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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
REID HOSPITAL & HEALTH CARE SERVICES INC

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
1100 REID PARKWAY
Suite

City or town, state or country, and ZIP + 4
RICHMOND, IN 473741908

D Employer identification number
35-0892672

E Telephone number
(765) 983-3037

G Gross receipts $ 343,872,287

F Name and address of principal officer
CRAIG KINYON
1100 REID PARKWAY
RICHMOND, IN 47374

H(a) Is this a group return for affiliates? ☐ Yes ☑ No

H(b) Are all affiliates included? ☐ Yes ☐ No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status ☑ 501(c)(3) ☐ 501(c) ( ) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ WWW REIDHOSPITAL ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1902

M State of legal domicile IN

Part I Summary

1 Briefly describe the organization's mission or most significant activities
OUR MISSION IS TO SERVE PEOPLE IN A MULTI-COUNTY AREA BY ENHANCING THE GENERAL HEALTH, WELL-BEING & QUALITY OF LIFE BY PROVIDING QUALITY HEALTH CARE & EDUCATION THAT WILL MEET CURRENT & FUTURE NEEDS

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	18
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	12
5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	**5**	1,910
6	Total number of volunteers (estimate if necessary)	**6**	435
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	1,220,501
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-44,704

		Prior Year	Current Year
Revenue **8**	Contributions and grants (Part VIII, line 1h)	856,105	900,235
9	Program service revenue (Part VIII, line 2g)	293,783,041	337,277,887
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	12,734,109	6,836,986
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	7,311,866	9,434,891
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	314,685,121	354,449,999
Expenses **13**	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	136,489	159,291
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	112,050,784	109,180,363
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	186,003,183	209,709,010
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	298,190,456	319,048,664
19	Revenue less expenses Subtract line 18 from line 12	16,494,665	35,401,335

		Beginning of Current Year	End of Year
Net Assets or Fund Balances **20**	Total assets (Part X, line 16)	630,832,375	686,739,895
21	Total liabilities (Part X, line 26)	252,743,246	250,965,392
22	Net assets or fund balances Subtract line 21 from line 20	378,089,129	435,774,503

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

****** | 2013-11-14
Signature of officer | Date

CRAIG KINYON PRESIDENT/CEO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Firm's name ▶ BKD LLP			Firm's EIN ▶	
Firm's address ▶ 312 WALNUT STREET SUITE 3000 CINCINNATI, OH 45202			Phone no (513) 621-8300	

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

Part III **Statement of Program Service Accomplishments**

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

1 Briefly describe the organization's mission

SEE SCHEDULE O

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 $ 291,592,292 including grants of $ 159,291) (Revenue $ 337,277,887)

SEE SCHEDULE O

4b (Code) (Expenses $ including grants of $) (Revenue $)

4c (Code) (Expenses $ including grants of $) (Revenue $)

4d Other program services (Describe in Schedule O)

(Expenses $ including grants of $) (Revenue $)

4e **Total program service expenses** ▶ 291,592,292

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21 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? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b	Yes	
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the United States? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the United States? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	239		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	1,910		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a		Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*	3b		Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

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

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

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	**1a** 18		
	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	Enter the number of voting members included in line 1a, above, who are independent	**1b** 12		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**	Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**		No
6	Did the organization have members or stockholders?	**6**	Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**		No
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	**7b**		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	**8a**	Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**		No

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

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

Section C. Disclosure

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

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 ▶ KENT SPEAR 1100 REID PARKWAY RICHMOND, IN (765) 983-3037

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

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

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

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

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

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

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

(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			
(1) CRAIG KINYON PRESIDENT & CEO	50 0	X		X				493,726	0	84,792
(2) PAUL LINGLE BOARD MEMBER-1ST V CHAIR	2 0	X						0	0	0
(3) GREG JANZOW BOARD MEMBER	2 0	X						0	0	0
(4) JON FORD BOARD MEMBER-CHAIR	5 0	X						0	0	0
(5) BRAD BARRETT MD BOARD MEMBER	2 0 48 0	X						0	412,049	41,988
(6) ALAN SPEARS BOARD MEMBER	2 0	X						0	0	0
(7) KAREN CLARK BOARD MEMBER	2 0	X						0	0	0
(8) TOM HILKERT BOARD MEMBER	2 0	X						0	0	0
(9) JOHN MCBRIDE BOARD MEMBER-TREASURER	2 0	X						0	0	0
(10) EDITH PERKINS BOARD MEMBER	2 0	X						0	0	0
(11) WILLIAM QUIGG BOARD MEMBER	2 0	X						0	0	0
(12) ALLAN ROSAR BOARD MEMBER-2ND V CHAIR	2 0	X						0	0	0
(13) BONITA WASHINGTON-LACY BOARD MEMBER - SECRETARY	2 0	X						0	0	0
(14) PHILLIP SCOTT DO BOARD MEMBER	2 0 48 0	X						0	294,363	36,040
(15) ALEASIA STEWART BOARD MEMBER	2 0	X						0	0	0
(16) PATRICK ANDERSON MD BOARD MEMBER	2 0 48 0	X						0	304,031	18,303
(17) ROHIT BAWA BOARD MEMBER	2 0	X						0	0	0

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

(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			
(18) MARK HARRINGTON BOARD MEMBER	2 0	X						0	0	0
(19) THOMAS HUTH MD VP MEDICAL AFFAIRS	12 5 37 5			X				280,123	0	65,629
(20) BRENDA CARTWRIGHT VP CNO	50 0			X				225,999	0	61,365
(21) SCOTT RAUCH VICE PRESIDENT	44 0 6 0			X				181,622	0	58,711
(22) JENNIFER EHLERS VP CQO	50 0			X				170,832	0	45,783
(23) ANGIE DICKMAN VICE PRESIDENT	42 0 8 0			X				168,297	0	40,232
(24) RANDALL KIRK VP/FOUNDATION PRESIDENT	50 0			X				153,297	0	57,182
(25) JAMES PUFFENBERGER VP CFO	50 0			X				269,145	0	67,495
(26) BRADLEY HESTER PHARMACY DIRECTOR	50 0					X		150,012		32,831
(27) AUDRA STINSON PHARMACIST	50 0					X		139,631	0	28,630
(28) TIMOTHY LOVE INFORMATIONS SERVICE DIRECTOR	50 0					X		137,113		26,651
(29) JOHN GENTRY PHARMACIST	50 0					X		137,383	0	15,600
(30) JAMES LONGACRE PHYSICIST	50 0					X		132,908	0	0
1b Sub-Total . . . . . ▶										
c Total from continuation sheets to Part VII, Section A . . . . ▶										
d Total (add lines 1b and 1c) . . . . . ▶								2,640,088	1,010,443	681,232

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 42

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
ROSEASC , 1100 REID PARKWAY RICHMOND IN 47374	SURGERY SERVICES	24,388,317
DELL MARKETING LP , 2300 W PLANO PARKWAY PLANO TX 75075	REVENUE CYCLE	7,762,021
EMERGENCY MED , 1100 REID PARKWAY RICHMOND IN 47374	PHYSICIAN SERVICES	5,002,324
INPATIENT MANAGEMENT INC , ONE MCBRIDE SON CENTER DR SUITE CHESTERFIELD MO 630051426	HOSPITALISTS PROGRAM	1,954,022
REID ANESTHESIA LLC , 1100 REID PARKWAY RICHMOND IN 47374	ANESTHESIA PROGRAM	980,989

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 35

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
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d	894,361			
	e	Government grants (contributions)	1e	5,874			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f				
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		900,235			
Program Service Revenue			Business Code				
	2a	NET PATIENT CARE REVENUE	621990	337,277,887	337,277,887		
	b						
	c						
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		337,277,887			
	3	Investment income (including dividends, interest, and other similar amounts)		17,414,698			17,414,698
	4	Income from investment of tax-exempt bond proceeds		0			
	5	Royalties		0			
			(i) Real	(ii) Personal			
	6a	Gross rents	2,428,017				
	b	Less rental expenses					
	c	Rental income or (loss)	2,428,017	0			
	d	Net rental income or (loss)		2,428,017			2,428,017
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory					
	b	Less cost or other basis and sales expenses	-10,380,498	-197,214			
	c	Gain or (loss)	10,380,498	197,214			
	d	Net gain or (loss)		-10,577,712			-10,577,712
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from fundraising events		0			
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities		0			
	10a	Gross sales of inventory, less returns and allowances	a				
	b	Less cost of goods sold	b				
	c	Net income or (loss) from sales of inventory		0			
		Miscellaneous Revenue	Business Code				
	11a	MISCELLANEOUS - EXCLUDED	621110	6,243,265		456,892	5,786,373
	b	ENGINEERING	541900	321,829		321,829	
	c	HOUSEKEEPING	812900	441,780		441,780	
	d	All other revenue					
	e	**Total.** Add lines 11a–11d		7,006,874			
	12	**Total revenue.** See Instructions		354,449,999	337,277,887	1,220,501	15,051,376

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 . . . . . ☐

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States See Part IV, line 21	159,291	159,291		
2 Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4 Benefits paid to or for members	0			
5 Compensation of current officers, directors, trustees, and key employees	2,424,229	2,215,503	208,726	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7 Other salaries and wages	82,060,392	74,994,992	7,065,400	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	6,929,480	6,332,852	596,628	
9 Other employee benefits	12,809,619	11,706,711	1,102,908	
10 Payroll taxes	4,956,643	4,529,876	426,767	
11 Fees for services (non-employees)				
a Management	0			
b Legal	3,099,367	2,832,512	266,855	
c Accounting	221,803	202,706	19,097	
d Lobbying	0			
e Professional fundraising services See Part IV, line 17	0			
f Investment management fees	0			
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	54,760,759	50,045,858	4,714,901	
12 Advertising and promotion	2,358,371	2,155,315	203,056	
13 Office expenses	5,310,457	4,853,227	457,230	
14 Information technology	0			
15 Royalties . .	0			
16 Occupancy	6,089,187	5,564,908	524,279	
17 Travel	357,445	326,669	30,776	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	385,290	352,117	33,173	
20 Interest	11,495,648	10,505,873	989,775	
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	31,723,729	28,992,316	2,731,413	
23 Insurance	1,941,127	1,773,996	167,131	
24 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)				
a SUPPLIES	53,900,145	49,259,343	4,640,802	
b BAD DEBTS	26,000,176	23,761,561	2,238,615	
c MAINTENANCE CONTRACTS	8,186,185	7,481,354	704,831	
d PRACTICE ACQUISITION	3,623,475	3,311,494	311,981	
e All other expenses	255,846	233,818	22,028	
25 **Total functional expenses.** Add lines 1 through 24e	319,048,664	291,592,292	27,456,372	0
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ 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) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		9,602	1	8,762
	2	Savings and temporary cash investments		19,224,359	2	21,079,798
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		97,988,435	4	136,442,062
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		57,255	5	36,135
	6	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		0	6	0
	7	Notes and loans receivable, net		26,634,296	7	26,077,687
	8	Inventories for sale or use		2,748,256	8	2,878,280
	9	Prepaid expenses and deferred charges		2,813,818	9	2,699,777
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 417,807,669			
	b	Less accumulated depreciation	10b 165,975,082	268,856,246	10c	251,832,587
	11	Investments—publicly traded securities		76,851,075	11	124,416,907
	12	Investments—other securities See Part IV, line 11		103,153,902	12	84,565,809
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets		0	14	0
	15	Other assets See Part IV, line 11		32,495,131	15	36,702,091
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		630,832,375	16	686,739,895
Liabilities	17	Accounts payable and accrued expenses		22,138,979	17	25,850,084
	18	Grants payable		0	18	0
	19	Deferred revenue		0	19	0
	20	Tax-exempt bond liabilities		179,770,000	20	176,710,000
	21	Escrow or custodial account liability Complete Part IV of Schedule D		0	21	0
	22	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		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		0	23	0
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		50,834,267	25	48,405,308
	26	**Total liabilities.** Add lines 17 through 25		252,743,246	26	250,965,392
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		357,117,401	27	412,078,973
	28	Temporarily restricted net assets		20,811,738	28	23,529,737
	29	Permanently restricted net assets		159,990	29	165,793
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		378,089,129	33	435,774,503
	34	Total liabilities and net assets/fund balances		630,832,375	34	686,739,895

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	354,449,999
2	Total expenses (must equal Part IX, column (A), line 25)	2	319,048,664
3	Revenue less expenses Subtract line 2 from line 1	3	35,401,335
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	378,089,129
5	Net unrealized gains (losses) on investments	5	19,283,005
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	3,001,034
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	435,774,503

Part XII Financial Statements and Reporting

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

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

Additional Data

Software ID:
Software Version:
EIN: 35-0892672
Name: REID HOSPITAL & HEALTH CARE SERVICES INC

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

(A) Name and Title	(B) Average hours per week (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			
CRAIG KINYON PRESIDENT & CEO	50 0	X		X				493,726	0	84,792
PAUL LINGLE BOARD MEMBER-1ST V CHAIR	2 0	X						0	0	0
GREG JANZOW BOARD MEMBER	2 0	X						0	0	0
JON FORD BOARD MEMBER-CHAIR	5 0	X						0	0	0
BRAD BARRETT MD BOARD MEMBER	2 0 48 0	X						0	412,049	41,988
ALAN SPEARS BOARD MEMBER	2 0	X						0	0	0
KAREN CLARK BOARD MEMBER	2 0	X						0	0	0
TOM HILKERT BOARD MEMBER	2 0	X						0	0	0
JOHN MCBRIDE BOARD MEMBER-TREASURER	2 0	X						0	0	0
EDITH PERKINS BOARD MEMBER	2 0	X						0	0	0
WILLIAM QUIGG BOARD MEMBER	2 0	X						0	0	0
ALLAN ROSAR BOARD MEMBER-2ND V CHAIR	2 0	X						0	0	0
BONITA WASHINGTON-LACY BOARD MEMBER - SECRETARY	2 0	X						0	0	0
PHILLIP SCOTT DO BOARD MEMBER	2 0 48 0	X						0	294,363	36,040
ALEASIA STEWART BOARD MEMBER	2 0	X						0	0	0
PATRICK ANDERSON MD BOARD MEMBER	2 0 48 0	X						0	304,031	18,303
ROHIT BAWA BOARD MEMBER	2 0	X						0	0	0
MARK HARRINGTON BOARD MEMBER	2 0	X						0	0	0
THOMAS HUTH MD VP MEDICAL AFFAIRS	12 5 37 5			X				280,123	0	65,629
BRENDA CARTWRIGHT VP CNO	50 0			X				225,999	0	61,365
SCOTT RAUCH VICE PRESIDENT	44 0 6 0			X				181,622	0	58,711
JENNIFER EHLERS VP CQO	50 0			X				170,832	0	45,783
ANGIE DICKMAN VICE PRESIDENT	42 0 8 0			X				168,297	0	40,232
RANDALL KIRK VP/FOUNDATION PRESIDENT	50 0			X				153,297	0	57,182
JAMES PUFFENBERGER VP CFO	50 0			X				269,145	0	67,495

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			
BRADLEY HESTER PHARMACY DIRECTOR	50 0					X		150,012		32,831
AUDRA STINSON PHARMACIST	50 0					X		139,631	0	28,630
TIMOTHY LOVE INFORMATIONS SERVICE DIRECTOR	50 0					X		137,113		26,651
JOHN GENTRY PHARMACIST	50 0					X		137,383	0	15,600
JAMES LONGACRE PHYSICIST	50 0					X		132,908	0	0

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
REID HOSPITAL & HEALTH CARE SERVICES INC

Employer identification number
35-0892672

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?

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

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

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1 - 9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document?		(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	
Total									

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

Section B. Total Support

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

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

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

Section C. Computation of Public Support Percentage

14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f)) **14**

15 Public support percentage for 2011 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2012.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support test—2011.** 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 **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2012.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

b **10%-facts-and-circumstances test—2011.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

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

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

Section B. Total Support

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

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

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

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).

Facts And Circumstances Test

Explanation

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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ **Complete if the organization is described below.** ▶ **Attach to Form 990 or Form 990-EZ.**
▶ **See separate instructions.**

OMB No 1545-0047

2012

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	**Employer identification number**
REID HOSPITAL & HEALTH CARE SERVICES INC	35-0892672

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

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ $ _____

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ $ _____

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ **Yes** ☐ **No**

4a Was a correction made? ☐ **Yes** ☐ **No**

b If "Yes," describe in Part IV

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

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ $ _____

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities ▶ $ _____

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

4 Did the filing organization file **Form 1120-POL** for this year? ☐ **Yes** ☐ **No**

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

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

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

A Check ▶ ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)

B Check ▶ ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing organization's totals	(b) Affiliated group totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)		
c Total lobbying expenditures (add lines 1a and 1b)		
d Other exempt purpose expenditures		
e Total exempt purpose expenditures (add lines 1c and 1d)		
f Lobbying nontaxable amount Enter the amount from the following table in both columns		
g Grassroots nontaxable amount (enter 25% of line 1f)		
h Subtract line 1g from line 1a If zero or less, enter -0-		
i Subtract line 1f from line 1c If zero or less, enter -0-		

If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:
Not over $500,000	20% of the amount on line 1e
Over $500,000 but not over $1,000,000	$100,000 plus 15% of the excess over $500,000
Over $1,000,000 but not over $1,500,000	$175,000 plus 10% of the excess over $1,000,000
Over $1,500,000 but not over $17,000,000	$225,000 plus 5% of the excess over $1,500,000
Over $17,000,000	$1,000,000

j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? ☐ Yes ☐ No

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

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

	For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.	(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		12,484
j	Total Add lines 1c through 1i			12,484
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?		No	

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

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

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

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

Part IV Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, Part II-A (affiliated group list), Part II-A, line 2, and Part II-B, line 1 Also, complete this part for any additional information

Identifier	Return Reference	Explanation
OTHER LOBBYING ACTIVITIES	SCHEDULE C, PART II-B, LINE 1i	REID HOSPITAL & HEALTH CARE SERVICES IS A MEMBER OF CERTAIN TRADE ORGANIZATIONS WHICH ENGAGE IN LOBBYING ACTIVITIES THIS AMOUNT REFLECTS THE PORTION OF THE DUES USED FOR SUCH ACTIVITIES
LOBBYING ACTIVITIES BY PAID STAFF	PART II-B, LINE 1B	DURING THE YEAR, SEVERAL LETTERS WERE WRITTEN TO STATE REPRESENTATIVE'S EXPLAINING THE IMPACT OF SPECIFIC LEGISLATION TO REID HOSPITAL THE ESTIMATED AMOUNT EXPENDED BY THE ORGANIZATION WAS $882 THIS AMOUNT REFLECTS AN ESTIMATE OF THE LABOR COST FOR THIS ACTIVITY

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
REID HOSPITAL & HEALTH CARE SERVICES INC

Employer identification number
35-0892672

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

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

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

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

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

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

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

		Held at the End of the Year
a	Total number of conservation easements	2a
b	Total acreage restricted by conservation easements	2b
c	Number of conservation easements on a certified historic structure included in (a)	2c
d	Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d

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

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

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

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

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

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

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

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

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

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

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

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items

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

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

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

3 Using the organization's 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
c	Beginning balance	1c
d	Additions during the year	1d
e	Distributions during the year	1e
f	Ending balance	1f

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

b If "Yes," explain the arrangement in Part 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	b (c) Two years back	(d) Three years back	(e) Four years back
1a	Beginning of year balance	159,990	159,990	29,990	29,990	29,990
b	Contributions	5,803		130,000		
c	Net investment earnings, gains, and losses					
d	Grants or scholarships					
e	Other expenditures for facilities and programs					
f	Administrative expenses					
g	End of year balance	165,793	159,990	159,990	29,990	29,990

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

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶ 100 000 %
- c Temporarily restricted endowment ▶

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

4 Describe in Part 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
1a Land		11,622,838		11,622,838
b Buildings		117,852,764	26,864,489	90,988,275
c Leasehold improvements		6,675,247	2,091,574	4,583,673
d Equipment		226,023,108	121,159,970	104,863,138
e Other		55,633,712	15,859,049	39,774,663
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				251,832,587

