes," describe these new services on Schedule O

**3** Did the organization cease conducting, or make significant changes in how it conducts, any program services?  Yes  No  
If "Yes," describe these changes on Schedule O

**4** Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations 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 \$ 561,685,495 including grants of \$ 2,402,339 ) (Revenue \$ 535,009,294 )  
PROVISION OF INPATIENT AND OUTPATIENT GENERAL ACUTE CARE HOSPITAL, PSYCHIATRIC HOSPITAL SERVICES, HOME HEALTH AND HOSPICE SERVICES, IMAGING AND AMBULATORY SURGERY SERVICES AND PHYSICIAN SERVICES PRIMARY SERVICE AREAS ARE FAIRFAX, STAFFORD, SPOTSYLVANIA, CAROLINE, KING GEORGE, AND WESTMORELAND COUNTIES IN VIRGINIA AND SECONDARY SERVICE AREAS INCLUDE MANASSAS, FAUQUIER, CULPEPER, ORANGE, LOUISA, HANOVER, ESSEX AND RICHMOND COUNTIES IN VIRGINIA WE SERVED 124,282 PATIENTS IN OUR EMERGENCY ROOMS, 17,140 SURGICAL CASES AND 26,457 PATIENT DISCHARGES

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

**4e Total program service expenses** 561,685,495

**Part IV Checklist of Required Schedules**

	Yes	No
<b>1</b> Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i> <input checked="" type="checkbox"/>	Yes	
<b>2</b> Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)? <input checked="" type="checkbox"/>	Yes	
<b>3</b> 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>		No
<b>4</b> <b>Section 501(c)(3) organizations.</b> 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>		No
<b>5</b> 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>		No
<b>6</b> Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i> <input checked="" type="checkbox"/>		No
<b>7</b> Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i> <input checked="" type="checkbox"/>		No
<b>8</b> Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i> <input checked="" type="checkbox"/>		No
<b>9</b> Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i> <input checked="" type="checkbox"/>		No
<b>10</b> Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i> <input checked="" type="checkbox"/>	Yes	
<b>11</b> 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		
<b>a</b> Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i> <input checked="" type="checkbox"/>	Yes	
<b>b</b> Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i> <input checked="" type="checkbox"/>		No
<b>c</b> Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i> <input checked="" type="checkbox"/>		No
<b>d</b> Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i> <input checked="" type="checkbox"/>		No
<b>e</b> Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i> <input checked="" type="checkbox"/>	Yes	
<b>f</b> Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i> <input checked="" type="checkbox"/>	Yes	
<b>12a</b> Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i> <input checked="" type="checkbox"/>		No
<b>b</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 and XII is optional</i> <input checked="" type="checkbox"/>	Yes	
<b>13</b> Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		No
<b>14a</b> Did the organization maintain an office, employees, or agents outside of the United States?		No
<b>b</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, Parts I and IV</i>		No
<b>15</b> 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 United States? <i>If "Yes," complete Schedule F, Parts II and IV</i>		No
<b>16</b> 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 United States? <i>If "Yes," complete Schedule F, Parts III and IV</i>		No
<b>17</b> 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 (see instructions)</i> <input checked="" type="checkbox"/>		No
<b>18</b> 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> <input checked="" type="checkbox"/>	Yes	
<b>19</b> 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> <input checked="" type="checkbox"/>		No
<b>20a</b> Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i> <input checked="" type="checkbox"/>	Yes	
<b>b</b> If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? <input checked="" type="checkbox"/>	Yes	

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

<b>21</b>	Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i> . . . . . 	<b>21</b>	Yes	
<b>22</b>	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> . . . . . 	<b>22</b>	Yes	
<b>23</b>	Did the organization answer "Yes" to Part VII, Section A, line 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> . . . . . 	<b>23</b>	Yes	
<b>24a</b>	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 lines 24b through 24d and complete Schedule K. If "No," go to line 25</i> . . . . . 	<b>24a</b>	Yes	
<b>b</b>	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . . .	<b>24b</b>		No
<b>c</b>	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . . .	<b>24c</b>		No
<b>d</b>	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . . .	<b>24d</b>		No
<b>25a</b>	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> 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> . . . . . 	<b>25a</b>		No
<b>b</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> . . . . . 	<b>25b</b>		No
<b>26</b>	Was a loan to or by a current or former officer, director, trustee, key employee, highest 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> . . . . . 	<b>26</b>		No
<b>27</b>	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i> . . . . . 	<b>27</b>		No
<b>28</b>	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)			
<b>a</b>	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . . 	<b>28a</b>		No
<b>b</b>	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . . 	<b>28b</b>		No
<b>c</b>	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 direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i> . . . . . 	<b>28c</b>	Yes	
<b>29</b>	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> . . . . . 	<b>29</b>	Yes	
<b>30</b>	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> . . . . . 	<b>30</b>	Yes	
<b>31</b>	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> . . . . .	<b>31</b>		No
<b>32</b>	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> . . . . .	<b>32</b>		No
<b>33</b>	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> . . . . . 	<b>33</b>	Yes	
<b>34</b>	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i> . . . . . 	<b>34</b>	Yes	
<b>35a</b>	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	<b>35a</b>	Yes	
<b>b</b>	If 'Yes' to line 35a, 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> . . . . . 	<b>35b</b>	Yes	
<b>36</b>	<b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . . 	<b>36</b>		No
<b>37</b>	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> 	<b>37</b>		No
<b>38</b>	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O . . . . .	<b>38</b>	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

Table with columns for question number, question text, and Yes/No response boxes. Includes questions 1a-1b, 1c, 2a-2b, 3a-3b, 4a-4b, 5a-5c, 6a-6b, 7a-7h, 8, 9a-9b, 10a-10b, 11a-11b, 12a-12b, 13a-13c, and 14a-14b.

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

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

**Section A. Governing Body and Management**

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

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

		Yes	No
<b>10a</b>	Did the organization have local chapters, branches, or affiliates? . . . . .		No
<b>10b</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? . . . . .		
<b>11a</b>	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? . . . . .	Yes	
<b>11b</b>	Describe in Schedule O the process, if any, used by the organization to review this Form 990 . . . . .		
<b>12a</b>	Did the organization have a written conflict of interest policy? If "No," go to line 13 . . . . .	Yes	
<b>12b</b>	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? . . . . .	Yes	
<b>12c</b>	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done . . . . .	Yes	
<b>13</b>	Did the organization have a written whistleblower policy? . . . . .	Yes	
<b>14</b>	Did the organization have a written document retention and destruction policy? . . . . .	Yes	
<b>15</b>	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?		
<b>15a</b>	The organization's CEO, Executive Director, or top management official . . . . .	Yes	
<b>15b</b>	Other officers or key employees of the organization . . . . .	Yes	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)		
<b>16a</b>	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? . . . . .	Yes	
<b>16b</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? . . . . .	Yes	

**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  Other (explain in Schedule O)
- 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 during the tax year
- 20** State the name, physical address, and telephone number of the person who possesses the books and records of the organization  
 WINIFRED J HAIKEY 2300 FALL HILL AVENUE SUITE 509 FREDERICKSBURG, VA (540) 741-1821





**Part VIII Statement of Revenue**

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

		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
<b>Contributions, Gifts, Grants and Other Similar Amounts</b>	<b>1a</b> Federated campaigns . . . . . <b>1a</b>					
	<b>b</b> Membership dues . . . . . <b>1b</b>					
	<b>c</b> Fundraising events . . . . . <b>1c</b>	388,442				
	<b>d</b> Related organizations . . . . . <b>1d</b>	378,677				
	<b>e</b> Government grants (contributions) . . . . . <b>1e</b>	326,593				
	<b>f</b> All other contributions, gifts, grants, and similar amounts not included above . . . . . <b>1f</b>	1,317,840				
	<b>g</b> Noncash contributions included in lines 1a-1f \$ . . . . .	56,252				
	<b>h Total.</b> Add lines 1a-1f . . . . .	2,411,552				
<b>Program Service Revenue</b>	Business Code					
	<b>2a</b> NET PATIENT SERVICES REVENUE	623000	492,650,668	492,650,668		
	<b>b</b> PERSONNEL SERVICES	623000	17,902,572	17,902,572		
	<b>c</b> MANAGEMENT SERVICES	623000	14,723,947	14,723,947		
	<b>d</b> OTHER OPERATING REVENUE	623000	4,431,083	4,431,083		
	<b>e</b> CAFETERIA	623000	3,975,946	3,975,946		
	<b>f</b> All other program service revenue		3,351,468	1,144,754	2,206,714	
<b>g Total.</b> Add lines 2a-2f . . . . .		537,035,684				
<b>Other Revenue</b>	<b>3</b> Investment income (including dividends, interest, and other similar amounts) . . . . .		1,334,046		1,334,046	
	<b>4</b> Income from investment of tax-exempt bond proceeds . . . . .					
	<b>5</b> Royalties . . . . .					
	<b>6a</b> Gross rents	(i) Real	12,720,643			
		(ii) Personal				219,469
		<b>b</b> Less rental expenses	0			0
		<b>c</b> Rental income or (loss)	12,720,643			219,469
	<b>d</b> Net rental income or (loss) . . . . .		12,940,112		12,940,112	
	<b>7a</b> Gross amount from sales of assets other than inventory	(i) Securities	224,334			
		(ii) Other				1,748,463
		<b>b</b> Less cost or other basis and sales expenses	0			451,539
		<b>c</b> Gain or (loss)	224,334			1,296,924
	<b>d</b> Net gain or (loss) . . . . .		1,521,258		1,521,258	
	<b>8a</b> Gross income from fundraising events (not including \$ 388,442 of contributions reported on line 1c) See Part IV, line 18 . . . . .	<b>a</b>				240,051
		<b>b</b> Less direct expenses . . . . . <b>b</b>				144,914
<b>c</b> Net income or (loss) from fundraising events . . . . .			95,137		95,137	
<b>9a</b> Gross income from gaming activities See Part IV, line 19 . . . . .	<b>a</b>					
	<b>b</b> Less direct expenses . . . . . <b>b</b>					
	<b>c</b> Net income or (loss) from gaming activities . . . . .					
<b>10a</b> Gross sales of inventory, less returns and allowances . . . . .	<b>a</b>					
	<b>b</b> Less cost of goods sold . . . . . <b>b</b>					
	<b>c</b> Net income or (loss) from sales of inventory . . . . .					
Miscellaneous Revenue		Business Code				
<b>11a</b> INCOME FROM PSHIP/LLC	900099	180,324	180,324			
<b>b</b>						
<b>c</b>						
<b>d</b> All other revenue . . . . .						
<b>e Total.</b> Add lines 11a-11d . . . . .		180,324				
<b>12 Total revenue.</b> See Instructions . . . . .		555,518,113	535,009,294	2,206,714	15,890,553	

**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)

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

<b>Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.</b>		<b>(A)</b> Total expenses	<b>(B)</b> Program service expenses	<b>(C)</b> Management and general expenses	<b>(D)</b> Fundraising expenses
<b>1</b>	Grants and other assistance to governments and organizations in the United States. See Part IV, line 21	2,352,589	2,352,589		
<b>2</b>	Grants and other assistance to individuals in the United States. See Part IV, line 22	49,750	49,750		
<b>3</b>	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16				
<b>4</b>	Benefits paid to or for members				
<b>5</b>	Compensation of current officers, directors, trustees, and key employees	5,309,598	5,166,230	142,198	1,170
<b>6</b>	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
<b>7</b>	Other salaries and wages	200,162,688	194,757,976	5,360,607	44,105
<b>8</b>	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	5,743,299	5,588,221	153,813	1,265
<b>9</b>	Other employee benefits	22,299,843	21,697,712	597,217	4,914
<b>10</b>	Payroll taxes	16,248,569	15,809,832	435,157	3,580
<b>11</b>	Fees for services (non-employees)				
<b>a</b>	Management	66,562,410	64,765,119	1,782,624	14,667
<b>b</b>	Legal	71,139	69,218	1,905	16
<b>c</b>	Accounting	63,158	61,453	1,691	14
<b>d</b>	Lobbying				
<b>e</b>	Professional fundraising services. See Part IV, line 17				
<b>f</b>	Investment management fees	176,040	171,288	4,713	39
<b>g</b>	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	69,233,655	67,364,237	1,854,163	15,255
<b>12</b>	Advertising and promotion	83,625	81,368	2,239	18
<b>13</b>	Office expenses	3,385,964	3,294,538	90,680	746
<b>14</b>	Information technology	2,040,527	1,985,429	54,648	450
<b>15</b>	Royalties				
<b>16</b>	Occupancy	29,912,299	29,104,619	801,088	6,592
<b>17</b>	Travel	1,530,743	1,489,411	40,995	337
<b>18</b>	Payments of travel or entertainment expenses for any federal, state, or local public officials				
<b>19</b>	Conferences, conventions, and meetings	308,850	300,511	8,271	68
<b>20</b>	Interest	1,125,637	1,095,243	30,146	248
<b>21</b>	Payments to affiliates				
<b>22</b>	Depreciation, depletion, and amortization	32,867,450	31,979,976	880,232	7,242
<b>23</b>	Insurance	4,550,975	4,428,094	121,877	1,004
<b>24</b>	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
<b>a</b>	MEDICAL AND HOSPITAL SU	94,157,955	91,615,540	2,521,667	20,748
<b>b</b>	BAD DEBT EXPENSE	10,018,514	9,747,998	268,308	2,208
<b>c</b>	OTHER MEDICAL & HOSPITA	3,528,635	3,433,356	94,501	778
<b>d</b>	REPAIRS AND MAINTENANCE	3,106,567	3,022,684	83,198	685
<b>e</b>	All other expenses	2,315,629	2,253,103	62,016	510
<b>25</b>	<b>Total functional expenses.</b> Add lines 1 through 24e	577,206,108	561,685,495	15,393,954	126,659
<b>26</b>	<b>Joint costs.</b> Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)				

**Part X Balance Sheet**

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

		(A)		(B)
		Beginning of year		End of year
<b>Assets</b>	<b>1</b> Cash—non-interest-bearing . . . . .	1,378,843	<b>1</b>	1,228,402
	<b>2</b> Savings and temporary cash investments . . . . .	0	<b>2</b>	1,154,684
	<b>3</b> Pledges and grants receivable, net . . . . .	17,508,077	<b>3</b>	18,513,794
	<b>4</b> Accounts receivable, net . . . . .	117,166,188	<b>4</b>	92,132,649
	<b>5</b> Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L . . . . .		<b>5</b>	
	<b>6</b> Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L . . . . .		<b>6</b>	
	<b>7</b> Notes and loans receivable, net . . . . .	6,396,036	<b>7</b>	4,094,742
	<b>8</b> Inventories for sale or use . . . . .	8,124,080	<b>8</b>	8,678,498
	<b>9</b> Prepaid expenses and deferred charges . . . . .	4,108,711	<b>9</b>	2,470,759
	<b>10a</b> Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D . . . . .	<b>10a</b> 692,535,200		
	<b>b</b> Less accumulated depreciation . . . . .	<b>10b</b> 393,664,057	316,605,346	<b>10c</b> 298,871,143
	<b>11</b> Investments—publicly traded securities . . . . .	44,626,923	<b>11</b>	46,814,526
	<b>12</b> Investments—other securities See Part IV, line 11 . . . . .	15,251,052	<b>12</b>	15,294,513
	<b>13</b> Investments—program-related See Part IV, line 11 . . . . .		<b>13</b>	
	<b>14</b> Intangible assets . . . . .	225,390	<b>14</b>	1,861,491
	<b>15</b> Other assets See Part IV, line 11 . . . . .		<b>15</b>	
<b>16 Total assets.</b> Add lines 1 through 15 (must equal line 34) . . . . .	531,390,646	<b>16</b>	491,115,201	
<b>Liabilities</b>	<b>17</b> Accounts payable and accrued expenses . . . . .	36,266,643	<b>17</b>	33,505,968
	<b>18</b> Grants payable . . . . .		<b>18</b>	
	<b>19</b> Deferred revenue . . . . .		<b>19</b>	
	<b>20</b> Tax-exempt bond liabilities . . . . .	276,369,034	<b>20</b>	267,954,672
	<b>21</b> Escrow or custodial account liability Complete Part IV of Schedule D . . . . .		<b>21</b>	
	<b>22</b> Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L . . . . .		<b>22</b>	
	<b>23</b> Secured mortgages and notes payable to unrelated third parties . . . . .		<b>23</b>	
	<b>24</b> Unsecured notes and loans payable to unrelated third parties . . . . .		<b>24</b>	
	<b>25</b> 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 . . . . .	4,103,424	<b>25</b>	3,688,967
	<b>26 Total liabilities.</b> Add lines 17 through 25 . . . . .	316,739,101	<b>26</b>	305,149,607
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.</b>			
	<b>27</b> Unrestricted net assets . . . . .	197,318,929	<b>27</b>	167,487,901
	<b>28</b> Temporarily restricted net assets . . . . .	16,074,406	<b>28</b>	17,219,483
	<b>29</b> Permanently restricted net assets . . . . .	1,258,210	<b>29</b>	1,258,210
	<b>Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.</b>			
	<b>30</b> Capital stock or trust principal, or current funds . . . . .		<b>30</b>	
	<b>31</b> Paid-in or capital surplus, or land, building or equipment fund . . . . .		<b>31</b>	
	<b>32</b> Retained earnings, endowment, accumulated income, or other funds . . . . .		<b>32</b>	
	<b>33</b> Total net assets or fund balances . . . . .	214,651,545	<b>33</b>	185,965,594
<b>34</b> Total liabilities and net assets/fund balances . . . . .	531,390,646	<b>34</b>	491,115,201	

**Part XI Reconciliation of Net Assets**

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

<b>1</b>	Total revenue (must equal Part VIII, column (A), line 12)	<b>1</b>	555,518,113
<b>2</b>	Total expenses (must equal Part IX, column (A), line 25)	<b>2</b>	577,206,108
<b>3</b>	Revenue less expenses Subtract line 2 from line 1	<b>3</b>	-21,687,995
<b>4</b>	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	<b>4</b>	214,651,545
<b>5</b>	Net unrealized gains (losses) on investments	<b>5</b>	4,627,891
<b>6</b>	Donated services and use of facilities	<b>6</b>	
<b>7</b>	Investment expenses	<b>7</b>	
<b>8</b>	Prior period adjustments	<b>8</b>	
<b>9</b>	Other changes in net assets or fund balances (explain in Schedule O)	<b>9</b>	-11,625,847
<b>10</b>	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	<b>10</b>	185,965,594

**Part XII Financial Statements and Reporting**

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

	Yes	No
<b>1</b> Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
<b>2a</b> Were the organization's financial statements compiled or reviewed by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		No
<b>2b</b> Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	Yes	
<b>2c</b> If "Yes," to line 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	
<b>3a</b> 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>3b</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		

**Additional Data**

**Software ID:**  
**Software Version:**  
**EIN:** 20-1106426  
**Name:** MARY WASHINGTON HEALTHCARE GROUP RETURN

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(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			
FRED M RANKIN III PRESIDENT	4 00 40 00	X		X				0	841,176	45,242
SEAN T BARDEN EXECUTIVE VP	4 00 40 00	X		X				0	401,442	49,949
WALTER J KIWALL EXECUTIVE VP	4 00 40 00	X		X				0	440,583	42,996
XAVIER R RICHARDSON EXECUTIVE VP	2 00 40 00	X		X				0	251,218	38,551
J THOMAS RYAN MD EXECUTIVE VP	2 00 40 00	X		X				0	443,100	42,343
RAVI MATHUR VICE PRESIDENT	2 00 40 00	X		X				0	188,283	34,164
CHERYL SPRINGHORN EXECUTIVE DIRECTOR	0 00 40 00	X						0	141,959	11,226
KENNETH N JOSOVITZ MD PRESIDENT-STAFFORD HOSPITAL	3 00 2 00	X						16,667	0	0
DAVID M GARTH MD PRESIDENT-MARY WASHINGTON HOSPITAL	4 00 2 00	X						26,000	0	0
JOSEPH T CRANE IV MD TRUSTEE	2 00 2 00	X						0	0	0
CINDY MARROW MD TRUSTEE	2 00 2 00	X						0	0	0
ROBERT E HOUCK TRUSTEE	2 00 40 00	X						0	117,725	7,975
JOHN F FICK III CHAIRMAN-MPI	2 00 8 00	X		X				0	0	0
ALDA L WHITE VICE CHAIR-MPI	2 00 2 00	X		X				0	0	0
DONALD H NEWLIN SECRETARY/TREAS-MPI	2 00 5 00	X		X				0	0	0
WILLIAM BOLDON TRUSTEE	2 00 3 00	X						0	0	0
JAN C ERKERT TRUSTEE	2 00 2 00	X						0	0	0
KURT R LARSON MD TRUSTEE	2 00 2 00	X						0	0	0
RAYMOND C MCAFOOSE TRUSTEE	2 00 3 00	X						0	0	0
MICHAEL P MCDERMOTT MD TRUSTEE	2 00 2 00	X						0	0	0
JOHN C MCKEOWN MD TRUSTEE	2 00 2 00	X						0	0	0
FRED M MESSING TRUSTEE	2 00 2 00	X						0	0	0
CLARENCE A ROBINSON TRUSTEE	2 00 2 00	X						0	0	0
RAYMOND L SLAUGHTER TRUSTEE	2 00 2 00	X						0	0	0
JONATHAN D WALLACE TRUSTEE	2 00 2 00	X						0	0	0

