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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
UNITED REGIONAL HEALTH CARE SYSTEM

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
1600 ELEVENTH STREET
Suite

City or town, state or country, and ZIP + 4
WICHITA FALLS, TX 76301

D Employer identification number
75-1912147

E Telephone number
(940) 764-8624

G Gross receipts $ 473,754,716

F Name and address of principal officer
PHYLLIS COWLING
1600 ELEVENTH STREET
WICHITA FALLS, TX 76301

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 UNITEDREGIONAL ORG

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

L Year of formation 1983

M State of legal domicile TX

Part I Summary

1 Briefly describe the organization's mission or most significant activities
ORGANIZED AND OPERATED FOR THE PURPOSE OF DEVELOPING AND OPERATING AN INTEGRATED HEALTH CARE SYSTEM

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**	16
	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**	2,062
	6 Total number of volunteers (estimate if necessary)	**6**	400
	7a Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
	b Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	3,102,067	1,940,134
	9 Program service revenue (Part VIII, line 2g)	307,513,809	296,757,569
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	9,579,769	-3,648,700
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	158,214	0
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	320,353,859	295,049,003
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	11,900,000	6,028,113
	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)	104,165,255	110,161,989
	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)	147,389,279	144,280,186
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	263,454,534	260,470,290
	19 Revenue less expenses Subtract line 18 from line 12	56,899,325	34,578,713

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	469,825,499	516,237,676
	21 Total liabilities (Part X, line 26)	135,401,745	132,229,127
	22 Net assets or fund balances Subtract line 21 from line 20	334,423,754	384,008,549

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

****** | 2013-11-15
Signature of officer | Date

PHYLLIS COWLING 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
Amanda Maya				
Firm's name ▶ BKD LLP			Firm's EIN ▶	
Firm's address ▶ 2800 Post Oak Blvd Ste 3200 HOUSTON, TX 77056			Phone no (713) 499-4600	

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

TO OPERATE NONPROFIT HOSPITALS OR HOSPITAL FACILITIES, CLINICS, AND RELATED MEDICAL AND SURGICAL SERVICES BY PROVIDING SUCH SERVICES TO PERSONS THAT DO HAVE THE ABILITY TO PAY, AND TO THEREBY PROVIDE CHARITABLE MEDICAL, SURGICAL, AND HOSPITAL CARE FOR SICK, INJURED, AFFLICTED, INFIRM, DISABLED , OR DESTITUTE PERSONS THAT DO NOT HAVE THE ABILITY TO PAY

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 $ 221,150,548 including grants of $ 6,028,113) (Revenue $ 296,757,569)

UNITED REGIONAL HEALTH CARE SYSTEM, A 325-BED HOSPITAL, PROMOTES THE HEALTH OF THE COMMUNITY BY PROVIDING A VARIETY OF HEALTH CARE SERVICES IN ADDITION TO INPATIENT BEDS, THERE ARE 20 NEWBORN BASSINETTES INCLUDING 6 INTERMEDIATE NURSERY BASSINETTES AND 31 ER BEDS IN 2012, INPATIENTS RECEIVED 60,994 PATIENT DAYS OF CARE AND 139,346 OUTPATIENT AND EMERGENCY OCCURRENCES OF SERVICE ADDITIONAL PROGRAMS WHICH BENEFIT THE COMMUNITY INCLUDE RESIDENCY/HEALTH PROFESSIONS TRAINING AT ANY ONE TIME, THERE MAY BE UP TO 24 RESIDENTS IN TRAINING AT UNITED REGIONAL HEALTH CARE SYSTEM THE RESIDENTS ARE PART OF THE UNITED REGIONAL HEALTH CARE SYSTEM PROGRAM IN PARTNERSHIP WITH THE WICHITA FALLS FAMILY PRACTICE RESIDENCY PROGRAM (THROUGH AN AFFILIATION WITH THE SOUTHWESTERN SCHOOL OF MEDICINE) STUDENTS IN NURSING, PHARMACY, LABORATORY TECHNOLOGY, RADIOLOGY, RESPIRATORY THERAPY AND OTHER ASSOCIATED HEALTH SCIENCES PROFESSIONS ALSO STUDY HERE PREVENTIVE CARE A PRIORITY UNITED REGIONAL HEALTH CARE SYSTEM HAS TAKEN STEPS TO ENHANCE PREVENTIVE CARE FOR PEOPLE OF ALL AGES THROUGH THE DEVELOPMENT OF LOW COST SCREENING PROGRAMS, VACCINATION CLINICS, AS WELL AS OTHER OUTREACH EDUCATION SERVICES OTHER SERVICES ARE PROVIDED THROUGH THE UNITED REGIONAL REFERENCE LAB BOTH LOW COST FEE-FOR-SERVICE SCREENINGS AND FREE SCREENINGS AT COMMUNITY HEALTH FAIRS (CHOLESTEROL, PSA, TRIGLYCERIDES, ETC) DESIGNATED TRAUMA CENTER UNITED REGIONAL HEALTH CARE SYSTEM RECEIVED UPGRADED RECOGNITION OF TRAUMA CENTER IN FEBRUARY 2012, UNITED REGIONAL WAS DESIGNATED LEVEL 2 TRAUMA CENTER FOR THE REGION IN 2012, 717 PATIENTS WERE SEEN AT UNITED REGIONAL CARE SYSTEM AND RECORDED IN ITS TRAUMA REGISTRY UNITED REGIONAL HEALTH CARE SYSTEM'S EMERGENCY DEPARTMENT IS STAFFED 24 HOURS A DAY/7 DAYS A WEEK MEETING THE NEEDS OF THE COMMUNITY WITH AN AVERAGE OF 214 VISITS PER DAY COMMUNITY CONNECTIONS UNITED REGIONAL HEALTH CARE SYSTEM REACHES OUT TO PEOPLE AND COMMUNITIES THROUGHOUT ITS PRIMARY SERVICE AREA OF WICHITA COUNTY AND ITS SECONDARY SERVICE AREA OF 8 SURROUNDING COUNTIES CONSISTING OF ARCHER, BAYLOR, CLAY, HARDEMAN, JACK, MONTAGUE, WILBARGER AND YOUNG COUNTIES THROUGH COOPERATIVE AGREEMENTS WITH LOCAL GOVERNMENTS AND HOSPITALS, UNITED REGIONAL PROVIDES FUNDING FOR A NUMBER OF HEALTHCARE SERVICES COMMUNITY EDUCATION UNITED REGIONAL HEALTH CARE SYSTEM PROVIDES THE FOLLOWING TYPES OF COMMUNITY EDUCATION COMMUNITY EDUCATION SEMINARS WITH PRESENTATIONS BY PHYSICIANS ON HEALTH ISSUES AND TREATMENT OPTIONS, HEALTHY YOU NEWSLETTER, SENT TO APPROXIMATELY 50,000 HOUSEHOLDS, PROVIDING HEALTH PROMOTION AND DISEASE PREVENTION INFORMATION, AS WELL AS HOSPITAL SERVICES, 55-ADVANTAGE SENIOR PROGRAM, PROVIDING SPEAKERS ON A VARIETY OF HEALTH-RELATED TOPICS, AND PARTICIPATION IN A VARIETY OF COMMUNITY HEALTH FAIRS AND EVENTS PROMOTING GENERAL HEALTH AND PROVIDING HEALTH SCREENINGS CHARITY CARE UNITED REGIONAL HEALTH CARE SYSTEM PROVIDES MEDICAL CARE TO MEMBERS OF THE COMMUNITY REGARDLESS OF ABILITY TO PAY FINANCIAL ASSISTANCE AT COST IN THE AMOUNT OF $17,078,253 (FORM 990 SCHEDULE H COST) WAS PROVIDED IN THE CURRENT YEAR AND UNREIMBURSED COST OF PROVIDING MEANS TESTED PUBLIC HEALTH CARE PROGRAMS OF $6,520,121 COMMUNITY BENEFITS THE ESTIMATED COST OF PROVIDING ADDITIONAL COMMUNITY BENEFITS DURING 2012 WAS $10,479,449 WHICH INCLUDED THE FOLLOWING UNREIMBURSED COST OF EMERGENCY AND TRAUMA CARE $ 4,313,820 UNREIMBURSED COST OF FREE STANDING CLINICS $ 6,165,629 DONATIONS MADE BY THE HOSPITAL TO AREA CHARITABLE ORGANIZATIONS $ 12,015,849 TOTAL COSTS OF ADDITIONAL COMMUNITY BENEFITS $ 5,993,944 SOURCE 2012 ANNUAL STATEMENT OF COMMUNITY BENEFIT STANDARDS (STATE OF TEXAS MANDATORY REPORT)

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** ▶ 221,150,548

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		No
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		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *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		No
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**		No
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**		No
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**	Yes	
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**		No
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**	Yes	
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**	Yes	
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	208		
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	2,062		
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			No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*	3b			
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** 16		
	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**		No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**	Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	**7b**	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	**8a**	Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**		No

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

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	**10a**		No
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	**10b**		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	**11a**	Yes	
b	Describe in Schedule O the process, if any, used by the organization to review 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 ▶

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

▶STEPHEN A CALVERT 1600 ELEVENTH STREET WICHITA FALLS, TX (940)764-8624

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) DOUG KUNKLE CHAIR	1 0 0 0	X		X				0	0	0
(2) MIKE ELYEA SECRETARY/TREASURER	1 0 0 0	X		X				0	0	0
(3) LARRY COOK CHAIR-ELECT	1 0 0 0	X		X				0	0	0
(4) BARRY HARDIN DIRECTOR	1 0 0 0	X						0	0	0
(5) R KEN HINES DIRECTOR	1 0 0 0	X						0	0	0
(6) CARLA NICHOLS DIRECTOR	1 0 0 0	X						0	0	0
(7) GARY OZIER MD DIRECTOR	1 0 0 0	X						24,000	0	0
(8) ASHVIKUMAR PATEL MD DIRECTOR	1 0 0 0	X						83,980	0	0
(9) BLAKE ANDREWS DIRECTOR	1 0 0 0	X						0	0	0
(10) HOWARD FARRELL DIRECTOR	1 0 0 0	X						0	0	0
(11) PAUL FOLEY DIRECTOR	1 0 0 0	X						0	0	0
(12) DON HAMLIN DIRECTOR	1 0 0 0	X						0	0	0
(13) KEVIN THOMAS MD DIRECTOR	1 0 0 0	X						174,022	0	0
(14) YVONNE HEARN MD DIRECTOR	1 0 0 0	X						0	0	0
(15) LINDA YEAGER DIRECTOR	1 0 0 0	X						0	0	0
(16) PHYLLIS COWLING PRESIDENT & CEO	40 0 2 0	X		X				636,078	0	40,275
(17) LEO LANE DIRECTOR	1 0 0 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) NANCY TOWNLEY SR VP OF OPERATIONS	40 0 2 0			X				339,998	0	48,848
(19) ROBERT PERT CHIEF FINANCIAL OFFICER	40 0 2 0			X				347,873	0	50,933
(20) JOHN SCOTT HOYER MD VP OF MEDICAL AFFAIRS	40 0 2 0			X				327,397	0	51,175
(21) PAMELA BRADSHAW VP OF NURSING SERVICES	40 0 0 0			X				242,271	0	45,189
(22) STEPHANIE JO BROWN VP OF MARKETING	40 0 0 0			X				163,633	0	28,217
(23) RICHARD CARPENTER VP OF FACILITIES	40 0 0 0			X				185,186	0	44,437
(24) TERESA SCARBOROUGH RN	40 0 0 0					X		134,485	0	15,682
(25) MATTHEW BAKER DIRECTOR OF PHARMACY	40 0 0 0					X		131,606	0	37,279
(26) JERRY MARSHALL DIRECTOR OF INFORMATION SVS	40 0 0 0					X		131,226	0	26,831
(27) JAMES BEASLEY PHARMACY MANAGER	40 0 0 0					X		130,257	0	17,382
(28) DWAYNE MCKEE DIRECTOR OF CI/BI	40 0 0 0					X		130,216	0	27,784