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
Other See Additional Data Table		
Total. *(Column (b) must equal Form 990, Part X, col (B) line 12)* ▶	84,565,809	

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

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

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

(a) Description	(b) Book value
(1) DEFERRED FINANCING COSTS	5,002,091
(2) INTEREST IN FOUNDATION	23,695,530
(3) OTHER ASSETS	8,004,470
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	36,702,091

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

1 (a) Description of liability	(b) Book value
Federal income taxes	0
PENSION AND BENEFITS	21,800,891
DERIVATIVE LIABILITY	22,802,799
EST THIRD PARTY SETTLEMENTS	3,801,618
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	48,405,308

2. Fin 48 (ASC 740) Footnote In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740) Check here if the text of the footnote has been provided in Part XIII ☑

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

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

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

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

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
USE OF ENDOWMENT FUNDS	SCHEDULE D, PART V, LINE 4	AT DECEMBER 31, 2012 AND 2011, THE REID HOSPITAL & HEALTH CARE SERVICES FOUNDATION HAD PERMANENTLY RESTRICTED NET ASSETS OF $165,793 AND $159,990, RESPECTIVELY THE INCOME FROM THIS FUND IS EXPENDABLE TO SUPPORT THE ACUTE REHABILITATION UNIT AND THE SPEECH, OUTPATIENT, AND PHYSICAL THERAPY SERVICES FOR REID HOSPITAL & HEALTH CARE SERVICES THESE NET ASSETS HAVE BEEN CLASSIFIED AND REPORTED BASED ON THE EXISTENCE OF DONOR-IMPOSED RESTRICTIONS IN ACCORDANCE WITH ACCOUNTING STANDARDS AND THE PROVISIONS OF THE STATE OF INDIANA ENACTED VERSION OF THE UNIFORM PRUDENT MANAGEMENT OF INSTITUTIONAL FUNDS ACT
FIN 48 (ASC 740) FOOTNOTE	SCHEDULE D, PART X, LINE 2	REID HOSPITAL AND REID PHYSICIAN ASSOCIATES HAVE BEEN RECOGNIZED AS EXEMPT FROM INCOME TAXES UNDER SECTION 501 OF THE INTERNAL REVENUE CODE AND A SIMILAR PROVISION OF STATE LAW HOWEVER, REID HOSPITAL IS SUBJECT TO FEDERAL INCOME TAX ON ANY UNRELATED BUSINESS TAXABLE INCOME REID HOSPITAL AND ITS CONTROLLED SUBSIDIARIES FILE TAX RETURNS IN THE U S FEDERAL JURISDICTION WITH A FEW EXCEPTIONS, REID HOSPITAL AND ITS CONTROLLED SUBSIDIARIES ARE NO LONGER SUBJECT TO U S FEDERAL EXAMINATIONS BY TAX AUTHORITIES FOR YEARS BEFORE 2009

Additional Data

Software ID:
Software Version:
EIN: 35-0892672
Name: REID HOSPITAL & HEALTH CARE SERVICES INC

Form 990, Schedule D, Part VII - Investments— Other Securities

(a) Description of security or cateory (including name of security)	**(b)**Book value	**(c)** Method of valuation Cost or end-of-year market value
(3)Other		
(A) AURORA LMTD PARTNERSHIP	12,037,264	F
(B) CADOGAN ALTERNATIVE FUND	-1	F
(C) SAVILLE ROW	17,466,087	F
(D) SERVICES DEPRECIATION FUND	0	F
(E) OXFORD DEPR FUND	0	F
(F) DEBT RESERVE FUND	8,209,094	F
(G) INTERMEDIATE TERM FUND	0	F
(H) SHORT TERM FUND	0	F
(I) SERV DEPR CUSTODY	0	F
(J) MORGAN STANLEY SMITH BARNEY	40,764,815	F
(K) INVESTMENTS IN TRANSIT	6,088,550	F

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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
REID HOSPITAL & HEALTH CARE SERVICES INC

Employer identification number
35-0892672

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
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 ☐ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
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			
a	Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for *free* care ☐ 100% ☑ 150% ☐ 200% ☐ Other _____ %	3a	Yes	
b	Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care ☐ 200% ☑ 250% ☐ 300% ☐ 350% ☐ 400% ☐ Other _____ %	3b	Yes	
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or 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"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit report during the tax year?	6a	Yes	
b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			9,330,625		9,330,625	3 180 %
b Medicaid (from Worksheet 3, column a)			36,959,628	26,956,300	10,003,328	3 410 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			46,290,253	26,956,300	19,333,953	6 590 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			167,515		167,515	0 060 %
f Health professions education (from Worksheet 5)			97,553		97,553	0 030 %
g Subsidized health services (from Worksheet 6)			1,404,566	1,313,101	91,465	0 030 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			1,054,323		1,054,323	0 360 %
j **Total.** Other Benefits			2,723,957	1,313,101	1,410,856	0 480 %
k **Total.** Add lines 7d and 7j			49,014,210	28,269,401	20,744,809	7 070 %

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
1	Physical improvements and housing			8,892		8,892	
2	Economic development						
3	Community support						
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building						
7	Community health improvement advocacy						
8	Workforce development			8,339		8,339	
9	Other						
10	**Total**			17,231		17,231	0 010 %

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

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2	26,000,176		
3	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	3	932,894		
4	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

5	Enter total revenue received from Medicare (including DSH and IME)	5	91,240,725		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	110,703,874		
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-19,463,149		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☐ Cost accounting system ☐ Cost to charge ratio ☑ Other

Section C. Collection Practices

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

Part IV **Management Companies and Joint Ventures** (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 %
1	REID OP SURG & ENDO	OUTPATIENT SURGICAL SERVICES	55 000 %	7 000 %	45 000 %
2	REID MOB LLC	REAL ESTATE OWNERSHIP	65 000 %	1 000 %	35 000 %
3	REID MSO LLC	MGMT SERVICES	11 000 %	8 000 %	89 000 %
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—see instructions)
How many hospital facilities did the organization operate during the tax year?
1

	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	REID HOSPITAL & HEALTH CARE SERVICES 1100 REID PARKWAY RICHMOND, IN 47374 WWW REIDHOSPITAL ORG	X	X					X		OUTPATIENT SURGERY CENTER	

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)

Name of hospital facility or facility reporting group REID HOSPITAL & HEALTH CARE SERVICES

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

			Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)				
1	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	1		
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☐ A definition of the community served by the hospital facility			
b	☐ Demographics of the community			
c	☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☐ How data was obtained			
e	☐ The health needs of the community			
f	☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☐ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☐ The process for consulting with persons representing the community's interests			
i	☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☐ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 20 ___			
3	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	3		
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4		
5	Did the hospital facility make its CHNA report widely available to the public?	5		
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☐ Hospital facility's website			
b	☐ Available upon request from the hospital facility			
c	☐ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)			
a	☐ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☐ Execution of the implementation strategy			
c	☐ Participation in the development of a community-wide plan			
d	☐ Participation in the execution of a community-wide plan			
e	☐ Inclusion of a community benefit section in operational plans			
f	☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☐ Prioritization of health needs in its community			
h	☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☐ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7		
8a	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)?	8a		
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b		
c	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)*

Financial Assistance Policy		Yes	No
9 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?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 150 % If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 250 % If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☑ Asset level			
c ☑ Medical indigency			
d ☑ Insurance status			
e ☐ Uninsured discount			
f ☑ Medicaid/Medicare			
g ☑ State regulation			
h ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☐ The policy was posted on the hospital facility's website			
b ☑ The policy was attached to billing invoices			
c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☐ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☑ Other (describe in Part VI)			
Billing and Collections			
15 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?	**15**	Yes	
16 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			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			
17 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?	**17**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			

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

		Yes	No
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?	**19**	Yes	
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

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?	**21**		No
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?	**22**		No
If "Yes," explain in Part VI			

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?

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

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, 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
COSTING METHODOLOGY	SCHEDULE H, PART I, LINE 7	BOTH A COST ACCOUNTING SYSTEM AND COST-TO-CHARGE RATIO ARE USED TO CALCULATE AMOUNTS REPORTED ON PART I, LINE 7 THE COST ACCOUNTING SYSTEM ADDRESSES ALL PATIENT SEGMENTS THE COST-TO-CHARGE RATIO IS DERIVED USING WORKSHEET 2, RATIO OF PATIENT CARE COST-TO-CHARGES
PERCENT OF TOTAL EXPENSE	SCHEDULE H, PART I, LINE 7, COLUMN F	$26,000,176 OF BAD DEBT EXPENSE IS INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN A (TOTAL FUNCTIONAL EXPENSES), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN

Identifier	ReturnReference	Explanation
SUBSIDIZED HEALTH SERVICES	SCHEDULE H, PART I, LINE 7G	NO COSTS ATTRIBUTABLE TO A PHYSICIAN CLINIC WERE INCLUDED IN SUBSIDIZED HEALTH SERVICES
COMMUNITY BUILDING ACTIVITIES	SCHEDULE H, PART II	REID HOSPITAL & HEALTH CARE SERVICES ("REID HOSPITAL") OFFERS ITS RESOURCES AND EXPERTISE IN MANY AREAS TO ADDRESS COMMUNITY WIDE PROBLEMS AND PROVIDE A SAFE INFRASTRUCTURE IN THE AREA WE SERVE THE ENGINEERING GROUNDS CREW MAINTAINS REID PARKWAY THROUGH THE ADOPT A STREET PROGRAM REID HOSPITAL ALSO PARTNERED WITH THE ABOUT SPECIAL KIDS ORGANIZATION BY PROVIDING A PROGRAM FOR PARENTS WITH SPECIAL NEEDS KIDS ON ACCESSING HEALTH CARE SERVICES FOR THEIR CHILDREN REID HOSPITAL ALSO SUPPORTS LOCAL FIRE AND POLICE DEPARTMENTS BY SERVING AS AN EDUCATION RESOURCE BY PROVIDING BLS (BASIC LIFE SUPPORT), ACLS (ADVANCED CARDIAC LIFE SUPPORT) AND PALS (PEDIATRIC ADVANCED LIFE SUPPORT) CLASSES AT NO CHARGE REID HOSPITAL ALSO FUNDS AND MAINTAINS JACY HOUSE, A HOME-LIKE SETTING WHERE CHILDREN OF ABUSE CAN TELL THEIR STORY TO OFFICIALS IN A COMFORTABLE, NON-THREATENING ENVIRONMENT

Identifier	ReturnReference	Explanation
BAD DEBT EXPENSE	SCHEDULE H, PART III, SECTION A, LINE 4	REID HOSPITAL ACCOUNTS RECEIVABLE ARE REDUCED BY AN ALLOWANCE FOR DOUBTFUL ACCOUNTS IN EVALUATING THE COLLECTABILITY OF ACCOUNTS RECEIVABLE, THE HOSPITAL ANALYZES ITS PAST HISTORY AND IDENTIFIES TRENDS FOR EACH OF ITS MAJOR PAYER SOURCES OF REVENUE TO ESTIMATE THE APPROPRIATE ALLOWANCE FOR DOUBTFUL ACCOUNTS AND PROVISION FOR BAD DEBTS MANAGEMENT REGULARLY REVIEWS DATA ABOUT THESE MAJOR PAYER SOURCES OF REVENUE IN EVALUATING THE SUFFICIENCY OF THE ALLOWANCE FOR DOUBTFUL ACCOUNTS FOR RECEIVABLES ASSOCIATED WITH SERVICES PROVIDED TO PATIENTS WHO HAVE THIRD-PARTY COVERAGE, THE HOSPITAL ANALYZES CONTRACTUALLY DUE AMOUNTS AND PROVIDES AN ALLOWANCE FOR DOUBTFUL ACCOUNTS AND A PROVISION FOR BAD DEBTS, IF NECESSARY (FOR EXAMPLE, FOR EXPECTED UNCOLLECTIBLE DEDUCTIBLES AND COPAYMENTS ON ACCOUNTS FOR WHICH THE THIRD-PARTY PAYER HAS NOT YET PAID, OR FOR PAYERS WHO ARE KNOWN TO BE HAVING FINANCIAL DIFFICULTIES THAT MAKE THE REALIZATION OF AMOUNTS DUE UNLIKELY) FOR RECEIVABLES ASSOCIATED WITH SELF-PAY PATIENTS (WHICH INCLUDES BOTH PATIENTS WITHOUT INSURANCE AND PATIENTS WITH DEDUCTIBLE AND COPAYMENT BALANCES DUE FOR WHICH THIRD-PARTY COVERAGE EXISTS FOR PART OF THE BILL), THE HOSPITAL RECORDS A SIGNIFICANT PROVISION FOR BAD DEBTS IN THE PERIOD OF SERVICE ON THE BASIS OF ITS PAST EXPERIENCE, WHICH INDICATES THAT MANY PATIENTS ARE UNABLE OR UNWILLING TO PAY THE PORTION OF THEIR BILL FOR WHICH THEY ARE FINANCIALLY RESPONSIBLE THE DIFFERENCE BETWEEN THE STANDARD RATES (OR THE DISCOUNTED RATES IF NEGOTIATED OR PROVIDED BY POLICY) AND THE AMOUNTS ACTUALLY COLLECTED AFTER ALL REASONABLE COLLECTION EFFORTS HAVE BEEN EXHAUSTED IS CHARGED OFF AGAINST THE ALLOWANCE FOR DOUBTFUL ACCOUNTS THE HOSPITAL'S ALLOWANCE FOR DOUBTFUL ACCOUNTS FOR SELF-PAY PATIENTS DECREASED FROM 98% OF SELF-PAY ACCOUNTS RECEIVABLE AT DECEMBER 31, 2011, TO 97% OF SELF-PAY ACCOUNTS RECEIVABLE AT DECEMBER 31, 2012 THE DECREASE WAS A RESULT OF POSITIVE TRENDS EXPERIENCED IN THE COLLECTION OF AMOUNTS FROM SELF-PAY PATIENTS IN 2012 THE AMOUNT REPORTED ON PART III, LINE 2 IS CALCULATED BASED ON TOTAL BAD DEBT EXPENSE BASED ON CHARGES
MEDICARE	SCHEDULE H, PART III, SECTION B, LINE 8	REID HOSPITAL BELIEVES THAT ALL OF THE MEDICARE SHORTFALL OF $19,463,149 SHOULD BE CONSIDERED A COMMUNITY BENEFIT BECAUSE OUR MISSION IS TO PROMOTE QUALITY HEALTHCARE AND HEALTH EDUCATION IN OUR SERVICE COMMUNITY REGARDLESS OF ONE'S ABILITY TO PAY WE DO NOT LIMIT THE CARE AVAILABLE TO ANY PATIENTS, INCLUDING THOSE COVERED UNDER THE MEDICARE PROGRAM WE ARE RELIEVING A GOVERNMENT BURDEN BY PROVIDING CARE TO MEDICARE PATIENTS BELOW COST TAX-EXEMPT HOSPITALS ARE EXPECTED TO PARTICIPATE IN THE MEDICARE PROGRAM

Identifier	ReturnReference	Explanation
COLLECTION PRACTICES	SCHEDULE H, PART III, SECTION C, LINE 9B	ANY INDICATION OF A PATIENT'S INABILITY TO PAY FOR SERVICES IS TREATED AS A REQUEST FOR PATIENT FINANCIAL ASSISTANCE THIS REQUEST CAN BE MADE BY, OR ON BEHALF OF, AN INDIVIDUAL SEEKING SERVICES REID HOSPITAL'S COLLECTION POLICIES ARE THE SAME FOR ALL PATIENTS PATIENTS ARE SCREENED FOR ELIGIBILITY FOR FINANCIAL ASSISTANCE BEFORE ANY COLLECTION PROCEDURES BEGIN IF AT ANY POINT IN THE COLLECTION PROCESS DOCUMENTATION IS RECEIVED THAT INDICATES THE PATIENT IS POTENTIALLY ELIGIBLE FOR FINANCIAL ASSISTANCE BUT HAS NOT APPLIED FOR IT, THE ACCOUNT IS REFERRED BACK TO A FINANCIAL COUNSELOR FOR ASSISTANCE AND REVIEW
PUBLICATION OF FINANCIAL ASSISTANCE POLICY	SCHEDULE H, PART V, SECTION B, LINE 14G	TRI-FOLD BROCHURES EXPLAINING OUR FINANCIAL ASSISTANCE POLICY ARE AVAILABLE IN ALL WAITING AREAS, CHECK-IN DESKS, PHYSICIAN PRACTICES, AND HAVE BEEN PERIODICALLY INCLUDED IN STATEMENT MAILERS TO SELF PAY PATIENTS

Identifier	ReturnReference	Explanation
DETERMINATION OF AMOUNT TO CHARGE FAP-ELIGIBLE INDIVIDUALS	SCHEDULE H, PART V, SECTION B, LINES 20	ALL PATIENTS ARE CHARGED THE SAME AMOUNT FOR EACH SERVICE REGARDLESS OF THEIR INSURANCE STATUS REID HOSPITAL MAKES NO DISTINCTION IN PRICING AT THE CHARGE LEVEL WHETHER A PATIENT IS ELIGIBLE FOR FINANCIAL ASSISTANCE, HAS MEDICARE, OR IS COVERED UNDER A COMMERCIAL PLAN ONCE THE TOTAL CHARGES HAVE BEEN DETERMINED, A FAP-ELIGIBLE PATIENT IS SCREENED FOR COVERAGE BASED ON INCOME AND HOUSEHOLD SIZE USING IRS GUIDLEINES FOR DETERMINING WHETHER A HOUSEHOLD MEMBER CAN BE CONSIDERED A DEPENDENT INCOME AND HOUSEHOLD SIZE RELATIVE TO TOTAL CHARGES OWED DETERMINES THE AMOUNT THE FAP-ELIGIBLE PATIENT WILL OWE, UP TO A 100% WRITE OFF OF THE BILL
NEEDS ASSESSMENT	SCHEDULE H, PART VI, LINE 2	AN INDIANA NEEDS ASSESSMENT ("NEEDS ASSESSMENT") IS CONDUCTED EVERY 3 YEARS IN ACCORDANCE WITH INDIANA GUIDELINES THE LAST NEEDS ASSESSMENT OF REID HOSPITAL'S SERVICE AREA WAS CONDUCTED IN 2010 THE RESULTS OF THE NEEDS ASSESSMENT ARE POSTED ON REID HOSPITAL'S WEBSITE SO THAT COMMUNITY MEMBERS AND ORGANIZATIONS MAY USE THE INFORMATION AS NEEDED FORMAL AND INFORMAL MEETINGS ARE HELD WITH COMMUNITY STAKEHOLDERS TO SEEK THEIR INPUT ON THE RESULTS PROFESSIONAL RESEARCH CONSULTANTS CONDUCTED THE NEEDS ASSESSMENT AND PROVIDED A COMPARISON TO THE 2007 NEEDS ASSESSMENT RESULTS THE NEXT INDIANA NEEDS ASSESSMENT WILL BE CONDUCTED IN 2013 AND WILL COMPLY WITH THE NEW REQUIREMENTS FOR COMMUNITY HEALTH NEEDS ASSESSMENTS UNDER THE AFFORDABLE CARE ACT IN ADDITION, ALL INDEPENDENT AND NON-INDEPENDENT VOTING MEMBERS OF THE BOARD ARE REQUIRED TO RESIDE WITHIN REID HOSPITAL'S SERVICE AREA THE DISTINCTION IS IMPORTANT BECAUSE THEY ARE INVOLVED AND BETTER AWARE OF THE HEALTH NEEDS OF THE COMMUNITY REID HOSPITAL SERVES