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(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				
MARY KATHERINE GREENLAW CHAIRMAN-MWH FOUNDATION	4 00 0 00	X		X					0	0	0
EDWARD V ALLISON JR VICE CHAIR-MWH FOUNDATION	2 00 0 00	X		X					0	0	0
WILLIAM B YOUNG SEC/TREAS MWH FOUNDATION	2 00 0 00	X		X					0	0	0
MARK A BUTTERWORTH TRUSTEE	2 00 0 00	X							0	0	0
R LEIGH FRACKELTON JR TRUSTEE	2 00 0 00	X							0	0	0
JEFFREY A FRAZIER TRUSTEE	2 00 0 00	X							0	1,500	0
ROCHELLE GREY TRUSTEE	2 00 0 00	X							0	0	0
CHRISTOPHER T HUESGEN MD TRUSTEE	2 00 0 00	X							0	0	0
PATRICIA LYNCH TRUSTEE	2 00 0 00	X							0	0	0
EDWARD O MINNIEAR TRUSTEE	2 00 0 00	X							0	0	0
JUDITH G SMITH TRUSTEE	2 00 0 00	X							0	0	0
DOUGLAS G STEWART TRUSTEE	2 00 0 00	X							0	0	0
JOSEPH R WILSON TRUSTEE	2 00 0 00	X							0	0	0
W MALONE SCHOOLER CHAIRMAN-SH FOUNDATION	2 00 0 00	X		X					0	0	0
JO D KNIGHT VICE CHAIRMAN-SH FOUNDATION	2 00 0 00	X		X					0	0	0
ELAINE F FARMER SEC/TREAS SH FOUNDATION	2 00 0 00	X		X					0	0	0
KEVIN BREEN TRUSTEE	2 00 0 00	X							0	0	0
CLAY HUBER TRUSTEE	2 00 0 00	X							0	0	0
DOUGLAS R JOHNSON MD TRUSTEE	2 00 0 00	X							0	0	0
WILLIAM R JOHNSON TRUSTEE	2 00 0 00	X							0	0	0
GLEN E KINARD TRUSTEE	2 00 0 00	X							0	0	0
H CLARK LEMING TRUSTEE	2 00 0 00	X							0	0	0
TERENCE A MANNION TRUSTEE	2 00 0 00	X							0	0	0
CHARLES W MCDANIEL TRUSTEE	2 00 0 00	X							0	0	0
REV GREGORY L POSS TRUSTEE	2 00 0 00	X							0	0	0

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(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				
JACK ROWLEY TRUSTEE	2 00 0 00	X						0	0	0	
LAWRENCE ROBERTS MD TRUSTEE	40 00 0 00	X						510,910	0	32,341	
KATHRYN S WALL EXECUTIVE VP	2 00 40 00			X				0	258,227	34,278	
MARIANNA BEDWAY SENIOR VP	2 00 40 00			X				0	235,548	46,060	
ERIC FLETCHER SENIOR VP	2 00 40 00			X				0	231,930	38,840	
WINIFRED J HAIKEY SENIOR VP	2 00 40 00			X				0	245,828	38,197	
JOYCE HANSCOME SENIOR VP	2 00 40 00			X				0	225,571	34,654	
JAMES K VAN RENAN SENIOR VP	40 00 2 00			X				301,970	0	46,100	
CATHLEEN A YABLONSKI SENIOR VP	40 00 2 00			X				211,319	0	41,390	
AMY ADOME MD VICE PRESIDENT	2 00 40 00			X				0	195,012	27,088	
REBECCA BIGONEY MD VICE PRESIDENT	40 00 2 00			X				313,999	0	21,199	
KATHLEEN BOURGAULT VICE PRESIDENT	2 00 40 00			X				0	182,855	17,460	
EILEEN L DOHMANN RN VICE PRESIDENT	40 00 2 00			X				220,044	0	24,195	
MARIE FREDRICK VICE PRESIDENT	2 00 40 00			X				0	194,543	38,348	
JAMES SWISHER VICE PRESIDENT	2 00 40 00			X				0	174,766	24,151	
DAVID LING MD EXECUTIVE DIRECTOR	2 00 40 00				X			0	204,007	28,277	
GLEN J POFFENBARGER MD PHYSICIAN	40 00 0 00					X		975,578	0	38,786	
JT SHERWOOD MD PHYSICIAN	40 00 0 00					X		827,538	0	39,878	
CHRISTOS HATJIS MD PHYSICIAN	40 00 0 00					X		709,529	0	30,503	
MAURICE EGGLESTON JR MD PHYSICIAN	40 00 0 00					X		449,815	0	35,832	
THERESA A CONOLOGUE MD PHYSICIAN	40 00 0 00					X		409,094	0	26,911	
RANDALL PATRICK STEWART SENIOR VP-(FORMER)	0 00 0 00						X	0	238,370	20,338	
ALAN EDWARDS VICE PRESIDENT-(FORMER)	0 00 0 00						X	0	175,626	38,942	

**SCHEDULE A**  
(Form 990 or 990EZ)

**Public Charity Status and Public Support**

OMB No 1545-0047

**2012**

**Open to Public Inspection**

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

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

**Name of the organization**

MARY WASHINGTON HEALTHCARE GROUP RETURN

**Employer identification number**

20-1106426

**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 described in **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 - Non-functionally integrated
- 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 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
<b>11g(i)</b>		
<b>11g(ii)</b>		
<b>11g(iii)</b>		

(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 monetary support
			Yes	No	Yes	No	Yes	No	
<b>Total</b>									

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

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

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
<b>2</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
<b>3</b> The value of services or facilities furnished by a governmental unit to the organization without charge						
<b>4 Total.</b> Add lines 1 through 3						
<b>5</b> 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)						
<b>6 Public support.</b> Subtract line 5 from line 4						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
<b>7</b> Amounts from line 4						
<b>8</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
<b>9</b> Net income from unrelated business activities, whether or not the business is regularly carried on						
<b>10</b> Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV )						
<b>11 Total support</b> (Add lines 7 through 10)						
<b>12</b> Gross receipts from related activities, etc (see instructions)					<b>12</b>	
<b>13 First five years.</b> 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 <b>stop here</b> . . . . . ▶						

**Section C. Computation of Public Support Percentage**

<b>14</b> Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f))	<b>14</b>	
<b>15</b> Public support percentage for 2011 Schedule A, Part II, line 14	<b>15</b>	
<b>16a 33 1/3% support test—2012.</b> If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization ▶		
<b>b 33 1/3% support test—2011.</b> If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization ▶		
<b>17a 10%-facts-and-circumstances test—2012.</b> 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 <b>stop here.</b> Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶		
<b>b 10%-facts-and-circumstances test—2011.</b> 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 <b>stop here.</b> Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶		
<b>18 Private foundation.</b> If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶		

**Part III Support Schedule for Organizations Described in Section 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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
<b>2</b> 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						
<b>3</b> Gross receipts from activities that are not an unrelated trade or business under section 513						
<b>4</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
<b>5</b> The value of services or facilities furnished by a governmental unit to the organization without charge						
<b>6 Total.</b> Add lines 1 through 5						
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons						
<b>b</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						
<b>c</b> Add lines 7a and 7b						
<b>8 Public support</b> (Subtract line 7c from line 6)						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
<b>9</b> Amounts from line 6						
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
<b>c</b> Add lines 10a and 10b						
<b>11</b> Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
<b>12</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
<b>13 Total support.</b> (Add lines 9, 10c, 11, and 12.)						
<b>14 First five years.</b> 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 <b>stop here</b> <input type="checkbox"/>						

**Section C. Computation of Public Support Percentage**

<b>15</b> Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f))	<b>15</b>	
<b>16</b> Public support percentage from 2011 Schedule A, Part III, line 15	<b>16</b>	

**Section D. Computation of Investment Income Percentage**

<b>17</b> Investment income percentage for <b>2012</b> (line 10c, column (f) divided by line 13, column (f))	<b>17</b>	
<b>18</b> Investment income percentage from <b>2011</b> Schedule A, Part III, line 17	<b>18</b>	

- 19a 33 1/3% support tests—2012.** 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—2011.** 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.** Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

<b>Facts And Circumstances Test</b>
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<b>Explanation</b>

SCHEDULE D (Form 990)

OMB No 1545-0047

Supplemental Financial Statements

2012

Open to Public Inspection

Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b. Attach to Form 990. See separate instructions.

Department of the Treasury Internal Revenue Service

Name of the organization MARY WASHINGTON HEALTHCARE GROUP RETURN

Employer identification number 20-1106426

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

Table with 3 columns: (a) Donor advised funds, (b) Funds and other accounts, and a Yes/No column. Rows include: 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...?, 6 Did the organization inform all grantees...?

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

Table with 2 columns: Description and Held at the End of the Year. Rows include: 1 Purpose(s) of conservation easements, 2 Complete lines 2a through 2d if the organization held a qualified conservation contribution..., 3 Number of conservation easements modified..., 4 Number of states where property subject to conservation easement is located..., 5 Does the organization have a written policy..., 6 Staff and volunteer hours..., 7 Amount of expenses..., 8 Does each conservation easement..., 9 In Part XIII, describe how the organization reports...

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.

Table with 2 columns: Description and Amount. Rows include: 1a If the organization elected, as permitted under SFAS 116..., 1b If the organization elected, as permitted under SFAS 116..., 2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain...

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

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

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

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

**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 XIII and complete the following table

	Amount
<b>1c</b> Beginning balance	
<b>1d</b> Additions during the year	
<b>1e</b> Distributions during the year	
<b>1f</b> Ending balance	

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

**b** If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII

**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
<b>1a</b> Beginning of year balance . . . . .	29,168,493	31,364,122	29,030,361	25,187,112	32,070,931
<b>b</b> Contributions . . . . .	111,350	343,694	455,287	814,062	1,551,410
<b>c</b> Net investment earnings, gains, and losses	3,125,019	-1,155,863	3,036,877	4,318,842	-7,100,198
<b>d</b> Grants or scholarships . . . . .	39,250	63,750	17,000	15,000	20,000
<b>e</b> Other expenditures for facilities and programs . . . . .	908,374	1,319,711	1,141,403	1,275,156	1,315,031
<b>f</b> Administrative expenses . . . . .					
<b>g</b> End of year balance . . . . .	31,457,238	29,168,492	31,364,122	29,029,860	25,187,112

**2** Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as

- a** Board designated or quasi-endowment ▶ 68 240 %
  - b** Permanent endowment ▶ 27 760 %
  - c** Temporarily restricted endowment ▶ 4 000 %
- The percentages in lines 2a, 2b, and 2c should equal 100%

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

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

**4** Describe in Part XIII 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
<b>1a</b> Land . . . . .		24,249,702		24,249,702
<b>b</b> Buildings . . . . .		254,261,216	72,730,088	181,531,128
<b>c</b> Leasehold improvements . . . . .		22,482,788	4,981,573	17,501,215
<b>d</b> Equipment . . . . .		342,402,887	307,023,038	35,379,849
<b>e</b> Other . . . . .		49,138,607	8,929,358	40,209,249
<b>Total.</b> Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				298,871,143



**Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return**

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

**Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return**

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

**Part XIII 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, line 2, Part XI, lines 2d and 4b, and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

Identifier	Return Reference	Explanation
DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS	PART V, LINE 4	THE INTEREST EARNED FROM THE ENDOWMENT FUNDS IS USED TO FUND SCHOLARSHIPS AND GRANTS IN FURTHERANCE OF OUR MISSION
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X, LINE 2	MWHC WAS RECOGNIZED AS A PUBLIC CHARITY GENERALLY EXEMPT FROM FEDERAL INCOME TAXATION UNDER 501(C)(3) OF THE INTERNAL REVENUE CODE PURSUANT TO A DETERMINATION LETTER ISSUED BY THE IRS IN MARCH 1992. MWHC IS ENTITLED TO RELY ON THIS DETERMINATION AS LONG AS THERE ARE NO SUBSTANTIAL CHANGES IN ITS CHARACTER, PURPOSES, OR METHODS OF OPERATION. MANAGEMENT HAS CONCLUDED THAT THERE HAVE BEEN NO SUCH CHANGES, AND THEREFORE MWHC'S STATUS AS A PUBLIC CHARITY EXEMPT FROM FEDERAL INCOME TAXATION REMAINS IN EFFECT. THE STATE IN WHICH MWHC OPERATES ALSO PROVIDES GENERAL EXEMPTION FROM STATE INCOME TAXATION FOR ORGANIZATIONS THAT ARE EXEMPT FROM FEDERAL INCOME TAXATION. HOWEVER, MWHC IS SUBJECT TO BOTH FEDERAL AND STATE INCOME TAXATION AT CORPORATE TAX RATES ON ITS UNRELATED BUSINESS INCOME. EXEMPTION FROM OTHER STATE TAXES, SUCH AS REAL AND PERSONAL PROPERTY TAXES, IS SEPARATELY DETERMINED. CERTAIN ENTITIES UNDER MWHC ARE TAXABLE ENTITIES. MWHC HAD NO UNRECOGNIZED TAX BENEFIT OR LIABILITIES OR SUCH AMOUNTS WERE IMMATERIAL DURING THE PERIODS PRESENTED FOR TAX PERIODS WITH RESPECT TO WHICH NO UNRELATED BUSINESS INCOME WAS RECOGNIZED, NO TAX RETURN WAS REQUIRED. TAX PERIODS FOR WHICH NO RETURN IS FILED REMAIN OPEN FOR EXAMINATION INDEFINITELY. ALL REQUIRED TAX FILINGS HAVE BEEN FILED ON A TIMELY BASIS.

SCHEDULE G (Form 990 or 990-EZ)

Supplemental Information Regarding Fundraising or Gaming Activities

OMB No 1545-0047

2012

Open to Public Inspection

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than \$15,000 on Form 990-EZ, line 6a. Form 990-EZ filers are not required to complete this part.

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

Department of the Treasury Internal Revenue Service

Name of the organization MARY WASHINGTON HEALTHCARE GROUP RETURN

Employer identification number 20-1106426

Part I Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17.

1 Indicate whether the organization raised funds through any of the following activities. Check all that apply.

- a Mail solicitations, b Internet and email solicitations, c Phone solicitations, d In-person solicitations, e Solicitation of non-government grants, f Solicitation of government grants, g Special fundraising events

2a Did the organization have a written or oral agreement with any individual... Yes No

b If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least \$5,000 by the organization

Table with 6 columns: (i) Name and address of individual or entity (fundraiser), (ii) Activity, (iii) Did fundraiser have custody or control of contributions?, (iv) Gross receipts from activity, (v) Amount paid to (or retained by) fundraiser listed in col (i), (vi) Amount paid to (or retained by) organization. Includes a Total row at the bottom.

3 List all states in which the organization is registered or licensed to solicit funds or has been notified it is exempt from registration or licensing

**Part II Fundraising Events.** Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than \$15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than \$5,000.

		(a) Event #1	(b) Event #2	(c) Other events	(d) Total events
		<u>SHF GOLF TOURNAMENT</u> (event type)	<u>OYSTER ROAST</u> (event type)	<u>7</u> (total number)	(add col (a) through col (c))
<b>Revenue</b>	<b>1</b> Gross receipts . . . . .	225,650	122,376	280,467	628,493
	<b>2</b> Less Contributions . . . . .	177,245	41,065	170,132	388,442
	<b>3</b> Gross income (line 1 minus line 2) . . . . .	48,405	81,311	110,335	240,051
<b>Direct Expenses</b>	<b>4</b> Cash prizes . . . . .				
	<b>5</b> Noncash prizes . . . . .	22,302	33,161	13,528	68,991
	<b>6</b> Rent/facility costs . . . . .	9,387	4,273	15,049	28,709
	<b>7</b> Food and beverages . . . . .	1,729	20,523	1,712	23,964
	<b>8</b> Entertainment . . . . .		1,500		1,500
	<b>9</b> Other direct expenses . . . . .	3,439	5,272	13,039	21,750
	<b>10</b> Direct expense summary Add lines 4 through 9 in column (d) . . . . . ▶				
<b>11</b> Net income summary Combine line 3, column (d), and line 10 . . . . . ▶					95,137

**Part III Gaming.** Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col (a) through col (c))
		<b>1</b> Gross revenue . . . . .			
<b>Direct Expenses</b>	<b>2</b> Cash prizes . . . . .				
	<b>3</b> Non-cash prizes . . . . .				
	<b>4</b> Rent/facility costs . . . . .				
	<b>5</b> Other direct expenses . . . . .				
<b>6</b> Volunteer labor . . . . .	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No		
<b>7</b> Direct expense summary Add lines 2 through 5 in column (d) . . . . . ▶					
<b>8</b> Net gaming income summary Combine lines 1 and 7 in column (d) . . . . . ▶					

**9** Enter the state(s) in which the organization operates gaming activities \_\_\_\_\_

**a** Is the organization licensed to operate gaming activities in each of these states? . . . . .  Yes  No

**b** If "No," explain \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**10a** Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year? . . . . .  Yes  No

**b** If "Yes," explain \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Does the organization operate gaming activities with nonmembers?  Yes  No

**12** Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming?  Yes  No

**13** Indicate the percentage of gaming activity operated in

<b>a</b> The organization's facility	<b>13a</b>	
<b>b</b> An outside facility	<b>13b</b>	

**14** Enter the name and address of the person who prepares the organization's gaming/special events books and records

Name ▶ .....

Address ▶ .....

**15a** Does the organization have a contract with a third party from whom the organization receives gaming revenue?  Yes  No

**b** If "Yes," enter the amount of gaming revenue received by the organization ▶ \$ \_\_\_\_\_ and the amount of gaming revenue retained by the third party ▶ \$ \_\_\_\_\_

**c** If "Yes," enter name and address of the third party

Name ▶ .....

Address ▶ .....

**16** Gaming manager information

Name ▶ .....

Gaming manager compensation ▶ \$ .....

Description of services provided ▶ .....

Director/officer                       Employee                       Independent contractor

**17** Mandatory distributions

**a** Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license?  Yes  No

**b** Enter the amount of distributions required under state law distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ▶ \$ \_\_\_\_\_

**Part IV Supplemental Information.** Complete this part to provide the explanations required by Part I, line 2b, columns (iii) and (v), and Part III, lines 9, 9b, 10b, 15b, 15c, 16, and 17b, as applicable. Also complete this part to provide any additional information (see instructions).

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

2012

Open to Public Inspection

Name of the organization MARY WASHINGTON HEALTHCARE GROUP RETURN

Employer identification number 20-1106426

Part I Financial Assistance and Certain Other Community Benefits at Cost

1a Did the organization have a financial assistance policy during the tax year? 1b If "Yes," was it a written policy? 2 If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year 3 Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year 3a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing free care? 3b Did the organization use FPG as a factor in determining eligibility for providing discounted care? 4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"? 5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? 5b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? 5c 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? 6a Did the organization prepare a community benefit report during the tax year? 6b If "Yes," did the organization make it available to the public?

7 Financial Assistance and Certain Other Community Benefits at Cost

Table with 7 columns: (a) Number of activities or programs (optional), (b) Persons served (optional), (c) Total community benefit expense, (d) Direct offsetting revenue, (e) Net community benefit expense, (f) Percent of total expense. Rows include Financial Assistance and Means-Tested Government Programs (a-d) and Other Benefits (e-k).