1b	**Sub-Total** . . . . . ▶			
c	**Total from continuation sheets to Part VII, Section A** . . . . ▶			
d	**Total (add lines 1b and 1c)** . . . . . ▶	3,182,228	0	434,032

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 ▶ 50

			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
CLINICAL PARTNERS- WF PA , 7032 COLLECTION CENTER DRIVE CHICAGO IL 60693	ANESTHESIA SERVICES	3,121,202
TITANIUM EMERGENCY GROUP LLP , PO BOX 3407 WICHITA FALLS TX 76307	ER PHYSICIAN SVCS	1,616,365
NORTH CENTRAL TX MED FOUNDATION , 1301 3RD STREET STE 200 WICHITA FALLS TX 76301	RESIDENCY PROGRAM	825,152
STRASBERGER PRICE , PO BOX 501100 DALLAS TX 76302	LEGAL SERVICE	660,286
GARY BAKER ASSOCIATES , 4309 OLD JACKSBORO HWY STE D-5 WICHITA FALLS TX 76302	ARCHITECTUAL SVCS	478,989

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 ▶ 40

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	1,802,484			
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	137,650			
	g	Noncash contributions included in lines 1a-1f $		137,650			
	h	**Total.** Add lines 1a-1f . . . . . ▶		1,940,134			
Program Service Revenue			Business Code				
	2a	PATIENT SERVICE REVENUE	621110	295,955,554	295,955,554		
	b	SUPPORTING REVENUE	900099	322,999	322,999		
	c	RELATED RENTAL REVENUE	900099	479,016	479,016		
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f . . . . . ▶		296,757,569			
	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶		4,398,116			4,398,116
	4	Income from investment of tax-exempt bond proceeds . . ▶		0			
	5	Royalties . . . . . ▶		0			
			(i) Real	(ii) Personal			
	6a	Gross rents					
	b	Less rental expenses					
	c	Rental income or (loss)	0	0			
	d	Net rental income or (loss) . . . . . ▶		0			
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory	170,603,600	55,297			
	b	Less cost or other basis and sales expenses	174,473,533	4,232,180			
	c	Gain or (loss)	-3,869,933	-4,176,883			
	d	Net gain or (loss) . . . . . ▶		-8,046,816			-8,046,816
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						
	b						
	c						
	d	All other revenue					
	e	**Total.** Add lines 11a–11d . . . . . ▶		0			
	12	**Total revenue.** See Instructions . . . . . ▶		295,049,003	296,757,569		-3,648,700

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	6,028,113	6,028,113		
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	2,551,508	1,913,631	637,877	
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	92,283,888	69,212,916	23,070,972	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	2,638,462	1,978,847	659,616	
9 Other employee benefits	6,097,450	4,573,088	1,524,362	
10 Payroll taxes	6,590,681	4,943,011	1,647,670	
11 Fees for services (non-employees)				
a Management	0			
b Legal	260,443		260,443	
c Accounting	178,780		178,780	
d Lobbying	0			
e Professional fundraising services See Part IV, line 17	0			
f Investment management fees	414,862		414,862	
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	30,744,304	23,192,313	7,551,991	
12 Advertising and promotion	1,090,081	817,561	272,520	
13 Office expenses	4,392,377	3,686,612	705,765	
14 Information technology	939,792	704,844	234,948	
15 Royalties . .	0			
16 Occupancy	3,416,142	2,562,107	854,036	
17 Travel	612,713	459,535	153,178	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	326,629	8,424	318,205	
20 Interest	4,370,986	4,370,986		
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	17,781,633	17,781,633		
23 Insurance	2,810,466	2,810,466		
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 MEDICAL SUPPLIES	47,207,120	47,207,120		
b BAD DEBT EXPENSE	25,543,565	25,543,565		
c EQUIPMENT RENTAL & MAINT	2,006,088	1,504,566	501,522	
d PROGRAM EXPENSES	850,557	850,557	0	
e All other expenses	1,333,648	1,000,653	332,995	
25 **Total functional expenses.** Add lines 1 through 24e	260,470,290	221,150,548	39,319,742	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		4,799	1	4,368
	2	Savings and temporary cash investments		67,733,670	2	48,351,751
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		21,592,447	4	23,931,293
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	0
	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		0	7	0
	8	Inventories for sale or use		5,815,933	8	5,729,864
	9	Prepaid expenses and deferred charges		2,053,435	9	3,322,808
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 368,715,138			
	b	Less accumulated depreciation	10b 202,737,709	167,667,488	10c	165,977,429
	11	Investments—publicly traded securities		178,626,726	11	237,892,538
	12	Investments—other securities See Part IV, line 11		0	12	0
	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		26,331,001	15	31,027,625
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		469,825,499	16	516,237,676
Liabilities	17	Accounts payable and accrued expenses		17,688,585	17	23,902,049
	18	Grants payable		0	18	0
	19	Deferred revenue		0	19	0
	20	Tax-exempt bond liabilities		93,740,740	20	92,706,354
	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		23,972,420	25	15,620,724
	26	**Total liabilities.** Add lines 17 through 25		135,401,745	26	132,229,127
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		334,423,754	27	384,008,549
	28	Temporarily restricted net assets		0	28	0
	29	Permanently restricted net assets		0	29	0
		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		334,423,754	33	384,008,549
	34	Total liabilities and net assets/fund balances		469,825,499	34	516,237,676

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	295,049,003
2	Total expenses (must equal Part IX, column (A), line 25)	2	260,470,290
3	Revenue less expenses Subtract line 2 from line 1	3	34,578,713
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	334,423,754
5	Net unrealized gains (losses) on investments	5	15,143,732
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	-137,650
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	384,008,549

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		

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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
UNITED REGIONAL HEALTH CARE SYSTEM

Employer identification number
75-1912147

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 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
UNITED REGIONAL HEALTH CARE SYSTEM

Employer identification number
75-1912147

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	(c) Two years back	(d) Three years back	(e) Four years back
1a	Beginning of year balance	1,413,719	1,363,593	1,293,792	1,188,415	
b	Contributions		50,126	69,801	105,377	
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	1,413,719	1,413,719	1,363,593	1,293,792	

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

- a Board designated or quasi-endowment ▶ 79 410 %
- b Permanent endowment ▶ 20 590 %
- 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		10,971,541		10,971,541
b Buildings		162,694,029	61,450,838	101,243,191
c Leasehold improvements				
d Equipment		187,345,676	140,313,944	47,031,732
e Other		7,703,892	972,927	6,730,965
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				165,977,429

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		
Total. *(Column (b) must equal Form 990, Part X, col (B) line 12)* ▶		

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) DUE FROM AFFILIATE	30,263,218
(2) DUE FROM PHYSICIANS	86
(3) INTEREST RECEIVABLE	320,790
(4) UNAMORTIZED BOND COST	443,531
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	31,027,625

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

1 (a) Description of liability	(b) Book value
Federal income taxes	0
EST 3RD-PARTY PAYOR SETTLEMENT	5,524,511
SELF-INSURANCE LIABILITY	10,096,213
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	15,620,724

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	283,771,772
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	15,143,732		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIII)	2d	-25,688,379		
e	Add lines **2a** through **2d**			2e	-10,544,647
3	Subtract line **2e** from line **1**			3	294,316,419
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	414,862		
b	Other (Describe in Part XIII)	4b	317,722		
c	Add lines **4a** and **4b**			4c	732,584
5	Total revenue Add lines **3** and **4c.** (This must equal Form 990, Part I, line 12)			5	295,049,003

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

1	Total expenses and losses per audited financial statements			1	234,186,977
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	-180,072		
e	Add lines **2a** through **2d**			2e	-180,072
3	Subtract line **2e** from line **1**			3	234,367,049
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	414,862		
b	Other (Describe in Part XIII)	4b	25,688,379		
c	Add lines **4a** and **4b**			4c	26,103,241
5	Total expenses Add lines **3** and **4c.** (This must equal Form 990, Part I, line 18)			5	260,470,290

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
RECONCILIATION OF REVENUE PER FINANCIAL STATEMENTS TO FORM 990	SCHEDULE D, PART XI, LINE 2D	REVENUE ON RETURN, NOT ON BOOKS BAD DEBT EXPENSE INCLUDED IN REVENUE ON AUDIT $ (25,543,565) CONTRIBUTION EXPENSE INCLUDED IN REVENUES ON AUDIT $ (144,751) CLASSIFICATION DIFFERENCES $ (63) ---------- $ (25,688,379)
RECONCILIATION OF EXPENSES PER FINANCIAL STATEMENTS TO FORM 990	SCHEDULE D, PART XII, LINE 2D	EXPENSES ON RETURN, NOT ON BOOKS PHYSICIAN INCOME INCLUDED IN EXPENSE ON AUDIT $(180,072)
INTENDED USE OF THE ORGANIZATION'S ENDOWMENT FUNDS	SCHEDULE D, PART V, LINE 4	THE ENDOWMENT INCLUDES BOTH DONOR-RESTRICTED ENDOWMENT FUNDS AND FUNDS DESIGNATED BY THE BOARD OF DIRECTORS FUNDS ARE USED TO ADVANCE AND PROMOTE THE HEALTH AND WELL-BEING OF PEOPLE AND ORGANIZATIONS IN THE COMMUNITY AND SURROUNDING AREAS
RECONCILIATION OF REVENUE PER FINANCIAL STATEMENTS TO FORM 990	SCHEDULE D, PART XI, LINE 4B	INCOME ON RETURN, NOT ON BOOKS PHYSICIAN INCOME INCLUDED IN EXPENSE ON AUDIT $180,072 CONTRIBUTION INCOME INCLUDED IN INCOME ON FORM 990 BUT NOT AUDITED FINANCIAL STATEMENTS $137,650 ---------- $317,722
RECONCILIATION OF EXPENSES PER FINANCIAL STATEMENTS TO FORM 990	SCHEDULE D, PART XII, LINE 4B	EXPENSES ON RETURN, NOT ON BOOKS BAD DEBT EXPENSE INCLUDED IN REVENUE ON AUDIT $ 25,543,565 CONTRIBUTION EXPENSE INCLUDED IN REVENUE ON AUDIT $ 144,751 CLASSIFICATION DIFFERENCES $ 63 ---------- $ 25,688,379

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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
UNITED REGIONAL HEALTH CARE SYSTEM