Identifier	ReturnReference	Explanation
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	SCHEDULE H, PART VI, LINE 3	REID HOSPITAL STAFF INFORMS ALL PATIENTS, AS THEY ARE ADMITTED, OF THE VARIOUS ASSISTANCE PROGRAMS AVAILABLE TO HELP THEM PAY THEIR BILL WE HAVE COMMUNITY EDUCATION INITIATIVES (THAT INCLUDE THE DISTRIBUTION OF FLYERS AND CARDS IN PUBLIC PLACES, INSERTS IN BILLS, AND FLYERS FOR CHURCHES THAT PROMOTE THE PATIENT ADVOCATE PROGRAM) ASKING PEOPLE TO CONTACT A PATIENT ADVOCATE IF THEY, OR A LOVED ONE, DOES NOT HAVE HEALTH COVERAGE WE HAVE OCCASIONALLY ADVERTISED THE MESSAGE "DO YOU OR SOMEONE YOU LOVE NEED HEALTH INSURANCE" IN AN EFFORT TO REACH PEOPLE BEFORE THEY NEED CARE TO CONNECT THEM WITH OUR ADVOCATES AND DETERMINE ELIGIBILITY FOR COVERAGE WE HAVE CONTRACTED WITH A THIRD PARTY VENDOR THAT SPECIALIZES IN HELPING PEOPLE WITH THE APPLICATION PROCESS FOR VARIOUS PROGRAMS IN ADDITION, WE PROVIDE INFORMATION ABOUT FINANCIAL ASSISTANCE IN OUR MONTHLY STATEMENTS WE CURRENTLY PROMOTE FREE SCREENING SERVICES DIRECTED TO SELF PAY PATIENTS THOSE WHO RESPOND MAKE AN APPOINTMENT WITH OUR PATIENT ADVOCATES AND THEN RECEIVE THEIR FREE WELLNESS LAB TEST
COMMUNITY INFORMATION	SCHEDULE H, PART VI, LINE 4	REID HOSPITAL SERVES FIVE (5) COUNTIES IN INDIANA (WAYNE, UNION, RANDOLPH, HENRY, AND FAYETTE) AND TWO (2) COUNTIES IN OHIO (PREBLE AND DARKE) SINCE 2005, THE POPULATION GROWTH OF THE SERVICE AREA HAS REMAINED FLAT HOWEVER, SENIOR CITIZENS 65 AND OLDER WILL REPRESENT A LARGER PERCENTAGE OF THE POPULATION ACROSS THE SERVICE AREA According to the 2010 Community Health Needs Assessment ("Needs Assessment"), 30 5% of Reid Hospital's service area is less than 200% of the federal poverty level The needs assessment also indicates that access to health care is better in Reid Hospital's service area than found nationally for several tested barriers 1) difficulty finding a physician, 2) appointment availability, 3) convenience of office hours, and 4) transportation Within Reid Hospital's service area, the number of adults aged 18-64 without health insurance coverage has increased significantly over the past decade The economy has affected the local business climate and many adults have either lost insurance altogether or have seen a decrease in benefits

Identifier	ReturnReference	Explanation
PROMOTION OF COMMUNITY HEALTH	SCHEDULE H, PART VI, LINE 5	REID HOSPITAL SERVES AS A CORNERSTONE FOR THE COMMUNITY BY PROVIDING MANY AREAS OF OUTREACH AND COMMUNITY SERVICE EXEMPT EMPLOYEES SERVE ON LOCAL BOARDS SUCH AS THE BOYS & GIRLS CLUB, GIRLS, INC , UNITED WAY, ACHIEVA RESOURCES, THE CHAMBER OF COMMERCE, COMMUNITIES IN SCHOOLS, BIRTH TO FIVE, HEADSTART HEALTH & EDUCATION ADVISORY COUNCIL AND MANY OTHER CIVIC ORGANIZATIONS A COMMUNITY BENEFIT PAYROLL BUDGET IS ESTABLISHED EACH YEAR TO ALLOW HOURLY EMPLOYEES TO SERVE IN THE COMMUNITY (DURING WORKING HOURS) ON PROJECTS SUCH AS HABITAT FOR HUMANITY AS OF 2012, A TOTAL OF 225 AED'S (AUTOMATED EXTERNAL DEFIBRILLATORS) WERE PLACED IN LOCAL SCHOOLS, NOT FOR PROFIT ORGANIZATIONS, FIRE AND POLICE, AND EMS SERVICES, TO SUPPORT THE HEALTH OF THE COMMUNITY REID HOSPITAL ALSO PROVIDES ASSISTANCE TO THESE PUBLIC DEPARTMENTS WITH CERTIFICATION AND RENEWAL OF REQUIRED AMERICAN HEART ASSOCIATION COURSES SUCH AS BLS (BASIC LIFE SUPPORT), ACLS (ADVANCED CARDIAC LIFE SUPPORT), AND PALS (PEDIATRIC ADVANCED LIFE SUPPORT) SUSTAINING A WELL-EDUCATED HEALTH CARE WORK FORCE IS PART OF THE OUTREACH OF REID HOSPITAL MEDICAL GRAND ROUNDS ARE OFFERED WEEKLY AND ARE OPEN TO ALL PHYSICIANS IN THE COMMUNITY EACH YEAR REID HOSPITAL, IVY TECH COMMUNITY COLLEGE AND INDIANA UNIVERSITY-EAST CAMPUS COLLABORATE ON A HEALTH CAREER CAMP WHICH PROVIDES HIGH SCHOOL STUDENTS AN OPPORTUNITY TO PARTICIPATE IN NURSING AND ALLIED HEALTH ACTIVITIES STUDENTS FROM THE 7-COUNTY SERVICE AREA ARE INVITED TO ATTEND THERE ARE SOCIAL DETERMINANTS OF HEALTH AND READING IS ONE OF THOSE ELEMENTS REID HOSPITAL HAS CHOSEN TO SUPPORT EACH YEAR THE THIRD GRADE READING ACADEMY WORKS WITH CHILDREN WHO ARE NOT READING AT GRADE LEVEL AND SPEND THE SUMMER IMPROVING THEIR READING SKILLS REID HOSPITAL HAS SUPPORTED THIS NOT FOR PROFIT ORGANIZATION SINCE IT BEGAN THE GOVERNING BOARD OF REID HOSPITAL AND ESPECIALLY THE COMMUNITY BENEFIT COMMITTEE OF THE BOARD GUIDE THE OUTREACH TO THE COMMUNITY TO MAKE CERTAIN THAT REID HOSPITAL SERVES THE PATIENTS AND THE COMMUNITY WITH EQUAL CARE
STATE FILING OF COMMUNITY BENEFIT REPORT	SCHEDULE H, PART IV, LINE 7	INDIANA

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
REID HOSPITAL & HEALTH CARE SERVICES INC

Employer identification number
35-0892672

Part I General Information on Grants and Assistance

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

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

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

Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than $5,000. 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
(1) BIRTH TO FIVE PO BOX 1815 RICHMOND,IN 47375	35-1843800	501(c)(3)	18,350				PARENT EDUCATORS
(2) GIRLS INC 121 N 10TH STREET RICHMOND,IN 47374	23-7188644	501(c)(3)	9,908				PROGRAMMING
(3) BOYS & GIRLS CLUB 1717 S L STREET RICHMOND,IN 47374	35-1065715	501(c)(3)	10,000				PROGRAMMING
(4) COMMUNITIES IN SCHOOLS 33 S 7TH STREET RICHMOND,IN 47374	35-2132872	501(c)(3)	17,500				SCHOOL COORDINATORS
(5) COMMUNITY FOOD PANTRY PO BOX 1345 RICHMOND,IN 47374	35-7805444	501(c)(3)	8,900				FOOD SUPPLIES
(6) INDIANA WOMEN IN NEED 6507 CARROLTON AVE STE B INDIANAPOLIS,IN 46220	91-2057735	501(c)(3)	7,500				WOMEN'S SERVICES
(7) SENIOR OPPORTUNITY SERVICES 401 S 4TH STREET RICHMOND,IN 47374	31-0918573	501(C)(3)	10,000				PROGRAMMING
(8) SILOAM CLINICPETRA PROJECT 1024 E MAIN STREET RICHMOND,IN 47374	35-2153457	501(C)(3)	5,729				CLINIC START UP
(9) IVY TECH RESPIRATORY CARE 2357 CHESTER BLVD RICHMOND,IN 47374	23-7073977	501(C)(3)	15,000				PROGRAMMING
(10) EVERY CHILD CAN READ 33 SOUTH 7TH STREET RICHMOND,IN 47374	26-4389859	501(C)(3)	10,000				PROGRAMMING
(11) JACY HOUSE PO BOX 2195 RICHMOND,IN 47375	16-1637581	501(C)(3)	10,000				PROGRAMMING

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . . ▶ 11

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

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
ORGANIZATION PROCEDURES FOR MONITORING	PART I, LINE 2	THE COMMUNITY BENEFIT PROGRAM AT REID HOSPITAL & HEALTH CARE SERVICES ("REID HOSPITAL") IS DESIGNED TO SUPPORT SPECIFIC EFFORTS AND PROGRAMS OF ESTABLISHED NONPROFIT GROUPS OR AGENCIES COMMUNITY BENEFIT IS DEFINED AS PROGRAMS OR ACTIVITIES THAT PROVIDE TREATMENT AND/OR PROMOTE HEALTH AND HEALING AS A RESPONSE TO IDENTIFIED COMMUNITY NEEDS THE COMMUNITY BENEFIT PROGRAM IS FUNDED THROUGH AN ESTABLISHED BUDGET FUNDS ARE ALLOCATED BY THE FOLLOWING GUIDELINES 1) COMMUNITY BENEFIT EARLY DETECTION AND PREVENTION PROGRAM (I E MAMMOGRAMS, PSA'S, ETC) AND ARE OFFERED FREE OF CHARGE FOR QUALIFYING MEMBERS OF THE COMMUNITY ALLOCATION OF PROGRAM FUNDS ARE TRANSFERRED TO THE VARIOUS COST CENTERS PROVIDING THE SERVICES NECESSARY TO COVER THE PROGRAM COST, 2) COMMUNITY BENEFIT GRANT PROGRAM REQUESTS ARE SUBMITTED ELECTRONICALLY BY COMMUNITY NONPROFIT ORGANIZATIONS THE FUNDING DECISION IS MADE BY THE COMMUNITY BENEFIT COMMITTEE COMPRISED OF MEMBERS OF THE BOARD OF DIRECTORS ON A QUARTERLY BASIS, 3) COMMUNITY RECOGNITION/APPRECIATION DOLLARS ARE DESIGNATED FOR OUTREACH PROGRAMS SERVING THE COMMUNITY AND INCLUDE THE SAFE QUARTERS CAR SEAT PROGRAM, FUNDING EMPLOYEE INCENTIVES FOR UNITED WAY PARTICIPATION, MISSION TRIPS, HIGH SCHOOL SCHOLARSHIPS, IVY TECH/INDIANA UNIVERSITY EAST-REID NURSING COLLABORATIVE AND GENERAL OUTREACH PROGRAMS IN THIS CATEGORY THE GENERAL OUTREACH DOLLARS ARE THE ONLY DISCRETIONARY DOLLARS AVAILABLE THE COMMUNITY BENEFIT COMMITTEE CAN APPROVE A GRANT REQUEST UP TO $15,000 WITHOUT FURTHER APPROVAL AMOUNTS THAT EXCEED $15,000 MUST BE SUBMITTED TO THE BOARD OF DIRECTORS FOR APPROVAL THE COMMUNITY BENEFIT COMMITTEE HAS AUTHORIZED THE VICE PRESIDENT AND DIRECTOR WHO OVERSEE THE COMMUNITY BENEFIT PROGRAM AN APPROVAL THRESHOLD OF $1,500 GRANT REQUESTS MUST MEET AT LEAST ONE OF THE FOLLOWING GUIDELINES 1) BE CONSISTENT WITH REID HOSPITAL'S COMMUNITY-BASED MISSION AND PHILOSOPHY, 2) RESPOND TO THE HEALTH CARE NEEDS OF THE UNDERSERVED OR VULNERABLE POPULATIONS, 3) RESPOND TO PUBLIC HEALTH NEEDS, 4) FOCUS ON PREVENTION AND/OR HEALTH PROMOTION, 5) DEMONSTRATE COLLABORATION WITH OTHER COMMUNITY AGENCIES OR ORGANIZATIONS, 6) ASSIST IN CONTAINING COMMUNITY HEALTH CARE COST, 7) ADDRESS IDENTIFIED HEALTH CARE NEEDS IN THE COMMUNITY, OR 8) INVOLVE EDUCATION OR PROGRAMMING THAT IMPROVES OVERALL COMMUNITY HEALTH COMMUNITY BENEFIT GRANTS ARE NOT MEANT TO BE USED FOR PROGRAMS THAT ARE FUNDRAISERS OR FOR MARKETING PURPOSES ONLY ONE (1) REQUEST IS CONSIDERED PER AGENCY OR ORGANIZATION PER CALENDAR YEAR GRANT REQUESTS ARE INITIATED THROUGH THE SUBMISSION OF AN ON-LINE APPLICATION PROCESS A COMMITTEE OF THE BOARD OF DIRECTORS REVIEWS ALL GRANT REQUESTS BEFORE FINAL APPROVAL ORGANIZATIONS RECEIVING GRANT FUNDS ARE REQUIRED TO PROVIDE INFORMATION ON THE USE OF THOSE FUNDS NO LESS THEN ANNUALLY DEPENDING ON THE NATURE OF THE COMMUNITY PROJECT, A SITE VISIT BY A REPRESENTATIVE OF REID HOSPITAL MAY BE APPROPRIATE TO EVALUATE COMMUNITY EFFECTIVENESS FOR WHICH GRANT FUNDS WERE APPROVED AT A MINIMUM, THE FOLLOWING INFORMATION IS REQUESTED ANNUALLY 1) WHO BENEFITED FROM THE PROGRAM, 2) THE NUMBER OF INDIVIDUALS BENEFITING FROM THE PROGRAM, 3) EXPLANATION OF HOW THE FUNDS WERE ACTUALLY USED, 4) EVALUATION OF WHETHER THE ANTICIPATED RESULTS WERE MET, 5) WHAT WAS THE OUTCOME OF THE PROJECT EVALUATION, 6) OTHER COMMENTS RELATING TO THE COMMUNITY BENEFIT ACHIEVED ORGANIZATIONS RECEIVING FUNDS WILL NOT QUALIFY FOR FUTURE FUNDS UNTIL AN EVALUATION OF COMMUNITY EFFECTIVENESS HAS BEEN COMPLETED

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 35-0892672
Name: REID HOSPITAL & HEALTH CARE SERVICES INC

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
BIRTH TO FIVEPO BOX 1815 RICHMOND,IN 47375	35-1843800	501(c)(3)	18,350				PARENT EDUCATORS
GIRLS INC121 N 10TH STREET RICHMOND,IN 47374	23-7188644	501(c)(3)	9,908				PROGRAMMING

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
BOYS & GIRLS CLUB1717 S L STREET RICHMOND,IN 47374	35-1065715	501(c)(3)	10,000				PROGRAMMING
COMMUNITIES IN SCHOOLS33 S 7TH STREET RICHMOND,IN 47374	35-2132872	501(c)(3)	17,500				SCHOOL COORDINATORS

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
COMMUNITY FOOD PANTRYPO BOX 1345 RICHMOND,IN 47374	35-7805444	501(c)(3)	8,900				FOOD SUPPLIES
INDIANA WOMEN IN NEED 6507 CARROLTON AVE STE B INDIANAPOLIS,IN 46220	91-2057735	501(c)(3)	7,500				WOMEN'S 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
SENIOR OPPORTUNITY SERVICES401 S 4TH STREET RICHMOND,IN 47374	31-0918573	501(C)(3)	10,000				PROGRAMMING
SILOAM CLINICPETRA PROJECT1024 E MAIN STREET RICHMOND,IN 47374	35-2153457	501(C)(3)	5,729				CLINIC START UP

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
IVY TECH RESPIRATORY CARE2357 CHESTER BLVD RICHMOND,IN 47374	23-7073977	501(C)(3)	15,000				PROGRAMMING
EVERY CHILD CAN READ33 SOUTH 7TH STREET RICHMOND,IN 47374	26-4389859	501(C)(3)	10,000				PROGRAMMING

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
JACY HOUSEPO BOX 2195 RICHMOND,IN 47375	16-1637581	501(C)(3)	10,000				PROGRAMMING

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
REID HOSPITAL & HEALTH CARE SERVICES INC

Employer identification number
35-0892672

Part I Questions Regarding Compensation

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

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use 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
FIRST-CLASS TRAVEL	PART I, LINE 1A	IT IS NOT THE PRACTICE OF REID HOSPITAL TO PROVIDE OR REIMBURSE FOR FIRST CLASS FLIGHT TRAVEL FOR ANY INDIVIDUAL TRAVELING FOR HOSPITAL BUSINESS UNLESS A PHYSICAL NEED OR SPECIAL CIRCUMSTANCE REQUIRES SUCH ARRANGEMENTS DURING 2012 ON TWO (2) SEPARATE OCCASIONS, MR FORD, A DIRECTOR OF THE HOSPITAL, REQUIRED FIRST CLASS FLIGHT ARRANGEMENTS TO ACCOMMODATE A PHYSICAL NEED REQUIRING ADDITIONAL SPACE
SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN	PART I, LINE 4B	OFFICERS OF REID HOSPITAL PARTICIPATE IN A 457F NONQUALIFIED RETIREMENT PLAN

Additional Data Return to Form

Software ID:
Software Version:
EIN: 35-0892672
Name: REID HOSPITAL & HEALTH CARE SERVICES INC

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				
CRAIG KINYON	(I)	435,813	0	57,913	33,230	51,562	578,518	0
	(II)	0	0	0	0	0	0	
THOMAS HUTH MD	(I)	260,660	0	19,463	25,300	40,329	345,752	0
	(II)	0	0	0	0	0	0	
BRENDA CARTWRIGHT	(I)	205,511	0	20,488	21,590	39,775	287,364	0
	(II)	0	0	0	0	0	0	
SCOTT RAUCH	(I)	161,818	0	19,804	17,680	41,031	240,333	0
	(II)	0	0	0	0	0	0	
JENNIFER EHLERS	(I)	162,690	0	8,142	16,010	29,773	216,615	0
	(II)	0	0	0	0	0	0	
ANGIE DICKMAN	(I)	149,498	0	18,799	16,240	23,992	208,529	0
	(II)	0	0	0	0	0	0	
RANDALL KIRK	(I)	151,015	0	2,282	15,203	41,979	210,479	0
	(II)	0	0	0	0	0	0	
BRAD BARRETT MD	(I)	0	0	0	0	0	0	
	(II)	387,641	0	24,408	10,000	31,988	454,037	
PHILLIP SCOTT DO	(I)	0	0	0	0	0	0	
	(II)	288,029	0	6,334	10,000	26,040	330,403	
JAMES PUFFENBERGER	(I)	263,768	0	5,377	24,060	43,435	336,640	
	(II)	0	0	0	0	0	0	
PATRICK ANDERSON MD	(I)	0	0	0	0	0	0	
	(II)	284,130	0	19,901	10,000	8,303	322,334	
BRADLEY HESTER	(I)	141,015	0	8,997	6,577	26,254	182,843	
	(II)							
AUDRA STINSON	(I)	128,050	0	11,581	6,250	22,380	168,261	
	(II)	0	0	0	0	0	0	
TIMOTHY LOVE	(I)	124,048	0	13,065	6,037	20,614	163,764	
	(II)							
JOHN GENTRY	(I)	123,815	0	13,568	5,961	9,639	152,983	
	(II)	0	0	0	0	0	0	

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
REID HOSPITAL & HEALTH CARE SERVICES INC

Employer identification number
35-0892672

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	HOSPITAL AUTHORITY OF RICHMOND	35-1867077	764791AB5	03-31-2009	95,969,373	REFUND 05 B/C BONDS ISSUED 4/20/05		X		X		X
B	HOSPITAL AUTHORITY OF RICHMOND	35-1867077		12-17-2012	80,130,000	REFUND 2005A BONDS ISSUED 4/20/05		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	3,270,000	0		
2	Amount of bonds legally defeased	0	0		
3	Total proceeds of issue	96,012,642	80,130,000		
4	Gross proceeds in reserve funds	8,203,013	0		
5	Capitalized interest from proceeds	0	0		
6	Proceeds in refunding escrows	0	0		
7	Issuance costs from proceeds	1,616,360	0		
8	Credit enhancement from proceeds	0	0		
9	Working capital expenditures from proceeds	0	0		
10	Capital expenditures from proceeds	0	0		
11	Other spent proceeds	86,150,000	80,130,000		
12	Other unspent proceeds	0	0		
13	Year of substantial completion				

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X		X					
15	Were the bonds issued as part of an advance refunding issue?		X		X				
16	Has the final allocation of proceeds been made?	X		X					
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?	X		X					
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?	X		X					
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X				
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	0%		0%		%		%	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶	0 00000%		0 00000%		%		%	
6	Total of lines 4 and 5	0%		0%		%		%	
7	Does the bond issue meet the private security or payment test?		X		X				
8a	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				
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of	%		%		%		%	
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2?		X		X				
9	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					

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X		X				
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?		X		X				
b	Exception to rebate?								
c	No rebate due?								
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?		X	X					
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X		X				
b	Name of provider	0		0					
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								

Part IV Arbitrage *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?		X		X				
b	Name of provider	0		0					
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?		X		X				
7	Has the organization established written procedures to monitor the requirements of section 148?	X		X					

Part V Procedures To Undertake Corrective Action

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	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					

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

Identifier	Return Reference	Explanation
PART II, LINE 3, COLUMN A	0	AMOUNT INCLUDES EARNINGS ON BOND PROCEEDS

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
REID HOSPITAL & HEALTH CARE SERVICES INC

Employer identification number
35-0892672

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

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired				
2	Amount of bonds legally defeased				
3	Total proceeds of issue				
4	Gross proceeds in reserve funds				
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrows				
7	Issuance costs from proceeds				
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds				
11	Other spent proceeds				
12	Other unspent proceeds				
13	Year of substantial completion				

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?								
15	Were the bonds issued as part of an advance refunding issue?								
16	Has the final allocation of proceeds been made?								
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?								