**Part II Community Building Activities** Complete this table if the organization conducted any community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

	(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
<b>1</b> Physical improvements and housing						
<b>2</b> Economic development						
<b>3</b> Community support			605,413		605,413	0.110 %
<b>4</b> Environmental improvements			835		835	0 %
<b>5</b> Leadership development and training for community members						
<b>6</b> Coalition building			175		175	0 %
<b>7</b> Community health improvement advocacy						
<b>8</b> Workforce development			2,018,649		2,018,649	0.360 %
<b>9</b> Other			247,019		247,019	0.040 %
<b>10 Total</b>			2,872,091		2,872,091	0.510 %

**Part III Bad Debt, Medicare, & Collection Practices**

Section A. Bad Debt Expense		Yes	No
<b>1</b> Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	<b>1</b>	Yes	
<b>2</b> Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount.	<b>2</b>		4,754,610
<b>3</b> Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit.	<b>3</b>		1,463,116
<b>4</b> Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.			
Section B. Medicare			
<b>5</b> Enter total revenue received from Medicare (including DSH and IME).	<b>5</b>		147,405,104
<b>6</b> Enter Medicare allowable costs of care relating to payments on line 5.	<b>6</b>		187,117,466
<b>7</b> Subtract line 6 from line 5. This is the surplus (or shortfall).	<b>7</b>		-39,712,362
<b>8</b> Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input checked="" type="checkbox"/> Cost accounting system <input type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other			
Section C. Collection Practices			
<b>9a</b> Did the organization have a written debt collection policy during the tax year?	<b>9a</b>	Yes	
<b>9b</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.	<b>9b</b>	Yes	

**Part IV Management Companies and Joint Ventures** (owned 10% or more by officers, directors, trustees, key employees, and physicians—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 %
<b>1</b> 1 MEDICAL IMAGING OF FREDERICKSBURG	OUTPATIENT IMAGING	51.000 %		49.000 %
<b>2</b> 2 FREDERICKSBURG AMBULATORY SURGERY CENTER	AMBULATORY SURGICAL SERVICES	59.000 %		41.000 %
<b>3</b> 3 TOMPKINS MARTIN MEDICAL PLAZA	MEDICAL OFFICE BUILDING	99.000 %		1.000 %
<b>4</b> 4 BUNKER HILL PARTNERS	MEDICAL OFFICE BUILDING	20.000 %		20.000 %
<b>5</b> 5 COWAN INVESTMENT PARTNERS	MEDICAL OFFICE BUILDING	12.500 %		37.500 %
<b>6</b> 6 MEDICAL PLAZA AT COSNER CORNER	MEDICAL OFFICE BUILDING	39.500 %		47.400 %
<b>7</b> 7 MW EYE CARE CENTER LLC	OPTOMETRY	60.000 %		40.000 %
<b>8</b>				
<b>9</b>				
<b>10</b>				
<b>11</b>				
<b>12</b>				
<b>13</b>				

**Part V Facility Information**

**Section A. Hospital Facilities**

(List in order of size from largest to smallest—see instructions)

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

2

Name, address, and primary website address

		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	MARY WASHINGTON HOSPITAL INC 1101 SAM PERRY BLVD FREDERICKSBURG, VA 22401	X	X					X		437 BED ACUTE CARE HOSPITAL LEVEL 2 TRAUMA	
2	STAFFORD HOSPITAL LLC 101 HOSPITAL CENTER BLVD STAFFORD, VA 22554	X	X					X		100 BED HOSPITAL	

**Part V Facility Information** (continued)

**Section B. Facility Policies and Practices**

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

MARY WASHINGTON HOSPITAL INC

Name of hospital facility or facility reporting group \_\_\_\_\_

For single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A) 1

		Yes	No
<b>Community Health Needs Assessment</b> (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)			
<b>1</b>	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	<b>1</b>	
<b>a</b>	<input type="checkbox"/> A definition of the community served by the hospital facility		
<b>b</b>	<input type="checkbox"/> Demographics of the community		
<b>c</b>	<input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
<b>d</b>	<input type="checkbox"/> How data was obtained		
<b>e</b>	<input type="checkbox"/> The health needs of the community		
<b>f</b>	<input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
<b>g</b>	<input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
<b>h</b>	<input type="checkbox"/> The process for consulting with persons representing the community's interests		
<b>i</b>	<input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
<b>j</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>2</b>	Indicate the tax year the hospital facility last conducted a CHNA 20 ____		
<b>3</b>	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? 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 . . . . .	<b>3</b>	
<b>4</b>	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI . . . . .	<b>4</b>	
<b>5</b>	Did the hospital facility make its CHNA report widely available to the public? . . . . . If "Yes," indicate how the CHNA report was made widely available (check all that apply)	<b>5</b>	
<b>a</b>	<input type="checkbox"/> Hospital facility's website		
<b>b</b>	<input type="checkbox"/> Available upon request from the hospital facility		
<b>c</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>6</b>	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)		
<b>a</b>	<input type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
<b>b</b>	<input type="checkbox"/> Execution of the implementation strategy		
<b>c</b>	<input type="checkbox"/> Participation in the development of a community-wide plan		
<b>d</b>	<input type="checkbox"/> Participation in the execution of a community-wide plan		
<b>e</b>	<input type="checkbox"/> Inclusion of a community benefit section in operational plans		
<b>f</b>	<input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
<b>g</b>	<input type="checkbox"/> Prioritization of health needs in its community		
<b>h</b>	<input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
<b>i</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>7</b>	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs . . . . .	<b>7</b>	
<b>8a</b>	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)? . . . . .	<b>8a</b>	
<b>b</b>	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax? . . . . .	<b>8b</b>	
<b>c</b>	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$ _____		

**Part V Facility Information** (continued)

<b>Financial Assistance Policy</b>		<b>Yes</b>	<b>No</b>
<b>9</b>	Did the hospital facility have in place during the tax year a written financial assistance policy that explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	<b>9</b> Yes	
<b>10</b>	Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care <u>200 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used	<b>10</b> Yes	
<b>11</b>	Used FPG to determine eligibility for providing <i>discounted</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used	<b>11</b> Yes	
<b>12</b>	Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply)	<b>12</b> Yes	
<b>a</b>	<input checked="" type="checkbox"/> Income level		
<b>b</b>	<input checked="" type="checkbox"/> Asset level		
<b>c</b>	<input checked="" type="checkbox"/> Medical indigency		
<b>d</b>	<input checked="" type="checkbox"/> Insurance status		
<b>e</b>	<input checked="" type="checkbox"/> Uninsured discount		
<b>f</b>	<input checked="" type="checkbox"/> Medicaid/Medicare		
<b>g</b>	<input checked="" type="checkbox"/> State regulation		
<b>h</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>13</b>	Explained the method for applying for financial assistance? . . . . .	<b>13</b> Yes	
<b>14</b>	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)	<b>14</b> Yes	
<b>a</b>	<input checked="" type="checkbox"/> The policy was posted on the hospital facility's website		
<b>b</b>	<input checked="" type="checkbox"/> The policy was attached to billing invoices		
<b>c</b>	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
<b>d</b>	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
<b>e</b>	<input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
<b>f</b>	<input checked="" type="checkbox"/> The policy was available upon request		
<b>g</b>	<input type="checkbox"/> Other (describe in Part VI)		

<b>Billing and Collections</b>			
<b>15</b>	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? . . . . .	<b>15</b> Yes	
<b>16</b>	Check all of the following 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		
<b>a</b>	<input type="checkbox"/> Reporting to credit agency		
<b>b</b>	<input type="checkbox"/> Lawsuits		
<b>c</b>	<input type="checkbox"/> Liens on residences		
<b>d</b>	<input type="checkbox"/> Body attachments		
<b>e</b>	<input type="checkbox"/> Other similar actions (describe in Part VI)		
<b>17</b>	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	<b>17</b>	No
<b>a</b>	<input type="checkbox"/> Reporting to credit agency		
<b>b</b>	<input type="checkbox"/> Lawsuits		
<b>c</b>	<input type="checkbox"/> Liens on residences		
<b>d</b>	<input type="checkbox"/> Body attachments		
<b>e</b>	<input type="checkbox"/> Other similar actions (describe in Part VI)		

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

**18** Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)

- a**  Notified individuals of the financial assistance policy on admission
- b**  Notified individuals of the financial assistance policy prior to discharge
- c**  Notified individuals 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)

**Policy Relating to Emergency Medical Care**

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

If "No," indicate why

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

	Yes	No
<b>19</b>	Yes	

**Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)**

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

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

**21** During the tax year, did the hospital facility charge any FAP-eligible individuals 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

**22** During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual? . . . . .

If "Yes," explain in Part VI

<b>21</b>		No
<b>22</b>		No

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

STAFFORD HOSPITAL LLC

Name of hospital facility or facility reporting group

For single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A) 2

Table with 3 columns: Question, Yes, No. Rows include Community Health Needs Assessment questions 1 through 8c.

**Part V Facility Information** (continued)

<b>Financial Assistance Policy</b>		<b>Yes</b>	<b>No</b>
<b>9</b>	Did the hospital facility have in place during the tax year a written financial assistance policy that explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	<b>9</b> Yes	
<b>10</b>	Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care <u>200 000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used	<b>10</b> Yes	
<b>11</b>	Used FPG to determine eligibility for providing <i>discounted</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400 000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used	<b>11</b> Yes	
<b>12</b>	Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply)	<b>12</b> Yes	
<b>a</b>	<input checked="" type="checkbox"/> Income level		
<b>b</b>	<input checked="" type="checkbox"/> Asset level		
<b>c</b>	<input checked="" type="checkbox"/> Medical indigency		
<b>d</b>	<input checked="" type="checkbox"/> Insurance status		
<b>e</b>	<input checked="" type="checkbox"/> Uninsured discount		
<b>f</b>	<input checked="" type="checkbox"/> Medicaid/Medicare		
<b>g</b>	<input checked="" type="checkbox"/> State regulation		
<b>h</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>13</b>	Explained the method for applying for financial assistance? . . . . .	<b>13</b> Yes	
<b>14</b>	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)	<b>14</b> Yes	
<b>a</b>	<input checked="" type="checkbox"/> The policy was posted on the hospital facility's website		
<b>b</b>	<input checked="" type="checkbox"/> The policy was attached to billing invoices		
<b>c</b>	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
<b>d</b>	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
<b>e</b>	<input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
<b>f</b>	<input checked="" type="checkbox"/> The policy was available upon request		
<b>g</b>	<input type="checkbox"/> Other (describe in Part VI)		

<b>Billing and Collections</b>			
<b>15</b>	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? . . . . .	<b>15</b>	No
<b>16</b>	Check all of the following 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		
<b>a</b>	<input type="checkbox"/> Reporting to credit agency		
<b>b</b>	<input type="checkbox"/> Lawsuits		
<b>c</b>	<input type="checkbox"/> Liens on residences		
<b>d</b>	<input type="checkbox"/> Body attachments		
<b>e</b>	<input type="checkbox"/> Other similar actions (describe in Part VI)		
<b>17</b>	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	<b>17</b>	No
<b>a</b>	<input type="checkbox"/> Reporting to credit agency		
<b>b</b>	<input type="checkbox"/> Lawsuits		
<b>c</b>	<input type="checkbox"/> Liens on residences		
<b>d</b>	<input type="checkbox"/> Body attachments		
<b>e</b>	<input type="checkbox"/> Other similar actions (describe in Part VI)		

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

**18** Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)

- a**  Notified individuals of the financial assistance policy on admission
- b**  Notified individuals of the financial assistance policy prior to discharge
- c**  Notified individuals 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)

**Policy Relating to Emergency Medical Care**

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

If "No," indicate why

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

	Yes	No
<b>19</b>	Yes	

**Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)**

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

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

**21** During the tax year, did the hospital facility charge any FAP-eligible individuals 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

**22** During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual? . . . . .

If "Yes," explain in Part VI

<b>21</b>		No
<b>22</b>		No

**Part V Facility Information** (continued)**Section C. Other Health Care 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 health care facilities did the organization operate during the tax year?

8

Name and address	Type of Facility (describe)
1 NEXTCARE URGENT CARE - FREDERICKSBURG 330 WHITE OAK ROAD FREDERICKSBURG, VA 224052792	URGENT CARE
2 NEXTCARE URGENT CARE - SPOTSYLVANIA 5325 PLANK ROAD SUITE 105 FREDERICKSBURG, VA 22407	URGENT CARE
3 NEXTCARE URGENT CARE - FREDERICKSBURG 15 SOUTH GATEWAY DRIVE FREDERICKSBURG, VA 224061231	URGENT CARE
4 NEXTCARE URGENT CARE - DUMFRIES 3990 FETTLER PARK DRIVE SUITE B DUMFRIES, VA 220251997	URGENT CARE
5 NEXTCARE URGENT CARE - STAFFORD 325 GARRISONVILLE ROAD SUITE 101 STAFFORD, VA 225541544	URGENT CARE
6 NEXTCARE URGENT CARE - WOODBRIDGE 12581 MILSTEAD WAY SUITE 103 WOODBRIDGE, VA 221925446	URGENT CARE
7 FREDERICKSBURG AMBULATORY SURGERY CENTER 1201 SAM PERRY BLVD SUITE 101 FREDERICKSBURG, VA 224014490	AMBULATORY SURGERY CENTER
8 MEDICAL IMAGING OF FREDERICKSBURG 1201 SAM PERRY BLVD SUITE 102 ASC BUILD FREDERICKSBURG, VA 224014490	IMAGING SERVICES
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, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22
- 2 Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any 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
- 8 Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

Identifier	ReturnReference	Explanation
		PART I, L7 COL(F) BAD DEBT EXPENSE ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER PATIENT FINANCIAL ASSISTANCE POLICY (PFAP)IN DECEMBER 2011, MWHC UTILIZED THE SERVICES OF SEARCHAMERICA TO IDENTIFY PFAP ELIGIBLE PATIENTS WHOSE ACCOUNTS HAD FALLEN INTO BAD DEBT IN EARLY 2012, SEARCHAMERICA PROVIDED A LIST UTILIZING VARIOUS MARKET RESEARCH TO APPROXIMATE THE FEDERAL POVERTY LEVEL OF EACH ACCOUNT HOLDER WITH THIS INFORMATION WE WERE ABLE TO DETERMINE ACCOUNTS THAT MAY HAVE BEEN ELIGIBLE FOR FREE CARE OR DISCOUNTED CARE UNDER OUR FINANCIAL ASSISTANCE POLICY UTILIZING THE STATISTICAL ANALYSIS THAT SEARCHAMERICA PROVIDED WE HAVE EXTRAPOLATED THE DATA AND ARE ABLE TO ESTIMATE THAT ABOUT 84% OF OUR BAD DEBT IS LIKELY ATTRIBUTABLE TO PFAP ELIGIBLE PATIENTS
		PART II IN FURTHERANCE OF ITS MISSION TO IMPROVE THE HEALTH OF THE COMMUNITY IT SERVES THE ORGANIZATION PROMOTES WORKFORCE DEVELOPMENT FOR THE RECRUITMENT OF PHYSICIANS AND OTHER HEALTH PROFESSIONALS IN AREAS IDENTIFIED AS SHORTAGE AREAS THROUGH ITS COMMUNITY NEEDS ASSESSMENTS AND MEDICAL STAFF DEVELOPMENT PLANS RECRUITMENT OF PHYSICIANS TO PRACTICE IN MWHC'S SERVICE AREA IMPROVES ACCESS TO CARE RESULTING IN GREATER AVAILABILITY OF PHYSICIAN SPECIALISTS, LESS TRAVEL TO OBTAIN CARE, AND SHORTER WAIT TIMES FOR APPOINTMENTS ADDITIONALLY MWHC, PROVIDES FACILITIES FREE OF CHARGE TO RAPPAHANNOCK EMERGENCY MEDICAL SERVICES WHICH IS VALUED AT APPROXIMATELY \$100,000

Identifier	ReturnReference	Explanation
		<p>PART III, LINE 4 THE PROVISION FOR BAD DEBTS IS BASED UPON MANAGEMENT'S JUDGMENTAL ASSESSMENT OF HISTORICAL AND EXPECTED NET COLLECTIONS CONSIDERING BUSINESS AND GENERAL ECONOMIC CONDITIONS IN ITS SERVICE AREA, TRENDS IN HEALTHCARE COVERAGE, AND OTHER COLLECTION INDICATORS THROUGHOUT THE YEAR, MANAGEMENT ASSESSES THE ADEQUACY OF THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS BASED UPON ITS REVIEW OF ACCOUNTS RECEIVABLE PAYOR COMPOSITION AND AGING, TAKING INTO CONSIDERATION RECENT WRITE-OFF EXPERIENCE BY PAYOR CATEGORY, PAYOR AGREEMENT RATE CHANGES AND OTHER FACTORS THE RESULTS OF THESE ASSESSMENTS ARE USED TO MAKE MODIFICATIONS TO THE PROVISION FOR BAD DEBTS AND TO ESTABLISH AN APPROPRIATE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS RECEIVABLE FOR SELF-PAY PATIENTS, THE PROVISION IS BASED ON AN ANALYSIS OF PAST EXPERIENCE RELATED TO COLLECTION RATE OF SELF-PAY BALANCES MWHC FOLLOWS ESTABLISHED GUIDELINES FOR PLACING CERTAIN PAST-DUE PATIENT BALANCES WITH EXTERNAL COLLECTION AGENCIES AT DECEMBER 31, 2012 AND 2011, THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS REPRESENTED APPROXIMATELY 90% AND 92%, RESPECTIVELY, OF THE PATIENTS DUE ACCOUNTS RECEIVABLE BALANCE THE PATIENT DUE ACCOUNTS RECEIVABLE BALANCE REPRESENTS THE ESTIMATED UNINSURED PORTION OF ACCOUNTS RECEIVABLE</p>
		<p>PART III, LINE 8 AS A NOT-FOR-PROFIT HOSPITAL IT IS OUR MISSION TO IMPROVE THE HEALTH STATUS OF ALL PEOPLE WITHIN OUR COMMUNITY AND TO PROVIDE HEALTHCARE TO ALL PATIENTS REGARDLESS OF THEIR ABILITY TO PAY OR THEIR INSURANCE STATUS MWHC ACCEPTS MEDICARE AND MEDICAID AND IT IS A WELL ESTABLISHED FACT THAT NOT-FOR-PROFIT FACILITIES DO NO RECOUP THE COST OF CARING FOR THOSE PATIENTS UTILIZING THESE PROGRAMS UNDER IRS GUIDELINES MEDICARE AND MEDICAID BENEFICIARIES ARE CONSIDERED TO BE MEMBERS OF A CHARITABLE CLASS, THEREFORE BY ASSISTING THESE PATIENTS AND ACCEPTING THE SHORTFALLS IN REPAYMENT, THE ORGANIZATION IS IN FACT RELIEVING GOVERNMENT BURDEN AND PROVIDING A SIGNIFICANT COMMUNITY BENEFIT TO OUR SERVICE AREA</p>

Identifier	ReturnReference	Explanation
		<p>PART III, LINE 9B PATIENTS MAY APPLY FOR FINANCIAL ASSISTANCE AT ANY POINT IN THE COLLECTION CYCLE AND MODIFICATIONS OF ABILITY TO PAY MAY BE ADJUSTED SHOULD FINANCIAL OR INSURANCE STATUS CHANGE SINCE THE FIRST DAY OF CARE MWHC DOES NOT ENGAGE IN EXTRAORDINARY COLLECTION ACTIONS BEFORE THEY HAVE MADE REASONABLE EFFORTS TO DETERMINE WHETHER THE INDIVIDUAL IS ELIGIBLE FOR ASSISTANCE UNDER THIS FINANCIAL ASSISTANCE POLICY REASONABLE EFFORTS CONSTITUTE NOTIFICATION BY MWHC OF ITS FINANCIAL ASSISTANCE POLICY BY WRITTEN AND/OR ORAL COMMUNICATIONS TO ALL UNINSURED/UNDERINSURED PATIENTS AS WELL AS CONSIDERATION OF ELIGIBILITY BASED UPON THE PRESUMPTIVE ELIGIBILITY GUIDELINES DESCRIBED IN THE FINANCIAL ASSISTANCE POLICY</p>
		<p>PART VI, LINE 2 MARY WASHINGTON HEALTHCARE AND ITS AFFILIATES (MARY WASHINGTON HOSPITAL, MARY WASHINGTON HOSPITAL FOUNDATION, STAFFORD HOSPITAL, LLC, STAFFORD HOSPITAL FOUNDATION, MEDICORP PROPERTIES, INC , MEDICORP HEALTH SERVICES, AND MARY WASHINGTON HEALTHCARE CLINICAL SERVICES, INC ) HAS AS ITS MISSION TO IMPROVE THE HEALTH OF MEMBERS OF THE COMMUNITIES IT SERVES FREDERICKSBURG, VA AND THE SURROUNDING SIX (6) COUNTIES THE ORGANIZATION ASSESSES THE HEALTH CARE NEEDS OF THESE COMMUNITIES IN NUMEROUS WAYS INCLUDING 1) SOLICITING INPUT FROM MWHC'S CITIZEN ADVISORY COUNCIL THAT ENCOMPASS INDIVIDUAL MEMBERS AND SUBCOMMITTEES REPRESENTING EACH OF THE COUNTIES IN MWHC'S SERVICE AREA, AND 2) PERFORMING PERIODIC COMMUNITY NEEDS ASSESSMENTS FOR EACH COUNTY IN COLLABORATION WITH GOVERNMENT AGENCIES AND OTHER COMMUNITY ORGANIZATIONS</p>

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 3 MARY WASHINGTON HEALTHCARE AFFILIATES PROVIDE INFORMATION TO PATIENTS ABOUT ITS FINANCIAL ASSISTANCE PROGRAMS THROUGH SIGNAGE AT INTAKE AREAS, FLYERS AT ADMISSIONS, NOTICES ON BILLS AND COLLECTION STATEMENTS FINANCIAL COUNSELORS ARE ALSO AVAILABLE TO ASSIST PATIENTS IN OBTAINING FINANCIAL ASSISTANCE</p>
		<p>PART VI, LINE 4 MARY WASHINGTON HEALTHCARE PROVIDES EXCEPTIONAL MEDICAL SERVICES TO THE CITY OF FREDERICKSBURG AND THE SURROUNDING "COMMUNITY" THAT CONSIST OF THE PRIMARY SERVICE AREA COUNTIES OF STAFFORD, KING GEORGE, SPOTSYLVANIA, WESTMORELAND, ORANGE, PRINCE WILLIAM, AND SECONDARY SERVICE AREA COUNTIES OF MANASSAS, FAUQUIER, CULPEPER, LOUISA, ESSEX, AND RICHMOND ESTABLISHED IN 1899, MARY WASHINGTON HOSPITAL (MWH), A 437 BED ACUTE CARE FACILITY, OFFERS COMPREHENSIVE HEALTHCARE AND MULTIPLE CENTERS OF EXCELLENCE INCLUDING CARDIOLOGY AND CARDIOVASCULAR SURGERY, PSYCHIATRY, AND WOMEN AND INFANT HEALTH STAFFORD HOSPITAL, LLC, A 100 BED ACUTE CARE FACILITY, ALSO OFFERS COMPREHENSIVE HEALTHCARE SERVICES BOTH MWH AND SH ARE ACCREDITED BY THE JOINT COMMISSION AND LICENSED BY THE COMMONWEALTH OF VIRGINIA DEPARTMENT OF HEALTH AND THE DEPARTMENT OF MENTAL HEALTH, MENTAL RETARDATION AND SUBSTANCE ABUSE SERVICES MWH ALSO PROVIDES ADVANCE RADIATION THERAPY THROUGH THE CANCER CENTER OF VIRGINIA AND HOME HEALTH SERVICES THROUGH MARY WASHINGTON HOME HEALTH AS OF THE MOST RECENT CENSUS WITHIN THE RESPECTIVE COUNTIES THE MAJORITY OF THE GEOGRAPHIC SERVICE AREAS IN WHICH BOTH HOSPITALS SERVE ARE MADE UP OF ABOUT 4,164.5 SQUARE MILES OF SUBURBAN AND RURAL LAND COMMUNITY RESIDENTS IN THE PRIMARY SERVICE AREAS EARN A MEDIAN INCOME PER HOUSEHOLD OF \$57,088/YEAR, WITH A COLLECTIVE AVERAGE OF 7.2% OF THE ENTIRE PRIMARY SERVICE AREA LIVING BELOW THE FEDERAL POVERTY GUIDELINES THE PRIMARY SERVICE AREA HAS AN ESTIMATED POPULATION OF 657,718 INDIVIDUALS AND 187,202 HOUSEHOLDS</p>