Employer identification number
75-1912147

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 175 %	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)			29,884,033	8,931,277	20,952,756	8 920 %
b Medicaid (from Worksheet 3, column a)			28,991,528	28,227,130	764,398	0 330 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			570,729	333,308	237,421	0 100 %
d **Total** Financial Assistance and Means-Tested Government Programs			59,446,290	37,491,715	21,954,575	9 350 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)						
f Health professions education (from Worksheet 5)			650,448	686,441	-35,993	0 %
g Subsidized health services (from Worksheet 6)			20,756,190	10,276,741	10,479,449	4 460 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			5,993,944		5,993,944	2 550 %
j **Total.** Other Benefits			27,400,582	10,963,182	16,437,400	7 010 %
k **Total.** Add lines 7d and 7j			86,846,872	48,454,897	38,391,975	16 360 %

Part II **Community Building Activities** Complete this 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						
2 Economic development						
3 Community support						
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy						
8 Workforce development						
9 Other						
10 **Total**						

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

Section A. Bad Debt Expense

			Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1		No
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 25,543,565		
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 2,554,357		
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	91,764,888
6	Enter Medicare allowable costs of care relating to payments on line 5	6	89,256,751
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	2,508,137
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					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—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	UNITED REGIONAL HEALTH CARE SYSTEM 1600 ELEVENTH STREET WICHITA FALLS,TX 76301	X	X		X			X			

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group UNITED REGIONAL HEALTH CARE SYSTEM

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

			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 175 % 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 400 % 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?
2

	Name and address	Type of Facility (describe)
1	WICHITA FALLS ENDOSCOPY CENTER 1500 TENTH STREET WICHITA FALLS,TX 76301	AMBULATORY SURGERY CENTER
2	TEXOMA CANCER CENTER 5400 KELL WEST BLVD WICHITA FALLS,TX 76301	CANCER TREATMENT CENTER
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
PART I, LINE 6A		THE ORGANIZATION'S COMMUNITY BENEFIT REPORT CAN BE OBTAINED BY REQUEST FROM UNITED REGIONAL ADMINISTRATION OFFICES OR COMMUNITY BENEFITS OFFICES THE COMMUNITY BENEFIT REPORT IS ALSO ON FILE WITH THE HEALTH AND HUMAN SERVICES COMMISSION OF THE STATE OF TEXAS
PART I, LINE 7		THE COST TO CHARGE RATIO CALCULATED IN WORKSHEET 2 WAS USED TO DETERMINE COST FOR LINES 7A, 7B AND 7C ACTUAL COST PER GENERAL LEDGER WAS USED TO DETERMINE AMOUNTS ON LINE 7F, 7G AND 7I

Identifier	ReturnReference	Explanation
PART I, LINE 7, COLUMN (F)		BAD DEBT EXPENSE OF $25,543,565 WAS INCLUDED IN TOTAL EXPENSE ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT WAS SUBTRACTED FROM TOTAL EXPENSE FOR PURPOSES OF CALCULATING THE PERCENTAGE OF TOTAL EXPENSE IN COLUMN (F)
PART I, LINE 7G		COSTS OF $15,479,727 WERE INCLUDED IN SUBSIDIZED HEALTH SERVICES ON LINE 7G FOR COMMUNITY CLINICS

Identifier	ReturnReference	Explanation
PART III, LINE 2		THE ORGANIZATION'S BAD DEBT EXPENSE WAS CALCULATED USING THE EXPENSE REPORTED ON THE FINANCIAL STATEMENTS
PART III, LINE 3		THE ESTIMATED AMOUNT OF THE ORGANIZATION'S BAD DEBT EXPENSE ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER THE FINANCIAL ASSISTANCE POLICY WAS DETERMINED BY ESTIMATING THAT 10% OF THE BAD DEBT WOULD LIKELY BE CHARITY CARE THIS IS THE APPROXIMATE PERCENTAGE OF PATIENTS NOT COMPLETING THE PAPER WORK TO APPLY FOR CHARITY CARE BAD DEBT EXPENSE REPRESENTS GROSS CHARGES ADJUSTED FOR APPROPRIATE DISCOUNTS AND PAYMENTS ON ACCOUNTS

Identifier	ReturnReference	Explanation
PART III, LINE 4		AUDITED FINANCIAL STATEMENT FOOTNOTE ACCOUNTS RECEIVABLE ARE REDUCED BY AN ALLOWANCE FOR DOUBTFUL ACCOUNTS IN EVALUATING THE COLLECTABILITY OF ACCOUNTS RECEIVABLE, URHCS 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 UNCOLLECTIBLE ACCOUNTS 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, URHCS ANALYZES CONTRACTUALLY DUE AMOUNTS AND PROVIDES AN ALLOWANCE FOR DOUBTFUL ACCOUNTS AND A PROVISION FOR UNCOLLECTIBLE ACCOUNTS, 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, URHCS RECORDS A SIGNIFICANT PROVISION FOR UNCOLLECTIBLE ACCOUNTS 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 DIFFERENCES 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 URHCS ALLOWANCE FOR DOUBTFUL ACCOUNTS FOR SELF-PAY PATIENTS WAS APPROXIMATELY 93% SELF-PAY ACCOUNTS RECEIVABLE AT DECEMBER 31, 2012, AND DECEMBER 31, 2011 URHCS' WRITE-OFFS DECREASED APPROXIMATELY $2,616,000 FROM APPROXIMATELY $29,734,000 FOR THE YEAR ENDED DECEMBER 31, 2011, TO APPROXIMATELY $27,118,000 FOR THE YEAR ENDED DECEMBER 31, 2012 THIS DECREASE WAS PRIMARILY DUE TO MORE FAVORABLE COLLECTION RESULTS IN 2012 AS COMPARED TO 2011 AND CONSIDERATION OF THOSE RESULTS IN ESTIMATION OF THE ALLOWANCE FOR DOUBTFUL ACCOUNTS AT DECEMBER 31, 2012
PART III, LINE 8		UNITED REGIONAL RECEIVED SOLE COMMUNITY PROVIDER STATUS IN 2012, THEREBY, INCREASING HOSPITAL REIMBURSEMENT BY APPROXIMATELY $2 MILLION IN 2012 ADDITIONALLY, UNITED REGIONAL HAS BEEN PROACTIVELY REDUCING COST OF CARE BY EXAMINING EXISTING CONTRACTS AND PROCESSES WHILE INCREASING QUALITY OF CARE (SEE VALUE BASED PURCHASING SCORES OF GREATER THAN 1) RESULTING IN A SURPLUS FOR 2012 THE HOSPITAL USES MEDICARE COST REPORT METHODOLOGY TO DETERMINE MEDICARE ALLOWABLE COST, WHICH APPORTIONS ROUTINE COSTS (ROOM AND BOARD) BASED ON MEDICARE OR MEDICAID DAYS TO TOTAL DAYS AND APPORTIONS ANCILLARY COSTS BASED ON PROGRAM CHARGES TO TOTAL CHARGES

Identifier	ReturnReference	Explanation
PART III, LINE 9B		HOSPITAL PERSONNEL MAKE GOOD FAITH EFFORTS TO INFORM PATIENTS OF THE AVAILABILITY OF FINANCIAL ASSISTANCE, GOVERNMENTAL PROGRAMS AND ASSISTANCE IN APPLYING SECTION 6 6 OF THE CHARITY AND BAD DEBT POLICY STATES "AS SOON AS SUFFICIENT INFORMATION IS AVAILABLE CONCERNING THE PATIENT'S FINANCIAL RESOURCES AND ELIGIBILITY FOR GOVERNMENTAL ASSISTANCE, A DETERMINATION WILL BE MADE CONCERNING THE PATIENT'S ELIGIBILITY FOR CHARITY IN MOST CASES, THE DETERMINATION DECISION WILL BE MADE WITHIN 10 BUSINESS DAYS A WRITTEN NOTICE WILL BE MAILED TO THE PATIENT INFORMING THEM OF THE DETERMINATION DECISION NO COLLECTION EFFORTS WILL BE PURSUED ON A CHARITY ACCOUNT FOR THE ELIGIBLE AMOUNT AFTER SUCH DETERMINATION IS MADE "
PART V, SECTION B, LINE 18E		NEITHER THE UNITED REGIONAL HEALTH CARE SYSTEM, NOR THIRD PARTIES AUTHORIZED BY URHCS, TAKE ANY ACTIONS UPON NON-PAYMENT FROM A PATIENT BEFORE MAKING A REASONABLE EFFORT TO DETERMINE IF THE PATIENT IS ELIGIBLE FOR THE FACILITY'S FINANCIAL ASSISTANCE POLICY

Identifier	ReturnReference	Explanation
PART V, SECTION B, LINE 20D		INDIVIDUALS WHO DID NOT HAVE INSURANCE AND QUALIFY FOR FINANCIAL ASSISTANCE CAN HAVE UP TO 100% OF THE HOSPITAL SERVICE CHARGES REDUCED TO ZERO INDIVIDUALS THAT PARTIALLY QUALIFY FOR ASSISTANCE WILL HAVE THEIR BILLS REDUCED LOWER THAN THE AGGREGATE OF THE THREE LOWEST NEGOTIATED COMMERCIAL INSURANCE RATES
PART VI, LINE 2	NEEDS ASSESSMENT	UNITED REGIONAL HEALTH CARE SYSTEM (URHCS) PROVIDES EMERGENCY, TRAUMA, OUTPATIENT AND SHORT TERM GENERAL ACUTE CARE INPATIENT CARE IN THE WICHITA FALLS AREA IN CONJUNCTION WITH OTHER INTERESTED ORGANIZATIONS, IT UNDERTAKES PROJECTS TO ASSESS THE HEALTHCARE NEEDS OF THE COMMUNITIES IT SERVES FOR EXAMPLE, URHCS COLLABORATES WITH OTHER COMMUNITY HEALTH ORGANIZATIONS TO CREATE A "HEALTHY WICHITA" REPORT WHICH IS UPDATED PERIODICALLY THIS REPORT ASSESSES THE HEALTHCARE SERVICES PROVIDED IN THE COMMUNITY TO COMPARE THE OUTCOMES TO STATE AND FEDERAL OUTCOMES AND DETERMINE IF THE COMMUNITY HEALTH NEEDS ARE BEING MET