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?								
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?								
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	%		%		%		%	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶	%		%		%		%	
6	Total of lines 4 and 5	%		%		%		%	
7	Does the bond issue meet the private security or payment test?								
8a	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?								
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of	%		%		%		%	
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2?								
9	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?								

Part IV Arbitrage

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

Part IV Arbitrage *(Continued)*

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

Part V Procedures To Undertake Corrective Action

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	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?								

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

Identifier	Return Reference	Explanation

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
REID HOSPITAL & HEALTH CARE SERVICES INC

Employer identification number
35-0892672

Part I Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).
Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

1 (a) Name of disqualified person	(b) 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

(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
(1) CRAIG KINYON	PRESIDENT	RETENTION AGREEMENT		X	180,000	36,135		No	Yes		Yes	
Total			▶ $			36,135						

Part III Grants or Assistance Benefitting Interested Persons.
Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of 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
See Additional Data Table					

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
TRANSACTIONS WITH INTERESTED PERSONS	SCHEDULE L, PART IV	PAUL LINGLE, WHO IS A BOARD MEMBER OF REID HOSPITAL, IS A REAL ESTATE BROKER AND REPRESENTS REID HOSPITAL IN ALL OF ITS REAL ESTATE TRANSACTIONS THIS BUSINESS RELATIONSHIP HAS BEEN APPROVED BY THE BOARD OF DIRECTORS MR LINGLE IS EXCUSED FROM ANY BOARD BUSINESS THAT COULD RESULT IN A CONFLICT OF INTEREST THE FOLLOWING COMPENSATION PAID TO MR LINGLE IS BASED ON FAIR MARKET VALUE AND CONSISTENT WITH THE INDUSTRY AND IS BROKEN DOWN AS FOLLOWS 1) FEES PAID FOR CONSULTING SERVICES WERE $12,000, 2) BROKERAGE FEES RECEIVED BY LINGLE REAL ESTATE FOR PROPERTY PURCHASED BY REID HOSPITAL WERE $342,680, AND 3) PROPERTY MANAGEMENT SERVICES RECEIVED BY LINGLE MANAGEMENT CO OF $52,848 SUSAN HOFFER, DAUGHTER OF JON FORD, WHO IS A BOARD MEMBER OF REID HOSPITAL, IS EMPLOYED BY REID HOSPITAL SHE EARNED $19,005 IN COMPENSATION DURING CALENDAR YEAR 2012 SCOTT HOFFER, SON-IN-LAW OF JON FORD, WHO IS A BOARD MEMBER OF REID HOSPITAL, IS EMPLOYED BY REID HOSPITAL HE EARNED $62,015 IN COMPENSATION DURING CALENDAR YEAR 2012 CLAUDIA ANDERSON, WIFE OF PATRICK ANDERSON, MD, WHO IS A BOARD MEMBER OF REID HOSPITAL, IS EMPLOYED BY REID HOSPITAL SHE EARNED $72,334 IN COMPENSATION DURING CALENDAR YEAR 2012 WILLIAM CARTWRIGHT, HUSBAND OF BRENDA CARTWRIGHT, WHO IS AN OFFICER OF REID HOSPITAL, IS EMPLOYED BY REID HOSPITAL HE EARNED $23,384 IN COMPENSATION DURING CALENDAR YEAR 2012 JON COOL, SON-IN-LAW OF BRENDA CARTWRIGHT, WHO IS AN OFFICER OF REID HOSPITAL, IS EMPLOYED BY REID HOSPITAL HE EARNED $14,189 IN COMPENSATION DURING CALENDAR YEAR 2012 AMANDA BRINKER, DAUGHTER OF SCOTT RAUCH, WHO IS AN OFFICER OF REID HOSPITAL, IS EMPLOYED BY REID HOSPITAL SHE EARNED $34,622 IN COMPENSATION DURING CALENDAR YEAR 2012 CYNTHIA MENDENHALL, SISTER-IN-LAW OF ANGIE DICKMAN, WHO IS AN OFFICER OF REID HOSPITAL, IS EMPLOYED BY REID HOSPITAL SHE EARNED $55,259 IN COMPENSATION DURING CALENDAR YEAR 2012 LAUREN DYE, DAUGHTER OF CRAIG KINYON, WHO IS AN OFFICER OF REID HOSPITAL, IS EMPLOYED BY REID HOSPITAL SHE EARNED $55,454 IN COMPENSATION DURING CALENDAR YEAR 2012

Additional Data

Software ID:
Software Version:
EIN: 35-0892672
Name: REID HOSPITAL & HEALTH CARE SERVICES INC

Form 990, Schedule L, Part IV - Business Transactions Involving Interested Persons

(a) Name of interested person	**(b)** Relationship between interested person and the organization	**(c)** Amount of transaction	**(d)** Description of transaction	**(e)** Sharing of organization's revenues?	
				Yes	**No**
(1) PAUL LINGLE	BOARD MEMBER	407,528	CONSULTING & BROKERAGE FEES		No
(2) SUSAN HOFFER	FAMILY OF BOARD MEMBER	19,005	EMPLOYED FAMILY MEMBER		No
(3) SCOTT HOFFER	FAMILY OF BOARD MEMBER	62,015	EMPLOYED FAMILY MEMBER		No
(4) CLAUDIA ANDERSON	FAMILY OF BOARD MEMBER	72,334	EMPLOYED FAMILY MEMBER		No
(5) WILLIAM CARTWRIGHT	FAMILY OF OFFICER	23,384	EMPLOYED FAMILY MEMBER		No
(6) JON COOL	FAMILY OF OFFICER	14,189	EMPLOYED FAMILY MEMBER		No
(7) AMANDA BRINKER	FAMILY OF OFFICER	34,622	EMPLOYED FAMILY MEMBER		No
(8) CYNTHIA MENDENHALL	FAMILY OF OFFICER	55,259	EMPLOYED FAMILY MEMBER		No
(9) LAUREN DYE	FAMILY OF OFFICER	55,454	EMPLOYED FAMILY MEMBER		No

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
REID HOSPITAL & HEALTH CARE SERVICES INC

Employer identification number
35-0892672

Identifier	Return Reference	Explanation
ORGANIZATION'S MISSION	FORM 990, PART III, LINE 1	WHOLENESS IN BODY, MIND, AND SPIRIT IS BASIC TO FULFILLMENT OF HUMAN POTENTIAL REID HOSPITAL & HEALTH CARE SERVICES ("REID HOSPITAL") AND ITS PEOPLE WORK WITH OTHERS TO ENHANCE WHOLENESS FOR ALL THOSE WE SERVE THIS MISSION IS CARRIED OUT BY SERVING THE PEOPLE OF A MULTI-COUNTY SERVICE AREA IN REFERENCE TO THEIR CURRENT AND FUTURE NEEDS FOR HEALTH CARE SERVICES OUR MAJOR FUNCTIONS ARE TO 1) PROVIDE A BROADLY DEFINED RANGE OF HEALTH CARE SERVICES THAT A) ADDRESS COMMUNITY AND SERVICE AREA NEEDS, B) CAN BE OFFERED IN A HIGH QUALITY MANNER, AND C) PROVIDE COST-EFFECTIVE VALUE, 2) SUPPORT, ALONE OR COLLABORATIVELY, EDUCATIONAL EFFORTS DIRECTED TOWARD A) ENTRY LEVEL PREPARATION OF HEALTH CARE WORKERS, B) LIFE-LONG LEARNING FOR THOSE SERVING IN HEALTH CARE, AND C) ENHANCE HEALTHY LIFESTYLES AND CHOICES IN THE PEOPLE WE SERVE, AND 3) INITIATE, PARTICIPATE, OR COOPERATIVELY SUPPORT COMMUNITY EFFORTS THAT ENHANCE THE GENERAL HEALTH STATUS, WELL-BEING AND TOTAL QUALITY OF LIFE IN OUR COMMUNITY AND SERVICE AREA

Identifier	Return Reference	Explanation
PROGRAM SERVICES	FORM 990, PART III, LINE 4A	THE MISSION OF REID HOSPITAL IS TO SERVE THE PEOPLE OF A MULTI-COUNTY SERVICE AREA IN REFERENCE TO THEIR CURRENT AND FUTURE NEEDS FOR HEALTH CARE SERVICES IN FURTHERANCE OF THIS MISSION, REID HOSPITAL PROVIDES QUALITY HEALTHCARE REGARDLESS OF RACE, CREED, SEX, NATIONAL ORIGIN, AGE, OR ABILITY TO PAY DURING 2012, REID HOSPITAL ADMITTED APPROXIMATELY 11,500 PATIENTS FOR IN-PATIENT SERVICES REPRESENTING 53,600 PATIENT DAYS, 676 BIRTHS REPRESENTING 2,027 NEWBORN PATIENT DAYS AND PERFORMED APPROXIMATELY 2,200 IN-PATIENT SURGERIES IN ADDITION, REID HOSPITAL RECEIVED OVER 144,000 OUT-PATIENT VISITS FOR NON-EMERGENCY DIAGNOSTIC AND TREATMENT SERVICES INCLUDING 11,000 AMBULATORY SURGERIES AND 5,800 HOME HEALTH VISITS REID HOSPITAL OFFERS EMERGENCY SERVICES 24 HOURS PER DAY, 365 DAYS EACH YEAR IN 2012, OVER 48,000 PATIENTS WERE TREATED THROUGH EMERGENCY SERVICES IN KEEPING WITH REID HOSPITAL'S COMMITMENT TO SERVE ALL MEMBERS OF OUR MULTI-COUNTY SERVICE AREA, REID HOSPITAL PROVIDES HEALTHCARE TO THE ELDERLY AND DISABLED COVERED UNDER MEDICARE AND MEDICAID PROGRAMS AT OR BELOW COST IN ADDITION, REID HOSPITAL HAS ESTABLISHED A FINANCIAL ASSISTANCE POLICY FOR THE POOR WHO DO NOT HAVE THE MEANS TO PAY FOR SERVICES FOR 2012, THE TOTAL VALUE OF UNCOMPENSATED CARE AT COST FOR THE ELDERLY AND DISABLED WAS $37 2 MILLION AND FINANCIAL ASSISTANCE FOR THE POOR WAS $20 6 MILLION TO ENSURE MEMBERS OF OUR SERVICE COMMUNITY HAVE ADEQUATE ACCESS AND RESOURCES AVAILABLE TO MEET THEIR HEALTHCARE NEEDS, REID HOSPITAL HAS UNDERTAKEN A DELIBERATE PHYSICIAN RECRUITMENT PROGRAM CONSISTENT WITH IRS GUIDANCE THIS PROGRAM PROVIDES ASSURANCE THAT OUR SERVICE COMMUNITY HAS ADEQUATE AND QUALIFIED PHYSICIAN RESOURCES COVERING A VARIETY OF SPECIALTY AREAS THE COST OF FUNDING THIS RECRUITMENT EFFORT WAS $656,800 FOR 2012 IN ADDITION, REID HOSPITAL IS COMMITTED TO INITIATING, PARTICIPATING IN, OR COOPERATIVELY SUPPORTING COMMUNITY EFFORTS THAT ENHANCE THE GENERAL HEALTH STATUS, WELL-BEING AND TOTAL QUALITY OF LIFE IN OUR SERVICE COMMUNITY

Identifier	Return Reference	Explanation
GOVERNING BODY AND MANAGEMENT	FORM 990, PART VI, LINE 6	REID HOSPITAL IS ORGANIZED AS A NONPROFIT CORPORATION, MANAGED BY A BOARD OF DIRECTORS THE MEMBERS OF THE REID HOSPITAL ARE THE INDIVIDUALS SERVING, FROM TIME TO TIME, ON THE ORGANIZATION'S BOARD OF DIRECTORS

Identifier	Return Reference	Explanation
POLICIES	FORM 990, PART VI, SECTION B, LINE 11B	THIS FORM 990 WAS PREPARED AND REVIEWED BY AN OUTSIDE ACCOUNTING FIRM BEFORE BEING PRESENTED TO MANAGEMENT FOR REVIEW FOLLOWING MANAGEMENT'S REVIEW, THE FORM 990 WAS PRESENTED TO THE BOARD FOR FINAL REVIEW AND APPROVAL

Identifier	Return Reference	Explanation
POLICIES	FORM 990, PART VI, SECTION B, LINE 12C	EVERY YEAR ALL KEY EMPLOYEES, OFFICERS, AND DIRECTORS ARE REQUIRED TO DISCLOSE ANY POTENTIAL CONFLICT OF INTEREST RELATING TO REID HOSPITAL AND ITS SUBSIDIARIES THIS INFORMATION IS REVIEWED BY THE ORGANIZATION'S ADMINSTRATIVE STAFF AND INTERNAL AUDITOR DURING THE YEAR, EACH KEY EMPLOYEE AND OFFICER IS REQUIRED TO DISCLOSE ANY CONFLICT OF INTEREST ISSUE WHEN IT OCCURS THE BOARD OF DIRECTORS IS ASKED IF THERE ARE ANY CONFLICT OF INTEREST ISSUES BEFORE EACH AND EVERY BOARD MEETING

Identifier	Return Reference	Explanation
POLICIES	FORM 990, PART VI, SECTION B, LINE 15A	THE MISSION OF REID HOSPITAL IS TO SERVE THE PEOPLE OF A MULTI-COUNTY SERVICE AREA IN REFE RENCE TO THEIR CURRENT AND FUTURE NEEDS FOR HEALTH CARE SERVICES THE GOVERNING BOARD IS V ESTED WITH THE ULTIMATE RESPONSIBILITY AND AUTHORITY FOR THE SUCCESSFUL FULFILLMENT OF THI S MISSION THE GOVERNING BOARD OF REID HOSPITAL EXERCISES A FIDUCIARY RESPONSIBILITY ON BE HALF OF THE SERVICE AREA AND PEOPLE WE SERVE WHILE REID HOSPITAL IS A PRIVATE, NON-PROFIT ORGANIZATION, THE BOARD IS COMMITTED TO A CONCEPT OF GOVERNANCE THAT SEES ITSELF AS HAVIN G A PUBLIC MISSION AND OUTLOOK REID HOSPITAL'S GOVERNING BOARD MAINTAINS AN ONGOING COMMI TMENT TO QUALITY AND EXCELLENCE IT IS THE BELIEF OF THE BOARD THAT THE PEOPLE WE SERVE DE SERVE NOTHING LESS TO COMMIT TO A LESSER STANDARD OR TO BE ACCEPTING OF LESSER PERFORMANC E WOULD BE AN ULTIMATE BREACH OF OUR REASON FOR EXISTENCE THE COMMITMENT TO QUALITY AND E XCELLENCE STEMS FROM A REALIZATION OF THE STEWARDSHIP INVOLVED IN GOVERNING AND PRESERVING A VITAL HEALTH CARE RESOURCE FOR THE PEOPLE OF A SIX-COUNTY AREA IN EAST CENTRAL INDIANA AND WESTERN OHIO THIS STEWARDSHIP AND SENSE OF RESPONSIBILITY EXTENDS TO A REALIZATION TH AT REID HOSPITAL IS THE LARGEST EMPLOYER IN WAYNE COUNTY THIS BOARD'S ULTIMATE AUTHORITY AND RESPONSIBILITY INCLUDES ALL ASPECTS OF THE OPERATION QUALITY OF SERVICES RENDERED, QU ALITY OF ITS MEDICAL STAFF, QUALITY OF ITS LEADERSHIP AND OTHER FINANCIAL, LEGAL, ETHICAL, AND OPERATIONAL CONSIDERATIONS AS A SERVICE TEAM PROVIDING HUMAN SERVICES, REID HOSPITAL 'S PEOPLE (GOVERNING AND FOUNDATION BOARDS, MEDICAL STAFF, EMPLOYEES AND VOLUNTEERS) REPRE SENT THE SINGLE MOST IMPORTANT ASSET POSSESSED BY THE ORGANIZATION MORE THAN ANY OTHER FA CTOR (BUILDINGS, EQUIPMENT, TECHNOLOGY, ETC), THE QUALITY OF REID HOSPITAL'S HUMAN RESOUR CES DETERMINES THE QUALITY OF SERVICES ULTIMATELY PROVIDED TO ITS PATIENTS AND FAMILIES T HIS COMMITMENT TO QUALITY AND THE STEWARDSHIP OF HUMAN RESOURCES SERVICES ARE THE FOUNDATI ON FOR REID HOSPITAL'S EMPLOYEE RELATIONS POSTURE THIS APPLIES TO ALL ASPECTS OF EMPLOYEE RELATIONS AT ALL LEVELS A COMPENSATION PHILOSOPHY THAT ATTRACTS AND RETAINS QUALIFIED, H IGH QUALITY AND COMMITTED EMPLOYEES AT ALL LEVELS IS IN THE BEST INTEREST OF REID HOSPITAL AND THOSE WE SERVE THE CHIEF EXECUTIVE OFFICER (PRESIDENT AND CEO), SELECTED AND APPOINT ED BY THE GOVERNING BOARD, IS CHARGED WITH THE RESPONSIBILITY OF DEVELOPING AND ADMINISTER ING A COMPENSATION PLAN THAT REFLECTS THE PREVIOUSLY STATED PHILOSOPHY AND MISSION THE CE O IS ACCOUNTABLE TO THE GOVERNING BOARD IN THIS REGARD, JUST AS HE/SHE IS ACCOUNTABLE IN A LL OTHER AREAS THE FOLLOWING PHILOSOPHY AND GUIDELINES AFFIRM THE BOARD'S COMMITMENT IN R EFERENCE TO DEVELOPING A REASONABLE AND APPROPRIATE COMPENSATION PACKAGE FOR THE CEO AND E XECUTIVE STAFF EXECUTIVE COMPENSATION PHILOSOPHY, GUIDELINES, AND PRACTICES AN EFFECTIVE EXECUTIVE COMPENSATION PROGRAM ADDRESSES A NUMBER OF GOALS THESE GOALS INCLUDE 1) THE ABILITY TO ATTRACT AN INDIVIDUAL WHO IS HIGHLY QUALIFIED BY REASON OF PROFESSIONAL EDUCATI ON, PAST EXPERIENCE, AND PERSONAL CHARACTERISTICS, 2) APPROPRIATE RECOGNITION OF PERFORMA NCE (POSITIVE OR NEGATIVE), 3) MAINTENANCE OF MOTIVATION FOR FURTHER PERFORMANCE AT A LEV EL OF EXCELLENCE, 4) RETENTION (WHEN DESIRED) OF LEADERSHIP EXPERTISE, AND 5) FAIRNESS IT IS IMPORTANT TO NOTE THAT THE ISSUE OF FAIRNESS RELATES TO THE COMMUNITY, THE ORGANIZAT ION AND TO THE INDIVIDUAL THAT IS, THE GOAL OF THE BOARD WILL NOT BE TO MINIMIZE COST PER SE CONVERSELY, THE EXPECTATIONS OF THE CEO SHOULD NOT BE TO MAXIMIZE INCOME AS A SINGLE OBJECTIVE THE GOAL OF BOTH PARTIES WILL BE TO ACHIEVE A COMPENSATION PACKAGE THAT IS FAIR TO THE COMMUNITY, FAIR TO THE ORGANIZATION, AND FAIR TO THE INDIVIDUAL THE EXECUTIVE COM MITTEE OF THE GOVERNING BOARD IS THE DESIGNATED COMPENSATION COMMITTEE AND HAS THE RESPONS IBILITY TO SET AND APPROVE CHANGES IN THE CEO'S COMPENSATION PACKAGE THE COMPENSATION PAC KAGE IS REVIEWED ANNUALLY AND ADJUSTED (IF WARRANTED) BASED ON REVIEW, ASSESSMENT AND EVAL UATION OF ALL OF THE FOLLOWING FACTORS 1) AN ANNUAL PERFORMANCE REVIEW, CONDUCTED BY THE EXECUTIVE COMMITTEE WITH INPUT INVITED FROM THE FULL GOVERNING BOARD PRIOR TO THE REVIEW, WHICH IS SUMMARIZED IN WRITTEN FORM AND SHARED WITH THE ENTIRE BOARD VIA MINUTES OF THE E XECUTIVE COMMITTEE, 2) THE GENERAL INCREASE (EXCLUDING MERIT) APPROVED BY THE GENERAL BOA RD FOR HOURLY EMPLOYEES, 3) COMPARISON OF COMPENSATION LEVELS AT HOSPITALS OF SIMILAR SIZ E AND COMPLEXITY (USING TOTAL REVENUE, NUMBER OF EMPLOYEES AND/OR BED SIZE AS THE BASIS FO R SIMILARITY WHENEVER POSSIBLE), WITH THE GENERAL GOAL OF REMAINING WITHIN THE UPPER PORTI ON OF THE THIRD QUARTILE (50TH TO 75TH PERCENTILE) OF THESE HOSPITALS, ALTHOUGH OCCASIONAL VARIATIONS ABOVE AND BELOW THIS RANGE WILL OCCUR, AND 4) COMPARISON, IF AVAILABLE, OF TH E MOST RELEVANT PERCENTAGE INCREASES AT OTHER HOSPITALS OF SIMILAR SIZE AND COMPLEXITY (AS DEFINED ABOVE) THE COMPARISON MENTIONED IN ITEMS