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 5 MARY WASHINGTON HOSPITAL, INC AND STAFFORD HOSPITAL, LLC EACH OPERATE AN EMERGENCY ROOM THAT IS OPEN TO ALL PERSONS REGARDLESS OF ABILITY TO PAY, HAVE OPEN MEDICAL STAFFS WITH PRIVILEGES TO ALL QUALIFIED PHYSICIANS WHO APPLY, HAVE A GOVERNING BODY WITH A MAJORITY OF INDEPENDENT TRUSTEES, AND PARTICIPATE IN MEDICAID, MEDICARE AND OTHER GOVERNMENT SPONSORED HEALTH CARE PROGRAMS MARY WASHINGTON HEALTHCARE CLINICAL SERVICES, INC THROUGH ITS SUBSIDIARIES, PROVIDES ANCILLARY HEALTH SERVICES INCLUDING PHYSICIAN PRACTICES, OUTPATIENT AND AMBULATORY SURGERY, AND HOME HEALTH/HOSPICE SERVICES THE ORGANIZATION UTILIZES SURPLUS FUNDS TO EXPAND SERVICES PROVIDED TO THE COMMUNITY (IN RESPONSE TO THE COMMUNITY NEEDS ASSESSMENTS), UPGRADE FACILITIES AND EQUIPMENT TO ENHANCE CLINICAL CARE AND PHYSICIAN CONNECTIVITY TO PATIENT ELECTRONIC HEALTH RECORDS, AND HEALTH EDUCATION PROGRAMS</p>
		<p>PART VI, LINE 6 MARY WASHINGTON HEALTHCARE AFFILIATES INCLUDE TWO (2) HOSPITALS, OTHER CLINICAL SERVICES THAT INCLUDE AN AMBULATORY SURGERY CENTER, HOSPICE/HOME HEALTH, INDEPENDENT DIAGNOSTIC TESTING FACILITIES, AND PHYSICIAN PRACTICES, TWO (2) FOUNDATIONS AND A PROPERTY DIVISION ALL ACTIVITIES OF THIS GROUP ARE COORDINATED AND OVERSEEN BY THE PARENT'S (MARY WASHINGTON HEALTHCARE) BOARD OF TRUSTEES THE AFFILIATED GROUP'S ACTIVITIES ARE CLOSELY PLANNED/INTEGRATED THROUGH INTERLOCKING BOARDS TO ENSURE THE MOST EFFECTIVE DELIVERY OF CARE EACH MEMBER OF THE AFFILIATED GROUP FOCUSES EFFORTS IN ITS PARTICULAR AREA OF RESPONSIBILITY AND IS ACCOUNTABLE TO THE PARENT'S BOARD FOR ACHIEVING ITS MISSION AND GOALS FOR THE PROVISION OF HEALTH CARE THE DIVISION OF SERVICES ABOVE ALLOWS PATIENTS TO ACCESS CARE IN THE MOST APPROPRIATE SETTING THE GOVERNANCE OVERSIGHT PROVIDED BY THE PARENT GUARANTEES OPTIMAL COORDINATION OF THE VARIOUS SEGMENTS OF CARE AND ENSURES HIGH QUALITY SERVICE AS ECONOMICALLY AS POSSIBLE</p>

Identifier	ReturnReference	Explanation
REPORTS FILED WITH STATES	PART VI, LINE 7	VA



Schedule I (Form 990)

OMB No 1545-0047

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

2012

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

Attach to Form 990

Open to Public Inspection

Department of the Treasury Internal Revenue Service

Name of the organization MARY WASHINGTON HEALTHCARE GROUP RETURN

Employer identification number 20-1106426

Part I General Information on Grants and Assistance

- 1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?
2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

(a) Name and address of organization or government (b) EIN (c) IRC Code section if applicable (d) Amount of cash grant (e) Amount of non-cash assistance (f) Method of valuation (book, FMV, appraisal, other) (g) Description of non-cash assistance (h) Purpose of grant or assistance

See Additional Data Table

Table with 8 columns: (a) Name and address of organization or government, (b) EIN, (c) IRC Code section if applicable, (d) Amount of cash grant, (e) Amount of non-cash assistance, (f) Method of valuation, (g) Description of non-cash assistance, (h) Purpose of grant or assistance. The table is currently empty.

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

**Part III Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22.

Part III can be duplicated if additional space is needed.

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

**Part IV Supplemental Information.**

Complete this part to provide the information required in Part I, line 2, Part III, column (b), and any other additional information

Identifier	Return Reference	Explanation
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**Software ID:**  
**Software Version:**  
**EIN:** 20-1106426  
**Name:** MARY WASHINGTON HEALTHCARE GROUP RETURN

**Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States**

<b>(a)</b> Name and address of organization or government	<b>(b)</b> EIN	<b>(c)</b> IRC Code section if applicable	<b>(d)</b> Amount of cash grant	<b>(e)</b> Amount of non-cash assistance	<b>(f)</b> Method of valuation (book, FMV, appraisal, other)	<b>(g)</b> Description of non-cash assistance	<b>(h)</b> Purpose of grant or assistance
CENTRAL VIRGINIA HEALTH SERVICES 1506 PALMYRA AVE FREDERICKSBURG, VA 22405	54-0887287		5,000				COMMUNITY HEALTH INTERNSHIPS BUILDING THE FUTURE
OPEN HAND OF FREDERICKSBURG 200 PRINCE EDWARD ST FREDERICKSBURG, VA 22401	36-4564097		5,000				SUMMER YOUTH WORKER PROGRAM

**Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States**

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
RAPPAHANNOCK UNITED WAY 3310 SHANNON PARK DR RICHMOND, VA 23219	54-6042936		3,000				RAPPAHANNOCK AREA CHARITY TRACKER NETWORK
RAPPAHANNOCK AREA OFFICE ON YOUTH 405 CHATHAM SQUARE OFFICE PARK FREDERICKSBURG, VA 22401	54-6001293		1,820				Y2W8 TEEN AWARENESS PROGRAM

**Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States**

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
MENTAL HEALTH AMERICA OF FREDERICKSBURG 2217 PRINCESS ANNE ST SUITE 104-1 LADYSMITH, VA 22501	54-0678704		5,000				SENIOR VISITORS
DAWN PROGRESSIVE ASSOCIATION 24 E CARY ST SUITE 100 RICHMOND, VA 23227	54-1085029		5,000				DAWN WASTEWATER IMPROVEMENTS PHASE 2

**Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States**

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
BETHANY CHRISTIAN SERVICES 1616 STAFFORD AVE FREDERICKSBURG, VA 22401	38-1405282		10,000				EARLY MEDICAL INTERVENTION
CAROLINE CHRISTIAN HEALTH CENTER PO BOX 216 FREDERICKSBURG, VA 22407	20-8446785		22,300				MISSION 2540

**Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States**

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
CENTRAL VIRGINIA HEALTH SERVICES 1506 PALMYRA AVE FREDERICKSBURG, VA 22401	54-0887287		80,000				CHCRR PRIMARY CARE
DISABILITY RESOURCE CENTER 409 PROGRESS ST FREDERICKSBURG, VA 22401	54-1687677		25,000				EQUIPMENT CONNECTION

**Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States**

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
FREDERICKSBURG CHRISTIAN HEALTH CENTER1129 HEATHERSTONE DR FREDERICKSBURG, VA 22402	54-2061482		140,000				INDIGENT PROGRAM
FREDERICKSBURG REGIONAL TRANSIT1400 JEFFERSON DAVIS HIGHWAY KILMARNOCK, VA 22482	54-6001293		55,000				TRANSPORTATION ASSISTANCE FOR INDIGENT PATIENTS

**Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States**

<b>(a)</b> Name and address of organization or government	<b>(b)</b> EIN	<b>(c)</b> IRC Code section if applicable	<b>(d)</b> Amount of cash grant	<b>(e)</b> Amount of non-cash assistance	<b>(f)</b> Method of valuation (book, FMV, appraisal, other)	<b>(g)</b> Description of non-cash assistance	<b>(h)</b> Purpose of grant or assistance
HOSPICE SUPPORT CARE INC1701 FALL HILL AVE STE 109 FREDERICKSBURG, VA 22401	52-1203673		35,000				HOSPICE SUPPORT CARE
MICAH ECUMENICAL MINISTRIES INCPO BOX 3277 RICHMOND, VA 23294	20-4044884		130,000				RESIDENTIAL RECOVERY PROGRAM

**Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States**

<b>(a)</b> Name and address of organization or government	<b>(b)</b> EIN	<b>(c)</b> IRC Code section if applicable	<b>(d)</b> Amount of cash grant	<b>(e)</b> Amount of non-cash assistance	<b>(f)</b> Method of valuation (book, FMV, appraisal, other)	<b>(g)</b> Description of non-cash assistance	<b>(h)</b> Purpose of grant or assistance
NORTHERN NECK FREE HEALTH CLINIC PO BOX 1694 FREDERICKSBURG, VA 22401	54-1679279		14,000				OUTREACH CLINIC IN WESTMORELAND
RAPPAHANNOCK AREA HEALTH DISTRICT 608 JACKSON ST FREDERICKSBURG, VA 22401	54-6001775		75,000				COMPLICATED OBSTETRICAL AND HIGH RISK MATERNITY CARE PROGRAM

**Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States**

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
RX PARTNERSHIP2924 EMERYWOOD PARKWAY 300 COLONIAL BEACH, VA 22443	57-1186937		20,000				RXP
FREDERICKSBURG COUNSELING SERVICES INC305 HANSON AVE 140 FALMOUTH, VA 22405	54-0844464		25,015				COUNSELING SERVICES

**Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States**

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
FREDERICKSBURG DEPARTMENT OF SOCIAL SERVICES 608 JACKSON ST SUITE 100 COLONIAL BEACH, VA 22443	54-6001293		17,500				COMMUNITY BASED ELIGIBILITY WORKER
GUADALUPE FREE CLINIC OF COLONIAL BEACH INC PO BOX 275 FREDERICKSBURG, VA 22401	51-0635977		55,000				FREE CLINIC

**Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States**

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
HAZEL HILL APT CORPORATION 223 BUTLER RD FREDERICKSBURG, VA 22402	54-0859802		14,000				HAZEL HILL HEALTHCARE PROJECT
NORTHERN NECK ALLIANCE INC PO BOX 40 SPOTSYLVANIA, VA 22551	54-1678053		9,000				NORTHERN NECK HEAD START

**Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States**

<b>(a)</b> Name and address of organization or government	<b>(b)</b> EIN	<b>(c)</b> IRC Code section if applicable	<b>(d)</b> Amount of cash grant	<b>(e)</b> Amount of non-cash assistance	<b>(f)</b> Method of valuation (book, FMV, appraisal, other)	<b>(g)</b> Description of non-cash assistance	<b>(h)</b> Purpose of grant or assistance
RAPPAHANNOCK AREA HEALTH DISTRICT 608 JACKSON ST DUMFRIES, VA 22026	54-6001775		20,240				EVERY WOMAN'S LIFE PROGRAM
RAPPAHANNOCK COUNCIL ON DOMESTIC VIOLENCE PO BOX 1007 FREDERICKSBURG, VA 22401	52-1142547		20,000				INTIMATE PARTNER VIOLENCE (IPV) HEALTHCARE PARTNERSHIP PROGRAM

**Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States**

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
SPOTSYLVANIA COUNTY SCHOOLS 6921 NORTH ROXBURY MILL RD STAFFORD, VA 22554	54-6001775		17,526				SCHOOL FLUORIDE MOUTH RINSE PROGRAM
ACTION IN COMMUNITY THROUGH SERVICE (ACTS) PO BOX 74 STAFFORD, VA 225547246	54-0897679		20,000				ACTS HELPLINE ASSISTANCE AND OUTREACH PROJECT

**Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States**

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
STAFFORD COUNTY DEPARTMENT OF SOCIAL SERVICESPO BOX 7 FREDERICKSBURG, VA 22405	54-6001626		24,750				STAFFORD'S HEALTH INSURANCE ENROLLMENT (SHINE) PROGRAM
STAFFORD COUNTY SCHOOLS31 STAFFORD AVE FREDERICKSBURG, VA 22405	54-6001628		27,400				FITNESSGRAM/ACTIVITYGRAM FITNESS ASSESSMENT/REPORTING SOFTWARE

**Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States**

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
STAFFORD COUNTY SCHOOLS 31 STAFFORD AVE FREDERICKSBURG, VA 22401	54-6001628		50,900				IT'S NO LONGER A WEIGHT ROOM -- IT'S A WELLNESS ROOM!
STAFFORD JUNCTION INC 400 CHATHAM SQUARE OFFICE PARK FREDERICKSBURG, VA 22405	20-3036072		16,540				HEALTHY LIVING PAYS

**Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States**

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
STAFFORD SCHOOLS HEAD START VPIEARLY HEAD START 610 GAYLE ST FREDERICKSBURG, VA 22405	54-6001628		11,303				STAFFORD SCHOOLS HEAD START NUTRITION CONSULTANT PROJECT
LLOYD F MOSS FREE CLINIC 1301 SAM PERRY BLVD FREDERICKSBURG, VA 22401	54-1677934		820,000				FREE HEALTH CLINIC

**Form 990, Schedule I, Part III, Grants and Other Assistance to Individuals in the United States**

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
ANNE GRAZIANI BROADDUS NURSING SCHOLARSHIP	1	1,500			
APRIL JETT WILLS MEMORIAL NURSING SCHOLARSHIP	1	1,000			
AQUIA HARBOUR PROPERTY OWNER'S ASSOCIATION SCHOLARSHIP	1	500			
BARBARA KANE NURSING SCHOLARSHIP	1	750			
CHARLES M "PETE" HEARN FELLOWSHIP	1	1,500			
CORA GRAVES ALLISON NURSING SCHOLARSHIP	1	750			
ELEANOR HEYCOCK PETTIT NURSING SCHOLARSHIP	1	1,500			
ELIZABETH BRUNELLE RYAN AND CATHERINE RYAN LEGATH SCHOLARSHIP	1	750			
FREDERICKSBURG EMERGENCY MEDICAL ALLIANCE SCHOLARSHIP	2	1,700			
HAROLD AND FRANCES SCHILZ NURSING SCHOLARSHIP	2	2,000			
HEWETSON NURSING SCHOLARSHIP	2	2,000			
IDA RICHARDSON JENKINS MEMORIAL SCHOLARSHIP	1	750			
JANICE HUNT SCHOLARSHIP	4	7,000			
JEAN C WILLIAMS MEMORIAL NURSING SCHOLARSHIP	1	750			
JEANE BULLOCK NURSING SCHOLARSHIP	1	2,000			
JENNIE MAE BENSON NURSING SCHOLARSHIP	1	1,000			
LAURA LEIGH LUMPKIN MEMORIAL SCHOLARSHIP	1	2,000			
LIBBY PEARSON ENDOWED NURSING SCHOLARSHIP	1	750			
MARIE LACY ROLLINS SCHOLARSHIP	1	1,500			
MARY FRANCES WILLIS & JAMES G WILLIS MEMORIAL SCHOLARSHIP	4	4,000			
MARY WASHINGTON HOSPITAL AUXILIARY SCHOLARSHIP	2	2,000			
NANCY HAZARD MEMORIAL SCHOLARSHIP	1	750			
REBECCA BENNETT NURSING SCHOLARSHIP	1	1,000			
SAL KIWALL MEMORIAL SCHOLARSHIP FOR CLINICAL EDUCATION	1	1,500			
SAM MILLER SCHOLARSHIP	1	800			
STAFFORD HOSPITAL AUXILIARY SCHOLARSHIP	2	1,500			
SUE HALL NURSING SCHOLARSHIP	1	1,500			
WILLIAM AND VIOLA ADRIAN NURSING SCHOLARSHIP	3	5,000			
WILLIAM F JACOBS, JR SCHOLARSHIP IN HEALTHCARE ADMINISTRATION	1	2,000			

**Schedule J**  
(Form 990)

**Compensation Information**

OMB No 1545-0047

**2012**

**Open to Public Inspection**

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Department of the Treasury  
Internal Revenue Service

Name of the organization  
MARY WASHINGTON HEALTHCARE GROUP RETURN

Employer identification number

20-1106426

**Part I Questions Regarding Compensation**

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

<input type="checkbox"/> First-class or charter travel	<input type="checkbox"/> Housing allowance or residence for personal use
<input checked="" type="checkbox"/> Travel for companions	<input type="checkbox"/> Payments for business use of personal residence
<input type="checkbox"/> Tax indemnification and gross-up payments	<input type="checkbox"/> Health or social club dues or initiation fees
<input type="checkbox"/> Discretionary spending account	<input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)

**b** If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of 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 filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III

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

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

- a** Receive a severance payment or change-of-control payment?
- b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?
- c** Participate in, or receive payment from, an equity-based compensation arrangement?  
If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III

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

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

- a** The organization?
- b** Any related organization?  
If "Yes," to line 5a or 5b, describe in Part III

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

- a** The organization?
- b** Any related organization?  
If "Yes," to line 6a or 6b, describe in Part III

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

**8** Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III

**9** If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
<b>1b</b>	Yes	
<b>2</b>	Yes	
<b>4a</b>		No
<b>4b</b>	Yes	
<b>4c</b>		No
<b>5a</b>		No
<b>5b</b>		No
<b>6a</b>		No
<b>6b</b>		No
<b>7</b>	Yes	
<b>8</b>		No
<b>9</b>		

**Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use duplicate copies if additional space is 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, applicable column (D) and (E) amounts for that individual

(A) Name and Title	(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 as deferred in prior Form 990
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
See Additional Data Table							

**Part III Supplemental Information**

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

Identifier	Return Reference	Explanation
	PART I, LINE 1A	PART I, LINE 1A - TRUSTEES WHO ARE UNCOMPENSATED VOLUNTEERS TRAVELING FOR BUSINESS RELATED REASONS ON BEHALF OF THE ORGANIZATION ARE REIMBURSED FOR THE COST OF SPOUSAL TRAVEL REIMBURSEMENTS PAID FOR SPOUSAL TRAVEL ARE REIMBURSED AND REPORTED AS INCOME ON A FORM 1099 IN THE YEAR PAID EXECUTIVES WHO ARE TRAVELING FOR BUSINESS RELATED REASONS ON BEHALF OF THE ORGANIZATION ARE REIMBURSED FOR THE COST OF SPOUSAL MEALS PROVIDED AND THE AMOUNT IS REPORTED AS INCOME ON THE EXECUTIVE'S W-2
	PART I, LINE 7	PART I, LINE 7 - ALL EXECUTIVES HAVE AS A PART OF THEIR COMPENSATION A VARIABLE COMPONENT SUCH THAT THEY ARE ELIGIBLE TO RECEIVE A PERCENTAGE OF THEIR BASE PAY AS AN INCENTIVE FOR THE ACHIEVEMENT OF INDIVIDUAL AND CORPORATE GOALS AND OBJECTIVES THERE WAS NO INCENTIVE COMPENSATION PAID IN 2012
SUPPLEMENTAL INFORMATION	PART III	SCHEDULE J - PART I TRUSTEES WHO ARE UNCOMPENSATED VOLUNTEERS TRAVELING FOR BUSINESS RELATED REASONS ON BEHALF OF THE ORGANIZATION ARE REIMBURSED FOR THE COST OF SPOUSAL TRAVEL REIMBURSEMENTS PAID FOR SPOUSAL TRAVEL ARE REIMBURSED AND REPORTED AS INCOME ON A FORM 1099 IN THE YEAR PAID EXECUTIVES WHO ARE TRAVELING FOR BUSINESS RELATED REASONS ON BEHALF OF THE ORGANIZATION ARE REIMBURSED FOR THE COST OF SPOUSAL MEALS PROVIDED AND THE AMOUNT IS REPORTED AS INCOME ON THE EXECUTIVE'S W-2 PART II, COLUMN B DISCLOSURE PRIMARILY REPRESENTS 457(F) DISTRIBUTIONS

**Software ID:**  
**Software Version:**  
**EIN:** 20-1106426  
**Name:** MARY WASHINGTON HEALTHCARE GROUP RETURN

**Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**

(A) Name	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) 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 compensation				
FRED M RANKIN III	(i) 0	0	0	0	0	0	0
	(ii) 582,184	0	258,992	24,500	20,742	886,418	0
SEAN T BARDEN	(i) 0	0	0	0	0	0	0
	(ii) 339,464	0	61,978	24,500	25,449	451,391	0
WALTER J KIWALL	(i) 0	0	0	0	0	0	0
	(ii) 356,613	0	83,970	24,500	18,496	483,579	0
XAVIER R RICHARDSON	(i) 0	0	0	0	0	0	0
	(ii) 210,218	0	41,000	23,366	15,185	289,769	0
J THOMAS RYAN MD	(i) 0	0	0	0	0	0	0
	(ii) 337,273	0	105,827	24,500	17,843	485,443	0
RAVI MATHUR	(i) 0	0	0	0	0	0	0
	(ii) 168,133	0	20,150	17,974	16,190	222,447	0
CHERYL SPRINGHORN	(i) 0	0	0	0	0	0	0
	(ii) 141,959	0	0	3,948	7,278	153,185	0
LAWRENCE ROBERTS MD	(i) 510,910	0	0	7,500	24,841	543,251	0
	(ii) 0	0	0	0	0	0	0
KATHRYN S WALL	(i) 0	0	0	0	0	0	0
	(ii) 227,227	0	31,000	24,199	10,079	292,505	0
MARIANNA BEDWAY	(i) 0	0	0	0	0	0	0
	(ii) 208,565	0	26,983	20,968	25,092	281,608	0
ERIC FLETCHER	(i) 0	0	0	0	0	0	0
	(ii) 205,528	0	26,402	17,545	21,295	270,770	0
WINIFRED J HAIKEY	(i) 0	0	0	0	0	0	0
	(ii) 184,268	0	61,560	22,698	15,499	284,025	0
JOYCE HANSCOME	(i) 0	0	0	0	0	0	0
	(ii) 204,161	0	21,410	16,930	17,724	260,225	0
JAMES K VAN RENAN	(i) 273,970	0	28,000	24,500	21,600	348,070	0
	(ii) 0	0	0	0	0	0	0
CATHLEEN A YABLONSKI	(i) 185,787	0	25,532	16,575	24,815	252,709	0
	(ii) 0	0	0	0	0	0	0
AMY ADOME MD	(i) 0	0	0	0	0	0	0
	(ii) 174,335	0	20,677	18,680	8,408	222,100	0
REBECCA BIGONEY MD	(i) 307,364	0	6,635	6,916	14,283	335,198	0
	(ii) 0	0	0	0	0	0	0
KATHLEEN BOURGAULT	(i) 0	0	0	0	0	0	0
	(ii) 177,267	0	5,588	1,265	16,195	200,315	0
EILEEN L DOHMANN RN	(i) 197,937	0	22,107	20,680	3,515	244,239	0
	(ii) 0	0	0	0	0	0	0
MARIE FREDRICK	(i) 0	0	0	0	0	0	0
	(ii) 173,490	0	21,053	19,196	19,152	232,891	0

**Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) 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 compensation				
JAMES SWISHER	(i)	0	0	0	0	0	0	0
	(ii)	155,884	0	18,882	16,115	8,036	198,917	0
DAVID LING MD	(i)	0	0	0	0	0	0	0
	(ii)	198,186	0	5,821	3,512	24,765	232,284	0
GLEN J POFFENBARGER MD	(i)	975,578	0	0	7,500	31,286	1,014,364	0
	(ii)	0	0	0	0	0	0	0
JT SHERWOOD MD	(i)	827,538	0	0	7,500	32,378	867,416	0
	(ii)	0	0	0	0	0	0	0
CHRISTOS HATJIS MD	(i)	709,529	0	0	7,500	23,003	740,032	0
	(ii)	0	0	0	0	0	0	0
MAURICE EGGLESTON JR MD	(i)	449,815	0	0	7,500	28,332	485,647	0
	(ii)	0	0	0	0	0	0	0
THERESA A CONOLOGUE MD	(i)	409,094	0	0	7,500	19,411	436,005	0
	(ii)	0	0	0	0	0	0	0
RANDALL PATRICK STEWART	(i)	0	0	0	0	0	0	0
	(ii)	233,370	0	5,000	2,930	17,408	258,708	0
ALAN EDWARDS	(i)	0	0	0	0	0	0	0
	(ii)	157,600	0	18,026	12,270	26,672	214,568	0

**Schedule K  
(Form 990)**

OMB No 1545-0047

**Supplemental Information on Tax Exempt Bonds**

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

▶ Attach to Form 990. ▶ See separate instructions.