Identifier	ReturnReference	Explanation
PART VI, LINE 3	PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	THE HOSPITAL INFORMS PATIENTS OF THE CHARITY CARE PROGRAM AND HOW TO APPLY FOR CHARITY CARE THIS IS DONE BY POSTING NOTICES IN PATIENT REGISTRATION AREAS AND PROVIDING WRITTEN NOTICES TO PATIENTS ALL PATIENT STATEMENTS HAVE AN ASSISTANCE APPLICATION ON THE REVERSE SIDE AND AN ALERT ON THE FRONT FOR THOSE ELIGIBLE OR INTERESTED IN APPLYING THIS INCLUDES ALL STATEMENT NOTIFICATIONS AND NOT JUST PATIENT SHARE STATEMENTS FURTHERMORE, IT IS THE POLICY OF URHCS TO ASSIST PATIENTS WITH INFORMATION AND RESOURCES FOR POTENTIALLY QUALIFYING FOR GOVERNMENTAL OR OTHER FINANCIAL ASSISTANCE PROGRAMS THE BUSINESS OFFICE WILL REFER THOSE PATIENTS WHO MAY QUALIFY FOR FINANCIAL ASSISTANCE FROM A GOVERNMENTAL PROGRAM TO THE APPROPRIATE PROGRAM, SUCH AS MEDICAID, COUNTY INDIGENT, CRIME VICTIMS, OR OTHER PROGRAM, OR TO THE HOSPITAL'S CONTRACTED ELIGIBILITY VENDOR FOR SCREENING FOR GOVERNMENTAL PROGRAM COVERAGE
PART VI, LINE 4	COMMUNITY INFORMATION	URHCS PRIMARY SERVICE AREA IS MADE UP OF THE CBSA OF WICHITA, ARCHER AND CLAY COUNTIES WICHITA COUNTY CONTAINS THE CITY OF WICHITA FALLS WHERE URHCS IS LOCATED ACCORDING TO THE HUMAN RESOURCES AND SERVICES ADMINISTRATION, US DEPARTMENT OF HEALTH AND HUMAN SERVICES, WICHITA COUNTY HAS SEVERAL CENSUS TRACTS FEDERALLY DESIGNATED AS MEDICALLY UNDERSERVED, INCLUDING CENSUS TRACT 102 WHERE URHCS IS LOCATED ARCHER AND CLAY COUNTIES HAVE BEEN DECLARED TO BE MEDICALLY UNDERSERVED COUNTIES 2010 CENSUS DATA FOR WICHITA COUNTY IS AS FOLLOWS MEDIAN HOUSEHOLD INCOME (2011) $ 44,786 PER CAPITA INCOME (2011) $ 23,292 UNDER AGE 18 CHILDREN BELOW POVERTY LEVEL (2011) 18 7% MEDIAN EARNINGS OF FULL-TIME WORKERS, FEMALE (2011) $ 30,154 PERSONS BELOW POVERTY LEVEL (2011) 13 9% URHCS IS RECOGNIZED BY MEDICARE AS QUALIFYING FOR SOLE COMMUNITY HOSPITAL STATUS AND SERVES A DISPROPORTIONATE SHARE OF LOW-INCOME PATIENTS UNITED REGIONAL QUALIFIES AS A DISPROPORTIONATE SHARE HOSPITAL FOR BOTH THE MEDICARE AND MEDICAID PROGRAMS

Identifier	ReturnReference	Explanation
PART VI, LINE 5	PROMOTION OF COMMUNITY HEALTH	THE HOSPITAL IS GOVERNED BY A BOARD OF DIRECTORS THAT REPRESENTS THE COMMUNITIES IN WHICH THE ORGANIZATION OPERATES URHCS EXTENDS MEDICAL STAFF PRIVILEGES TO ALL QUALIFIED PHYSICIANS IN ITS COMMUNITY UNITED REGIONAL OPERATES A LEVEL 2 TRAUMA UNIT FOR THE REGION THE HOSPITAL CONTRACTS WITH A FAMILY RESIDENCY PROGRAM TO ASSIST IN TRAINING PRIMARY CARE PHYSICIANS AS WELL AS TRAINING COURSES FOR NURSING AND ALLIED HEALTH PROFESSIONALS FOR THE COMMUNITIES IT SERVES THE HOSPITAL PARTICIPATES IN MEDICAID AND IS THE MANDATED COUNTY HEALTHCARE FACILITY URHCS REINVESTS SURPLUS FUNDS IN THE FACILITIES TO ENSURE PATIENTS ARE PROVIDED WITH STATE OF THE ART MEDICAL CARE
PART VI, LINE 7	FILING OF COMMUNITY BENEFIT REPORT	URHCS FILES AN ANNUAL STATEMENT OF COMMUNITY BENEFIT STANDARDS (ASCBS) WITH THE STATE OF TEXAS THE CALCULATION OF COMMUNITY BENEFIT FOR THE ASCBS DIFFERS FROM THE CALCULATIONS REQUIRED FOR THE IRS SCHEDULE H REPORTING THEREFORE, THE INFORMATION REPORTED IN THE TWO REPORTS IS INCONSISTENT

Identifier	ReturnReference	Explanation
STATE FILING OF COMMUNITY BENEFIT REPORT	990 SCHEDULE H, PART VI	TX,

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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
UNITED REGIONAL HEALTH CARE SYSTEM

Employer identification number
75-1912147

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) MIDWESTERN STATE UNIVERSITY 3410 TAFT BOULEVARD WICHITA FALLS,TX 76308	75-6001738	GOVERNMENTAL	120,000				CONTRIBUTION
(2) SERVICE ORGANIZATION OF NORTH TEXAS 2950 50TH STREET LUBBOCK,TX 76413	80-0368789	501(C)(3)	5,900,000				CONTRIBUTION

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

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
PROCESS TO MONITOR USE OF GRANT FUNDS IN U S	SCHEDULE I, PART I, LINE 2	UNITED REGIONAL HEALTH CARE SYSTEM PROVIDES GENERAL CONTRIBUTIONS TO THE COMMUNITY AND NATIONAL CHARITIES FOR THE FURTHERANCE OF THEIR MISSION THE ORGANIZATIONS MAKE THEIR REQUESTS IN WRITING THESE CONTRIBUTIONS ARE REVIEWED AND APPROVED BY APPROPRIATELY AUTHORIZED BOARD ACTION, OR OFFICERS, OR EMPLOYEES AS APPROPRIATE IN THE CIRCUMSTANCE IN EACH INSTANCE OF SUCH CONTRIBUTION BEING MADE UNITED REGIONAL FOLLOWS UP WITH EACH ORGANIZATION TO MAKE SURE EACH CONTRIBUTION WAS USED FOR ITS INTENDED PURPOSE

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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
UNITED REGIONAL HEALTH CARE SYSTEM

Employer identification number
75-1912147

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**	Yes	
b	Any related organization?	**6b**	Yes	
	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
BENEFITS PROVIDED BY THE ORGANIZATION	SCHEDULE J, PART I, LINE 1A	DUES FOR THE WICHITA FALLS COUNTRY CLUB ARE PAID FOR THE FOLLOWING STAFF MEMBERS IN ORDER FOR THE HOSPITAL TO HAVE USE OF THE FACILITIES FOR BUSINESS USE SINCE MEMBERSHIPS CANNOT BE HELD IN A COMPANY NAME THE DUES ARE $476 25 PER MONTH, OR $5,715 PER YEAR ANY PERSONAL CHARGES INCURRED ARE REQUIRED TO BE PAID BY THE EMPLOYEE PHYLLIS COWLING RICHARD CARPENTER ROBERT PERT
PARTICIPATION IN A SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN	SCHEDULE J, PART I, LINE 4B	UNITED REGIONAL HEALTH CARE SYSTEM OFFERS A DEFERRED COMPENSATION PLAN CERTAIN MANAGEMENT AND HIGHLY COMPENSATED EMPLOYEES MAY ELECT TO PARTICIPATE, IF ELIGIBLE, IN A DEFERRED COMPENSATION PLAN WHICH IS IN COMPLIANCE WITH THE IRC SECTION 457(F), ELIGIBLE DEFERRED COMPENSATION PLAN SPONSORED BY A TAX EXEMPT ORGANIZATION THE FOLLOWING INDIVIDUALS PARTICIPATED IN THE PLAN DURING THE 2012 TAX YEAR NAME AMOUNT ---------- ---------- PHYLLIS COWLING $ 16,000 ROBERT PERT 11,000 NANCY TOWNLEY 10,807 DR JOHN SCOTT HOYER 10,792 PAMELA BRADSHAW 9,000 STEPHANIE JO BROWN 8,000 RICHARD CARPENTER 8,000 UNITED REGIONAL HEALTH CARE SYSTEM ALSO OFFERS A NON-QUALIFIED RETIREMENT PLAN THE FOLLOWING INDIVIDUAL PARTICIPATED IN THE PLAN NAME AMOUNT ---------- ---- PHYLLIS COWLING $ 49,154
COMPENSATION CONTINGENT ON THE ORGANIZATION'S NET EARNINGS	SCHEDULE J, PART I, LINES 6A & 6B	A RANGE BETWEEN 20% AND 25% OF ANNUAL BONUS IS BASED ON CONSOLIDATED NET OPERATING INCOME OTHER BONUS CRITERIA INVOLVE QUALITY SCORES, SERVICE SCORES AND INDIVIDUAL GOALS

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 75-1912147
Name: UNITED REGIONAL HEALTH CARE SYSTEM

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				
KEVIN THOMAS MD	(I)	174,022	0	0	0	0	174,022	
	(II)	0	0	0	0	0	0	
PHYLLIS COWLING	(I)	420,129	130,083	85,866	29,000	11,275	676,353	0
	(II)	0	0	0	0	0	0	0
NANCY TOWNLEY	(I)	259,993	72,652	7,353	23,307	25,541	388,846	0
	(II)	0	0	0	0	0	0	0
ROBERT PERT	(I)	257,906	67,834	22,133	23,500	27,433	398,806	0
	(II)	0	0	0	0	0	0	0
JOHN SCOTT HOYER MD	(I)	255,967	64,100	7,330	23,292	27,883	378,572	0
	(II)	0	0	0	0	0	0	0
PAMELA BRADSHAW	(I)	198,329	0	43,942	18,566	26,623	287,460	0
	(II)	0	0	0	0	0	0	0
STEPHANIE JO BROWN	(I)	131,752	22,488	9,393	17,491	10,725	191,849	0
	(II)	0	0	0	0	0	0	0
RICHARD CARPENTER	(I)	156,746	24,478	3,961	18,018	26,418	229,622	0
	(II)	0	0	0	0	0	0	0
TERESA SCARBOROUGH	(I)	126,981	7,450	54	0	15,682	150,167	0
	(II)	0	0	0	0	0	0	0
MATTHEW BAKER	(I)	131,419	0	187	7,761	29,518	168,885	0
	(II)	0	0	0	0	0	0	0
JERRY MARSHALL	(I)	124,851	0	6,375	7,557	19,274	158,057	0
	(II)	0	0	0	0	0	0	0
DWAYNE MCKEE	(I)	129,472	0	745	7,258	20,526	158,000	0
	(II)	0	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.