Identifier	Return Reference	Explanation
POLICIES	FORM 990, PART VI, SECTION B, LINE 15A	#3 AND #4 SHALL UTILIZE DATA OBTAINED FROM COMPENSATION SURVEYS SEEN AS LEGITIMATE, STATI STICALLY VALID, AND GENERALLY ACCEPTED THE SPECIFIC COMPARATIVE SURVEYS USED IN ANY GIVEN YEAR WILL BE OUTLINED IN THE COMMITTEE MINUTES OR EXHIBITS EXAMPLES OF THIS TYPE OF BONA FIDE SURVEY INCLUDE 1) THE ANNUAL INDIANA HOSPITAL & HEALTH ASSOCIATION SURVEY, 2) WIL LIAM MERCER, INC HEALTH NETWORK SURVEY, 3) SULLIVAN COTTER & ASSOCIATES SURVEY, 4) THE ANNUAL MANAGEMENT SCIENCE ASSOCIATION SURVEY, 5) CLARK CONSULTING, AND 6) WATSON WYATT AFTER REVIEW AND EVALUATION OF THE FOUR FACTORS MENTIONED ABOVE, THE EXECUTIVE COMMITTEE S HALL ENACT WHATEVER ADJUSTMENTS ARE DEEMED APPROPRIATE THESE DISCUSSIONS, CONCLUSIONS, AN D ACTIONS WILL BE FULLY DOCUMENTED IN THE MINUTES OF THE EXECUTIVE COMMITTEE ALSO DOCUMEN TED, WILL BE A RECORD OF THOSE PRESENT FOR THE EVALUATION REVIEW DISCUSSION, AS WELL AS TH OSE PRESENT FOR RESULTING COMMITTEE ACTIONS RELATING TO COMPENSATION THROUGH THE PROCEDUR ES DESCRIBED ABOVE, REID HOSPITAL ENSURES THAT COMPENSATION FOR ITS CEO AND OTHER EXECUTIV E STAFF IS APPROVED IN ADVANCE BY AN AUTHORIZED BODY ENTIRELY COMPOSED OF INDIVIDUALS WITH OUT A CONFLICT OF INTEREST, THAT THIS AUTHORIZED BODY OBTAINS AND RELIES UPON APPROPRIATE DATA AS TO COMPARABILITY, AND THAT THE AUTHORIZED BODY ADEQUATELY AND TIMELY DOCUMENTS THE BASIS FOR ITS DETERMINATION BY THUS TAKING THE STEPS NECESSARY FOR THESE COMPENSATION DE CISIONS TO QUALIFY FOR THE REBUTTABLE PRESUMPTION OF REASONABLENESS, REID HOSPITAL ENDEAVO RS TO SATISFY THE STANDARDS ADVOCATED BY THE INTERNAL REVENUE SERVICE FOR APPROVING EXECUT IVE COMPENSATION

Identifier	Return Reference	Explanation
POLICIES	FORM 990, PART VI, SECTION B, LINE 15B	THE CHIEF EXECUTIVE OFFICER (PRESIDENT AND CEO), SELECTED AND APPOINTED BY THE GOVERNING BOARD, IS CHARGED WITH THE RESPONSIBILITY OF DEVELOPING AND ADMINISTERING A COMPENSATION PLAN THAT REFLECTS THE PHILOSOPHY AND MISSION OF THE ORGANIZATION THE CEO IS ACCOUNTABLE TO THE GOVERNING BOARD IN THIS REGARD JUST AS HE/SHE IS ACCOUNTABLE IN ALL OTHER AREAS THE COMPENSATION IS SHARED WITH THE EXECUTIVE COMMITTEE FOR AWARENESS, CONSULTATION, AND DIALOGUE

Identifier	Return Reference	Explanation
DISCLOSURE	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION MAKES THESE DOCUMENTS AVAILABLE UPON REQUEST

Identifier	Return Reference	Explanation
OTHER CHANGES IN FUND BALANCE	FORM 990, PART XI, LINE 5	CHANGE IN PENSION ($567,126) TRANSFER FROM AFFILIATES ($50,000) CHANGE IN FOUNDATION VALUE $3,618,160

Identifier	Return Reference	Explanation
BUSINESS RELATIONSHIP	FORM 990, PART VI, SECTION A, LINE 2	REID HOSPITAL CEO, CRAIG KINYON, AND REID HOSPITAL BOARD MEMBER, JOHN MCBRIDE, HAVE A BUSINESS RELATIONSHIP THROUGH WEST END BANK MORE SPECIFICALLY, MR KINYON SERVES ON THE BOARD OF DIRECTORS OF WEST END BANK, AND MR MCBRIDE IS THE PRESIDENT OF WEST END BANK

Identifier	Return Reference	Explanation
JOINT VENTURE POLICY	FORM 990, PART VI, SECTION B, LINE 16B	ALTHOUGH REID HOSPITAL DOES NOT CURRENTLY HAVE A WRITTEN JOINT VENTURE POLICY, THE HOSPITAL DOES CAREFULLY EVALUATE EACH PROPOSED JOINT VENTURE TO ENSURE THAT THE ARRANGEMENT IS CONSISTENT WITH THE HOSPITAL'S FEDERAL TAX EXEMPT STATUS AND COMPLIES WITH ALL OTHER APPLICABLE LAW APPROPRIATE PROVISIONS TO SAFEGUARD REID HOSPITAL'S FEDERAL TAX EXEMPT STATUS ARE INCLUDED IN ALL JOINT VENTURE AGREEMENTS, AND THE HOSPITAL MONITORS EXISTING JOINT VENTURE ARRANGEMENTS TO ENSURE COMPLIANCE. REID HOSPITAL INTENDS TO ADOPT A WRITTEN JOINT VENTURE POLICY IN ITS COMING TAX YEAR

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
REID HOSPITAL & HEALTH CARE SERVICES INC

Employer identification number
35-0892672

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) REID ANESTHESIA LLC 1100 REID PARKWAY RICHMOND, IN 47374	ANESTHESIA	IN	5,880,561	278,937	NA

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	(g) No
(1) REID HOSP & HEALTH CARE SRVC FDN INC 1100 REID PARKWAY RICHMOND, IN 47374 23-7440530	SUPPORT	IN	501(C)(3)	11	NA		No
(2) REID PHYSICIAN ASSOCIATES INC 1100 REID PARKWAY RICHMOND, IN 47374 26-3086555	OPERATIONS	IN	501(C)(3)	9	REID HOSP		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? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) REIDANC HOME CARE SRVCS LLC 1000 Summit Dr Unit 300 MILFORD, OH 45999 37-1454747	HOME CARE SRV	OH	NA	RELATED	63,500	164,825		No			No	50 000 %
(2) REID OUTPATIENT SURGERY & ENDOSCOPY LLC 1100 Reid Parkway RICHMOND, IN 47374 20-2844915	SURGERY CENTE	IN	REID HOSP	RELATED	4,561,577	2,098,604		No			No	55 000 %
(3) REID MOB LLC 1100 Reid Parkway RICHMOND, IN 47374 20-2191433	REAL ESTATE	IN	REID HOSP	RELATED	344,072	21,050		No			No	65 217 %
(4) REID HOSPITAL MSO LLC 1100 Reid Parkway RICHMOND, IN 47374 20-2191363	MGMT SERVICES	IN	REID HOSP	RELATED	56,190	14,275		No			No	11 194 %
(5) NETTLE CREEK HEALTHCARE CENTER LLC 4829 Indiana 1 HAGERSTOWN, IN 47346 35-2036323	PHY PRACTICE	IN	NA	RELATED	-3,394	-5,245		No			No	49 000 %

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	(i) No

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

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

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

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

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

Software ID:
Software Version:
EIN: 35-0892672
Name: REID HOSPITAL & HEALTH CARE SERVICES INC

Part VII **Supplemental Information**

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

Identifier	Return Reference	Explanation

--> **Form 990, Schedule R, Part V - Transactions With Related Organizations**

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
REID HOSPITAL & HEALTH CARE SRVCS FDN	C	894,361	ACTUAL VALUE
REID HOSPITAL & HEALTH CARE SRVCS FDN	Q	126,326	ALLOCATION
REID MOB LLC	D	1,780,792	ACTUAL VALUE
REID MOB LLC	J	296,873	ACTUAL VALUE
REID MOB LLC	K	3,553,430	ACTUAL VALUE
REID OUTPATIENT SURGERY & ENDOSCOPY	M	15,817,290	ACTUAL VALUE
REID OUTPATIENT SURGERY & ENDOSCOPY	O	4,428,011	ACTUAL VALUE
REID OUTPATIENT SURGERY & ENDOSCOPY	F	4,561,577	ACTUAL VALUE
REID MOB LLC	F	246,951	ACTUAL VALUE
REID ANC HOME CARE SERVICES LLC	F	86,000	ACTUAL VALUE
REID MSO LLC	F	53,320	ACTUAL VALUE

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Form **4562**
Department of the Treasury
Internal Revenue Service (99)

Depreciation and Amortization
(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

OMB No 1545-0172

2012

Attachment Sequence No **179**

Name(s) shown on return
REID HOSPITAL & HEALTH CARE SERVICES INC

Business or activity to which this form relates

Identifying number
35-0892672

Part I **Election To Expense Certain Property Under Section 179**
Note: *If you have any listed property, complete Part V before you complete Part I.*

1	Maximum amount (see instructions)	1	
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	$ 2,000,000
4	Reduction in limitation Subtract line 3 from line 2 If zero or less, enter -0-	4	
5	Dollar limitation for tax year Subtract line 4 from line 1 If zero or less, enter -0- If married filing separately, see instructions	5	

6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
6			

7	Listed property Enter the amount from line 29	7	
8	Total elected cost of section 179 property Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2011 Form 4562	10	
11	Business income limitation Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2013 Add lines 9 and 10, less line 12 ▶	13	

Note: *Do not use Part II or Part III below for listed property. Instead, use Part V.*

Part II **Special Depreciation Allowance and Other Depreciation (Do not include listed property.)** (See instructions)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III **MACRS Depreciation (Do not include listed property.)** (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2012	17	21,866
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ ☐		

Section B—Assets Placed in Service During 2012 Tax Year Using the General Depreciation System

	(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a	3-year property						
b	5-year property						
c	7-year property						
d	10-year property						
e	15-year property						
f	20-year property						
g	25-year property			25 yrs		S/L	
h	Residential rental property			27 5 yrs	MM	S/L	
				27 5 yrs	MM	S/L	
i	Nonresidential real property			39 yrs	MM	S/L	
					MM	S/L	

Section C—Assets Placed in Service During 2012 Tax Year Using the Alternative Depreciation System

20a	Class life				S/L	
b	12-year			12 yrs	S/L	
c	40-year			40 yrs	MM	S/L

Part IV **Summary** (see instructions)

21	Listed property Enter amount from line 28	21	
22	**Total.** Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21 Enter here and on the appropriate lines of your return Partnerships and S corporations—see instructions	22	21,866
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V **Listed Property** (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)

Note: *For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete* ***only*** *24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.*

Section A—Depreciation and Other Information (Caution: *See the instructions for limits for passenger automobiles.***)**

24a Do you have evidence to support the business/investment use claimed? ☐ **Yes** ☑ **No** **24b** If "Yes," is the evidence written? ☐ **Yes** ☑ **No**

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation/ deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)						**25**		
26 Property used more than 50% in a qualified business use								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use								
		%				S/L -		
		%				S/L -		
		%				S/L -		
28 Add amounts in column (h), lines 25 through 27 Enter here and on line 21, page 1						**28**		
29 Add amounts in column (i), line 26 Enter here and on line 7, page 1							**29**	

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person
If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
30 Total business/investment miles driven during the year (**do not** include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal(noncommuting) miles driven												
33 Total miles driven during the year Add lines 30 through 32												
	Yes	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **are not** more than 5% owners or related persons (see instructions)

	Yes	**No**
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions)		

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles

Part VI **Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2012 tax year (see instructions)					
43 Amortization of costs that began before your 2012 tax year				**43**	
44 Total. Add amounts in column (f) See the instructions for where to report				**44**	

Reid Hospital and Health Care Services, Inc.

Auditor's Report and Consolidated Financial Statements

December 31, 2012 and 2011

Reid Hospital and Health Care Services, Inc.

December 31, 2012 and 2011

Contents

BKD LLP
CPAs & Advisors

201 N Illinois Street Suite 700
PO Box 44998
Indianapolis, IN 46244-0998
317 383 4000 Fax 317 383 4200 www bkd com

Independent Auditor's Report on Consolidated Financial Statements and Other Information

Board of Directors
Reid Hospital and Health Care Services, Inc
Richmond, Indiana

We have audited the accompanying consolidated financial statements of Reid Hospital and Health Care Services, Inc , which comprise the consolidated balance sheets as of December 31, 2012 and 2011, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the 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 the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from 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 audit 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

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 financial position of Reid Hospital and Health Care Services, Inc as of December 31, 2012 and 2011, and the results of its operations, changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

Disclaimer of Opinion on Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole The accompanying consolidating information listed in the table of contents, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements Such information has not been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and certain additional procedures, and accordingly, we do not express an opinion on it

BKD, LLP

Indianapolis, Indiana
April 17, 2013

Reid Hospital and Health Care Services, Inc.

Consolidated Balance Sheets
December 31, 2012 and 2011

Assets

	2012	2011
Current Assets		
Cash and cash equivalents	$ 22,297,844	$ 20,353,621
Assets limited as to use - current	2,975,000	3,060,000
Patient accounts receivable, net of allowance, 2012 - $32,700,000, 2011 - $23,800,000	50,582,461	47,042,289
Supplies	2,878,280	2,748,256
Prepaid expenses and other	9,222,388	6,952,981
Total current assets	87,955,973	80,157,147
Investments Limited As To Use		
Internally designated	188,736,359	160,068,849
Internally designated - alternative investments carried at fair value	12,037,263	11,812,936
Held by trustee	8,209,094	8,123,192
	208,982,716	180,004,977
Less amounts required to meet current obligations	2,975,000	3,060,000
	206,007,716	176,944,977
Property and Equipment, at cost	462,677,526	448,128,042
Less accumulated depreciation	176,970,664	144,936,224
	285,706,862	303,191,818
Other Assets		
Interest in net assets of Reid Hospital and Health Care Services Foundation, Inc	23,695,530	20,971,728
Deferred financing costs	1,617,321	2,872,690
Other	4,874,572	1,925,041
	30,187,423	25,769,459
Total assets	$ 609,857,974	$ 586,063,401

Reid Hospital and Health Care Services, Inc.

Consolidated Balance Sheets (Continued)
December 31, 2012 and 2011

Liabilities and Net Assets

	2012	2011
Current Liabilities		
Accounts payable and accrued expenses	$ 16,619,591	$ 12,932,861
Salaries, wages and related liabilities	14,199,892	11,055,067
Estimated amounts due to third-party payers	3,551,618	4,808,995
Current maturities of long-term debt	2,975,000	3,060,000
Total current liabilities	37,346,101	31,856,923
Long-Term Debt	170,350,230	173,195,876
Interest Rate Swap Agreement	22,802,799	23,891,128
Pension Plan and Postretirement Benefits	21,800,891	21,984,144
Total liabilities	252,300,021	250,928,071
Net Assets		
Unrestricted		
Reid Hospital and Health Care Services, Inc	332,640,549	312,058,018
Noncontrolling interest	1,221,874	2,105,584
Total unrestricted net assets	333,862,423	314,163,602
Temporarily restricted	23,529,737	20,811,738
Permanently restricted	165,793	159,990
Total net assets	357,557,953	335,135,330
Total liabilities and net assets	$ 609,857,974	$ 586,063,401

Reid Hospital and Health Care Services, Inc.

Consolidated Statements of Operations
Years Ended December 31, 2012 and 2011

	2012	2011
Unrestricted Revenues, Gains and Other Support		
Patient service revenue, net of contractual allowance	$ 373,010,440	$ 315,009,988
Provision for uncollectible accounts	(30,773,075)	(27,365,168)
Net patient service revenue less provision for uncollectible accounts	342,237,365	287,644,820
Other	9,027,223	6,494,337
Net assets released from restrictions used for operations	512,672	576,426
Total unrestricted revenues, gains and other support	351,777,260	294,715,583
Expenses and Losses		
Salaries, wages and benefits	165,084,933	153,433,846
Purchased services and professional fees	22,009,957	19,494,610
Supplies and other	97,980,741	86,796,325
Depreciation and amortization	33,899,751	34,114,986
Interest and amortization of financing costs	10,361,756	11,973,056
Loss on disposal of property and equipment	988,849	511,549
Hospital assessment fee	15,297,367	-
Total expenses and losses	345,623,354	306,324,372
Operating Income (Loss)	6,153,906	(11,608,789)
Other Income (Expense)		
Investment return	18,217,262	(8,002,924)
Change in fair value of interest rate swap agreements and amortization of 2005 interest rate swap agreement	(10,224,654)	(195,530)
Loss on bond refunding	(1,359,307)	-
Total other income (expense)	6,633,301	(8,198,454)
Excess (Deficiency) of Revenues Over Expenses	$ 12,787,207	$ (19,807,243)

Reid Hospital and Health Care Services, Inc.