**2012**

**Open to Public  
Inspection**

Department of the Treasury  
Internal Revenue Service

Name of the organization  
MARY WASHINGTON HEALTHCARE GROUP RETURN

Employer identification number

20-1106426

**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
<b>A</b>	ECONOMIC DEVELOPMENT AUTHORITY	54-1244413	852431AQ8	12-01-2006	125,000,000	BUILD STAFFORD HOSPITAL FACILITY		X		X		X
<b>B</b>	LYNCHBURG IDA-VHA POOLED FINANCING			12-28-2007	14,000,000	ACQUISITION OF MWH EQUIPMENT		X		X		X
<b>C</b>	CITY OF FREDERICKSBURG ECONOMIC DEV AUTH	52-1303430	355849AS9	05-10-2007	81,860,000	REFUNDING OF 1996 MWH BONDS		X		X		X
<b>D</b>	CITY OF FREDERICKSBURG ECONOMIC DEV AUTH	52-1303430		07-12-2011	30,000,000	BUILD AND EQUIP CANCER CENTER		X		X		X

**Part II Proceeds**

		A		B		C		D	
<b>1</b>	Amount of bonds retired								
<b>2</b>	Amount of bonds legally defeased								
<b>3</b>	Total proceeds of issue	132,581,641		14,000,000		86,868,312		30,210,000	
<b>4</b>	Gross proceeds in reserve funds								
<b>5</b>	Capitalized interest from proceeds								
<b>6</b>	Proceeds in refunding escrows								
<b>7</b>	Issuance costs from proceeds	959,500		126,000		583,010		210,000	
<b>8</b>	Credit enhancement from proceeds								
<b>9</b>	Working capital expenditures from proceeds								
<b>10</b>	Capital expenditures from proceeds	131,622,141		13,874,000		86,285,302		30,000,000	
<b>11</b>	Other spent proceeds								
<b>12</b>	Other unspent proceeds								
<b>13</b>	Year of substantial completion	2008		2007		2007		2011	
		Yes	No	Yes	No	Yes	No	Yes	No
<b>14</b>	Were the bonds issued as part of a current refunding issue?		X		X	X			X
<b>15</b>	Were the bonds issued as part of an advance refunding issue?		X		X		X		X
<b>16</b>	Has the final allocation of proceeds been made?	X		X		X		X	
<b>17</b>	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X		X	

**Part III Private Business Use**

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

**Part III Private Business Use (Continued)**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>3a</b> Are there any management or service contracts that may result in private business use of bond-financed property?	X		X		X			
<b>b</b> If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?	X		X		X			
<b>c</b> Are there any research agreements that may result in private business use of bond-financed property?		X		X	X			
<b>d</b> If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?	X				X			
<b>4</b> 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		%		%		%		%
<b>5</b> Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government		0%		0%		%		%
<b>6</b> Total of lines 4 and 5		0%		0%		%		%
<b>7</b> Does the bond issue meet the private security or payment test?	X		X		X			
<b>8a</b> Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X		X		
<b>b</b> If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of		%		%		%		%
<b>c</b> If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?								
<b>9</b> Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?	X		X		X			

**Part IV Arbitrage**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>1</b> Has the issuer filed Form 8038-T?		X		X		X		X
<b>2</b> If "No" to line 1, did the following apply?								
<b>a</b> Rebate not due yet?		X		X		X		X
<b>b</b> Exception to rebate?		X	X		X			X
<b>c</b> No rebate due?	X			X		X		X
If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
<b>3</b> Is the bond issue a variable rate issue?		X	X			X	X	
<b>4a</b> Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X		X		X		X
<b>b</b> Name of provider								
<b>c</b> Term of hedge								
<b>d</b> Was the hedge superintegrated?								
<b>e</b> Was a hedge terminated?								

**Part IV Arbitrage (Continued)**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>5a</b> Were gross proceeds invested in a guaranteed investment contract (GIC)?		X		X		X		X
<b>b</b> Name of provider								
<b>c</b> Term of GIC								
<b>d</b> Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
<b>6</b> Were any gross proceeds invested beyond an available temporary period?		X		X		X		X
<b>7</b> Has the organization established written procedures to monitor the requirements of section 148?	X		X		X		X	

**Part V Procedures To Undertake Corrective Action**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>1</b> Has 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?	X		X		X		X	

**Part VI Supplemental Information.** Complete this part to provide additional information for responses to questions on Schedule K (see instructions).

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

Transactions with Interested Persons

OMB No 1545-0047

2012

Open to Public Inspection

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

Department of the Treasury Internal Revenue Service

Name of the organization MARY WASHINGTON HEALTHCARE GROUP RETURN

Employer identification number 20-1106426

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

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

Table with 4 main columns: (a) Name of disqualified person, (b) Relationship between disqualified person and organization, (c) Description of transaction, (d) Corrected? (Yes/No)

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

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

Table with 9 main columns: (a) Name of interested person, (b) Relationship with organization, (c) Purpose of loan, (d) Loan to or from the organization (To/From), (e) Original principal amount, (f) Balance due, (g) In default? (Yes/No), (h) Approved by board or committee? (Yes/No), (i) Written agreement? (Yes/No)

Part III Grants or Assistance Benefitting Interested Persons.

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

Table with 5 main columns: (a) Name of interested person, (b) Relationship between interested person and the organization, (c) Amount of assistance, (d) Type of assistance, (e) Purpose of assistance

**Part IV Business Transactions Involving Interested Persons.**

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) STAFFORD MEDICAL OFFICE	MANAGEMENT CONTRACT	1,442,676	RENTAL, MEDICAL OFFICE		No
(2) HEALTH TECH RESOURCES	5% TRUSTEE OWNERSHIP	1,276,178	RENTAL		No

**Part V Supplemental Information**

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

Identifier	Return Reference	Explanation
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SCHEDULE M (Form 990)

Noncash Contributions

OMB No 1545-0047

2012

Open to Public Inspection

Complete if the organizations answered "Yes" on Form 990, Part IV, lines 29 or 30. Attach to Form 990.

Department of the Treasury Internal Revenue Service

Name of the organization MARY WASHINGTON HEALTHCARE GROUP RETURN

Employer identification number 20-1106426

Part I Types of Property

Table with 4 columns: (a) Check if applicable, (b) Number of contributions or items contributed, (c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g, (d) Method of determining noncash contribution amounts. Rows include Art, Books, Clothing, Cars, Boats, Intellectual property, Securities, Real estate, Collectibles, Food, Drugs, Taxidermy, Historical artifacts, Scientific specimens, Archeological artifacts, and Gift Cards.

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement

29

Table with 3 columns: Question (30a, 31, 32a, 33), Yes, No. Contains questions about property holding periods, gift acceptance policies, and solicitation of contributions.

**Part III Supplemental Information.** Complete this part to provide the information required by Part I, lines 30b, 32b, and 33, and whether the organization is reporting in Part I, column (b), the number of contributions, the number of items received, or a combination of both. Also complete this part for any additional information.

Identifier	Return Reference	Explanation
THIRD PARTY USE	PART I, LINE 32B	THE GROUP HAS A POLICY REQUIRING REVIEW AND BOARD APPROVAL OF ALL NON-STANDARD CONTRIBUTIONS

**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

**2012**

**Open to Public Inspection**

Name of the organization  
MARY WASHINGTON HEALTHCARE GROUP RETURN

**Employer identification number**

20-1106426

Identifier	Return Reference	Explanation
	FORM 990, PART V, Q 7G AND 7H	QUESTIONS 7G AND 7H DO NOT APPLY TO THE ORGANIZATION BECAUSE THE ORGANIZATION DID NOT HAVE CONTRIBUTIONS OF QUALIFIED INTELLECTUAL PROPERTY OR CONTRIBUTIONS OF CARS, BOATS, AIRPLANES OR OTHER VEHICLES DURING THE YEAR

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 6	MEMBERS OF THE MARY WASHINGTON HEALTHCARE GROUP ALL HAVE ONE SOLE MEMBER, ITS PARENT MARY WASHINGTON HEALTHCARE (MWHC)

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 7A	MARY WASHINGTON HEALTHCARE (MWHC) HAS THE POWER TO APPOINT BOARD OF TRUSTEES FOR THE GROUP

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 7B	MEMBERS OF THE MARY WASHINGTON HEALTHCARE GROUP ALL HAVE ONE SOLE MEMBER, ITS PARENT MARY WASHINGTON HEALTHCARE (MWHC) MWHC HAS RESERVED CERTAIN POWERS TO ITSELF WITHIN EACH OF ITS SUBSIDIARIES' ORGANIZING DOCUMENTS THESE RESTRICTIONS INCLUDE AMENDING THE GOVERNING DOCUMENTS, BUDGETING, EXPENDITURES OVER CERTAIN THRESHOLDS

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 11	MANAGEMENT COMPLETES A DRAFT OF THE FORM 990 FOR THE MARY WASHINGTON HEALTHCARE GROUP. AT THAT TIME THE RETURN IS SUBMITTED TO THE AUDIT AND COMPLIANCE COMMITTEE OF THE BOARD FOR REVIEW AND ACCEPTANCE. THE FORM 990 IS ALSO MADE AVAILABLE TO THE BOARD OF TRUSTEES THROUGH THE BOARD WEBSITE FOR FURTHER REVIEW.

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	EVERY TRUSTEE, AND EXECUTIVE MEMBER OF MANAGEMENT IS REQUIRED TO DISCLOSE ANY AND ALL POSSIBLE CONFLICTS OF INTERESTS. THE DISCLOSURES ARE MADE ANNUALLY AND SUBMITTED TO THE MMHC CHIEF AUDIT EXECUTIVE (CAE). THE CAE THEN PRESENTS ALL CONFLICTS TO THE AUDIT AND COMPLIANCE COMMITTEE OF THE BOARD OF TRUSTEES. THE CHAIRMAN OF THE AUDIT AND COMPLIANCE COMMITTEE REPORTS ALL CONFLICTS TO THE FULL BOARD. CONFLICTS ARE CONTINUALLY AND ACTIVELY MANAGED. AT EACH MEETING, THE CHAIR ASKS IF ANYONE AT THE MEETING HAS A CONFLICT TO DISCLOSE. INDIVIDUALS WITH CONFLICTS DISCLOSE THEIR CONFLICTS AND THE RELATED TOPIC. THE INDIVIDUAL THEN RECUSES HIM/HERSELF FROM ANY DECISION RELATED TO THAT TOPIC. THE CONFLICT OF INTERESTS POLICY IS REVIEWED ANNUALLY BY THE BOARD OF TRUSTEES.

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	MARY WASHINGTON HEALTHCARE UTILIZES AN EXECUTIVE COMPENSATION COMMITTEE WITH THE PURPOSE AND AUTHORITY TO ESTABLISH PROCESSES TO ENSURE FAIR AND COMMERCIALY REASONABLE COMPENSATION FOR THE CEO AND EXECUTIVE LEADERSHIP IN ORDER TO ENSURE COMPENSATION PAID IS SET AT FAIR MARKET VALUE, THE EXECUTIVE COMPENSATION COMMITTEE UTILIZES COMPENSATION SURVEY DATA, FORM 990 INFORMATION FROM COMPARABLE HEALTH SYSTEMS, AND THE SERVICES OF AN INDEPENDENT COMPENSATION CONSULTANT SUCH INDEPENDENT THIRD PARTY DATA POINT PROVIDES ASSURANCE THAT EXECUTIVE COMPENSATION IS COMMERCIALY REASONABLE AND AT A FAIR MARKET VALUE

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	THE AUDITED FINANCIALS STATEMENTS ARE POSTED ON THE MARY WASHINGTON HEALTHCARE WEBSITE FOR PUBLIC VIEW

Identifier	Return Reference	Explanation
OTHER FEES	FORM 990, PART IX, LINE 11G	CONTRACT PERSONNEL PROGRAM SERVICE EXPENSES 5,833,974 MANAGEMENT AND GENERAL EXPENSES 160,577 FUNDRAISING EXPENSES 1,321 TOTAL EXPENSES 5,995,872 CONSULTING SERVICES PROGRAM SERVICE EXPENSES 38,792,246 MANAGEMENT AND GENERAL EXPENSES 1,067,735 FUNDRAISING EXPENSES 8,785 TOTAL EXPENSES 39,868,766 BILLING AND COLLECTION SERVICES PROGRAM SERVICE EXPENSES 2,573,496 MANAGEMENT AND GENERAL EXPENSES 70,834 FUNDRAISING EXPENSES 583 TOTAL EXPENSES 2,644,913 ASP SERVICES PROGRAM SERVICE EXPENSES 13,427 MANAGEMENT AND GENERAL EXPENSES 370 FUNDRAISING EXPENSES 3 TOTAL EXPENSES 13,800 MISCELLANEOUS SERVICES PROGRAM SERVICE EXPENSES 5,225,130 MANAGEMENT AND GENERAL EXPENSES 143,819 FUNDRAISING EXPENSES 1,183 TOTAL EXPENSES 5,370,132 STORAGE PROGRAM SERVICE EXPENSES 123,762 MANAGEMENT AND GENERAL EXPENSES 3,406 FUNDRAISING EXPENSES 28 TOTAL EXPENSES 127,196 WASTE DISPOSAL PROGRAM SERVICE EXPENSES 1,077,496 MANAGEMENT AND GENERAL EXPENSES 29,657 FUNDRAISING EXPENSES 244 TOTAL EXPENSES 1,107,397 MANAGEMENT CONTRACTS PROGRAM SERVICE EXPENSES 13,724,706 MANAGEMENT AND GENERAL EXPENSES 377,765 FUNDRAISING EXPENSES 3,108 TOTAL EXPENSES 14,105,579

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 9	RELIEF FROM AFFILIATE LOANS -19,492,791 LOSS FROM RELATED AFFILIATES 7,010,901 VCSI -FINAL RETURN 856,043

Identifier	Return Reference	Explanation
	FORM 990, PART XII, LINE 2C	THE GROUP RETURN IS INCLUDED IN THE CONSOLIDATED AUDITED FINANCIAL STATEMENTS OF MWHC CONSISTENT WITH PRIOR YEARS RESPONSIBILITY FOR OVERSIGHT OF THE AUDIT AND SELECTION OF AUDITORS RESTS WITH THE AUDIT & COMPLIANCE COMMITTEE OF THE BOARD OF TRUSTEES

Identifier	Return Reference	Explanation
	FORM 990, PART V, Q2A	NO ENTITY WITHIN THE GROUP FILES W-2S WITH THE IRS. ALL PAYROLL IS PAID THROUGH AN AGENCY AGREEMENT WITH MARY WASHINGTON HEALTHCARE, THE PARENT ORGANIZATION. MARY WASHINGTON HEALTHCARE FILES ALL W-2S.

**SCHEDULE R  
(Form 990)**

**Related Organizations and Unrelated Partnerships**

OMB No 1545-0047

**2012**

**Open to Public  
Inspection**

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

Department of the Treasury  
Internal Revenue Service

Name of the organization  
MARY WASHINGTON HEALTHCARE GROUP RETURN

**Employer identification number**

20-1106426

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

(a) Name, address, and EIN (if applicable) 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
(1) CRNA LLC 2300 FALL HILL AVE SUITE 509 FREDERICKSBURG, VA 22401 57-1172752	MEDICAL SERVICES	VA	0	278,315	MWHC CLINICAL SERVICES INC

**Part II Identification of Related Tax-Exempt Organizations** (Complete if the organization answered "Yes" to 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 entity?	
						Yes	No
(1) STAFFORD HOSPITAL AUXILIARY 2300 FALL HILL AVE SUITE 509 FREDERICKSBURG, VA 22401 26-2704632	MEDICAL SERVICES	VA	501(C)(3)	LINE 11C, III-FI	MWHC		No
(2) MARY WASHINGTON HOSPITAL AUXILIARY 2300 FALL HILL AVE SUITE 509 FREDERICKSBURG, VA 22401 75-2985923	MEDICAL SERVICES	VA	501(C)(3)	LINE 11C, III-FI	MWHC		No
(3) MWH AND UVA RADIOSURGERY CENTER LLC 2300 FALL HILL AVE SUITE 509 FREDERICKSBURG, VA 22401 90-0604539	MEDICAL SERVICES	VA	501(C)(3)	LINE 11A, I	MWHC		No
(4) MARY WASHINGTON HEALTHCARE 2300 FALL HILL AVE SUITE 509 FREDERICKSBURG, VA 22401 54-1240646	MEDICAL SERVICES	VA	501(C)(3)	LINE 11B, II	MWHC		No

**Part III Identification of Related Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" to 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	
<b>(1)</b> TOMPKINS MARTIN MEDICAL PLAZA  2300 FALL HILL AVE STE 509 FREDERICKSBURG, VA 22401 54-1632021	REAL ESTATE	VA	MPI	RELATED	574,835	5,246,286		No		Yes		80 500 %
<b>(2)</b> FREDERICKSBURG AMBULATORY SURGERY CENTER  2300 FALL HILL AVE STE 509 FREDERICKSBURG, VA 22401 56-2322548	SURGERY CTR	VA	MWHC CLINICAL SERVICES INC	RELATED	2,597,237	5,040,676		No		Yes		71 500 %
<b>(3)</b> MEDICAL IMAGING OF FREDERICKSBURG  2300 FALL HILL AVE STE 509 FREDERICKSBURG, VA 22401 54-1364028	IMAGING	VA	MWHC CLINICAL SERVICES INC	RELATED	3,842,718	7,501,169		No		Yes		51 000 %
<b>(4)</b> MARY WASHINGTON EYE CARE CENTER  2300 FALL HILL AVE STE 509 FREDERICKSBURG, VA 22401 27-1248032	OPTOMETRY	VA	MWHC CLINICAL SERVICES INC	RELATED	-173,664	546,508		No			No	60 000 %
<b>(5)</b> CENTRAL ATLANTIC HEALTH NETWORK  2300 FALL HILL AVE STE 509 FREDERICKSBURG, VA 22401 27-4704694	GROUP PURCHASING	VA		RELATED	-179	24,821	Yes				No	11 110 %

**Part IV Identification of Related Organizations Taxable as a Corporation or Trust** (Complete if the organization answered "Yes" to 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	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
<b>(1)</b> MWHC HOLDING COMPANY INC  2300 FALL HILL AVE SUITE 509 FREDERICKSBURG, VA 22401 54-1725487	HOLDING COMPANY	VA	MWHC CLINICAL SERVICES INC	C	-292,354	828,074	100 000 %		No
<b>(2)</b> MARY WASHINGTON HEALTHCARE SERVICES  2300 FALL HILL AVE SUITE 509 FREDERICKSBURG, VA 22401 54-1244509	RETAIL MEDICAL	VA	MWHC CLINICAL SERVICES INC	C	-946,525	740,064	100 000 %		No
<b>(3)</b> FREDERICKSBURG PROFESSIONAL RISK EXCHANGE  2300 FALL HILL AVE SUITE 509 FREDERICKSBURG, VA 22401 53-1095956	CAPTIVE INSURANCE	VA	MWHC	C			97 500 %		No

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

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

**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 or **(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** Dividends from related organization(s)