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2012

Open to Public Inspection

Name of the organization
UNITED REGIONAL HEALTH CARE SYSTEM

Employer identification number
75-1912147

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	NORTH TEXAS HEALTHCARE FACILITIES DEVELOPMENT	90-0049824	662823BS1	08-13-2003	34,519,436	EXPAND CARDIOLOGY SERVICES & OTHER		X		X		X
B	NORTH TEXAS HEALTHCARE FACILITIES DEVELOPMENT	90-0049824	662823CG6	07-12-2007	93,891,074	CONSTRUCTION OF BRIDWELL TOWER, CO		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	0	0		
2	Amount of bonds legally defeased	0	0		
3	Total proceeds of issue	34,519,436	93,891,074		
4	Gross proceeds in reserve funds	3,477,883	4,384,937		
5	Capitalized interest from proceeds	0	0		
6	Proceeds in refunding escrows	0	26,749,095		
7	Issuance costs from proceeds	476,750	2,757,042		
8	Credit enhancement from proceeds	0	0		
9	Working capital expenditures from proceeds	0	0		
10	Capital expenditures from proceeds	30,564,803	60,000,000		
11	Other spent proceeds	0	0		
12	Other unspent proceeds	0	0		
13	Year of substantial completion	2006	2010		

		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?								
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 00000%		0 00000%		%		%	
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 00000%		0 00000%		%		%	
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?		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?		X		X				
c	No rebate due?		X		X				
	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

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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

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Name of the organization
UNITED REGIONAL HEALTH CARE SYSTEM

Employer identification number
75-1912147

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
Total			▶ $			0						

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
(1) BRANDON TOWNLEY	SON OF OFFICER	82,112	SALARIES/WAGES		No
(2) JAMES LANE PLUMBING	SEE PART V	1,462,833	MAINTENANCE SVCS		No
(3) LESLIE THOMAS	IN-LAW OF DIRECTOR	12,647	SALARIES/WAGES		No
(4) SHELBY BRADSHAW	DAUGHTER OF VP OF NURSING	14,336	SALARIES/WAGES		No
(5) WICHITA FALLS DIALYSIS	SEE PART V	800,827	PROFESSIONAL FEES		No
(6) HILLARY ESPEY	SISTER OF VP OF NURSING	17,317	SALARIES/WAGES		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
ADDITIONAL INFORMATION ON TRANSACTIONS WITH INTERESTED PERSONS	SCHEDULE L, PART IV, COLUMN (B)	LEO LANE, DIRECTOR, IS THE VICE PRESIDENT OF JAMES LANE PLUMBING, AN ORGANIZATION DOING BUSINESS WITH THE HOSPITAL
ADDITIONAL INFORMATION ON TRANSACTIONS WITH INTERESTED PERSONS	SCHEDULE L, PART IV, COLUMN (B)	ASHWINKUMAR PATEL, DIRECTOR, IS A MORE THAN 35% OWNER OF WICHITA FALLS DIALYSIS, AN ORGANIZATION DOING BUSINESS WITH THE HOSPITAL

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SCHEDULE M (Form 990)

Department of the Treasury
Internal Revenue Service

Noncash Contributions

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

OMB No 1545-0047

2012

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Name of the organization
UNITED REGIONAL HEALTH CARE SYSTEM

Employer identification number
75-1912147

Part I Types of Property

		(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining noncash contribution amounts
1	Art—Works of art				
2	Art—Historical treasures				
3	Art—Fractional interests				
4	Books and publications				
5	Clothing and household goods				
6	Cars and other vehicles				
7	Boats and planes				
8	Intellectual property				
9	Securities—Publicly traded				
10	Securities—Closely held stock				
11	Securities—Partnership, LLC, or trust interests				
12	Securities—Miscellaneous				
13	Qualified conservation contribution—Historic structures				
14	Qualified conservation contribution—Other				
15	Real estate—Residential				
16	Real estate—Commercial				
17	Real estate—Other	X	1	137,650	COST
18	Collectibles				
19	Food inventory				
20	Drugs and medical supplies				
21	Taxidermy				
22	Historical artifacts				
23	Scientific specimens				
24	Archeological artifacts				
25	Other ▶ (_____)				
26	Other ▶ (_____)				
27	Other ▶ (_____)				
28	Other ▶ (_____)				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement . . . | 29 | 1

			Yes	No
30a	During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?	30a		No
b	If "Yes," describe the arrangement in Part II			
31	Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?	31		No
32a	Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions?	32a		No
b	If "Yes," describe in Part II			
33	If the organization did not report an amount in column (c) for a type of property for which column (a) is checked, describe in Part II			

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

Identifier	Return Reference	Explanation

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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.

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Name of the organization
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Employer identification number
75-1912147

Identifier	Return Reference	Explanation
DIFFERENCES IN VOTING RIGHTS FOR THE GOVERNING BODY	FORM 990, PART VI, LINE 1A	THE EXECUTIVE COMMITTEE SHALL BE COMPOSED OF THE CHAIR, SECRETARY, TREASURER, PAST CHAIR, AND PRESIDENT/CHIEF EXECUTIVE OFFICER, FIVE MEMBERS WHO ARE DIRECTORS, AND ONE ADDITIONAL DIRECTOR THE EXECUTIVE COMMITTEE HAS AUTHORITY TO TRANSACT ALL BUSINESS OF THE BOARD IN THE MANAGEMENT OF THE CORPORATION DURING THE PERIOD BETWEEN MEETINGS OF THE BOARD, SUBJECT TO LIMITATIONS SET FORTH IN THE BYLAWS AND ANY LIMITATIONS OTHERWISE IMPOSED BY THE BOARD THE EXECUTIVE COMMITTEE COORDINATES RECOMMENDATIONS FROM OTHER COMMITTEES OF THE BOARD, MAKE RECOMMENDATIONS TO THE BOARD ON ALL MATTERS OF POLICY, AND KEEPS THE BOARD ADVISED AT ALL TIMES CONCERNING THE STATE OF AFFAIRS OF THE CORPORATION THE EXECUTIVE COMMITTEE ACTS IN ALL PERSONNEL MATTERS INVOLVING EXECUTIVE AND MEDICAL STAFF PERSONNEL, INCLUDING SEARCH, SELECTION, EMPLOYMENT, COMPENSATION, MANAGEMENT PERFORMANCE REVIEW, CONTRACTS, AND BENEFITS, AND MAY APPOINT AN AD HOC COMMITTEE TO MAKE RECOMMENDATIONS TO IT IN ANY PARTICULAR SITUATION
RELATIONSHIPS AMONG OFFICERS, DIRECTORS, TRUSTEES, OR KEY EMPLOYEES	FORM 990, PART VI, LINE 2	LARRY COOK (CHAIRMAN) HAS BUSINESS RELATIONSHIPS WITH MIKE ELYEA, LEO LANE, AND R KEN HINES (DIRECTORS) MIKE ELYEA HAS BUSINESS RELATIONSHIPS WITH CARLA NICHOLS, R KEN HINES, LEO LANE AND BLAKE ANDREWS (ALL DIRECTORS)
POWER TO ELECT OR APPOINT MEMBERS OF THE GOVERNING BODY	FORM 990, PART VI, LINE 7A	THE WICHITA COUNTY-CITY OF WICHITA FALLS, TEXAS HOSPITAL BOARD (WHB) APPOINTS ONE INDIVIDUAL TO SERVE EX OFFICIO AS A VOTING DIRECTOR THE INDIVIDUAL APPOINTED BY THE WHB DOES NOT HAVE TO BE A MEMBER OF THE WHB BUT MUST MEET THE QUALIFICATIONS FOR DIRECTORS SET FORTH BY THE HOSPITAL
DECISIONS OF THE GOVERNING BODY SUBJECT TO APPROVAL	FORM 990, PART VI, LINE 7B	THE JOINT CITY-COUNTY BOARD HAS APPROVAL REGARDING BOND FINANCING AND APPROVAL OF THE BUDGET
PROCESS USED TO REVIEW THE FORM 990	FORM 990, PART VI, LINE 11B	THE EXECUTIVE COMMITTEE CHARTER, AS APPROVED BY THE UNITED REGIONAL HEALTH CARE SYSTEM BOARD, DELEGATES THE REVIEW OF 990S TO THE EXECUTIVE COMMITTEE ALL MEMBERS OF THE COMMITTEE ARE PROVIDED A COPY OF THE FORM 990 PRIOR TO FILING WITH THE IRS THE 990 IS REVIEWED BY MANAGEMENT OFFICIALS OF THE HOSPITAL AND THE EXECUTIVE COMMITTEE OF THE BOARD
MONITORING COMPLIANCE WITH THE CONFLICT OF INTEREST POLICY	FORM 990, PART VI, LINE 12C	ALL OFFICERS, DIRECTORS, AND KEY EMPLOYEES ARE REQUIRED TO COMPLETE A CONFLICT OF INTEREST FORM ANNUALLY THE FORMS ARE REVIEWED INITIALLY BY THE CHIEF COMPLIANCE OFFICER AND THE CEO FOR POTENTIAL CONFLICTS ANY ACTUAL CONFLICTS ARE REVIEWED BY THE BOARD OF DIRECTORS A PERSON WITH A CONFLICT IS RESTRICTED FROM VOTING ON RELATED MATTERS
PROCESS USED TO DETERMINE COMPENSATION OF MANAGEMENT AND KEY EMPLOYEES	FORM 990, PART VI, LINES 15A & 15B	THE EXECUTIVE COMMITTEE PERFORMS AN ANNUAL REVIEW FOR THE CEO AND MAKES FINAL RECOMMENDATIONS REGARDING COMPENSATION AN ANNUAL REVIEW IS PERFORMED BY THE CEO FOR ALL OTHER OFFICERS OF THE ORGANIZATION THE EXECUTIVE COMMITTEE REVIEWS THE ANNUAL COMPENSATION OF ALL OFFICERS A COMPENSATION CONSULTANT PROVIDES MARKET COMPARISONS ON AN EVERY OTHER YEAR BASIS THIS WAS COMPLETED IN 2009 AND 2011
GOVERNING DOCUMENTS OF THE ORGANIZATION AVAILABLE TO THE PUBLIC	FORM 990, PART VI, LINE 19	AN AD IS RUN IN THE LOCAL PAPER ON AN ANNUAL BASIS INFORMING THE COMMUNITY THE FINANCIAL STATEMENTS ARE AVAILABLE TO THE PUBLIC UPON REQUEST THE OTHER DOCUMENTS ARE NOT MADE AVAILABLE TO THE PUBLIC
COMPENSATION OF OFFICERS AND DIRECTORS	FORM 990, PART VII, SECTION A	DIRECTORS REPORTED IN PART VII, SECTION A ARE COMPENSATED FOR PROFESSIONAL SERVICES AS PHYSICIANS AND NOT AS DIRECTORS
OTHER CHANGES IN NET ASSETS OR FUND BALANCE	FORM 990, PART XI, LINE 9	TIMING DIFFERENCE ON RECEIPT OF NONCASH CONTRIBUTION ($137,650) TIMING DIFFERENCE IN RECEIPT OF NONCASH CONTRIBUTION ($137,650)

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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
UNITED REGIONAL HEALTH CARE SYSTEM

Employer identification number
75-1912147

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

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) UNITED REGIONAL HEALTH CARE FOUNDATION 1600 ELEVENTH STREET WICHITA FALLS, TX 76301 75-2761467	SUPPORT	TX	501(C)(3)	11A	URHCS	Yes	
(2) RATHGEBER HOSPITALITY HOUSE 1615 TWELFTH STREET WICHITA FALLS, TX 76301 75-2811394	LODGING	TX	501(C)(3)	7	URHCS	Yes	
(3) UNITED REGIONAL PHYSICIAN GROUP 1600 ELEVENTH STREET WICHITA FALLS, TX 76301 75-2925491	HEALTH CARE	TX	501(C)(3)	9	URHCS	Yes	
(4) UNITED REGIONAL HEALTH CARE SYSTEM AUXIL 1600 ELEVENTH STREET WICHITA FALLS, TX 76301 75-6004656	BENEVOL SVCS	TX	501(C)(3)	11A	URHCS	Yes	
(5) CITY OF WICHITA FALLS-WC HOSPITAL BOARD 1300 SEVENTH STREET WICHITA FALLS, TX 76301 75-6002771	OVERSIGHT	TX	GOVERNMENT	N/A	NA		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) 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	

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
(1) UNITED REGIONAL PROFESSIONAL SERVICES 1600 ELEVENTH STREET WICHITA FALLS, TX 76301 75-2549298	MGMT SERVICES	TX	NA	C-CORPORATION	2,076,257	3,949,907	100 000 %	Yes	
(2) TEXOMA INSURANCE AGENCY 1600 ELEVENTH STREET WICHITA FALLS, TX 76301 42-2683761	INSURANCE	TX	NA	C-CORPORATION	-3,315	124,392	100 000 %	Yes	