Consolidated Statements of Changes in Net Assets
Years Ended December 31, 2012 and 2011

	2012	2011
Unrestricted Net Assets		
Excess (deficiency) of revenues over expenses	$ 12,787,207	$ (19,807,243)
Change in fair value of interest rate swap agreement	845,245	(12,444,258)
Amortization of 2005 interest rate swap agreement	10,467,738	195,530
Net assets released from restriction used for purchase of property and equipment	381,689	221,270
Net loss arising during the period related to defined-benefit plans	(567,126)	(12,956,722)
Distributions	(4,194,882)	(2,702,030)
Other	(21,050)	691,387
Increase (decrease) in unrestricted net assets	19,698,821	(46,802,066)
Temporarily Restricted Net Assets		
Change in interest in net assets of Reid Hospital and Health Care Services Foundation, Inc	3,612,360	473,862
Net assets released from restriction	(894,361)	(797,696)
Increase (decrease) in temporarily restricted net assets	2,717,999	(323,834)
Permanently Restricted Net Assets		
Change in interest in net assets of Reid Hospital and Health Care Services Foundation, Inc	5,803	-
Change in Net Assets	22,422,623	(47,125,900)
Net Assets, Beginning of Year	335,135,330	382,261,230
Net Assets, End of Year	$ 357,557,953	$ 335,135,330

Reid Hospital and Health Care Services, Inc.

Consolidated Statements of Cash Flows
Years Ended December 31, 2012 and 2011

	2012	2011
Operating Activities		
Change in net assets	$ 22,422,623	$ (47,125,900)
Change in net assets attributable to noncontrolling interest	883,710	(115,104)
Change in net assets attributable to Reid Hospital and Health Care Services, Inc	23,306,333	(47,241,004)
Items not requiring (providing) cash		
Loss on sale of property and equipment	988,849	511,549
Depreciation and amortization	33,899,751	34,114,986
Amortization of deferred financing costs and bond discount	225,416	348,059
Loss on bond refunding	1,359,307	-
Provision for uncollectible accounts	30,773,075	27,365,168
Unrealized (gain) loss on investments	(6,510,286)	14,510,235
Realized gain on investments	(3,469,557)	(5,291,675)
Investment (gains) losses on investments carried under equity method	(4,393,952)	2,580,060
Change in fair value of interest rate swap agreement	(1,088,329)	12,444,258
Undistributed portion of change in interest in net assets of Reid Hospital and Health Care Services Foundation, Inc	(2,723,802)	323,834
Change in pension obligations	(183,253)	14,828,372
Changes in		
Patient accounts receivable	(34,313,247)	(26,117,515)
Estimated amounts due from and to third-party payers	(1,257,377)	4,199,080
Accounts payable and accrued expenses	3,686,730	(4,612,228)
Salaries, wages and related liabilities	3,144,825	675,969
Other current assets and liabilities	(5,348,962)	(920,247)
Noncontrolling interest in net income of equity investees	(883,710)	115,104
Net cash provided by operating activities	37,211,811	27,834,005
Investing Activities		
Purchase of investments	(95,061,687)	(79,447,794)
Proceeds from disposition of investments	80,457,743	88,057,513
Purchase of property and equipment	(17,493,844)	(19,913,384)
Proceeds from sale of property and equipment	90,200	21,549
Net cash used in investing activities	(32,007,588)	(11,282,116)
Financing Activities		
Payment of deferred financing costs	(200,000)	-
Proceeds from issuance of long-term debt	80,130,000	-
Principal payments on long-term debt	(3,060,000)	(2,955,000)
Redemptions of long-term debt	(80,130,000)	(5,660,000)
Net cash used in financing activities	(3,260,000)	(8,615,000)
Increase in Cash and Cash Equivalents	1,944,223	7,936,889
Cash and Cash Equivalents, Beginning of Year	20,353,621	12,416,732
Cash and Cash Equivalents, End of Year	$ 22,297,844	$ 20,353,621
Supplemental Cash Flows Information		
Interest paid (net of amount capitalized)	$ 9,010,048	$ 10,278,204

Reid Hospital and Health Care Services, Inc.

Notes to Consolidated Financial Statements
December 31, 2012 and 2011

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

Nature of Operations and Principles of Consolidation

Reid Hospital and Health Care Services, Inc (Hospital), located in Richmond, Indiana, is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (Code) and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code The Hospital provides short-term acute inpatient, outpatient and emergency care to residents of Wayne county and surrounding counties Admitting physicians are primarily practitioners in the local area

The Hospital owns 65% of Reid MOB, LLC (Reid MOB) In 2011, the Hospital owned 58% of Reid MOB The purpose of Reid MOB is to own, operate and serve as landlord for a medical office building and outpatient care center located on the new campus of Reid Hospital and Health Care Services, Inc During 2007, the medical office building and outpatient care center were completed and placed in service

The Hospital owns 55% and holds a controlling interest in an ambulatory surgery center, Reid Outpatient Surgery and Endoscopy, LLC (ROSE)

The Hospital owns 100% of Reid Physician Associates, Inc (RPA) and Reid Anesthesia, LLC (RA, LLC), which are not-for-profit corporations as described in Section 501(c)(3) of the Code As such, RPA and RA, LLC are exempt from income taxes on related income pursuant to Section 501(a) of the Code RPA was formed in 2008 and provides physician services RA, LLC was formed in 2009 and provides anesthesia and management services Reid MOB, ROSE, RPA and RA, LLC are included in the accompanying consolidated financial statements

The Hospital holds a 50% equity ownership interest in Reid-ANC Home Care Services, LLC, which is accounted for under the equity method

The consolidated financial statements include the accounts of the Hospital and its controlled subsidiaries, Reid MOB, ROSE, RPA and RA, LLC All material intercompany accounts and transactions have been eliminated in consolidation Investments in organizations in which the Hospital's ownership percentage is 50% or less are accounted for under the equity method and are included with other assets on the consolidated balance sheets

Noncontrolling Interest

Noncontrolling interest represents the following amounts not owned by the Hospital - a 35% and 42% interest in Reid MOB at December 31, 2012 and 2011, respectively, and a 45% interest in ROSE at December 31, 2012 and 2011

	Total	Controlling Interest	Noncontrolling Interest
Balance January 1, 2011	$ 360,965,668	$ 358,975,188	$ 1,990,480
Excess (deficiency) of revenues over expenses	(19,807,243)	(22,489,246)	2,682,003
Change in fair value of interest rate swap agreement	(12,444,258)	(12,444,258)	-
Amortization of 2005 interest rate swap agreement	195,530	195,530	-
Net assets released from restriction used for purchase of property and equipment	221,270	221,270	-
Net loss arising during the period related to defined-benefit plan	(12,956,722)	(12,956,722)	-
Distributions to noncontrolling interest	(2,702,030)	-	(2,702,030)
Other	691,387	556,256	135,131
Increase (decrease) in unrestricted net assets	(46,802,066)	(46,917,170)	115,104
Balance December 31, 2011	314,163,602	312,058,018	2,105,584
Excess of revenues over expenses	12,787,207	9,284,194	3,503,013
Change in fair value of interest rate swap agreement	845,245	845,245	-
Amortization of 2005 interest rate swap agreement	10,467,738	10,467,738	-
Net assets released from restriction used for purchase of property and equipment	381,689	381,689	-
Net loss arising during the period related to defined-benefit plans	(567,126)	(567,126)	-
Distributions to noncontrolling interest	(4,194,882)	-	(4,194,882)
Other	(21,050)	170,791	(191,841)
Increase (decrease) in unrestricted net assets	19,698,821	20,582,531	(883,710)
Balance December 31, 2012	$ 333,862,423	$ 332,640,549	$ 1,221,874

The change in temporarily restricted and permanently restricted net assets related only to the controlling interest

Use of Estimates

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

Cash and Cash Equivalents

The Hospital considers all liquid investments with original maturities of three months or less to be cash equivalents At December 31, 2012 and 2011, cash equivalents consisted primarily of money market accounts with brokers and certificates of deposits

At December 31, 2012, the Company's cash accounts exceeded federally insured limits by approximately $300,000

Pursuant to legislation enacted in 2010, the FDIC fully insured all noninterest-bearing transaction accounts beginning December 31, 2010 through December 31, 2012, at all FDIC-insured institutions This legislation expired on December 31, 2012 Beginning January 1, 2013, noninterest-bearing transaction accounts are subject to the $250,000 limit on FDIC insurance per covered institution

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and all debt securities are carried at fair value Certain investments are reported on the equity method of accounting Other investments include investments in limited partnerships valued on the income tax basis of accounting, which approximates the equity method of accounting, and investments in limited partnerships carried at fair value Investment return includes dividend, interest and other investment income, realized and unrealized gains and losses on investments carried at fair value, and realized gains and losses on other investments Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets Other investment return is reflected in the consolidated statements of operations and changes in net assets as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions

Assets Limited as to Use

Assets limited as to use include assets held by trustees and assets set aside by the Board of Directors for future capital improvements over which the Board retains control and may, at its discretion, subsequently use for other purposes Amounts required to meet current liabilities of the Hospital are included in current assets

Patient Accounts Receivable

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

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

For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Hospital records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible The difference between the standard rates (or the discounted rates if negotiated or provided by policy) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts

Supplies

The Hospital states supply inventories at the lower of cost, determined using the first-in, first-out (FIFO) method, or market

Property and Equipment

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

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

Long-Lived Asset Impairment

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

No asset impairment was recognized during the years ended December 31, 2012 and 2011

Interest in Net Assets of Reid Hospital and Health Care Services Foundation, Inc.

Reid Hospital and Health Care Services Foundation, Inc (Foundation) and the Hospital are financially interrelated organizations The Foundation seeks private support for, and holds net assets on behalf of, the Hospital The Hospital accounts for its interest in the net assets of the Foundation (Interest) in a manner similar to the equity method Changes in the Interest are included in change in net assets Transfers of assets between the Foundation and the Hospital are recognized as increases or decreases in the Interest

Deferred Financing Costs

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

Temporarily and Permanently Restricted Net Assets

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

Net Patient Service Revenue

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

Charity Care

The Hospital provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy Because the Hospital does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient service revenue Charges excluded from revenue under the Hospital's charity care policy were $22,866,539 and $16,728,880 for 2012 and 2011, respectively Total cost for these charges based on the Hospital's overall cost-to-charge ratio was approximately $10,163,634 and $7,848,909 for 2012 and 2011, respectively

The Hospital also provides unreimbursed services to the community, which include free or low cost health screenings, educational programs and information and financial support to, and meeting space for, various community groups In addition, services to beneficiaries of governmental programs (principally those relating to the Medicare and Medicaid programs) are generally provided at governmentally established rates, which are substantially lower than the Hospital's standard rates and are considered part of the Hospital's benefits to the community Assistance is also provided to senior citizens and other patients and their families for the submission of forms for insurance, financial counseling and the application to the Medicare and Medicaid programs for health service coverage The costs of these programs are included in operating expenses

Professional Liability Claims

The Hospital recognizes an accrual for claim liabilities based on estimated ultimate losses and costs associated with settling claims and a receivable to reflect the estimated insurance recoveries, if any Professional liability claims are described more fully later in these notes

Excess (Deficiency) of Revenues Over Expenses

The consolidated statements of operations include excess (deficiency) of revenues over expenses Changes in unrestricted net assets, which are excluded from excess (deficiency) of revenues over expenses, consistent with industry practice, include the change in fair value of the effective portion of interest rate swap agreements, permanent transfers to and from affiliates for other than goods and services and contributions of long-lived assets (including assets acquired using contributions, which by donor restriction were to be used for the purpose of acquiring such assets)

Self-Insurance

The Hospital has elected to self-insure certain costs related to employee health and accident benefit programs Costs resulting from noninsured losses are charged to income when incurred The Hospital has purchased insurance that limits its exposure for individual claims and that limits its aggregate exposure to $250,000

Income Taxes

The Hospital and RPA have been recognized as exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law However, the Hospital is subject to federal income tax on any unrelated business taxable income

The Hospital and its controlled subsidiaries file tax returns in the U S federal jurisdiction With a few exceptions, the Hospital and its controlled subsidiaries are no longer subject to U S federal examinations by tax authorities for years before 2009

Electronic Health Records Incentive Program

The Electronic Health Records Incentive Program, enacted as part of the *American Recovery and Reinvestment Act of 2009*, provides for one-time incentive payments under both the Medicare and Medicaid programs to eligible hospitals that demonstrate meaningful use of certified electronic health records technology (EHR) Payments under the Medicare program are generally made for up to four years based on a statutory formula Payments under the Medicaid program are generally made for up to four years based upon a statutory formula, as determined by the state, which is approved by the Centers for Medicare and Medicaid Services Payment under both programs are contingent on the hospital continuing to meet escalating meaningful use criteria and any other specific requirements that are applicable for the reporting period The final amount for any payment year is determined based upon an audit by the fiscal intermediary Events could occur that would cause the final amounts to differ materially from the initial payments under the program

The Hospital recognizes revenue ratably over the reporting period starting at the point when management is reasonably assured it will meet all of the meaningful use objectives and any other specific grant requirements applicable for the reporting period

In 2012, the Hospital completed the first-year requirements under the Medicaid program and has recorded revenue of approximately $671,000, which is included in other operating revenue within the consolidated statement of operations The Hospital has not met the requirements for the first-year payment under the Medicare program as of December 31, 2012 In 2012, various physicians of RPA completed the first-year requirements under the Medicare program and RPA recorded revenue of approximately $821,000, which also is included in other operating revenue within the consolidated statement of operations

Reclassifications

Certain reclassifications have been made to the 2011 financial statements to conform to the 2012 financial statement presentation These reclassifications had no effect on the change in net assets

Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the consolidated financial statements were available to be issued

Note 2: Net Patient Service Revenue

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

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

Medicare Inpatient acute care services and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors The Hospital is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary

Management evaluates program compliance and records a reserve pertaining to certain inpatient and outpatient services that are probable of repayment to the Medicare program

Medicaid Inpatient acute care services and substantially all outpatient services rendered to Medicaid 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

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change As a result, it is reasonably possible that recorded estimates will change materially in the near term

The Hospital received approximately $24 6 million during 2012 due to the enactment of a state specific provider assessment program to increase Medicaid payments to hospitals This revenue is recorded within net patient service revenue Approximately $8 2 million of these increased payments were related to the Hospital's fiscal year 2011 The Hospital paid approximately $15 3 million of fees to the program, which is recorded as an operating expense Approximately $5 1 million of the fees paid to the program were related to the Hospital's fiscal year 2011, but are included in 2012 as a result of when the assessment program was approved There is no assurance this program will continue in the future

The Hospital also receives payment from other third-party payers such as commercial insurance carriers, health maintenance organizations and preferred organizations Payments are based on Hospital-established charges and prospectively determined daily rates

The mix of net patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized in the years ended December 31, 2012 and 2011 is

	2012	2011
Medicare	$ 151,300,793	$ 129,619,065
Medicaid	31,921,806	12,097,992
Other third-party payers	150,024,986	140,948,084
Uninsured patients, including coinsurance and deductibles	39,762,855	32,344,847
	$ 373,010,440	$ 315,009,988

Note 3: Concentration of Credit Risk

The Hospital grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payer agreements The mix of net receivables from patients and third-party payers at December 31, 2012 and 2011 is

	2012	2011
Medicare	31%	37%
Medicaid	9%	10%
Other third-party payers	54%	51%
Uninsured patients, including coinsurance and deductibles	6%	2%
	100%	100%

Note 4: Investments and Investment Return

Assets Limited as to Use

Assets limited as to use at December 31 are as follows

	2012	2011
Internally designated by Board		
Trading		
Cash and cash equivalents	$ 8,721,251	$ 12,463,107
Non-U S equity securities	-	637,288
Domestic equity mutual funds	97,699,211	58,740,193
Non-U S equity mutual funds	2,438,908	7,013,638
Domestic fixed income mutual funds	52,654,075	43,970,247
Non-U S fixed income mutual funds	9,756,827	15,093,671
Other than trading		
Alternative investments - corporate hedge funds	20,708,330	24,556,855
Alternative investments - real estate hedge funds	8,795,020	9,406,786
	$ 200,773,622	$ 171,881,785
Held by trustee under indenture agreement		
Cash and cash equivalents	$ 8,209,094	$ 8,123,192

Total investment return is comprised of the following

	2012	2011
Interest and dividend income	$ 3,843,467	$ 3,795,696
Realized gains on trading securities	3,469,557	3,656,239
Realized gains on other investments carried at fair value	-	1,635,436
Unrealized gains (losses) on trading securities	5,810,389	(10,124,591)
Unrealized gains (losses) on other investments carried at fair value	699,897	(4,385,644)
Investment gains (losses) on investments carried under equity method	4,393,952	(2,580,060)
	$ 18,217,262	$ (8,002,924)

The Hospital classifies substantially all of its investments in debt and equity securities as trading This classification requires the Hospital to recognize unrealized gains and losses on substantially all of its investments in debt and equity securities as nonoperating gains (losses) in the consolidated statements of operations and changes in unrestricted net assets

Alternative Investments Carried at Fair Value

The fair value of alternative investments - corporate hedge funds has been estimated using the net asset value per share of the investments Alternative investments held at December 31 consist of the following

	December 31, 2012			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Corporate hedge funds	$ 12,037,263	$ -	Quarterly - Yearly	60 - 95 days

	December 31, 2011			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Corporate hedge funds	$ 11,812,936	$ -	Quarterly - Yearly	60 - 95 days

Alternative Investments Carried Under Equity Method

The six alternative investments reported on the equity method consist of various real estate and corporate hedge funds These funds invest in other limited partnerships in equity and real estate sectors One of the funds has an initial lock-up period of 1 year with a 70-day redemption notice period and no redemption fees The remaining five funds have lock-up periods of the life of the investment Outstanding commitments for these funds approximate $1 4 million The financial position and results of operations of the more significant investment positions of which Reid owns a portion of, are summarized below on a combined basis for the most recent period in which audited consolidated financial statements are available

	December 31, 2011
Current assets	$ 5,753,404
Noncurrent assets	112,636,380
	$ 118,389,784
Liabilities	$ 81,987
Equity	$ 118,307,797
Investment return	$ 4,046,880
Net income	$ (3,791,386)

Note 5: Interest in Net Assets of Reid Hospital and Health Services Foundation, Inc.