**g** Sale of assets to related organization(s)

**h** Purchase of assets from related organization(s)

**i** Exchange of assets with related organization(s)

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

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

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

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

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

**o** Sharing of paid employees with related organization(s)

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

**q** Reimbursement paid by related organization(s) for expenses

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

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

	Yes	No
<b>1a</b>		No
<b>1b</b>		No
<b>1c</b>	Yes	
<b>1d</b>		No
<b>1e</b>		No
<b>1f</b>		No
<b>1g</b>		No
<b>1h</b>		No
<b>1i</b>		No
<b>1j</b>	Yes	
<b>1k</b>	Yes	
<b>1l</b>		No
<b>1m</b>		No
<b>1n</b>		No
<b>1o</b>		No
<b>1p</b>		No
<b>1q</b>		No
<b>1r</b>		No
<b>1s</b>		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-s)	(c) Amount involved	(d) Method of determining amount involved
<b>(1)</b> TOMPKINS MARTIN MEDICAL PLAZA	K	1,360,903	IND APPRAISAL
<b>(2)</b> FREDERICKSBURG AMBULATORY SURGERY CENTER	J	964,325	IND APPRAISAL
<b>(3)</b> MEDICAL IMAGING OF FREDERICKSBURG	J	944,679	IND APPRAISAL
<b>(4)</b> MARY WASHINGTON EYE CARE CENTER	J	122,853	IND APPRAISAL
<b>(5)</b> MARY WASHINGTON HEALTHCARE SERVICES INC	J	554,335	IND APPRAISAL
<b>(6)</b> MARY WASHINGTON HOSPITAL AUXILIARY	C	220,000	CASH TRANSACTION



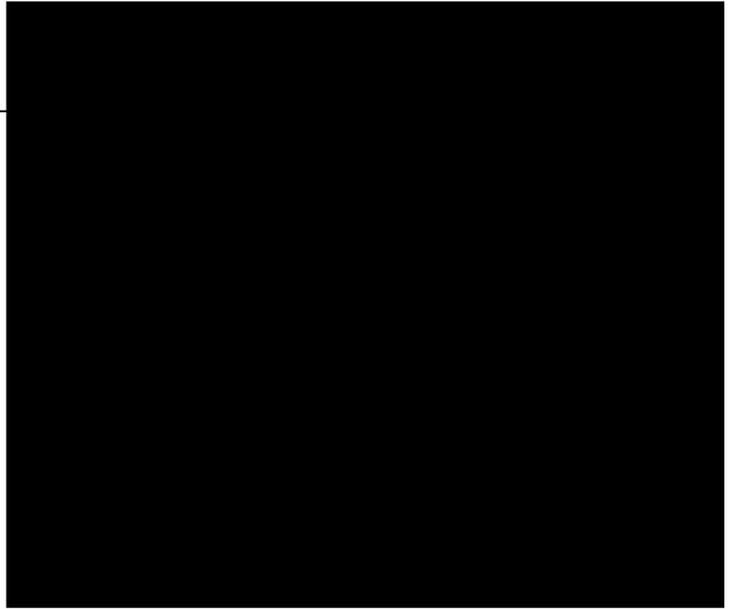
**Software ID:**  
**Software Version:**  
**EIN:** 20-1106426  
**Name:** MARY WASHINGTON HEALTHCARE GROUP RETURN

**Part VII Supplemental Information**

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

Identifier	Return Reference	Explanation		
<b>--&gt; Form 990, Schedule R, Part V - Transactions With Related Organizations</b>				
(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved	
TOMPKINS MARTIN MEDICAL PLAZA	K	1,360,903	IND APPRAISAL	
FREDERICKSBURG AMBULATORY SURGERY CENTER	J	964,325	IND APPRAISAL	
MEDICAL IMAGING OF FREDERICKSBURG	J	944,679	IND APPRAISAL	
MARY WASHINGTON EYE CARE CENTER	J	122,853	IND APPRAISAL	
MARY WASHINGTON HEALTHCARE SERVICES INC	J	554,335	IND APPRAISAL	
MARY WASHINGTON HOSPITAL AUXILIARY	C	220,000	CASH TRANSACTION	

COHEN  
RUTHERFORD  
+ KNIGHT<sub>PC</sub>  
Certified Public Accountants



Mary Washington Healthcare and Subsidiaries  
Consolidated Financial Statements and Other Financial Information

December 31, 2012 and 2011

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## Report of Independent Auditors

Board of Trustees  
Mary Washington Healthcare and Subsidiaries

We have audited the accompanying consolidated balance sheets of Mary Washington Healthcare and Subsidiaries (MWHC) as of December 31, 2012 and 2011, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, this includes design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free of material misstatement, whether due to fraud or error

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

Board of Trustees  
Mary Washington Healthcare and Subsidiaries  
Page 2

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mary Washington Healthcare and Subsidiaries as of December 31, 2012 and 2011, and the consolidated results of their operations and changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America

*Cohen, Rutherford + Knight, P.C.*

April 8, 2013  
Bethesda, Maryland

# Mary Washington Healthcare and Subsidiaries

## Consolidated Balance Sheets

	December 31	
	2012	2011
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 61,685,639	\$ 60,257,843
Accounts receivable		
Patient accounts receivable, less allowance for uncollectible accounts of \$41,818,838 in 2012 and \$65,456,339 in 2011 ( <i>Note 10</i> )	80,259,722	106,093,931
Settlements due from third parties	14,208,302	12,980,012
Other	4,557,240	5,101,708
	<u>99,025,264</u>	<u>124,175,651</u>
Notes receivable	486,850	-
Inventories	9,906,916	9,155,894
Prepaid expenses and other	5,852,505	6,797,357
Total current assets	<u>176,957,174</u>	<u>200,386,745</u>
Assets whose use is limited ( <i>Note 2</i> )		
Internally designated for healthcare programs and capital acquisitions	111,286,288	102,327,178
Internally restricted for malpractice claims	10,760,729	11,438,021
Externally restricted by donors	18,477,694	17,332,616
Externally restricted under bond indenture agreement (held by trustees)	6,286,683	6,286,683
	<u>146,811,394</u>	<u>137,384,498</u>
Property, plant and equipment, less accumulated depreciation and amortization of \$436,485,124 in 2012 and \$397,109,921 in 2011 ( <i>Note 4</i> )	328,785,638	343,499,193
Other assets		
Notes receivable	3,506,116	5,998,355
Deferred financing costs, less accumulated amortization of \$610,957 in 2012 and \$532,290 in 2011	1,514,231	1,665,497
Miscellaneous	3,862,189	5,177,616
	<u>8,882,536</u>	<u>12,841,468</u>
Total assets	<u>\$ 661,436,742</u>	<u>\$ 694,111,904</u>

# Mary Washington Healthcare and Subsidiaries

## Consolidated Balance Sheets - Continued

	<b>December 31</b>	
	<b>2012</b>	<b>2011</b>
<b>Liabilities and net assets</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 34,273,861	\$ 35,922,784
Employee compensation and professional fees	31,721,840	34,055,703
Interest payable	601,241	639,471
Pension liability - current portion <i>(Note 6)</i>	-	2,000,000
Current maturities of long-term obligations <i>(Notes 5 and 9)</i>	9,616,243	10,150,476
Total current liabilities	76,213,185	82,768,434
Long-term obligations, less current maturities <i>(Notes 5 and 9)</i>	289,806,926	298,699,775
Other liabilities		
Accrued losses on malpractice claims <i>(Note 7)</i>	15,742,879	17,156,309
Pension liability <i>(Note 6)</i>	60,848,910	50,786,067
Other	40,591	45,070
	76,632,380	67,987,446
Total liabilities	442,652,491	449,455,655
Commitments and Contingencies <i>(Note 11)</i>		
Net assets		
Unrestricted - general	194,821,774	221,299,214
Unrestricted - noncontrolling interest	5,484,784	6,024,419
Temporarily restricted <i>(Note 3)</i>	17,219,483	16,074,406
Permanently restricted <i>(Note 3)</i>	1,258,210	1,258,210
	218,784,251	244,656,249
Total liabilities and net assets	\$ 661,436,742	\$ 694,111,904

*See accompanying notes*

## Mary Washington Healthcare and Subsidiaries

### Consolidated Statements of Operations and Changes in Net Assets

	Year ended December 31	
	2012	2011
<b>Unrestricted net assets</b>		
Revenues and other support		
Net patient service revenue		
Patient service revenue (net of contractual allowances and discounts)	\$ 555,856,245	\$ 636,102,578
Provision for bad debts	(12,196,940)	(71,248,299)
	543,659,305	564,854,279
Retail and pharmacy sales	6,765,064	6,636,399
Rental of facilities	2,408,728	2,412,393
Management and personnel services	4,674,640	4,720,271
Investment income (Note 2)	3,816,953	3,094,586
Unrestricted contributions	921,402	1,274,482
Other	11,079,295	11,063,710
	573,325,387	594,056,120
Expenses (Note 8)		
Salaries and wages	243,288,881	238,981,839
Employee benefits (Note 6)	55,692,371	51,118,925
Contract personnel	6,827,568	13,198,551
Professional fees	44,515,906	40,366,326
General and administrative	14,646,110	14,069,361
Provisions for depreciation and amortization	39,700,730	37,235,905
Interest (Note 5)	13,846,221	13,893,834
Cost of pharmacy and others	5,611,688	5,511,533
Contract services	40,648,290	39,202,374
Supplies	102,506,353	105,941,037
Utilities	5,564,906	5,637,230
Insurance (Note 7)	3,515,561	5,625,386
Rent	14,427,079	13,660,758
Other	3,728,692	4,387,797
	594,520,356	588,830,856
Income (loss) from operations	(21,194,969)	5,225,264
Nonoperating gains (losses)		
Net appreciation (depreciation) of investments (Note 2)	8,889,199	(4,609,504)
Gain on disposal of fixed assets	140,482	780,833
Gain (loss) on investments in partnerships and other	47,797	(392,802)
Excess (deficit) of revenues, gains and other support over expenses and losses before noncontrolling interest	\$ (12,117,491)	\$ 1,003,791

*(continued)*

## Mary Washington Healthcare and Subsidiaries

### Consolidated Statements of Operations and Changes in Net Assets – continued

	<b>Year ended December 31</b>	
	<b>2012</b>	<b>2011</b>
<b>Unrestricted net assets</b>		
Excess (deficit) of revenues, gains and other support over expenses and losses before noncontrolling interest	\$ (12,117,491)	\$ 1,003,791
Other changes in unrestricted net assets		
Noncontrolling interest	(5,543,938)	(4,460,492)
Adjustments to net pension liability, exclusive of net periodic pension cost <i>(Note 6)</i>	(6,931,357)	(36,534,581)
Other	(1,884,654)	(2,259,385)
	(26,477,440)	(42,250,667)
<b>Unrestricted net assets - noncontrolling interest</b>		
Contributions	-	145,708
Distributions	(6,328,380)	(4,115,835)
Change in ownership	244,807	(269,377)
Income	5,543,938	4,460,492
Increase (decrease) in unrestricted net assets - noncontrolling interest	(539,635)	220,988
<b>Temporarily restricted net assets</b>		
Contributions	657,630	3,785,870
Investment income <i>(Note 2)</i>	304,494	236,643
Net assets released from restrictions used in operations	(85,766)	(122,773)
Net assets released from restrictions for purchase of property, plant and equipment	(13,250)	(150,000)
Unrealized gain (loss) on investments <i>(Note 2)</i>	1,019,239	(709,510)
Other	(737,270)	(743,141)
Increase in temporarily restricted net assets	1,145,077	2,297,089
Decrease in net assets	(25,871,998)	(39,732,590)
Net assets at beginning of year	244,656,249	284,388,839
Net assets at end of year	\$ 218,784,251	\$ 244,656,249

*See accompanying notes*

# Mary Washington Healthcare and Subsidiaries

## Consolidated Statements of Cash Flows

	<b>Year ended December 31</b>	
	<b>2012</b>	<b>2011</b>
<b>Cash flows from operating activities and nonoperating gains (losses)</b>		
Decrease in net assets	\$ (25,871,998)	\$ (39,732,590)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities and nonoperating gains (losses)		
Net (appreciation) depreciation of investments	(8,889,199)	4,609,504
Other nonoperating (gains) losses	(47,797)	392,802
Gain on disposal of fixed assets	(140,482)	(780,833)
Provisions for depreciation and amortization	39,700,730	37,235,905
Amortization of original issue premium and discount	(673,778)	(698,986)
Provision for bad debts	12,196,940	71,248,299
Change in pension obligation other than net periodic pension cost	6,931,357	36,534,581
(Increase) decrease in		
Accounts receivable	14,181,737	(90,980,652)
Settlements due from third-party programs	(1,228,290)	(10,411,186)
Inventories	(751,022)	138,090
Prepaid expenses and other	944,852	(1,402,515)
Miscellaneous	1,308,392	2,754,413
Increase (decrease) in		
Accounts payable and accrued expenses	(1,648,923)	10,635,266
Employee compensation and professional fees	(2,333,863)	(3,554,006)
Interest payable	(38,230)	14,929
Insurance claims	(1,413,430)	899,514
Pension liability	1,131,486	(3,085,210)
Net cash provided by operating activities and nonoperating gains (losses)	<b>33,358,482</b>	<b>13,817,325</b>

*(continued)*

## Mary Washington Healthcare and Subsidiaries

### Consolidated Statements of Cash Flows – continued

	<b>Year ended December 31</b>	
	<b>2012</b>	<b>2011</b>
<b>Cash flows from investing activities</b>		
Change in assets whose use is limited		
Net increase in cash and cash equivalents	2,059,091	1,375,901
Purchases of investments	(96,520,799)	(32,734,429)
Sales of investments	93,440,779	62,933,108
Pledges received	(144,524)	(2,887,203)
Payments received on pledges receivable	627,756	264,809
Acquisition of property, plant and equipment	(24,828,153)	(48,945,725)
Disposal of property, plant and equipment, net	183,079	-
Changes in notes receivable	2,005,389	(1,064,914)
Net cash used in investing activities	(23,177,382)	(21,058,453)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of long-term debt	702,580	32,015,700
Repayment of long-term obligations	(9,455,884)	(8,742,722)
Increase in deferred financing costs	-	(207,988)
Net cash provided by (used in) financing activities	(8,753,304)	23,064,990
Net increase in cash and cash equivalents	1,427,796	15,823,862
Cash and cash equivalents at beginning of year	60,257,843	44,433,981
Cash and cash equivalents at end of year	\$ 61,685,639	\$ 60,257,843

*See accompanying notes*

# Mary Washington Healthcare and Subsidiaries

## Notes to Consolidated Financial Statements

December 31, 2012 and 2011

### 1. Summary of Significant Accounting Policies

#### Organization

Mary Washington Healthcare (MWHC) is the parent corporation for Mary Washington Hospital, Inc (Mary Washington), Stafford Hospital, LLC (Stafford), Mary Washington Hospital Foundation, Inc (MWH Foundation), Stafford Hospital Foundation, Inc (Stafford Foundation), MediCorp Properties, Inc (Properties), Mary Washington Healthcare Clinical Services, Inc (Clinical Services), Mary Washington Healthcare Services, Inc (Services), Fredericksburg Professional Risk Exchange (ProRex) and MWHC SIR, LLC (SIR) MWHC is a nonstock, tax-exempt, not-for-profit organization Mary Washington, Stafford, MWH Foundation, Stafford Foundation, Properties, and Clinical Services are wholly-controlled, nonstock, tax-exempt, not-for-profit subsidiaries of MWHC Services is a wholly-owned, taxable subsidiary of MWHC ProRex is a majority owned, risk retention group and a taxable subsidiary of MWHC MWHC SIR, LLC is a wholly-owned, taxable subsidiary of MWHC which began operations in 2011 to manage liability risk retained by MWHC

#### Mission Statement

The primary purpose of MWHC and its subsidiaries is to improve the health of all people within the communities served As such, operating revenues include those generated from direct patient care and sundry revenues related to the operation of MWHC's facilities

#### Operating Indicators

MWHC's excess of revenues, gains and other support over expenses and losses include all unrestricted revenue, gains, expenses and losses for the reporting period except for contributions of long-term assets, discontinued operations and additional adjustments to net pension liability exclusive of net periodic pension cost Realized gains on sales of property, plant and equipment held by Properties are also considered to be operating activities

Other activities that result in gains or losses unrelated to MWHC's primary mission are considered to be nonoperating

Nonoperating gains and losses principally include income and expenses associated with investments in partnerships and joint ventures, as well as the net appreciation (depreciation) on investments and gains (losses) on the sales of fixed assets other than those owned by Properties

# Mary Washington Healthcare and Subsidiaries

## Notes to Consolidated Financial Statements (continued)

### 1. Summary of Significant Accounting Policies (continued)

#### Service to the Community

MWHC provides exceptional medical services to the city of Fredericksburg and surrounding counties. Established in 1899 and 2009, respectively, Mary Washington (a 442 bed acute care facility) and Stafford (a 100 bed acute care facility) offer comprehensive healthcare and multiple centers of excellence including cardiology and cardiovascular surgery, psychiatry, and women and infant health. Mary Washington and Stafford are accredited by the Joint Commission on Accreditation of Healthcare Organizations and licensed by the Commonwealth of Virginia Department of Health and the Department of Mental Health, Mental Retardation and Substance Abuse Services. Mary Washington also provides advanced radiation therapy through the Cancer Center of Virginia and home health services through Mary Washington Home Health.

#### *Uncompensated Care*

It is MWHC's vision to build a healthier community by promoting and providing access to healthcare services to low income residents throughout the city of Fredericksburg and surrounding counties. Regardless of the ability to pay, MWHC provides a full spectrum of inpatient and outpatient services to members of their community, including over 10,000 visits per year to the indigent clinic supported by MWHC. The indigent clinic is committed to providing access to quality health care services to low-income, uninsured residents in the MWHC service area.

MWHC accepts all patients regardless of their ability to pay. Patients are classified as eligible for charity care according to MWHC's established policies. Amounts determined to qualify as charity care are not pursued for collections, and accordingly are not reported as patient revenue. In assessing a patient's inability to pay, MWHC utilizes 200% of the poverty level established by the Federal government. MWHC also provides additional discounts on a sliding scale up to 400% of the poverty level. Unbilled charges for charity care provided for the years ended December 31, 2012 and 2011 were approximately \$88,900,000 and \$61,500,000 respectively. The costs associated with this care equate to approximately \$26,096,000 in 2012 and \$19,038,000 in 2011. The cost of uncompensated care includes both direct and indirect costs on a ratio of cost to charges basis.

## Mary Washington Healthcare and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 1. Summary of Significant Accounting Policies (continued)

##### Service to the Community (continued)

###### *Support for Medical Education Programs*

The Foundations award educational scholarships to individuals enrolled in a nursing program or who wish to pursue a career in a health care field. MWHC encourages and provides financial support for all employees who wish to increase their health care knowledge. MWHC also provides financial assistance to employees to attend training to acquire skills and knowledge that will assist in providing healthcare education and/or conduct health fairs that will improve the health status of the community. Mary Washington serves as a clinical training site for undergraduate students enrolled in various healthcare programs with colleges and universities throughout Virginia.

###### *Other Community Services*

MWHC also provides

- funding to community organizations that are health-focused, such as the Lloyd Moss Free Clinic and the Medication Access.
- clinical programs that assist many people who would not otherwise be able to access care.
- health promotion programs and services, such as smoking cessation, blood pressure screenings and wellness programs, and
- social services to assist patients in arranging for non-hospital health care services.

##### **Basis for Consolidation**

The consolidated financial statements include the accounts of MWHC and its wholly controlled (tax-exempt) or owned (taxable) subsidiaries and majority-owned partnerships. Significant intercompany accounts and transactions are eliminated in consolidation.

# Mary Washington Healthcare and Subsidiaries

## Notes to Consolidated Financial Statements (continued)

### 1. Summary of Significant Accounting Policies (continued)

#### Noncontrolling Interest

Noncontrolling interest represents the minority partners' proportionate share of Mary Washington Hospital and University of Virginia Radiosurgery Center, LLC, owned 80% by Mary Washington, Tompkins-Martin Medical Plaza, LP (TMMP), owned 99% by Properties, Medical Imaging of Fredericksburg (MIF), owned 51% by Clinical Services, Fredericksburg Ambulatory Surgery Center, LLC (FASC), owned 61% (72% in 2011) by Clinical Services, Fredericksburg Professional Risk Exchange (ProRex), owned 99% by MWHC, and Mary Washington Eye Care Center, owned 60% by Clinical Services

#### Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

#### Cash Equivalents

MWHC considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents are maintained in commercial banks, for which the aggregate of \$250,000 per commercial bank is insured by the Federal Deposit Insurance Corporation (FDIC). MWHC's cash balance routinely exceeds the maximum amount insured by the FDIC. MWHC has not experienced any losses related to funds held in excess of the FDIC limit.

#### Allowance for Uncollectible Accounts

The provision for bad debts is based upon management's judgmental assessment of historical and expected net collections considering business and general economic conditions in its service area, trends in healthcare coverage, and other collection indicators. Throughout the year, management assesses the adequacy of the allowance for uncollectible accounts based upon its review of accounts receivable payor composition and aging, taking into consideration recent write-off experience by payor category, payor agreement rate changes and other factors. The results of these assessments are used to make modifications to the provision for bad debts and to establish an appropriate allowance for uncollectible accounts receivable.

## Mary Washington Healthcare and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 1. Summary of Significant Accounting Policies (continued)

##### **Allowance for Uncollectible Accounts (continued)**

For self-pay patients, the provision is based on an analysis of past experience related to collection rate of self-pay balances. MWHC follows established guidelines for placing certain past-due patient balances with external collection agencies. At December 31, 2012 and 2011, the allowance for uncollectible accounts represented approximately 90% and 92%, respectively, of the patients due accounts receivable balance. The patient due accounts receivable balance represents the estimated uninsured portion of accounts receivable.