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	Yes	
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		No
e Loans or loan guarantees by related organization(s)	1e		No
f Dividends from related organization(s)	1f		No
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		No
k Lease of facilities, equipment, or other assets from related organization(s)	1k		No
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	Yes	
o Sharing of paid employees with related organization(s)	1o		No
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
(1) UNITED REGIONAL HEALTH CARE FOUNDATION	C	2,651,000	SEE PART VII
(2) UNITED REGIONAL PHYSICIAN GROUP	Q	1,076,429	SEE PART VII
(3) UNITED REGIONAL PHYSICIAN GROUP	A	47,835	SEE PART VII

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: 75-1912147
Name: UNITED REGIONAL HEALTH CARE SYSTEM

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation
PART V, LINE 2, COLUMN (D)		METHOD OF DETERMINING AMOUNTS FOR TRANSACTIONS DESCRIBED IN LINES 1C AND 1Q AMOUNTS REPORTED IN LINE 2, COLUMN (C) FOR THESE TRANSACTION TYPES ARE STATED AT CASH VALUE METHOD OF DETERMINING AMOUNTS FOR TRANSACTIONS DESCRIBED IN LINES 1A,M,N AMOUNTS REPORTED ON LINE 2, COLUMN (C) FOR THESE TRANSACTION TYPES ARE AT FAIR MARKET VALUE AND ARE COMPARABLE TO TRANSACTIONS BETWEEN TWO OR MORE UNRELATED PARTIES DEALING AT ARM'S LENGTH

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United Regional Health Care System, Inc.

Auditor's Reports and Consolidated Financial Statements

December 31, 2012 and 2011

BKD LLP
CPAs & Advisors

United Regional Health Care System, Inc.

December 31, 2012 and 2011

Contents

BKD LLP
CPAs & Advisors

14241 Dallas Parkway, Suite 1100
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Independent Auditor's Report

Board of Directors
United Regional Health Care System, Inc
Wichita Falls, Texas

We have audited the accompanying consolidated financial statements of United Regional Health Care System, Inc and its subsidiaries, 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 United Regional Health Care System, Inc and its subsidiaries as of December 31, 2012 and 2011, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

BKD, LLP

Dallas, Texas
March 25, 2013

United Regional Health Care System, Inc.

Consolidated Balance Sheets

December 31, 2012 and 2011

Assets

	2012	2011
Current Assets		
Cash and cash equivalents	$ 49,799,548	$ 69,044,741
Short-term investments	11,769,411	9,744,299
Assets limited as to use – current	3,621,219	5,410,523
Patient accounts receivable, net of allowance, 2012 – $35,930,000, 2011 – $30,050,000	24,754,454	22,222,820
Contributions receivable – current	422,716	1,194,878
Supplies	5,729,864	5,815,933
Prepaid expenses and other	3,562,944	2,298,632
Total current assets	99,660,156	115,731,826
Assets Limited As to Use		
Internally designated for capital acquisitions	144,990,526	98,730,996
Internally designated for self-insurance	9,408,923	9,327,919
Held by trustee under bond indenture agreement	9,560,965	9,571,099
	163,960,414	117,630,014
Less amount required to meet current obligations	3,621,219	5,410,523
	160,339,195	112,219,491
Other Assets		
Investment in joint ventures	2,658,096	3,076,434
Deferred financing costs and other	1,074,667	504,616
Contributions receivable	116,027	123,012
Other investments	65,844,772	55,643,360
	69,693,562	59,347,422
Property and Equipment, At Cost		
Land and improvements	13,181,594	17,041,104
Buildings and improvements	167,476,810	180,179,873
Equipment	188,805,589	184,021,104
Construction in progress	5,493,839	1,782,437
	374,957,832	383,024,518
Less accumulated depreciation	204,256,786	210,433,925
	170,701,046	172,590,593
Total assets	$ 500,393,959	$ 459,889,332

See Notes to Consolidated Financial Statements

Liabilities and Net Assets

	2012	2011
Current Liabilities		
Current maturities of long-term debt	$ 1,055,000	$ 980,000
Accounts payable	4,931,449	4,921,143
Accrued liabilities	22,197,263	14,197,416
Estimated amounts due to third-party payers	5,524,511	12,862,370
Estimated self-insurance costs – current	4,373,213	6,126,050
Total current liabilities	38,081,436	39,086,979
Estimated Self-insurance Costs	5,723,000	4,984,000
Long-term Debt	91,651,354	92,760,740
Total liabilities	135,455,790	136,831,719
Net Assets		
Unrestricted	362,818,811	320,421,047
Temporarily restricted	1,828,357	2,345,565
Permanently restricted	291,001	291,001
Total net assets	364,938,169	323,057,613
Total liabilities and net assets	$ 500,393,959	$ 459,889,332

United Regional Health Care System, Inc.

Consolidated Statements of Operations

Years Ended December 31, 2012 and 2011

	2012	2011
Revenues		
Net patient service revenue – hospital	$ 292,673,840	$ 306,925,985
Net patient service revenue – clinic	7,442,657	5,892,563
Net patient service revenue	300,116,497	312,818,548
Less provision for uncollectible accounts	25,543,565	25,658,778
Net patient service revenue less provision for uncollectible accounts	274,572,932	287,159,770
Other	4,571,830	2,414,142
Total revenues	279,144,762	289,573,912
Expenses and Losses		
Salaries and wages	105,334,535	97,951,826
Employee benefits	18,718,078	17,209,392
Purchased services and professional fees	25,106,857	23,244,347
Supplies and other	77,690,011	84,658,429
Depreciation and amortization	18,177,528	21,549,081
Interest	4,347,129	4,779,566
Total expenses	249,374,138	249,392,641
Loss on disposal of property and equipment	4,176,883	-
Total expenses and losses	253,551,021	249,392,641
Operating Income	25,593,741	40,181,271
Other Income (Expense)		
Investment return	15,437,351	(1,320,249)
Equity in net income from joint ventures	1,217,235	1,348,093
Risk sharing loss	(2,000,000)	-
Contributions and other	(87,750)	(91,708)
Total other income (expense)	14,566,836	(63,864)
Excess of Revenues Over Expenses	40,160,577	40,117,407
Net assets released from restriction used for purchase of property and equipment	2,237,187	1,517,458
Increase in Unrestricted Net Assets	$ 42,397,764	$ 41,634,865

United Regional Health Care System, Inc.

Consolidated Statements of Changes in Net Assets

Years Ended December 31, 2012 and 2011

	2012	2011
Unrestricted Net Assets		
Excess of revenues over expenses	$ 40,160,577	$ 40,117,407
Net assets released from restriction used for purchase of property and equipment	2,237,187	1,517,458
Increase in unrestricted net assets	42,397,764	41,634,865
Temporarily Restricted Net Assets		
Contributions	1,719,979	1,526,774
Net assets released from restrictions	(2,237,187)	(1,517,458)
Increase (decrease) in temporarily restricted net assets	(517,208)	9,316
Permanently Restricted Net Assets		
Contributions	-	3,158
Increase in permanently restricted net assets	-	3,158
Change in Net Assets	41,880,556	41,647,339
Net Assets, Beginning of Year	323,057,613	281,410,274
Net Assets, End of Year	$ 364,938,169	$ 323,057,613

United Regional Health Care System, Inc.

Consolidated Statements of Cash Flows

Years Ended December 31, 2012 and 2011

	2012	2011
Operating Activities		
Change in net assets	$ 41,880,556	$ 41,647,339
Items not requiring (providing) operating cash flow		
Depreciation and amortization	18,177,528	21,549,081
(Gain) loss on sale of property and equipment	4,176,883	(57,995)
Gain on investment in equity investee	(1,217,235)	(1,348,093)
Provision for uncollectible accounts	25,543,565	25,658,778
Net unrealized and realized (gains) losses on investments	(11,397,448)	3,093,514
Restricted contributions	(1,719,979)	(1,529,932)
Changes in		
Patient accounts receivable, net	(28,075,199)	(37,221,952)
Estimated amounts due from and to third-party payers	(7,337,859)	(2,026,974)
Accounts payable and accrued expenses	7,195,059	(2,235,032)
Other assets and liabilities	(2,154,589)	(2,118,953)
Net cash provided by operating activities	45,071,282	45,409,781
Investing Activities		
Purchase of investments	(217,763,076)	(101,911,596)
Sales of investments	170,603,600	91,160,330
Purchase of property and equipment	(19,698,368)	(22,334,362)
Proceeds from sale of property and equipment	55,297	57,995
Distribution from joint ventures	1,635,573	1,223,290
Net cash used in investing activities	(65,166,974)	(31,804,343)
Financing Activities		
Restricted contributions	1,830,499	2,206,734
Principal payments on long-term debt	(980,000)	(925,000)
Net cash provided by financing activities	850,499	1,281,734
Increase (Decrease) in Cash and Cash Equivalents	(19,245,193)	14,887,172
Cash and Cash Equivalents, Beginning of Year	69,044,741	54,157,569
Cash and Cash Equivalents, End of Year	$ 49,799,548	$ 69,044,741
Supplemental Cash Flows Information		
Interest paid (net of amount capitalized)	$ 4,365,098	$ 4,796,524
Distributions from joint ventures	$ 1,740,565	$ 1,202,182
Property and equipment in accounts payable	$ 815,094	$ -

United Regional Health Care System, 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

The consolidated financial statements of United Regional Health Care System, Inc (URHCS) include the accounts of URHCS and its wholly owned subsidiaries Entities included in the consolidated financial statements of URHCS are

- United Regional Health Care System (URHCS)
- United Regional Physician Group (URPG)
- United Regional Professional Services Corporation (URPSC)
- United Regional Foundation (URF)
- Rathgeber Hospitality House (RHH)
- Texoma Insurance Agency (TIA)

URHCS operates a 295-bed acute care hospital and provides inpatient, outpatient and emergency care services to residents of Wichita Falls, Texas and surrounding areas as well as, northern Texas and southern Oklahoma In 1997, URHCS consolidated the health care operations of two separate hospitals located in Wichita Falls, Texas

- Bethania Hospital, which is referred to as the 11th Street Campus and was owned by the Holy Family of Nazareth Health Ministry of Wichita Falls, formerly known as Bethania Regional Health Care Center (Bethania), a Texas nonprofit corporation, and
- Wichita General Hospital, which is referred to as the 8th Street Campus and is owned by the Wichita County-City of Wichita Falls, Texas Hospital Board (City-County Board), a body corporate and politic, organized under the laws of the state of Texas

In October 1997, URHCS reorganized its corporate structure The City-County Board leased the 11th Street Campus and related assets from Bethania pursuant to a 50-year lease and, in turn, subleased that campus and related assets to URHCS under a 50-year sublease The Lease and Management Agreement for the 8th Street Campus was also simultaneously amended and restated to provide for a 50-year lease for those assets to URHCS for $1 per year

On June 12, 2007, URHCS, Bethania and the City-County Board entered into a First Amended Master Agreement, under which URHCS purchased the 11th Street Campus and other properties from Bethania and revised certain governance and operational structures of URHCS Under the Amended Master Agreement, the City-County Board and Bethania retain their proportional stakeholder interests in URHCS