The Foundation was organized to support the activities of the Hospital in Richmond, Indiana Funds are distributed to the Hospital as determined by the Foundation's Board of Directors The Hospital's interest in the net assets of the Foundation is accounted for in a manner similar to the equity method Changes in interest are included in change in net assets Transfers of assets between the Foundation and the Hospital are recognized as increases or decreases in the interest in the net assets of the Foundation, with corresponding decreases or increases in the assets transferred, and have no effect on change in net assets The Hospital's interest in the net assets of the Foundation is reported in the consolidated balance sheets and was $23,695,530 and $20,971,728 at December 31, 2012 and 2011, respectively

Certain Hospital officers and board members also serve on the Foundation's board of directors

Note 6: Medical Malpractice Claims

The Hospital is a qualified health care provider under the Indiana Medical Malpractice Act and is fully insured under a claims-made policy on a fixed premium basis The Indiana Medical Malpractice Act limits a qualified provider's liability for an occurrence to the amount of required insurance The Indiana patient compensation fund is liable for the excess up to an overall damage cap The Hospital is a subscriber in a Vermont captive insurance company, Indiana Healthcare (previously named VHA Central), a reciprocal risk retention group The Hospital's capital contribution is reported in other assets

Reserves for professional liability claims were $346,515 and $283,500 at December 31, 2012 and 2011, respectively, and are included in accounts payable and accrued expenses in the accompanying consolidated balance sheets The provision for losses related to professional liability risks is presented net of expected insurance recoveries in the consolidated statements of operations, there was no provision in 2012 and 2011 Although considerable variability is inherent in professional liability reserve estimates, we believe the reserves for losses and loss expenses are adequate based on information currently known It is reasonably possible that this estimate could change materially in the near term

The Hospital's professional liability risks, in excess of certain per claim and aggregate deductible amounts, are insured through the policies described above The amounts receivable under these insurance contracts comprised $346,515 and $283,500 included in prepaid expenses and other at December 31, 2012 and 2011, respectively

Note 7: Long-Term Debt

	2012	2011
Hospital Revenue Bonds, Series 2005A	$ -	$ 82,015,000
Hospital Revenue Bonds, Series 2009A	96,580,000	97,755,000
Hospital Revenue Bonds, Series 2012A	80,130,000	-
	176,710,000	179,770,000
Less unamortized discount	(3,384,770)	(3,514,124)
Less current maturities	(2,975,000)	(3,060,000)
	$ 170,350,230	$ 173,195,876

The Hospital Authority of Richmond (Authority) obligated itself in a trust indenture with U S Bank National Association The Authority loaned the proceeds of the bond issues in various loan agreements, which are more fully described below The current obligations are secured by the Hospital's revenues and substantially all of the Hospital's assets

In connection with the bond issues, the Hospital entered into various agreements benefiting the respective bond stakeholders These agreements require the Hospital to meet certain financial performance ratios among other covenants Management believes they are in compliance with all covenants

Hospital Revenue Bonds 2005A Series, Variable Rate Demand Obligations

The Revenue Bonds Series 2005A of $87,500,000 were structured as variable rate demand bonds, which were remarketed daily In the event the bonds were not remarketed, the bond holder had the right to demand payment on the bonds The Hospital entered into a liquidity facility in the form of a standby bond purchase agreement with JPMorgan Chase Bank, National Association, which provided up to $87,500,000 of liquidity to benefit the tender agent Drawings under the standby bond purchase agreement were due the earlier of (i) the original scheduled payment, (ii) the date on which the bonds were remarketed pursuant to the trust indenture, (iii) the date on which the standby bond purchase agreement was replaced by a substitute credit facility or (iv) the expiration of the standby bond purchase agreement, which was scheduled to be in 2013

Upon issuance and delivery of the 2012 Bonds, the Hospital refunded its outstanding 2005A bonds in the total principal amount of $80,130,000

Hospital Revenue Bonds Series 2009A

The Authority issued Revenue Bonds Series 2009A pursuant to a Trust Indenture dated as of March 1, 2009 between the Authority and U S Bank National Association, as Trustee The bonds are special and limited obligations of the Authority and are payable solely from, and secured exclusively by, payments, revenues and other amounts pledged under the Trust Indenture, including payments to be made by the Hospital under a loan agreement dated March 1, 2009, between the Authority and the Corporation

Proceeds from the bond issue were to refund the Series 2005B and 2005C bonds and also to fund a debt service reserve fund

The fixed rate serial bonds require annual principal payments on January 1 of each year beginning in 2010 in amounts ranging from $1,015,000 to $7,940,000 Interest payments are due on January 1 and July 1, and rates vary from 3 0% to 6 6% at final maturity

Hospital Revenue Bonds Series 2012

The Authority issued Revenue Bonds Series 2012 pursuant to a Trust Indenture dated as of December 1, 2012 between the Authority and U S Bank National Association, as Trustee The bonds are special and limited obligations of the Authority and are payable solely from, and secured exclusively by, payments, revenues and other amounts pledged under the Trust Indenture, including payments to be made by the Hospital under a loan agreement dated December 1, 2012, between the Authority and the Corporation

Proceeds from the bond issue were primarily to refund the Series 2005A bonds

The fixed rate serial bonds require annual principal payments on January 1 of each year beginning in 2013 in amounts ranging from $1,815,000 to $3,990,000 and are due in full in December 2019 Interest payments are due on January 1 and July 1, at a fixed rate of 2 15%

Annual Maturities

The bonds listed above are subject to mandatory sinking fund requirements and are required to maintain a debt service reserve fund with the Trustee Amounts on deposit with the Trustee at December 31, 2012 totaled $8,209,094

Aggregate annual maturities and sinking fund requirements of bonds payable at December 31, 2012, are

2013	$ 2,975,000
2014	3,255,000
2015	3,450,000
2016	3,600,000
2017	3,760,000
Thereafter	159,670,000
	$ 176,710,000

Interest expense for the years ended December 31, 2012 and 2011 was $9,041,135 and $10,508,052, respectively

Note 8: Interest Rate Swap Agreement

Cash Flow Hedge

In March 2005, the Hospital entered into two interest rate swaps (the 2005 Swaps) for notional amounts totaling $87,500,000 The 2005 Swaps are fixed rate payer swaps that terminate in January 2045 and prior to April 1, 2008, amortized in coordination with the 2005 B and C Series Bonds Under this agreement, the Hospital pays a fixed rate of 3 702% and receives a floating rate equal to 63 10% + 25% of USD-LIBOR (38% and 44% at December 31, 2012 and 2011, respectively) The original objective of the 2005 Swaps was to hedge the risk of overall changes in the variable interest payments on the 2005 Series B and C Bonds The fair value of the 2005 Swaps represents a payable to the counterparty and is recorded as a liability of $22,802,799 and $23,891,128 at December 31, 2012 and 2011, respectively

The 2005 Swaps qualified as an effective hedge through March 31, 2008, and changes in fair value of the 2005 Swaps were recorded as other changes in net assets through that date

Beginning on April 1, 2008, the 2005 Swaps no longer qualified as an effective hedge due to volatility in the variable interest rate market Changes in fair value of the 2005 Swaps since this date up to the date of re-election of the 2005 Swaps to the 2005A bond, as discussed below, have been recorded in other income (expense) The fair value of the agreement at March 31, 2008 of $7,185,735 was being amortized from other changes in unrestricted net assets into other income (expense) over the remaining term of the 2005 A Series Bonds through January 2045 During the years ended 2012 and 2011, $187,383 and $195,530, respectively, of the March 31, 2008 fair value was amortized from other changes in unrestricted net assets into other income (expense)

Beginning on April 1, 2009, the 2005 Swaps were re-designated to hedge the 2005 A Series Bonds The hedge qualified as an effective hedge through December 17, 2012, the date the 2005A Series Bonds were refunded, and all changes in the 2005 Swaps subsequent to the accounting election date through the date of refinance are reported in other changes in unrestricted net assets Beginning December 17, 2012, the 2005 Swaps no longer qualified as an effective hedge due to the refinancing of the 2005A Series Bonds with a fixed rate instrument At this time, the Hospital incurred a one-time charge totaling $10,280,355, which represented the fair value of the swap at the refinancing date less amounts already recognized in earnings during periods of ineffectiveness and the remaining unamortized loss which was being amortized over the life of the 2005 A Series Bonds Changes in fair value of the 2005 Swaps since this date have been recorded in other income (expense)

The table below presents certain information regarding the Hospital's interest rate swap agreement at December 31

	2012	2011
Fair value of interest rate swap agreement	$ (22,802,799)	$ (23,891,128)
Balance sheet location of fair value amount	Interest Rate Swap Agreement Liability	Interest Rate Swap Agreement Liability
Gain (loss) recognized in unrestricted net assets (effective portion)	$ 845,245	$ (12,444,258)
Loss reclassified from unrestricted net assets into excess revenues over expenses (effective portion)	$ (10,467,738)	$ (195,530)
Location of loss reclassified from unrestricted net assets into deficiency of revenues over expenses	Other Income (Expense) - Change in fair value of interest rate swap agreements and amortization of 2005 interest rate swap agreement	Other Income (Expense) - Change in fair value of interest rate swap agreements and amortization of 2005 interest rate swap agreement
Gain recognized in excess revenues over expenses (ineffective portion)	$ 243,084	$ -
Location of gain recognized in excess revenues over expenses (ineffective portion)	Other Income (Expense) - Change in fair value of interest rate swap agreements and amortization of 2005 interest rate swap agreement	

Note 9: Property and Equipment

Property and equipment and related accumulated depreciation as of December 31 are as follows

	2012	2011
Land and land improvements	$ 43,791,393	$ 42,311,860
Buildings and improvements	125,332,567	120,859,353
Building equipment	156,135,258	154,354,688
Moveable equipment	133,732,471	126,879,850
Construction in progress	3,685,837	3,722,291
	462,677,526	448,128,042
Accumulated depreciation	(176,970,664)	(144,936,224)
	$ 285,706,862	$ 303,191,818

Note 10: Temporarily and Permanently Restricted Net Assets

Temporarily and permanently restricted net assets are restricted for the interest in net assets of the Foundation Temporarily restricted net assets totaled $23,529,737 and $20,811,738 at December 31, 2012 and 2011, respectively Permanently restricted net assets totaled $165,793 and $159,990 at December 31, 2012 and 2011, respectively

Net assets of $894,361 and $797,696 were released for use in operations for 2012 and 2011, respectively

Note 11: Functional Expenses

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

	2012	2011
Health care services	$ 320,205,904	$ 274,596,655
General and administrative	25,417,450	31,727,717
	$ 345,623,354	$ 306,324,372

Note 12: Pension Plans

Defined-Contribution Plan

Effective April 1, 2008, the Hospital implemented a defined-contribution pension plan covering substantially all employees hired after April 1, 2008 Employees hired prior to April 1, 2008 who met the eligibility requirements participate in the defined-benefit plan Substantially all employees are eligible to participate in the Hospital's 403b plan The Board of Directors annually determines the amount, if any, of the Hospital's contributions to the plan Pension expense was $3,011,973 and $864,448 for 2012 and 2011, respectively

Defined-Benefit Plan

The Hospital has a noncontributory defined-benefit pension plan covering all employees who meet the eligibility requirements The Hospital's funding policy is to make the minimum annual contribution that is required by applicable regulations, plus such amounts as the Hospital may determine to be appropriate from time to time The Hospital does not expect to contribute to the plan in 2013

The defined-benefit pension plan was frozen to all new participants effective April 1, 2008 Effective December 31, 2011, management elected to freeze the plan to all participants As a result of this freeze, participants will receive no additional credit for service or future wage adjustments During 2011, as a result of an outsourcing agreement, approximately 145 participants were terminated from the Hospital and subsequently hired by the third-party processor This termination led to additional benefit payments for terminated employees Settlement costs in 2012 and 2011 represent the recognition of net periodic benefit costs related to benefit payments made to the terminated employees

The Hospital uses a December 31 measurement date for the plan Information about the plan's funded status follows

	2012	2011
Changes in projected benefit obligation		
Beginning balance	$ 60,564,366	$ 48,811,396
Service cost	-	3,121,370
Interest cost	2,797,362	3,097,040
Benefits paid	(5,738,021)	(13,107,829)
Actuarial loss	5,571,189	19,359,304
Effect of settlement/curtailment	-	(716,915)
Ending balance	63,194,896	60,564,366
Changes in fair value of assets		
Fair value at beginning of year	38,580,222	42,410,445
Actual return on plan assets	3,251,804	1,477,606
Employer contributions	5,300,000	7,800,000
Benefits paid	(5,738,021)	(13,107,829)
Ending balance	41,394,005	38,580,222
Funded status	$ (21,800,891)	$ (21,984,144)

Liabilities recognized in the consolidated balance sheets

	2012	2011
Noncurrent liabilities	$ (21,800,891)	$ (21,984,144)

Amounts recognized in unrestricted net assets not yet recognized as components of net periodic benefit cost consist of

	2012	2011
Net loss	$ 31,309,509	$ 30,782,454

The accumulated benefit obligation for the defined-benefit pension plan was $63,194,896 and $60,564,366 at December 31, 2012 and 2011, respectively

Information for pension plans with an accumulated benefit obligation in excess of plan assets follows

	2012	2011
Projected benefit obligation	$ 63,194,896	$ 60,564,366
Accumulated benefit obligation	63,194,896	60,564,366
Fair value of plan assets	41,394,005	38,580,222

The following table shows the components of net periodic benefit costs

	2012	2011
Service cost	$ -	$ 3,121,370
Interest cost	2,797,362	3,097,040
Expected return on assets	(2,828,539)	(4,027,124)
Recognition of net loss	1,902,001	938,470
Net period benefit cost	1,870,824	3,129,756
Settlement cost	2,718,868	6,552,238
Net benefit cost	$ 4,589,692	$ 9,681,994

Other changes in plan assets and benefit obligations recognized in other changes in unrestricted net assets at December 31, 2012

	2012	2011
Gain recognized in current year	$ (4,620,869)	$ (7,490,708)
Loss incurred in current year	5,147,924	21,191,907
Other comprehensive loss in current year	$ 527,055	$ 13,701,199

The estimated net loss for the defined-benefit pension plan that will be amortized from unrestricted net assets into net periodic benefit cost over the next fiscal year is $1,922,309

Significant assumptions include

	2012	2011
Weighted-average assumptions used to determine benefit obligations		
Discount rate	4 25%	4 75%
Rate of compensation increase	0 00%	0 00%
Health care trend rate - initial	n/a	n/a
Health care trend rate - ultimate	n/a	n/a
Years to ultimate	n/a	n/a
Weighted-average assumptions used to determine benefit costs		
Discount rate	4 75%	6 50%
Expected return on plan assets	7 00%	9 00%
Rate of compensation increase	0 00%	3 00%
Health care trend rate - initial	n/a	n/a
Health care trend rate - ultimate	n/a	n/a
Years to ultimate	n/a	n/a

The Hospital has estimated the long-term rate of return on plan assets based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as of December 31, 2012

2013	$ 3,759,144
2014	3,075,464
2015	5,184,286
2016	4,343,574
2017	5,089,304
2018 - 2022	26,311,825

Plan assets are held by a bank-administered trust fund, which invests the plan assets in accordance with the provisions of the plan agreement The plan agreement permits investment in common stocks, corporate bonds and debentures, U S Government securities, certain insurance contracts, real estate and other specified investments, based on certain target allocation percentages

Asset allocation is primarily based on a strategy to provide stable earnings while still permitting the plans to recognize potentially higher returns through a limited investment in equity securities The target asset allocation percentages for 2012 and 2011 are as follows

	2012	2011
Equity securities	15 - 35%	15 - 35%
Debt securities	45 - 65%	45 - 65%
Other	0 - 40%	0 - 40%

Plan assets are re-balanced quarterly At December 31, 2012 and 2011, plan assets by category are as follows

	2012	2011
Equity securities	37%	20%
Debt securities	57%	53%
Other	6%	27%
	100%	100%

Pension Plan Assets

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

Where quoted market prices are available in an active market, plan assets are classified within Level 1 of the valuation hierarchy Level 1 plan assets include money market funds, equity securities and debt securities If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of plan assets with similar characteristics or discounted cash flows Level 2 plan assets include certain alternative investments As a practical expedient, the fair value of alternative investments without quoted market prices is determined using the net asset value (or its equivalent) provided by the fund given the Plan can redeem its investment at the net asset value per share at December 31 or within a reasonable period of time In certain cases where Level 1 or Level 2 inputs are not available, plan assets are classified within Level 3 of the hierarchy The Plan does not have any Level 3 assets at December 31, 2012 or 2011

The fair values of the Hospital's pension plan assets at December 31, 2012 and 2011, by asset class, are as follows

	2012 Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	$ 949,838	$ 949,838	$ -	$ -
Domestic equity mutual funds	11,243,139	11,243,139	-	-
Non-U S equity mutual funds	3,824,860	3,824,860	-	-
Domestic fixed income mutual funds	20,174,555	20,174,555	-	-
Non-U S fixed income mutual funds	3,549,571	3,549,571	-	-
Alternative investments - hedge funds	1,652,042	-	1,652,042	-
	$ 41,394,005	$ 39,741,963	$ 1,652,042	$ -

	2011 Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	$ 370,908	$ 370,908	$ -	$ -
Domestic equity mutual funds	10,971,633	10,971,633	-	-
Non-U S equity mutual funds	2,670,132	2,670,132	-	-
Domestic fixed income mutual funds	19,313,198	19,313,198	-	-
Non-U S fixed income mutual funds	3,759,866	3,759,866	-	-
Alternative investments - hedge funds	1,494,485	-	1,494,485	-
	$ 38,580,222	$ 37,085,737	$ 1,494,485	$ -

Note 13: Disclosures About Fair Value of Assets and Liabilities

Fair value is 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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

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

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

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

Money Market Funds

Where quoted market prices are available in an active market, money market mutual funds are classified within Level 1 of the valuation hierarchy.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include equity securities, equity mutual funds and fixed income mutual funds. Level 2 securities include corporate hedge funds.

The value of certain investments, classified as alternative investments, is determined using net asset value (or its equivalent) as a practical expedient. Investments for which the Hospital expects to have the ability to redeem its investments with the investee within 12 months after the reporting date are categorized as Level 2. Investments for which the Hospital does not expect to be able to redeem its investments with the investee within 12 months after the reporting date are categorized as Level 3.

Interest Rate Swap Agreement

The fair value is estimated using forward-looking interest rate curves and discounted cash flows that are observable or that can be corroborated by observable market data and, therefore, are classified within Level 2 of the valuation hierarchy.

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying consolidated balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2012 and 2011

		2012 Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Money market funds	$ 17,230,345	$ 17,230,345	$ -	$ -
Domestic equity mutual funds	97,699,211	97,699,211	-	-
Non-U S equity mutual funds	2,438,908	2,438,908	-	-
Domestic fixed income mutual funds	52,654,075	52,654,075	-	-
Non-U S fixed income mutual funds	9,756,827	9,756,827	-	-
Alternative investments - corporate hedge funds	12,037,263	-	12,037,263	-
	$ 191,816,629	$ 179,779,366	$ 12,037,263	$ -
Interest rate swap agreement liability	$ 22,802,799	$ -	$ 22,802,799	$ -

		2011 Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Money market funds	$ 20,886,299	$ 20,886,299	$ -	$ -
Non-U S equity securities	637,288	637,288	-	-
Domestic equity mutual funds	58,740,193	58,740,193	-	-
Non-U S equity mutual funds	7,013,638	7,013,638	-	-
Domestic fixed income mutual funds	43,970,247	43,970,247	-	-
Non-U S fixed income mutual funds	15,093,671	15,093,671	-	-
Alternative investments - corporate hedge funds	11,812,936	-	11,812,936	-
	$ 158,154,272	$ 146,341,336	$ 11,812,936	$ -
Interest rate swap agreement liability	$ 23,891,128	$ -	$ 23,891,128	$ -

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

Cash and Cash Equivalents

The carrying amount approximates fair value

Interest in Net Assets of Reid Hospital and Health Care Services Foundation, Inc.