##### **Inventories**

Inventories of drugs and supplies are stated at the lower of cost (first-in, first-out) or market.

##### **Assets Whose Use is Limited**

Unrestricted resources appropriated or designated by the Board of Trustees for long-term purposes are reported as assets whose use is limited. Such long-term purposes include acquisition of capital assets, payment of health and malpractice insurance claims, and a community service fund.

Assets whose use is limited also includes resources restricted for debt service under bond indenture agreements, resources restricted for malpractice claims and resources restricted by donors.

Assets whose use is limited are carried at fair value. The fair value of marketable equity securities held in the investment portfolio are based on quoted market prices. Realized and unrealized gains and losses are excluded from income from operations. Cost used in the determination of gains and losses on sales of investments is based on the specific cost of the investment sold, adjusted for any other than temporary declines in the value of investments.

##### **Property, Plant and Equipment**

Property, plant and equipment purchased are reported on the basis of cost. Donated items are recorded at fair market value at the date of contribution. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. The general range of useful lives estimated for buildings and building improvements is ten to forty years and for equipment is five to twenty-five years.

## Mary Washington Healthcare and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 1. Summary of Significant Accounting Policies (continued)

##### Notes Receivable

Notes receivable include amounts generated from sales of real estate and businesses, as well as the physician loan program, and have maturity dates ranging from one to five years

##### Deferred Financing Costs

Financing costs incurred in connection with issuance of long-term obligations are deferred and amortized using the effective interest method over the term of the related indebtedness

##### Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, and includes estimated retroactive revenue adjustments due to future audits, reviews and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews and investigations

Revenue from the Medicare and Medicaid programs accounted for approximately 32% and 9%, respectively, of MWHC's net patient service revenue for the year ended December 31, 2012 (29% and 8%, respectively, in 2011). Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

During 2011 all uninsured patients who did not qualify for charity care received a discount that was written-off as a contractual allowance in accordance with new healthcare regulations. Previously, these amounts were written-off to the provision for bad debts.

## Mary Washington Healthcare and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 1. Summary of Significant Accounting Policies (continued)

##### Net Patient Services Revenue (continued)

Net patient service revenue for MWHC for the year ended December 31, 2012 includes approximately \$125,600,000, \$165,900,000 and \$47,372,000 (2011 – \$134,800,000, \$177,800,000 and \$51,500,000) for services provided to beneficiaries of Anthem BlueCross and Blue Shield of Virginia (Anthem), the Centers for Medicare and Medicaid Services (Medicare), and the Virginia Medical Assistance Program (Medicaid), respectively, under the provisions of reimbursement arrangements in effect that provide for payments to MWHC at amounts different from its established rates

A summary of the payment arrangements with major third-party payors follows

- *Anthem* Inpatient and outpatient services rendered to Anthem subscribers are reimbursed at prospectively determined discounted rates. The prospectively determined rates are not subject to retroactive adjustment.
- *Medicare* Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient non-acute services, defined capital costs and certain outpatient services related to Medicare beneficiaries are also paid based on a cost reimbursement methodology. Most outpatient services related to Medicare beneficiaries are also paid at prospectively determined rates based on clinical and diagnostic factors. Mary Washington and Stafford (the Hospitals) are reimbursed for certain indirect cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospitals and audits thereof by the Medicare fiscal intermediary. Mary Washington's Medicare cost reports have been audited by the Medicare fiscal intermediary through December 31, 2007. Medicare cost reports for Stafford have been audited through 2010.

# Mary Washington Healthcare and Subsidiaries

## Notes to Consolidated Financial Statements (continued)

### 1. Summary of Significant Accounting Policies (continued)

#### Net Patient Services Revenue (continued)

- *Medicaid* Inpatient acute care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. Inpatient non-acute services and certain outpatient services rendered to Medicaid beneficiaries are paid based on a cost reimbursement methodology. The Hospitals are reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospitals and audits thereof by Medicaid. Mary Washington's Medicaid cost reports have been audited by Medicaid through December 31, 2000. Medicaid cost reports for Stafford have not been audited since the facility began operations in 2009.

#### Temporarily and Permanently Restricted Net Assets

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

#### Donor-Restricted Gifts

Unconditional promises to give cash and other assets to MWHC are reported at fair value at the date the promise is received.

The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of operations and changes in net assets as other income. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated financial statements.

# Mary Washington Healthcare and Subsidiaries

## Notes to Consolidated Financial Statements (continued)

### 1. Summary of Significant Accounting Policies (continued)

#### Income Taxes

MWHC was recognized as a public charity generally exempt from federal income taxation under 501(c)(3) of the Internal Revenue Code pursuant to a determination letter issued by the IRS in March 1992. MWHC is entitled to rely on this determination as long as there are no substantial changes in its character, purposes, or methods of operation. Management has concluded that there have been no such changes, and therefore MWHC's status as a public charity exempt from federal income taxation remains in effect. The state in which MWHC operates also provides general exemption from state income taxation for organizations that are exempt from federal income taxation. However, MWHC is subject to both federal and state income taxation at corporate tax rates on its unrelated business income. Exemption from other state taxes, such as real and personal property taxes, is separately determined. Certain entities under MWHC are taxable entities.

MWHC had no unrecognized tax benefits or liabilities or such amounts were immaterial during the periods presented. For tax periods with respect to which no unrelated business income was recognized, no tax return was required. Tax periods for which no return is filed remain open for examination indefinitely. All required tax filings have been filed on a timely basis.

#### Reclassification

Certain prior year amounts have been reclassified to conform to current year's presentation.

#### Subsequent Events

Subsequent events have been evaluated by management through April 8, 2013, which is the date that the consolidated financial statements were available to be issued.

## Mary Washington Healthcare and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 2. Assets Whose Use is Limited

The fair market value of assets whose use is limited at December 31 are summarized as follows

	<b>2012</b>	<b>2011</b>
Internally designated for healthcare programs and capital acquisitions		
Cash and cash equivalents	\$ <b>8,753,151</b>	\$ 7,115,519
Bonds and other fixed maturity securities	<b>827,245</b>	1,858,993
Equity securities	<b>71,410,508</b>	54,515,327
Alternative investments	<b>30,295,384</b>	38,837,339
	<b>111,286,288</b>	102,327,178
Internally designated for insurance claims		
Cash and cash equivalents	<b>168,572</b>	227,650
Bonds and other fixed maturity securities	<b>2,706,354</b>	2,316,002
Equity securities	<b>7,885,803</b>	8,894,369
	<b>10,760,729</b>	11,438,021
Externally restricted by donors		
Cash and cash equivalents	<b>696,620</b>	524,138
Pledges receivable	<b>5,256,559</b>	5,775,892
Bonds and other fixed maturity securities	<b>300,114</b>	389,114
Equity securities	<b>12,224,401</b>	10,643,472
	<b>18,477,694</b>	17,332,616
Externally restricted under bond indenture agreement (held by trustee)		
Cash and cash equivalents	<b>6,286,683</b>	6,286,683
	<b>\$ 146,811,394</b>	\$ 137,384,498
	<b>\$ 146,811,394</b>	\$ 137,384,498

## Mary Washington Healthcare and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 2. Assets Whose Use is Limited (continued)

Investment income and gains on assets whose use is limited are comprised of the following for the year ended December 31

	<b>2012</b>	<b>2011</b>
Revenue and other support		
Interest and dividends	\$ 3,816,953	\$ 3,094,586
Nonoperating gains (losses)		
Net appreciation (depreciation) of investments	<b>8,889,199</b>	(4,609,504)
	<b>12,706,152</b>	(1,514,918)
 Changes in temporarily restricted net assets		
Interest and dividends	<b>355,574</b>	341,803
Net appreciation (depreciation) of investments	<b>968,159</b>	(814,670)
	<b>1,323,733</b>	(472,867)
	<b>\$ 14,029,885</b>	\$ (1,987,785)

MWHC's investment portfolio is classified as "trading". As a result, all gains and losses on investments, including realized, unrealized and impairment losses, are reported on the consolidated statements of operations as non-operating gains and losses.

Net appreciation (depreciation) of investments includes realized and unrealized gains (losses) on investments.

## Mary Washington Healthcare and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 2. Assets Whose Use is Limited (continued)

Current accounting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and establish a framework for measuring fair value and establish a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date, as follows

Level 1 Quoted prices in active markets for identical assets or liabilities Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market, as well as U S Treasury securities

Level 2 Observable input other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities Significant inputs include benchmark yields, broker-dealer quotes, issue spreads, bids, offers, and measures of volatility Level 2 assets and liabilities include debt securities with quoted market prices that are traded less frequently than exchange-traded instruments This category generally includes certain U S government and agency mortgage-backed debt securities, corporate-debt securities, and alternative investments

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

## Mary Washington Healthcare and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### **2. Assets Whose Use is Limited (continued)**

The following discussion describes the valuation methodologies used for financial assets measured at fair value. The techniques utilized in estimating the fair values are affected by the assumptions used, including discount rates, and estimates of the amount and timing of future cash flows. Care should be exercised in deriving conclusions about MWHC's business, its value, or financial position based on the fair value information of financial assets presented below.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of the timing, amount of expected future cash flows, and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair value may not be realized in the immediate settlement of the financial asset. Furthermore, the disclosed fair values do not reflect any premium or discount that could result from offering for sale at one time an entire holding of a particular financial asset. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in the amounts disclosed.

Fair values for MWHC's fixed maturity securities (corporate bonds, government debt securities, and government mortgage and asset backed securities) are based on prices provided by its investment managers, who use a variety of pricing sources to determine market valuations. Each designates specific pricing services or indexes for each sector of the market based upon the provider's experience. MWHC's fixed maturity securities portfolio is highly liquid, which allows for a high percentage of the portfolio to be priced through pricing services.

Fair values of equity securities have been determined by MWHC from observable market quotations, when available. Private placement securities and other equity securities where a public quotation is not available are valued by using broker quotes.

MWHC's private equity funds seek to generate investment return and long-term capital growth by investing in assets of primarily equity securities of mid-to large capitalization, domestic and international companies. MWHC purchases units of membership, which are valued based on the underlying investments.

MWHC commingled trust funds are valued by the managers of the funds who obtain prices for financial instruments held in client portfolios using external pricing vendors, independently verified models, valuation software, broker/dealers, and internal fair value procedures.

## Mary Washington Healthcare and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### **2. Assets Whose Use is Limited (continued)**

MWHC's real estate funds employ an independent valuation consultant to administer valuation program. Each of the fund's participating mortgage loans and other real property interests are generally appraised every quarter after the investment is made.

MWHC's investments include investments in limited partnerships and other alternative investments, which are made in accordance with MWHC's investment policies. The limited partnerships acquire, hold, invest, manage, dispose of, and otherwise deal in and with securities of all kinds and descriptions. Publicly traded securities are generally valued by reference to closing market prices on one or more national securities exchange or generally accepted pricing services selected by the fund managers of the limited partnership. Securities not valued by such pricing services will be valued upon bid quotations obtained from independent dealers in the securities.

In the absence of any independent quotations, securities will be valued by the fund managers on the basis of data obtained from the best available sources. Investments in limited partnerships are accounted for under the equity method. The equity in earnings or losses from these investments is recorded as a component of investment income in the consolidated statement of operations. Although the various fund managers use their professional judgment at estimating the fair value of the alternative investments, there are inherent limitations in any valuation technique. Therefore, the value determined by fund managers is not necessarily indicative of the amount that could be realized in a current transaction. Future events will also affect the estimates of fair value, and the effect of such events on the estimates of the fair value could be material.

## Mary Washington Healthcare and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 2. Assets Whose Use is Limited (continued)

The following tables present MWHC's financial assets that are measured at fair value on a recurring basis

	<b>December 31, 2012</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total Fair Value</b>
Cash and cash equivalents	\$ 15,905,026	\$ -	\$ -	\$ 15,905,026
Bonds and other debt securities				
Corporate bonds				
Maturity 1 to 10 years	-	356,352	-	356,352
Maturity > 10 years	-	469,798	-	469,798
Government debt securities				
Maturity 1 to 10 years	1,872,182	-	-	1,872,182
Maturity > 10 years	1,135,381	-	-	1,135,381
Equity securities				
Mutual funds				
Large Blend	14,212,215	-	-	14,212,215
Intermediate-Term Bond	16,095,407	-	-	16,095,407
World Allocation	11,028,706	-	-	11,028,706
World Bond	10,525,701	-	-	10,525,701
World Stock	17,050,768	-	-	17,050,768
Other	11,533,709	-	-	11,533,709
Common stock				
Basic materials	741,318	-	-	741,318
Financial	1,009,606	-	-	1,009,606
Healthcare	1,060,902	-	-	1,060,902
Services	2,800,252	-	-	2,800,252
Technology	3,720,256	-	-	3,720,256
Other	1,741,872	-	-	1,741,872
Alternative investments				
Private equity funds	-	-	308,711	308,711
Commingled trust funds	-	-	5,077,405	5,077,405
Real estate funds	-	-	8,348,371	8,348,371
Fund of funds	-	-	16,560,897	16,560,897
	<b>\$ 110,433,301</b>	<b>\$ 826,150</b>	<b>\$ 30,295,384</b>	<b>\$ 141,554,835</b>

## Mary Washington Healthcare and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 2. Assets Whose Use is Limited (continued)

<b>December 31, 2011</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total Fair Value</b>
Cash and cash equivalents	\$ 14,153,990	\$ -	\$ -	\$ 14,153,990
Bonds and other debt securities				
Corporate bonds				
Maturity 1 to 10 years	-	1,059,166	-	1,059,166
Maturity > 10 years	-	322,542	-	322,542
International bonds - maturity 1 to 10 years	-	140,666	-	140,666
Government debt securities				
Maturity 1 to 10 years	1,350,935	-	-	1,350,935
Maturity > 10 years	359,712	-	-	359,712
Government mortgage and asset backed securities - maturity > 10 years	-	1,331,088	-	1,331,088
Equity securities				
Mutual funds				
Foreign large value	11,102,625	-	-	11,102,625
Intermediate-Term Bond	14,295,258	505,291	-	14,800,549
World Allocation	8,466,668	-	-	8,466,668
World Bond	10,410,249	-	-	10,410,249
Other	16,590,214	-	-	16,590,214
Common stock				
Basic materials	1,281,216	-	-	1,281,216
Financial	1,154,807	-	-	1,154,807
Healthcare	1,296,258	-	-	1,296,258
Services	2,987,887	-	-	2,987,887
Technology	3,980,497	-	-	3,980,497
Other	1,982,198	-	-	1,982,198
Alternative investments				
Private equity funds	-	-	4,974,939	4,974,939
Commingled trust funds	-	-	7,240,879	7,240,879
Real estate funds	-	-	8,189,748	8,189,748
Fund of funds	-	-	18,431,773	18,431,773
	\$ 89,412,514	\$ 3,358,753	\$ 38,837,339	\$ 131,608,606

## Mary Washington Healthcare and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 2. Assets Whose Use is Limited (continued)

The following table presents the activity for the Level 3 funds as of December 31

	<b>2012</b>	2011
Fair value, beginning of year	<b>\$38,837,339</b>	\$ 44,836,646
Purchase of investments	<b>1,001,421</b>	571,995
Sales of investments	<b>(7,765,238)</b>	(5,344,042)
Net appreciation (depreciation)	<b>(1,778,138)</b>	(1,227,260)
Fair value, end of year	<b>\$30,295,384</b>	\$ 38,837,339

Transfers are generally made to rebalance the investment portfolio in accordance with MWHC's investment policy. Transfers out of Level 3 were approximately \$7,700,000 and \$5,000,000 during 2012 and 2011, respectively.

#### 3. Restricted Net Assets

Temporarily restricted net assets are available at December 31 for the following purposes

	<b>2012</b>	2011
Healthcare programs and services	<b>\$ 16,145,822</b>	\$ 15,083,388
Acquisition of building and equipment	<b>133,700</b>	129,770
Educational seminars, scholarships and other	<b>939,961</b>	861,248
	<b>\$ 17,219,483</b>	\$ 16,074,406

## Mary Washington Healthcare and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 3. Restricted Net Assets (continued)

Permanently restricted net assets (\$1,258,210 for December 2012 and 2011) are restricted to investments in perpetuity, the income from which is expendable to support charitable purposes specified by the donors.

Current accounting standards require certain disclosures for donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The Commonwealth of Virginia has adopted UPMIFA. In management's opinion, the adoption of UPMIFA had no impact on the accounting for the MWHC's endowment.

#### 4. Property, Plant and Equipment

Property, plant and equipment at December 31 consist of the following:

	<u>2012</u>	<u>2011</u>
Land and land improvements	\$ 74,546,973	\$ 73,916,767
Buildings	293,099,995	286,985,538
Fixed equipment	85,335,707	85,034,208
Movable equipment	304,012,900	287,867,570
Construction in progress	8,275,187	6,805,031
	<u>765,270,762</u>	<u>740,609,114</u>
Less accumulated depreciation and amortization	436,485,124	397,109,921
	<u>\$ 328,785,638</u>	<u>\$ 343,499,193</u>

The estimated cost to complete construction in progress at December 31, 2012 is approximately \$29,770,000. This amount relates primarily to the cost of technology upgrades and replacements required for the Electronic Health Record Incentive Program required by the Center for Medicare and Medicaid Services (CMS), as well as other construction projects and replacement of equipment.

## Mary Washington Healthcare and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 5. Long-Term Obligations

Long-term obligations at December 31 consist of the following

	<b>2012</b>	<b>2011</b>
<p>Promissory note payable under the Voluntary Hospitals of America Mid-Atlantic States, Inc. Capital Asset Financing Program (the Program) Under this program, tax-exempt hospital revenue bonds were issued through the Industrial Development Authority of the City of Lynchburg, Virginia. Interest, which is adjustable monthly, is based upon the interest rate and debt issuance and service costs of the Program. The interest rate averaged 7.42% for the year ended December 31, 2012 (7.08% in 2011). Payments, including principal and interest, are due monthly through January 2013.</p>	<b>176,497</b>	1,199,290
<p>Mortgage note payable issued in September 2002 to the Industrial Development Authority of the City of Fredericksburg, Virginia, which in turn issued tax-exempt Revenue Bonds (Series 2002B). The Series 2002B Bonds are comprised of \$65,000,000 Term bonds. The term bonds mature on June 15, 2027 (\$21,965,000) and June 15, 2033 (\$43,035,000) and bear interest at 5.25% and 5.125%, respectively. The Hospital is required to make mandatory annual sinking fund payments ranging from \$4,985,000 in 2024 to \$8,125,000 in 2033.</p>	<b>65,000,000</b>	65,000,000

## Mary Washington Healthcare and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 5. Long-Term Obligations (continued)

	<b>2012</b>	<b>2011</b>
<p>Mortgage note payable issued in December 2006 to the Economic Development Authority of Stafford County, Virginia, which in turn issued tax-exempt Hospital Facilities Revenue Bonds (Series 2006). The bonds mature in graduated annual amounts ranging from \$560,000 in 2014 to \$4,435,000 in 2026 and bear interest at varying rates ranging from 4.0% to 5.25%.</p>	<b>125,000,000</b>	125,000,000
<p>Mortgage note payable issued in June 2007 to the Economic Development Authority of the City of Fredericksburg, Virginia, which in turn issued Hospital Facilities Revenue and Refunding bonds (Series 2007). The bonds mature in graduated annual amounts ranging from \$660,000 in 2007 to \$7,600,000 in 2023 and bear interest at varying rates ranging from 5% to 5.25%. The interest rate was 5% for 2012 and 2011.</p>	<b>65,420,000</b>	69,765,000
<p>Promissory note payable under the Voluntary Hospitals of America Mid-Atlantic States, Inc. Capital Asset Financing Program (the Program). Under this program, tax-exempt hospital revenue bonds were issued through the Industrial Development Authority of the City of Lynchburg, Virginia. Interest, which is adjustable monthly, is based upon the interest rate and debt issuance and service costs of the Program. The interest rate averaged 7.42% and 7.07% for 2012 and 2011, respectively. Payments including principal and interest begin January 2009 and are due monthly through October 2014.</p>	<b>4,736,714</b>	7,109,506

Mary Washington Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

5. Long-Term Obligations (continued)

	<u>2012</u>	<u>2011</u>
Mortgage note payable issued in July 2011 to the Economic Development Authority of the City of Fredericksburg, Virginia, which in turn issued a Hospital Facilities Revenue Bond (Series 2011) Interest, which is adjustable monthly, is based upon the LIBOR Rate Interest only payments are due monthly beginning in August 2011 and continuing through August 2013 The interest rate averaged 1.99% for 2012 and 2011, respectively Payments including principal and interest begin September 2013 and are due monthly through August 2038	<b>30,000,000</b>	29,297,420
Other	<b>1,468,497</b>	3,183,799
	<b>291,801,708</b>	300,555,015
Plus Premium on Series 2006 Bonds	<b>5,790,339</b>	6,087,650
Plus Premium on Series 2007 Bonds	<b>2,414,353</b>	2,826,456
Less Original Issue Discount on Series 2002 Bonds	<b>(583,231)</b>	(618,870)
	<b>299,423,169</b>	308,850,251
Current maturities of long-term obligations	<b>9,616,243</b>	10,150,476
	<b>\$ 289,806,926</b>	\$ 298,699,775

Maturities and sinking fund requirements of long-term obligations for each of the next five years and thereafter are approximately 2013 – \$9,616,000, 2014 – \$8,961,000, 2015 – \$7,018,000, 2016 – \$7,302,000, 2017 – \$7,611,000 and thereafter – \$258,855,000

## Mary Washington Healthcare and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### **5. Long-Term Obligations (continued)**

The Series 2011, 2007, 2006, and 2002B bonds are secured by a pledge of the gross receipts of each member of the Obligated Group (MWHC, Mary Washington, Stafford, MWH Foundation, and Properties) and the related trust indenture contains certain restrictions, including an annual debt service coverage ratio requirement that the income available for debt service (as defined) be not less than 115% of maximum annual debt service (as defined). In the opinion of management, the Obligated Group was in compliance with the provisions of the Master Trust Indenture for the years ended December 31, 2012 and 2011.