The change in ownership of the 11th Street Campus also required URHCS and the City-County Board to enter into a First Amended and Restated Lease under which URHCS leases the 11th Street Campus and South Tower site to the City-County Board and a First Amended and Restated Sublease Agreement that leases these properties back to URHCS The Amended Lease and Amended Sublease are effective until 2047 with automatic 50-year renewal periods unless a one-year notice of nonrenewal is given before expiration of the term

The 8th Street Campus lease was also amended under the Second Restated and Amended Management Contract and Lease Agreement, and together with the Master Agreement, Amended Lease and Amended Sublease, allow URHCS to return the 8th Street Campus to the City-County Board upon the completion of the South Tower and 11th Street Campus renovations by a termination of the Second Amended Lease and Management Agreement The agreement provides the City-County Board with certain options as it relates to the 8th Street Campus See additional discussion at *Note 16*

URPG, a nonprofit corporation, is a multi-specialty physician group organized to own and operate outpatient medical clinics serving the patients of URHCS

URPCS, a taxable corporation, provides various general and administrative services to external entities and participates in various health care related joint ventures URPCS has equity interests in the following entities

- Wichita Falls Endoscopy Center Management, LLC (34 00%)
- WFCC Radiation Management Company, LLC (34 71%)
- CMS Rehab of WF, LP (25 00%)
- United Regional Health Care System Cardiology, LLC (50 00%)

In 2012, URHCS entered into a co-management and operating agreement with Wichita Falls Heart Clinic, PLLC (the Heart Clinic) to become the sole members in United Regional Health Care System Cardiology, LLC (URHCS Cardiology), an entity formed on February 2, 2012, to provide management services to URHCS and the Heart Clinic for the purpose of expanding cardiovascular services throughout the Wichita Falls, Texas community and surrounding area Profits and losses are paid in the form of distributions As of December 31, 2012, URHCS recorded a receivable of $105,000 from URHCS Cardiology

URF, a nonprofit corporation, organized to encourage charitable gifts to support the vision of URHCS URF's revenues and other support are derived principally from contributions, and its activities are conducted principally in the Wichita Falls, Texas area

RHH, a nonprofit corporation, operates a hospitality house that provides temporary living facilities for the families of inpatients of URHCS

TIA, a taxable corporation, is a licensed insurance company This company is not currently operating and had no significant activity in 2012 or 2011

Principles of Consolidation

The consolidated financial statements include the accounts of URCHS, URPG, URPSC, URF, RHH and TIA All significant intercompany accounts and transactions have been eliminated in consolidation

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

URHCS considers all liquid investments with original maturities of three months or less to be cash equivalents, including assets limited as to use At December 31, 2012 and 2011, cash equivalents consisted primarily of money market accounts with brokers

At December 31, 2012, URHCS' cash accounts were fully guaranteed

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 in all debt securities are carried at fair value Other investments are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or 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 accompanying 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

The investments in the joint ventures are reported on the equity method of accounting Changes in the investment in the joint ventures are reflected in the accompanying consolidated statements of operations as a component of other income (expense)

Assets Limited as to Use

Assets limited as to use include (1) assets set aside by the Board of Directors (the Board) for future capital improvements, (2) assets set aside by the Board under self-insurance trust agreements and (3) assets held by a trustee for debt service The Board retains control over internally designated assets and may at its discretion use those assets for other purposes Amounts required to meet current liabilities of URHCS are included in current assets

Patient Accounts Receivable

Accounts receivable are reduced by an allowance for doubtful accounts In evaluating the collectability of accounts receivable, URHCS 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 uncollectible accounts 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, URHCS analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for uncollectible accounts, 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, URHCS records a significant provision for uncollectible accounts 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

URHCS' allowance for doubtful accounts for self-pay patients was approximately 93% self-pay accounts receivable at December 31, 2012 and December 31, 2011 URHCS' write-offs decreased approximately $2,616,000 from approximately $29,734,000 for the year ended December 31, 2011, to approximately $27,118,000 for the year ended December 31, 2012 This decrease was primarily due to more favorable collection results in 2012 as compared to 2011 and consideration of those results in estimation of the allowance for doubtful accounts at December 31, 2012

Supplies

URHCS states supply inventories at the lower of average cost or market

Property and Equipment

Property and equipment acquisitions are recorded at cost and are depreciated using the straight-line method 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

The estimated useful lives for each major depreciable classification of property and equipment are as follows

Buildings and improvements	5 – 40 years
Equipment	3 – 20 years

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

URHCS capitalizes interest costs as a component of construction in progress, based on the weighted-average rates paid for long-term borrowing Total interest incurred was

	2012	2011
Interest costs capitalized	$ 373,654	$ -
Interest costs charged to expense	4,347,129	4,779,566
Total interest incurred	$ 4,720,783	$ 4,779,566

Long-lived Asset Impairment

URHCS 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 is 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

During the year ended December 31, 2012, URHCS recognized an impairment loss of approximately $1,292,000 related to buildings owned by URHCS that have been or will be demolished in order to use the land for alternative purposes The impairment loss is included in the loss on disposal of property and equipment in the accompanying consolidated statement of operations No asset impairment was recognized during the year ended December 31, 2011

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 effective interest method

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by URHCS 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 URHCS in perpetuity

Net Patient Service Revenue

URHCS has agreements with third-party payers that provide for payments to URHCS 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

URHCS provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy Because URHCS does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient service revenue

Contributions

Unconditional gifts expected to be collected within one-year are reported at their net realizable value Unconditional gifts expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique The resulting discount is amortized using the level-yield method and is reported as contribution revenue

Gifts received with donor stipulations are reported as either temporarily or permanently restricted support When a donor restriction expires, that is, when a time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified and reported as an increase in unrestricted net assets Donor restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions Conditional contributions are reported as liabilities until the condition is eliminated or the contributed assets are returned to the donor

Professional Liability Claims

URHCS 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 in *Note* 6

Self-insurance

URHCS has elected to self-insure certain costs related to employee health and accident benefit programs Costs resulting from noninsured losses are charged to expense when incurred URHCS has purchased insurance that limits its exposure for individual accident and medical claims to $350,000 annually Self-insurance claims are described more fully in *Note 6*

Income Taxes

URHCS, URPG, URF and RHH have been recognized as exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law However, these entities are subject to federal income tax on any unrelated business taxable income URPCS and TIA are taxed as corporations

With a few exceptions, URHCS and its consolidated entities are no longer subject to U S federal examinations by tax authorities for years before 2009

Excess of Revenues Over Expenses

The accompanying consolidated statements of operations include excess of revenues over expenses Changes in unrestricted net assets which are excluded from excess of revenues over expenses, consistent with industry practice, include contributions of long-lived assets with no donor restrictions (including assets acquired using contributions, which, by donor restriction, were to be used for the purpose of acquiring such assets)

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 Payments under both programs are contingent on the URHCS 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 administrative contractor Events could occur that would cause the final amounts to differ materially from the initial payments under the program

The URHCS recognizes revenue under the grant accounting model using the cliff recognition approach Under this approach, revenue is recognized once meaningful use status has been met for the full reporting period

In 2012, URHCS completed the first-year requirements under the Medicare program and the second-year requirements under the Medicaid program In 2011, URHCS completed the first-year requirements under the Medicaid program Approximately $3,292,000 and $1,053,000 of revenue has been recorded and included in other revenue within operating revenue in the accompanying consolidated statements of operations for the years ended December 31, 2012 and 2011, respectively

Note 2: Net Patient Service Revenue

URHCS 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 that do not qualify for charity care, URHCS recognizes revenue on the basis of its standard rates for services provided On the basis of historical experience, a significant portion of URHCS uninsured patients will be unable or unwilling to pay for the services provided Thus, URHCS records a significant provision for uncollectible accounts related to uninsured patients in the period the services are provided This provision for uncollectible accounts is presented on the statements of operations as a component of net patient service revenue

URHCS has agreements with third-party payers that provide for payments to URHCS 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 or occasion of service These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors Defined medical education costs are paid based on a cost reimbursement methodology URHCS is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by URHCS and audits thereof by the Medicare administrative contractor URHCS' Medicare cost reports have been audited by the Medicare administrative contractor through December 31, 2006
- **Medicaid** – Inpatient services rendered to Medicaid program beneficiaries are reimbursed under a prospective payment methodology Outpatient and physician services are reimbursed under a mixture of cost reimbursement and fee schedule methods URHCS is reimbursed for cost reimbursable services at tentative rates with final settlement determined after submission of annual cost reports by URHCS and audits thereof by the Medicaid administrative contractor URHCS' Medicaid cost reports have been audited by the Medicaid administrative contractor through December 31, 2006

Approximately 44% and 41% of net patient service revenue are from participation in the Medicare and state-sponsored Medicaid programs for the years ended December 31, 2012 and 2011, respectively 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 During 2012, changes in estimates associated with estimated amounts due to third-party payers increased net patient service revenue by approximately $4,600,000

In 2011, URHCS participated in the state of Texas' Disproportionate Share Program (DSH) and private Upper Payment Limit (UPL) programs Under the private UPL program, various governmental agencies make intergovernmental transfers (IGT) on behalf of URHCS These transfers are used by the state of Texas Medicaid program to draw down federal funding for URHCS based on its UPL gap, which is approximately equal to the difference in what Medicare would have paid and what Medicaid actually paid for patient care The state generally remits these amounts to URHCS on a quarterly basis and such UPL receipts are included in net patient service revenue

On December 12, 2011, the United States Department of Health and Human Services approved a Medicaid Section 1115(a) waiver (Waiver) demonstration project entitled "Texas Health Transformation Quality Improvement Program " This demonstration will expand existing Medicaid managed care programs to additional counties and established two funding pools that will assist providers with uncompensated care (UC) costs and promote delivery system transformation that improve the quality and lower the cost of patient care The demonstration project is effective from December 12, 2011 to September 30, 2016, and may have a material impact on the amount of DSH and UPL funding received by URHCS During 2012, payments previously paid under the UPL program were paid under the UC provisions of the Waiver Transitional UC payments were established to approximate previous UPL funding

Funds received under the UC, UPL and DSH programs the years ended December 31, 2012 and 2011, were approximately, $9,264,000 and $20,177,000, respectively

During 2012, CMS issued new Supplemental Security Income (SSI) ratios used for calculating Medicare Disproportionate Share Hospital (DSH) reimbursement for federal fiscal years (FFYs) ending September 30, 2007 through September 30, 2010 As a result of these new SSI ratios, U S hospitals must recalculate their Medicare DSH reimbursement for the affected years and record adjustments for any differences in estimated reimbursement as a part of their annual cost report settlement process As a result of these new SSI ratios, URHCS estimates it will receive approximately $821,000 in Medicare DSH funds This receivable is included in the net estimated amounts due to third-party payers on the consolidated balance sheet at December 31, 2012

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change Settlements under reimbursement agreements with Medicare and Medicaid programs are estimated and recorded in the period the related services are rendered and are adjusted in future periods as adjustments become known or as the service years are no longer subject to audit, review or investigation Annual cost reports required under the Medicare and Medicaid programs are subject to routine audits, which may result in adjustments to the amounts ultimately determined to be due to URHCS under the reimbursement programs These audits often require several years to reach their final determination of amounts earned under the programs As a result, it is reasonably possible that recorded estimates will change materially in the near term