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement

Notes Payable and Long-Term Debt

Fair value is estimated based on the borrowing rates currently available to the Hospital for bank loans with similar terms and maturities

The following table presents estimated fair values of the Hospital's financial instruments at December 31, 2012 and 2011

	2012		2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Cash and cash equivalents	$ 39,228,189	$ 39,228,189	$ 40,939,920	$ 40,939,920
Debt securities	62,410,902	62,410,902	59,063,918	59,063,918
Equity securities	112,175,382	112,175,382	78,204,055	78,204,055
Interest in net assets of Foundation	23,695,530	23,695,530	20,971,728	20,971,728
Financial liabilities				
Long-term debt	173,325,230	211,352,802	176,255,876	213,085,325
Interest rate swap agreement	22,802,799	22,802,799	23,891,128	23,891,128

Note 14: The Fair Value Option

The Hospital has elected to measure certain alternative investments at fair value because it more accurately reflects its financial position Included in the accompanying consolidated balance sheets are nine alternative investments of which three are reported at fair value of $12,037,263 and $11,812,936 at December 31, 2012 and 2011, respectively, the other six are reported on the equity method at $17,466,087 and $22,150,702 at December 31, 2012 and 2011, respectively Unrealized gains (losses) on investments elected to be measured at fair value were $699,897 and $(4,385,644) at December 31, 2012 and 2011, respectively These gains and losses are reported as a component of investment return on the consolidated statements of operations and changes in net assets The fair value option was not elected for all of the alternative investments due to a portion being reported on the equity method and not having readily determinable fair value

Note 15: Significant Estimates and Concentrations

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

Allowance for Net Patient Service Revenue Adjustments

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

Malpractice Claims

Estimates related to the accrual for medical malpractice claims are described in Notes 1 and 6

Litigation

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

Self Insurance

The Hospital has elected to self-insure certain costs related to employee health insurance programs In connection with the self-insurance program, the Hospital purchases reinsurance to protect them from catastrophic losses per occurrence Costs resulting from noninsured losses are charged to expense when incurred

Pension and Other Postretirement Benefit Obligations

The Hospital has a noncontributory defined-benefit pension plan whereby it agrees to provide certain postretirement benefits to eligible employees As previously described in these footnotes, the noncontributory defined-benefit pension plan was frozen as of December 31, 2011 The benefit obligation is the actuarial present value of all benefits attributed to service rendered prior to the valuation date based on the projected unit credit cost method It is reasonably possible that events could occur that would change the estimated amount of this liability materially in the near term

Investments

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

Current Economic Conditions

The current protracted economic decline continues to presents hospitals with difficult circumstances and challenges, which in some cases have resulted in large and unanticipated declines in the fair value of investments and other assets, large declines in contributions, constraints on liquidity and difficulty obtaining financing. The consolidated financial statements have been prepared using values and information currently available to the Hospital.

Current economic conditions, including the rising unemployment rate, have made it difficult for certain of the Hospital's patients to pay for services rendered. As employers make adjustments to health insurance plans or more patients become unemployed, services provided to self-pay and other payers may significantly impact net patient service revenue, which could have an adverse impact on the Hospital's future operating results. Further, the effect of economic conditions on the state may have an adverse effect on cash flows related to the Medicaid program.

Given the volatility of current economic conditions, the values of assets and liabilities recorded in the consolidated financial statements could change rapidly, resulting in material future adjustments in investment values (including defined-benefit pension plan investments) and allowances for accounts receivable that could negatively impact the Hospital's ability to meet debt covenants or maintain sufficient liquidity.

Note 16: Patient Protection and Affordable Care Act

The Patient Protection and Affordable Care Act (PPACA) will substantially reform the United States health care system. The legislation impacts multiple aspects of the health care system, including many provisions that change payments from Medicare, Medicaid and insurance companies. Starting in 2014, the legislation requires the establishment of health insurance exchanges, which will provide individuals without employer provided health care coverage the opportunity to purchase insurance. It is anticipated that some employers currently offering insurance to employees will opt to have employees seek insurance coverage through the insurance exchanges. It is possible that the reimbursement rates paid by insurers participating in the insurance exchanges may be substantially different than rates paid under current health insurance products. Another significant component of the PPACA is the expansion of the Medicaid program to a wide range of newly eligible individuals. In anticipation of this expansion, payments under certain existing programs will be substantially decreased. Each state's participation in an expanded Medicaid program is optional.

The state of Indiana has not affirmatively indicated whether or not it will participate in the expansion of the Medicaid program The impact of that decision on the overall reimbursement to the Hospital cannot be quantified at this point

The PPACA is extremely complex and may be difficult for the federal government and each state to implement While the overall impact of the PPACA cannot currently be estimated, it is possible that it will have a negative impact on the Hospital's net patient service revenue Additionally, it is possible the Hospital will experience payment delays and other operational challenges during PPACA's implementation

Other Information

Reid Hospital and Health Care Services, Inc.

Consolidating Schedule - Balance Sheet Information

December 31, 2012

Assets

	Hospital	Reid MOB	ROSE	RPA	RA, LLC	Eliminations	Total
Current Assets							
Cash and cash equivalents	$ 21 088 460	$ 408 021	$ 706 088	$ (54 825)	$ 100	$ -	$ 22 207 844
Assets limited as to use - current	2 075 000	-	-	-	-	-	2 075 000
Patient accounts receivable, net of allowance 2012 - $32 700 000	44 078 287	-	-	5 904 174	-	-	50 582 461
Supplies	2 878 280	-	-	-	-	-	2 878 280
Prepaid expenses and other	120 858 781	38 868	636 483	3 858 032	278 837	(116 448 613)	9 222 388
Total current assets	192 478 808	506 889	1 432 571	9 707 381	278 937	(116 448 613)	87 955 973
Assets Limited As To Use							
Internally designated	188 736 350	-	-	-	-	-	188 736 350
Internally designated - fair value option	12 037 263	-	-	-	-	-	12 037 263
Held by trustee	8 209 004	-	-	-	-	-	8 209 004
	208 982 616	-	-	-	-	-	208 982 616
Less amounts required to meet current obligations	2 075 000	-	-	-	-	-	2 075 000
	206 907 616	-	-	-	-	-	206 907 616
Property and Equipment at cost	417 807 969	30 019 100	6 480 596	10 141 828	-	(1 780 000)	462 667 520
Less accumulated depreciation	165 975 082	4 293 103	4 248 913	4 234 233	-	(1 780 000)	176 970 004
	251 832 587	25 725 997	2 240 683	5 907 595	-	-	285 706 862
Other Assets							
Interest in net assets of Reid Hospital and Health Care Services Foundation, Inc	23 095 530	-	-	-	-	-	23 095 530
Deferred financing costs	1 017 321	-	-	-	-	-	1 017 321
Other	7 104 226	-	-	-	-	(2 319 654)	4 784 572
	32 507 077	-	-	-	-	(2 319 654)	30 187 423
Total assets	$ 682 826 188	$ 26 232 886	$ 3 673 254	$ 15 614 976	$ 278 937	$ (118 768 267)	$ 609 857 974

Liabilities and Net Assets

Current Liabilities							
Accounts payable and accrued expenses	$ 15 530 780	$ 719 431	$ 519 269	$ 90 219 214	$ 2 000	(90 371 103)	$ 16 019 591
Salaries, wages and related liabilities	10 317 304	-	-	3 882 588	-	-	14 199 892
Estimated amounts due to third-party payers	3 551 618	-	-	-	-	-	3 551 618
Current maturities of long-term debt	2 075 000	-	-	-	-	-	2 075 000
Total current liabilities	32 374 702	719 431	519 269	94 101 802	2 000	(90 371 103)	37 346 101
Long-Term Debt	170 350 230	26 077 512	-	-	-	(26 077 512)	170 350 230
Interest Rate Swap Agreement Liability	22 802 700	-	-	-	-	-	22 802 700
Pension Plan and Postretirement Benefits	21 800 891	-	-	-	-	-	21 800 891
Total liabilities	247 328 622	26 796 943	519 269	94 101 802	2 000	(116 448 615)	252 300 021
Net Assets							
Unrestricted							
Reid Hospital and Health Care Services, Inc	411 802 036	(504 057)	3 153 985	(78 486 826)	276 937	(3 541 526)	332 640 549
Noncontrolling interest	-	-	-	-	-	1 221 874	1 221 874
Total unrestricted net assets	411 802 036	(504 057)	3 153 985	(78 486 826)	276 937	(2 319 652)	333 862 423
Temporarily restricted	23 520 737	-	-	-	-	-	23 520 737
Permanently restricted	165 703	-	-	-	-	-	165 703
Total net assets	435 497 566	(504 057)	3 153 985	(78 486 826)	276 937	(2 319 652)	357 553 953
Total liabilities and net assets	$ 682 826 188	$ 26 232 886	$ 3 673 254	$ 15 614 976	$ 278 937	$ (118 768 267)	$ 609 857 974

Reid Hospital and Health Care Services, Inc.

Consolidating Schedule - Statement of Operations and Changes in Net Assets Information

Year Ended December 31, 2012

	Hospital	Reid MOB	ROSE	RPA	RA, LLC	Eliminations	Total
Unrestricted Revenues, Gains and Other Support							
Net patient service revenue	$ 332,304,108	$ -	$ -	$ 40,646,272	$ -	$ -	$ 372,950,380
Provision for uncollectible accounts	(29,000,170)	-	-	(1,772,800)	-	-	(30,772,970)
Net patient service revenue less provision for uncollectible accounts	303,303,992	-	-	38,873,372	-	-	342,177,410
Other	9,865,310	4,400,401	24,070,252	1,550,830	5,813,954	(39,772,923)	6,927,823
Net assets released from restrictions used for operations	512,672	-	-	-	-	-	512,672
Total unrestricted revenues, gains and other support	313,681,974	4,400,401	24,070,252	40,424,202	5,813,954	(39,772,923)	349,617,860
Expenses and Losses							
Salaries, wages and benefits	109,149,933	74,587	9,004,931	51,235,358	28,848	(4,495,724)	165,084,933
Purchased services and professional fees	15,532,500	98,471	290,418	5,803,686	6,875,320	(6,501,838)	22,099,957
Supplies and other	102,942,452	1,941,702	5,563,000	13,302,880	5,000	(25,775,061)	97,980,741
Depreciation and amortization	31,498,314	775,703	503,214	1,478,595	-	(356,135)	33,899,751
Interest and amortization of financing costs	10,361,756	1,780,702	-	-	-	(1,780,702)	10,361,756
Loss on disposal of property and equipment	107,214	-	770,885	14,750	-	-	988,849
Provider hospital assessment fee	15,297,307	-	-	-	-	-	15,297,307
Total expenses and losses	284,970,536	4,582,775	16,228,457	71,835,278	6,909,858	(38,909,550)	345,623,354
Operating Income (Loss)	31,705,438	(83,284)	7,841,795	(34,411,076)	(1,095,904)	2,136,927	3,993,506
Other Income (Expense)							
Investment return	24,798,453	4,657	3,832	-	-	(6,589,680)	18,217,262
Change in fair value of interest rate swap agreements and amortization of 2005 interest rate swap agreement	(10,224,654)	-	-	-	-	-	(10,224,654)
Loss on bond refunding	(1,359,307)	-	-	-	-	-	(1,359,307)
Total other income (expense)	13,214,492	4,657	3,832	-	-	(6,589,680)	6,633,301
Excess (Deficiency) of Revenues Over Expenses	44,919,930	(78,627)	7,845,627	(34,411,076)	(1,095,904)	(4,452,753)	12,787,207
Other Changes in Unrestricted Net Assets							
Change in fair value of interest rate swap agreement	845,245	-	-	-	-	-	845,245
Amortization of 2005 interest rate swap agreement	10,467,738	-	-	-	-	-	10,467,738
Net assets released from restriction used for purchase of property and equipment	381,680	-	-	-	-	-	381,680
Net loss arising during the period related to defined-benefit plans	(567,120)	-	-	-	-	-	(567,120)
Distributions	-	(425,000)	(9,440,724)	-	(50,000)	5,721,832	(4,193,892)
Other	-	-	-	-	-	(21,050)	(21,050)
Increase (decrease) in unrestricted net assets	56,147,476	(503,627)	(1,595,097)	(34,411,076)	(1,145,904)	1,248,029	19,698,821
Temporarily Restricted Net Assets							
Change in interest in net assets of Reid Hospital and Health Care Services Foundation, Inc.	3,012,360	-	-	-	-	-	3,012,360
Net assets released from restriction	(804,360)	-	-	-	-	-	(804,360)
Increase in temporarily restricted net assets	2,717,000	-	-	-	-	-	2,717,000
Permanently Restricted Net Assets							
Change in interest in net assets of Reid Hospital and Health Care Services Foundation, Inc.	5,803	-	-	-	-	-	5,803
Change in Net Assets	58,831,278	(503,627)	(1,595,097)	(34,411,076)	(1,145,904)	1,248,029	22,422,623
Net Assets, Beginning of Year	376,000,288	(59,440)	4,749,082	(44,075,760)	1,422,841	(3,567,081)	335,135,330
Net Assets, End of Year	$ 434,831,566	$ (563,067)	$ 3,153,985	$ (78,486,826)	$ 276,937	$ (2,319,052)	$ 357,552,953

Reid Hospital and Health Care Services, Inc.

Consolidating Schedule - Balance Sheet Information
December 31, 2011

	Hospital	Reid MOB	ROSE	RPA	RA, LLC	Eliminations	Total
Assets							
Current Assets							
Cash and cash equivalents	$ 18 577 096	$ 250 881	$ 1 110 385	$ (241 606)	$ 656 865	$ -	$ 20 353 621
Assets limited as to use - current	3 060 000	-	-	-	-	-	3 060 000
Patient accounts receivable net of allowance 2011 - $23 800 000	42 890 292	-	-	4 151 997	-	-	47 042 289
Supplies	2 748 256	-	-	-	-	-	2 748 256
Prepaid expenses and other	83 245 580	46 102	870 991	2 273 992	1 357 932	(80 841 616)	6 952 981
Total current assets	150 521 224	296 983	1 981 376	6 184 383	2 014 797	(80 841 616)	80 157 147
Assets Limited As To Use							
Internally designated	160 068 849	-	-	-	-	-	160 068 849
Internally designated - fair value option	11 812 936	-	-	-	-	-	11 812 936
Held by trustee	8 123 192	-	-	-	-	-	8 123 192
	180 004 977	-	-	-	-	-	180 004 977
Less amount required to meet current obligations	3 060 000	-	-	-	-	-	3 060 000
	176 944 977	-	-	-	-	-	176 944 977
Property and Equipment at cost	404 744 875	30 019 100	8 120 418	7 024 316	-	(1 780 667)	448 128 042
Less accumulated depreciation	135 888 629	3 517 340	4 492 396	2 462 391	-	(1 424 532)	144 936 224
	268 856 246	26 501 760	3 628 022	4 561 925	-	(356 135)	303 191 818
Other Assets							
Interest in net assets of Reid Hospital and Health Care Services Foundation Inc	20 971 728	-	-	-	-	-	20 971 728
Deferred financing costs	2 872 690	-	-	-	-	-	2 872 690
Other	5 136 589	-	-	-	-	(3 211 548)	1 925 041
	28 981 007	-	-	-	-	(3 211 548)	25 769 459
Total assets	$ 625 303 454	$ 26 798 743	$ 5 609 398	$ 10 746 308	$ 2 014 797	$ (84 409 299)	$ 586 063 401
Liabilities and Net Assets							
Current Liabilities							
Accounts payable and accrued expenses	$ 12 933 081	$ 224 061	$ 860 316	$ 52 530 943	$ 591 956	$ (54 207 496)	$ 12 932 861
Salaries wages and related liabilities	8 763 942	-	-	2 291 125	-	-	11 055 067
Estimated amounts due to third-party payers	4 808 995	-	-	-	-	-	4 808 995
Current maturities of long-term debt	3 060 000	-	-	-	-	-	3 060 000
Total current liabilities	29 566 018	224 061	860 316	54 822 068	591 956	(54 207 496)	31 856 923
Long-Term Debt	173 195 876	26 634 122	-	-	-	(26 634 122)	173 195 876
Interest Rate Swap Agreement Liability	23 891 128	-	-	-	-	-	23 891 128
Pension Plan and Postretirement Benefits	21 984 144	-	-	-	-	-	21 984 144
Total liabilities	248 637 166	26 858 183	860 316	54 822 068	591 956	(80 841 618)	250 928 071
Net Assets							
Unrestricted							
Reid Hospital and Health Care Services Inc	355 694 560	(59 440)	4 749 082	(44 075 760)	1 422 841	(5 673 265)	312 058 018
Noncontrolling interest	-	-	-	-	-	2 105 584	2 105 584
Total unrestricted net assets	355 694 560	(59 440)	4 749 082	(44 075 760)	1 422 841	(3 567 681)	314 163 602
Temporarily restricted	20 811 738	-	-	-	-	-	20 811 738
Permanently restricted	159 990	-	-	-	-	-	159 990
Total net assets	376 666 288	(59 440)	4 749 082	(44 075 760)	1 422 841	(3 567 681)	335 135 330
Total liabilities and net assets	$ 625 303 454	$ 26 798 743	$ 5 609 398	$ 10 746 308	$ 2 014 797	$ (84 409 299)	$ 586 063 401

Reid Hospital and Health Care Services, Inc.

Consolidating Schedule - Statement of Operations and Changes in Net Assets Information
Year Ended December 31, 2011

	Hospital	Reid MOB	ROSE	RPA	RA, LLC	Eliminations	Total
Unrestricted Revenues, Gains and Other Support							
Net patient service revenue	$ 288 641 379	$ -	$ -	$ 26 368 609	$ -	$ -	$ 315 009 988
Provision for uncollectible accounts	(24 040 460)	-	-	(3 324 708)	-	-	(27 365 168)
Net patient service revenue less provision for uncollectible accounts	264 600 919	-	-	23 043 901	-	-	287 644 820
Other	7 600 837	5 023 663	20 597 085	198 989	5 997 767	(32 924 004)	6 494 337
Net assets released from restrictions used for operations	576 426	-	-	-	-	-	576 426
Total unrestricted revenues, gains and other support	272 778 182	5 023 663	20 597 085	23 242 890	5 997 767	(32 924 004)	294 715 583
Expenses and Losses							
Salaries, wages and benefits	112 031 219	71 506	8 814 395	36 793 568	22 349	(4 299 191)	153 433 846
Purchased services and professional fees	20 717 482	16 218	250 275	118 034	5 074 285	(6 681 684)	19 494 610
Supplies and other	92 436 004	1 945 658	5 392 201	8 964 250	1 340	(21 943 128)	86 796 325
Depreciation and amortization	31 894 261	780 631	664 003	1 132 226	-	(356 135)	34 114 986
Interest and amortization of financing costs	11 973 056	1 817 904	-	-	-	(1 817 904)	11 973 056
(Gain) loss on disposal of property and equipment	521 479	-	(9 680)	(250)	-	-	511 549
Total expenses and losses	269 573 501	4 631 917	15 111 194	47 007 828	5 097 974	(35 098 042)	306 324 372
Operating Income (Loss)	3 204 681	391 746	5 485 891	(23 764 938)	899 793	2 174 038	(11 608 789)
Other Income (Expense)							
Investment return	(2 488 242)	6 341	5 256	-	-	(5 526 279)	(8 002 924)
Change in fair value of interest rate swap agreements and amortization of 2005 interest rate swap agreement	(195 530)	-	-	-	-	-	(195 530)
Total other income	(2 683 772)	6 341	5 256	-	-	(5 526 279)	(8 198 454)
Excess (Deficiency) of Revenues Over Expenses	520 909	398 087	5 491 147	(23 764 938)	899 793	(3 352 241)	(19 807 243)
Other Changes in Unrestricted Net Assets							
Change in fair value of interest rate swap agreement	(12 444 258)	-	-	-	-	-	(12 444 258)
Amortization of 2005 interest rate swap agreement	195 530	-	-	-	-	-	195 530
Net assets released from restriction used for purchase of property and equipment	221 270	-	-	-	-	-	221 270
Net gain arising during the period related to defined-benefit plans	(12 956 722)	-	-	-	-	-	(12 956 722)
Distributions	-	(699 989)	(5 710 416)	-	-	3 708 375	(2 702 030)
Other	-	-	-	-	-	691 387	691 387
Increase (decrease) in unrestricted net assets	(24 463 271)	(301 902)	(219 269)	(23 764 938)	899 793	1 047 521	(46 802 066)
Temporarily Restricted Net Assets							
Change in interest in net assets of Reid Hospital and Health Care Services Foundation, Inc	473 862	-	-	-	-	-	473 862
Net assets released from restriction	(797 696)	-	-	-	-	-	(797 696)
Decrease in temporarily restricted net assets	(323 834)	-	-	-	-	-	(323 834)
Change in Net Assets	(24 787 105)	(301 902)	(219 269)	(23 764 938)	899 793	1 047 521	(47 125 900)
Net Assets, Beginning of Year	401 453 393	242 462	4 968 351	(20 310 822)	523 048	(4 615 202)	382 261 230
Net Assets, End of Year	$ 376 666 288	$ (59 440)	$ 4 749 082	$ (44 075 760)	$ 1 422 841	$ (3 567 681)	$ 335 135 330