The Series 2011 bonds also require quarterly and annual maintenance of specified ratios and other financial covenants for the Obligated Group including an annual debt service coverage ratio (as defined) of at least 125%, a debt to capitalization ratio (as defined) no greater than 65%, at least 75 days cash on hand (as defined) and a minimum operating income (as defined) of graduated amounts. In the opinion of management, the Obligated Group met all of the requirements except for the minimum operating income and the debt service coverage ratio covenants. The bondholder agreed to waive the event of default arising from the noncompliance of these covenants after the Obligated Group agreed to amend the operating income and days cash on hand covenant requirements. The Obligated Group also agreed to an increase in the interest rate.

Trusted funds aggregating approximately \$6,287,000 at December 31, 2012 and 2011 are restricted for debt service on the mortgage notes under the terms of the related bond indenture agreements.

During the years ended December 31, 2012 and 2011, MWHC paid approximately \$13,955,000 and \$13,985,000, respectively, for interest.

## Mary Washington Healthcare and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 6. Retirement Plans

MWHC sponsors two retirement plans for its Associates. The first is a traditional, noncontributory, defined benefit retirement plan (the Plan). The second is a supplemental, defined contribution retirement plan (the Supplemental Plan). Both plans cover substantially all of MWHC's employees and are subject to provisions of the Employee Retirement Income Security Act of 1974. Further details are provided for each Plan.

##### *Defined Benefit Plan*

Effective December 31, 2003, the Plan was frozen relative to allowing new participants. Employees of record as of December 31, 2003 will continue to be eligible for benefits under the Plan. Employees hired on or after January 1, 2004 are not eligible to participate in the Plan. Effective May 22, 2010, the Plan was frozen relative to all future benefit accruals.

Benefits to eligible participants, which are based upon fixed percentages of a participant's average earnings for credited years of services, are paid when an employee reaches retirement age (normally 65). MWHC funding policy is to contribute amounts to the Plan sufficient to meet the minimum funding requirements under the Employee Retirement Income Security Act of 1974, plus such additional amounts as MWHC may determine to be appropriate from time to time.

The overall financial objectives of the Plan's assets are to provide funds for the timely payment of Plan obligations and to produce an investment rate of return that minimizes MWHC contributions. The primary investment objective of the Plan is to maintain a diverse portfolio with a conservative risk profile. To achieve its investment objective, the Plan assets are generally allocated 20% to fixed income investments and 80% to equity investments based on fair value. The Plan's investments are also diversified by asset class (e.g., equities, bonds, and cash equivalents) and within asset classes (e.g., within equities by economic sector, industry, and size) in order to provide assurance that no single security or class of securities will have a disproportionate impact on the Plan.

## Mary Washington Healthcare and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 6. Retirement Plans (continued)

##### *Defined Benefit Plan (continued)*

The following table sets forth the Plan's funded status as of the measurement date, December 31

	2012	2011
<b>Reconciliation of Benefit Obligation and Plan Assets at December 31:</b>		
<b>Change in projected benefit obligation</b>		
Projected benefit obligation at beginning of year	\$ 154,250,355	\$ 126,440,301
Interest cost	6,994,701	6,851,599
Actuarial (gain) loss	15,346,563	24,782,339
Benefits paid	(4,160,836)	(3,823,884)
Projected benefit obligation at end of year	\$ 172,430,783	\$ 154,250,355
<b>Change in plan assets</b>		
Fair value of plan assets at beginning of year	\$ 101,464,288	\$ 107,103,605
Return on plan assets	12,278,421	(3,815,433)
Employer contributions	2,000,000	2,000,000
Benefits paid	(4,160,836)	(3,823,884)
Fair value of plan assets at end of year	\$ 111,581,873	\$ 101,464,288
<b>Funded Status Reconciliation and Key Assumptions at December 31:</b>		
<b>Reconciliation of funded status</b>		
Funded status of plan at end of year	\$ (60,848,910)	\$ (52,786,067)
Net amount recognized	\$ (60,848,910)	\$ (52,786,067)
<b>Amounts recognized in the consolidated balance sheets</b>		
Current (liabilities)	\$ -	\$ (2,000,000)
Noncurrent (liabilities)	(60,848,910)	(50,786,067)
	\$ (60,848,910)	\$ (52,786,067)

# Mary Washington Healthcare and Subsidiaries

## Notes to Consolidated Financial Statements (continued)

### 6. Retirement Plans (continued)

#### Defined Benefit Plan (continued)

	2012	2011
<b>Amounts recognized in accumulated other comprehensive income:</b>		
Accumulated loss	\$ 55,322,472	\$ 48,391,115
Accumulated other comprehensive income (AOCI)	\$ 55,322,472	\$ 48,391,115
<b>Weighted-average assumptions used to determine projected benefit obligation</b>		
Measurement date	December 31, 2012	December 31, 2011
Discount rate	4.00%	4.60%
Rate of compensation increase	N/A	N/A
<b>Components of net periodic benefit expense</b>		
Interest cost	\$ 6,994,701	\$ 6,851,599
Expected rate of return on plan assets	(7,489,846)	(7,936,809)
Amortization of net (gain) loss	3,626,631	-
Net periodic benefit expense	\$ 3,131,486	\$ (1,085,210)
<b>Other Changes in Plan Assets and benefit obligations recognized in other comprehensive income</b>		
Net actuarial (gain) loss	\$ 10,557,988	\$ 36,534,581
Amortization of net (gain) or loss	(3,626,631)	-
Total recognized in other comprehensive income	\$ 6,931,357	\$ 36,534,581
<b>Total recognized in net benefit cost and other comprehensive income</b>	<b>\$ 10,062,843</b>	<b>\$ 35,449,371</b>
<b>Weighted-average assumptions used to determine net periodic benefit expense</b>		
Measurement date	December 31, 2012	December 31, 2011
Discount rate	4.60%	5.50%
Expected return on plan assets	7.50%	7.50%
Rates of compensation increase	N/A	N/A

## Mary Washington Healthcare and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 6. Retirement Plans (continued)

##### *Defined Benefit Plan (continued)*

The Plan's weighted-average asset allocations by asset category at the Plan's measurement date of December 31 are as follows

Equity securities	<b>61%</b>	58%
Debt securities	<b>17%</b>	19%
Other (primarily cash and cash equivalents and fund of funds)	<b>22%</b>	23%
Total	<b>100%</b>	100%

The following benefit payments are expected to be paid during the years ending December 31

2013	\$	4,867,000
2014		5,332,000
2015		5,777,000
2016		6,257,000
2017		6,744,000
Years 2018-2022		40,802,000

The following presents the Plan assets measured at fair value on a recurring basis

<b>December 31, 2012</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total Fair Value</b>
Cash and cash equivalents	\$ 1,766,396	\$ -	\$ -	\$ 1,766,396
Common stock	29,956,194	-	-	29,956,194
Common stock-REIT	2,284,830	-	-	2,284,830
Mutual funds	48,986,482	5,184,654	-	54,171,136
Alternative investments-limited partnerships	-	-	23,403,317	23,403,317
	<b>\$ 82,993,902</b>	<b>\$ 5,184,654</b>	<b>\$ 23,403,317</b>	<b>\$ 111,581,873</b>

Mary Washington Healthcare and Subsidiaries

Notes to Consolidated Financial Statements (continued)

6. Retirement Plans (continued)

*Defined Benefit Plan (continued)*

<b>December 31, 2011</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total Fair Value</b>
Cash and cash equivalents	\$ 2,794,934	\$ -	\$ -	\$ 2,794,934
Common stock	31,330,544	-	-	31,330,544
Common stock-REIT	976,459	-	-	976,459
Mutual funds	39,674,861	4,695,228	-	44,370,089
Alternative investments-limited partnerships	-	-	21,991,259	21,991,259
	<u>\$ 74,776,798</u>	<u>\$ 4,695,228</u>	<u>\$ 21,991,259</u>	<u>\$ 101,463,285</u>

The following table presents the activity for the Level 3 funds as of December 31

	<b>2012</b>	<b>2011</b>
Balance, beginning of year	\$ 21,991,259	\$ 20,547,401
Purchases	-	1,000,000
Sales	-	(463,311)
Unrealized gains	1,412,058	907,169
Balance, end of year	<u>\$ 23,403,317</u>	<u>\$ 21,991,259</u>

There were no transfers between levels during 2012. During 2011, there were net transfers in to Level 3 of approximately \$537,000.

*Defined Contribution Plan*

The Supplemental Plan covers substantially all employees who are age twenty-one or older. The Supplemental Plan was adopted January 1, 1992 and is subject to the provisions of the Employee Retirement Income Security Act of 1974. The Supplemental Plan has received a favorable determination letter from the Internal Revenue Service exempting it from federal income taxation under the Internal Revenue Code.

## Mary Washington Healthcare and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### **6. Retirement Plans (continued)**

##### *Defined Contribution Plan (continued)*

Each year, MWHC contributes 50% of the first 6% of base compensation up to a maximum regular matching contribution of 3% of covered compensation for the payroll period that each participant contributes to the Supplemental Plan. In addition to the regular matching contribution, MWHC makes a transition matching contribution to certain predetermined participants based on the actuarial factors described in the Supplemental Plan agreement. At the Board of Trustees' discretion, additional amounts may be contributed. During 2012 and 2011, respectively, MWHC contributed approximately \$4,137,000 and \$4,049,000 to the Supplemental Plan.

As of May 22, 2010, participants are 100% vested in all contributions plus actual earnings thereon. MWHC can terminate the Supplemental Plan at any time. At such time, participants remain entitled to their vested benefits. New participants after May 22, 2010 will vest in the matching contributions and earnings thereon after 3 years of eligible service.

Associates hired after January 1, 2004, and who are not eligible for the Plan, may receive an additional 2% in base contributions to the Supplemental Plan. Effective May 22, 2010, the Supplemental Plan was amended to allow Associates who no longer earned retirement benefits under the Plan to participate in the Supplemental Retirement Plan. The existing 2% additional base contribution under the Supplemental Plan was changed to be based on service using the following scale: 2% for 1 – 10 years, 4% for 11 – 19 years, 6% for service greater than 20 years. The contribution is made the year after the eligibility requirements are met. In 2012 and 2011, respectively, MWHC contributed approximately \$5,763,000 and \$4,287,000 in base contributions. As of May 22, 2010, participants are 100% vested in the base contribution. New participants after May 22, 2010 will vest in the base contribution after 3 years of eligible service. All service prior to May 22, 2010 will count toward meeting the 3 year requirement.

## Mary Washington Healthcare and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 7. Malpractice Insurance

MWHC manages its professional and general liability through a controlled Risk Retention Group and, effective for claims made January 1, 2011 forward, a Self Insured Retention Group (SIR). Fredericksburg Professional Risk Exchange (ProRex), a subsidiary of MWHC, is a reciprocal insurance company licensed in the State of Vermont. For claims reported in 2012 and 2011, ProRex retained risk for MWHC and its subsidiaries of \$2,050,000 and \$2,000,000 per claim respectively and \$7,000,000 in the aggregate. Risks above those limits are covered by a commercial excess insurance policy with a \$20,000,000 aggregate limit. As noted above, MWHC formed SIR to manage the first \$675,000 of each claim made after January 1, 2011. ProRex also retained risk for certain physicians who are also related to the Hospital and who are minority owners in ProRex.

MWHC owns 100% of SIR and holds a majority ownership position in ProRex, and their assets, liabilities and operations are consolidated in the accompanying MWHC financial statements. SIR has accrued approximately \$3,430,000 and \$2,235,000 related to its share of estimated payments to be made for claims filed throughout 2012 and 2011 respectively as well as for estimated losses on unfiled claims which relate to events occurring in those years. ProRex has accrued approximately \$7,208,000 and \$8,049,000 related to its share of estimated payments to be made under its professional liability insurance program for claims filed through December 31, 2012 and 2011 respectively, as well as for estimated losses on unfiled claims which relate to events occurring in 2012 and prior years. The amount of liability accrued is based on independent actuarial estimates calculated on a discounted basis using a 3.46% interest rate. Assets held by ProRex are restricted by statute from being transferred to another subsidiary or obligated for any other purpose and accordingly are included in assets whose use is limited. In addition, MWHC has accrued approximately \$3,439,000 and \$3,569,000 through December 31, 2012 and 2011, respectively, related to estimated payments to be made under its tail coverage insurance program.

## Mary Washington Healthcare and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 8. Functional Expenses

MWHC provides health care and related services to its geographic location. Expenses related to providing these services for the years ended December 31 are as follows:

	2012	2011
Acute care services	\$ 563,456,193	\$ 559,657,957
Long-term care services	6,723,404	7,279,863
Fundraising and charitable giving	640,028	623,286
Property management	9,317,195	9,534,383
Management and general	14,383,536	11,735,367
	\$ 594,520,356	\$ 588,830,856

#### 9. Fair Value of Financial Instruments

The carrying amounts of the MWHC's financial instruments, excluding long-term obligations, approximate their fair values (see Note 2). The fair value of MWHC's long-term obligations is estimated based on the quoted market prices for the same or similar issues or using discounted cash flow analyses.

The carrying amount and fair value of MWHC's long-term obligations at December 31 are as follows:

	2012		2011	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term obligations	\$ 299,423,169	\$ 270,735,479	\$ 308,850,251	\$ 267,844,230

## Mary Washington Healthcare and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 10. Concentration of Credit Risk

The Hospitals and Health Services grant credit without collateral to their patients, most of whom are local residents and are insured under third-party payor agreements. The mix of net accounts receivable from patients and third-party payors as of December 31 was as follows:

	<b>2012</b>	<b>2011</b>
Medicare	<b>20%</b>	23%
Medicaid	<b>8</b>	7
Anthem	<b>31</b>	24
Other commercial	<b>30</b>	40
Patients and other	<b>11</b>	6
	<b>100%</b>	100%

#### 11. Risks and Uncertainties

MWHC's ability to maintain and/or increase future revenues could be adversely affected by (1) the growth of managed care organizations promoting alternative methods for health care delivery and payment of services such as discounted fee for service networks and capitated fee arrangements (2) proposed and/or future changes in the laws, rules, regulations, and policies relating to the definition, activities, and/or taxation of not-for-profit tax-exempt entities, and (3) the enactment into law of all or any part of the current budget resolutions under consideration by Congress related to Medicare and Medicaid reimbursement methodology and/or further reductions in payments to hospitals and other health care providers (4) the ultimate impact of the federal Patient Protection and Affordable Care Act and the Health Care and Education Affordability Reconciliation Act of 2010.

The Joint Commission, a non-governmental privately owned entity, provides accreditation status to hospitals and other health care organizations in the United States. Such accreditation is based upon a number of requirements such as undergoing periodic surveys conducted by Joint Commission personnel. Certain managed care payers require hospitals to have appropriate Joint Commission accreditation in order to participate in those programs. In addition, CMS, the agency with oversight of the Medicare and Medicaid programs, provides "deemed status" for facilities having Joint Commission accreditation. By being Joint Commission accredited, facilities are "deemed" to be in compliance with the Medicare and Medicaid conditions of participation. Termination as a Medicare provider or exclusion from any or all of these programs/payers would have a materially negative impact on the future financial position, operating results and cash flows of MWHC.

## Mary Washington Healthcare and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 11. Risks and Uncertainties (continued)

MWHC is involved in litigation arising in the ordinary course of business. In the opinion of management, after consultation with legal counsel, these matters will be resolved without material adverse effect on MWHC's consolidated financial position.

MWHC's investments are exposed to interest rate risk, market risk, performance risk, and liquidity risk. During September 2008, certain large U.S. financial institutions failed, primarily as a result of holdings in troubled subprime loans or assets collateralized with such distressed loans. These institutional failures, and the negative economic conditions that contributed to these failures, generated substantial volatility in global financial markets and substantial uncertainty regarding access to capital and the continued viability of many other financial institutions. These conditions create uncertainty regarding the future valuation of MWHC's invested funds, its access to capital, and the resulting impact on the future financial position, operations and cash flows of MWHC could be material.

#### 12. Lease Obligations

MWHC leases various equipment and facilities under operating leases expiring at various dates through June 2035. Total rental expense in 2012 and 2011 for all operating leases was approximately \$14,427,000 and \$13,661,000, respectively. The undiscounted future minimum obligations under all non-cancellable operating leases, net of income from subleases for each of the next five years and thereafter are approximately: 2013 - \$4,822,000, 2014 - \$4,565,000, 2015 - \$4,554,000, 2016 - \$4,365,000, 2017 - \$3,996,000, and thereafter - \$63,346,000.

## Other Financial Information

## Report of Independent Auditors

Board of Trustees  
Mary Washington Healthcare and Subsidiaries

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The consolidating information presented hereinafter as of and for the year ended December 31, 2012 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Cohen, Rutherford + Knight, P.C.*

April 8, 2013  
Bethesda, Maryland

## Mary Washington Healthcare and Subsidiaries – Obligated Group

### Consolidated Balance Sheets

	December 31	
	2012	2011
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 54,343,703	\$ 56,213,871
Accounts receivable		
Patient accounts receivable, less allowances	71,784,739	97,283,291
Settlements due from third parties	14,208,302	12,980,012
Due from affiliates	10,753,615	3,873,469
Reinsurance recoverable	1,666,000	-
Other	2,161,215	4,304,142
	<b>100,573,871</b>	<b>118,440,914</b>
Notes receivable	186,850	-
Inventories	8,675,032	8,116,216
Prepaid expenses and other	5,448,680	6,180,921
Total current assets	<b>169,228,136</b>	<b>188,951,922</b>
Assets whose use is limited		
Internally designated for healthcare programs and capital acquisitions	107,081,916	98,457,642
Externally restricted by donors	18,368,988	17,238,428
Externally restricted by bond indenture agreement	6,286,683	6,286,683
	<b>131,737,587</b>	<b>121,982,753</b>
Property, plant and equipment	<b>320,403,508</b>	334,963,598
Other assets		
Notes receivable	3,563,691	7,101,981
Deferred financing costs	1,514,231	1,665,497
Miscellaneous	3,186,986	3,166,811
Equity in subsidiaries	12,408,816	17,503,355
Total assets	<b>\$ 642,042,955</b>	<b>\$ 675,335,917</b>

**Mary Washington Healthcare and Subsidiaries – Obligated Group**

**Consolidated Balance Sheets-Continued**

	<b>December 31</b>	
	<b>2012</b>	<b>2011</b>
<b>Liabilities and net assets</b>		
Current liabilities		
Accounts payable and accrued expenses	<b>33,197,122</b>	\$ 34,645,301
Due to affiliates	<b>57,577</b>	381,690
Employee compensation and professional fees	<b>29,703,630</b>	32,348,380
Interest payable	<b>601,241</b>	610,221
Pension liability, current portion	<b>-</b>	2,000,000
Current maturities of long-term obligations	<b>9,381,868</b>	9,603,443
Total current liabilities	<b>72,941,438</b>	79,589,035
Long-term obligations, less current maturities	<b>289,806,926</b>	299,446,630
Other liabilities		
Accrued losses on insurance claims	<b>5,104,986</b>	6,873,138
Pension liability	<b>60,848,910</b>	50,786,067
Other	<b>40,591</b>	45,070
Total liabilities	<b>428,742,851</b>	436,739,940
Net assets		
Unrestricted -General	<b>194,821,774</b>	221,299,214
Unrestricted -Noncontrolling interest	<b>637</b>	(35,853)
Temp restricted net assets	<b>17,219,483</b>	16,074,406
Perm restricted net assets	<b>1,258,210</b>	1,258,210
	<b>213,300,104</b>	238,595,977
Total liabilities & net assets	<b>\$ 642,042,955</b>	\$ 675,335,917

## Mary Washington Healthcare and Subsidiaries – Obligated Group

### Consolidated Statements of Operations

	Year Ended December 31	
	2012	2011
Revenue and other support		
Net patient service revenue (net of allowances and discounts)	\$ 462,273,511	\$ 545,900,807
Provision for bad debts	\$ (7,274,723)	(66,746,271)
Net patient service revenue	454,998,788	479,154,536
Rental of facilities	6,436,525	6,204,649
Management and personnel services	5,329,587	5,362,000
Investment Income	3,261,292	2,341,380
Unrestricted contributions	409,685	648,850
Other	11,062,691	7,576,264
	481,498,568	501,287,679
Expenses		
Salaries and wages	195,725,460	195,528,102
Employee benefits	46,920,835	42,844,408
Contract personnel	4,997,963	7,261,434
Professional fees	43,372,007	40,955,265
General and administrative	12,176,467	11,857,735
Provision for depreciation and amortization	37,376,299	35,280,371
Interest	13,804,316	13,845,347
Contract services	34,142,131	33,255,757
Supplies	93,292,133	96,566,170
Utilities	5,242,217	5,346,550
Insurance	4,307,499	3,895,271
Rent	11,066,143	10,382,990
Other	3,243,541	3,992,438
	505,667,011	501,011,838
Income (loss) from operations	(24,168,443)	275,841
Nonoperating gains (losses)		
Net appreciation (depreciation) of investments	7,719,388	(3,932,138)
Gain (loss) on disposal of fixed assets	(23,306)	88,075
Gain on investments in partnerships and other	173,279	394,147
Excess of expenses and losses over revenues, gains and other support before equity in earnings of subsidiaries and noncontrolling interest	\$ (16,299,082)	\$ (3,174,075)