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

Patient service revenue, net of contractual allowances and discounts (but before the provision for uncollectible accounts), recognized in the years ended December 31, 2012 and 2011, was

	2012	2011
Medicare	$ 110,345,503	94,719,068
Medicaid	19,802,903	32,428,784
Other third-party payers	142,472,995	156,901,449
Patients	27,403,585	28,769,247
	$ 300,024,986	$ 312,818,548

The 2012 net patient service revenue decreased approximately $11,000,000 due to the reduction in the combined UC, UPL and DSH program funding

The 2011 net patient service revenue increased approximately $10,000,000 due to a change in estimate of the value of patient accounts receivable and the estimate of amounts due to and from third-party payers

Note 3: Concentration of Credit Risk

Accounts Receivable

URHCS 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, was

	2012	2011
Medicare	35%	33%
Medicaid	6%	1%
Other third-party payers	51%	50%
Patients	8%	16%
	100%	100%

Note 4: Investments and Investment Return

Assets Limited as to Use

Assets limited as to use, at December 31, include

	2012	2011
Internally designated for capital improvements		
Cash and cash equivalents	$ 71,991	$ 2,536
Money market mutual funds	8,747,679	3,385,671
U S Treasury obligations	1,029,986	1,976,877
U S agency obligations	19,442,374	2,794,053
Mortgage-backed securities	-	9,451,327
Corporate bonds		
Financial	20,142,743	14,081,944
Basic materials	-	1,435,787
Technology	527,623	-

(Continued)

	2012	2011
Equity securities		
Services	13,409,326	11,551,431
Financial	13,297,904	7,506,824
Healthcare	6,139,191	3,238,061
International	30,495,063	19,296,159
Industrials	8,003,388	4,925,674
Conglomerates	277,059	316,678
Basic materials	10,926,259	4,144,674
Technology	4,771,323	4,968,222
Consumers discretionary and staples	4,226,021	5,803,727
Utilities	989,897	2,363,683
Mutual funds		
Fixed income	270,205	1,237,333
Equities	908,037	-
Exchange traded funds	1,008,577	-
Accrued interest receivable	305,880	250,335
	$ 144,990,526	$ 98,730,996

	2012	2011
Internally designated for self-insurance		
Cash and cash equivalents	$ -	$ 33,185
Money market mutual funds	2,025,793	-
U S agency obligations	5,263,050	9,264,715
Municipal bonds	1,053,196	-
Corporate bonds		
Industrials	1,050,050	-
Accrued interest receivable	16,834	30,019
	$ 9,408,923	$ 9,327,919
Held by trustee for debt service		
Money market mutual funds	$ 9,560,965	$ 9,571,099

Other Investments

Other investments, at December 31, include

	2012	2011
Cash and cash equivalents	$ 2,882,550	$ 7,753,036
Money market mutual funds	360,390	-
U S Treasury obligations	617,331	1,098,158
U S agency obligations	50,064,158	35,998,223
Corporate bonds		
Services	75,845	59,303
Financial	8,039,570	3,640,080
Healthcare	5,507	105,626
International	13,352	13,520
Industrials	8,730,316	1,664,371
Conglomerates	-	3,390,724
Basic materials	25,745	81,869
Technology	114,784	2,803,136
Consumers discretionary and staples	2,579,342	5,682,509
Municipal bonds	2,487,970	1,443,436
Equities		
Services	123,751	91,079
Financial	106,898	52,379
Healthcare	75,223	57,763
International	67,242	143,461
Industrials	69,547	57,478
Conglomerates	17,307	10,141
Basic materials	94,404	94,437
Technology	158,774	127,038
Consumers discretionary and staples	82,903	71,855
Utilities	18,745	17,588
Mutual funds		
Equities	612,664	538,841
Accrued interest receivable	189,865	391,608
	$ 77,614,183	$ 65,387,659

Total investment return is comprised of the following

	2012	2011
Interest and dividend income	$ 4,039,903	$ 1,773,265
Unrealized gains (losses)	15,233,745	(10,265,287)
Realized gains (losses)	(3,836,297)	7,171,773
	$ 15,437,351	$ (1,320,249)

Note 5: Contributions Receivable

Contributions receivable consisted of the following temporarily restricted pledges

Discount rates were approximately 4% and 1% for 2012 and 2011, respectively

	2012	2011
Due within one-year	$ 473,624	$ 1,257,854
Due in five years	130,000	132,750
	603,624	1,390,604
Less allowance for uncollectible contributions and unamortized discount	64,881	72,714
	$ 538,743	$ 1,317,890

Note 6: Risk Management

URHCS is self-insured for professional and general liability risks URHCS has purchased umbrella insurance for individual claims exceeding $4,000,000 and aggregate claims exceeding $12,000,000 annually, up to the limits of the umbrella policy Losses from asserted and unasserted claims identified under URHCS' incident reporting system are accrued based on estimates that incorporate URHCS' past experience, as well as other considerations, including the nature of each claim or incident and relevant trend factors It is reasonably possible that URHCS' estimate of losses will change by a material amount in the near term URHCS has established a revocable trust fund for the payment of professional and general liability claims Professional insurance consultants have been retained to assist URHCS with determining amounts to be deposited in the trust fund An actuarially determined accrual for possible losses attributable to incidents that may have occurred but have not been identified under the incident reporting system has been made The ultimate cost to settle all the asserted and unasserted claims against URHCS may vary, perhaps substantially, from the amounts recorded

URHCS is also self-insured for workers compensation and employee health care claims A provision is accrued for self-insured claims, including both claims reported and claims incurred but not yet reported The accrual is estimated based on consideration of prior claims experience, recently settled claims, frequency of claims and other economic and social factors It is reasonably possible that URHCS' estimate will change by a material amount in the near term

Activity in URHCS' self-insurance liabilities during 2012, is summarized as follows

	Workers Compensation	Employee Health	Medical Malpractice
Balance, beginning of year	$ 275,831	$ 1,900,219	$ 8,934,000
Current year claims and changes in estimates for claims incurred in prior years	199,867	7,402,392	2,389,306
Claims and expenses paid	(226,867)	(7,202,611)	(3,575,924)
Balance, end of year	$ 248,831	$ 2,100,000	$ 7,747,382

Activity in URHCS' self-insurance liabilities during 2011, is summarized as follows

	Workers Compensation	Employee Health	Medical Malpractice
Balance, beginning of year	$ 891,831	$ 2,500,000	$ 11,189,500
Current year claims and changes in estimates for claims incurred in prior years	(372,528)	6,761,875	(223,797)
Claims and expenses paid	(243,472)	(7,361,656)	(2,031,703)
Balance, end of year	$ 275,831	$ 1,900,219	$ 8,934,000

Note 7: Risk Sharing Agreement

During 2012, URHCS entered into an agreement with a Medicaid HMO insurer to share in the risk of the insurer's coverage of Medicaid HMO beneficiaries living and receiving medical care in the URHCS service area Under the terms of the agreement, URHCS shares gains or losses associated with providing health care coverage to these Medicaid HMO beneficiaries based on risk sharing corridors A loss of $2,000,000 was recorded in 2012, as a result of this agreement and is reflected in the accompanying consolidated statements of operations as a component of other income (expense) This estimated loss has not been paid and is reflected as a liability in accrued expenses in the accompanying consolidated balance sheets at December 31, 2012 It is reasonably possible that this estimate will change by a material amount in the near term

Note 8: Long-term Debt

	2012	2011
Series 2007 Revenue Bonds (A)	$ 91,420,000	$ 91,420,000
Series 2003 Revenue Bonds (B)	1,055,000	2,035,000
	92,475,000	93,455,000
Bond premium	231,354	285,740
	92,706,354	93,740,740
Current maturities	1,055,000	980,000
	$ 91,651,354	$ 92,760,740

(A) $91,420,000 original issue North Texas Health Facilities Development Corporation Hospital Revenue Bonds (the Series 2007 Bonds), dated June 27, 2007, principal payable annually on September 1 from 2015 through 2032, interest payable semi-annually at 5 00%, secured by the revenues of URHCS The Series 2007 Bonds may be called at URHCS' election at par on or after September 1, 2017

(B) $35,000,000 original issue North Texas Health Facilities Development Corporation Hospital Revenue Bonds (the Series 2003 Bonds), dated July 30, 2003, principal payable annually on September 1 through 2028, interest payable semiannually at rates ranging from 5 50% to 6 00%, secured by the revenues of URHCS Principal and interest payments are guaranteed under a financial guaranty insurance policy issued by a commercial insurer Upon issuance and delivery of the Series 2007 Bonds, $31,165,000 of the Series 2003 Bonds were defeased Proceeds from the Series 2007 Bonds were used to purchase securities that were deposited in trust under an escrow agreement sufficient in amount to pay future principal and interest on the defeased Series 2003 Bonds This advance refunding transaction resulted in an extinguishment of debt since URHCS was legally released from its obligation on that portion of the Series 2003 Bonds at the time of the defeasance Accordingly, a portion of the Series 2003 Bonds, aggregating $31,165,000 at both December 31, 2012 and 2011, remain outstanding, but are excluded from URHCS' balance sheet The remaining balance of the Series 2003 Bonds for which URHCS is obligated is scheduled to be paid on September 1, 2013

The indenture agreement requires that certain funds be established with the trustee Accordingly, these funds are included as assets limited as to use held by trustee in the financial statements The indenture agreement also requires URHCS to comply with certain restrictive covenants including minimum insurance coverage, maintaining a maximum debt-service coverage ratio and restrictions on incurrence of additional debt

Aggregate annual maturities of long-term debt at December 31, 2012, were

2013	$ 1,055,000
2014	-
2015	3,250,000
2016	3,410,000
2017	3,585,000
Thereafter	81,175,000
	$ 92,475,000

Note 9: Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes

	2012	2011
Purchase of property and equipment	$ 143,000	$ 605,011
Children's Miracle Network	993,302	846,646
Rathgeber House	101,393	86,693
Cardiac Institute	106,451	191,290
Other	484,211	615,925
	$ 1,828,357	$ 2,345,565

Permanently restricted net assets are restricted to

	2012	2011
Investments to be held in perpetuity, the income is unrestricted or temporarily restricted	$ 291,001	$ 291,001

During 2012 and 2011, net assets were released from donor restrictions by incurring expenses, satisfying the restricted purpose of purchasing property and equipment in the amounts of $2,233,902 and $1,517,458, respectively

Note 10: Charity Care

In support of its mission, URHCS voluntarily provides free care to patients who lack financial resources and are deemed to be medically indigent The cost associated with URHCS charity care program were approximately $20,247,000 and $20,763,000 for 2012 and 2011, respectively The cost of charity care is estimated by applying the overall ratio of URHCS cost to charges to the gross charges related to services provided to patients qualifying for the URHCS charity care program

Note 11: Functional Expenses

URHCS 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	$ 189,862,808	$ 193,866,898
General and administrative	63,688,213	55,525,743
	$ 253,551,021	$ 249,392,641

Note 12: Retirement Plans

URHCS sponsors a voluntary Section 403(b) plan to which employees can make salary deferral contributions as well as additional defined contribution plans organized under Sections 401(a), 457(b) and 457(f) of the Internal Revenue Code The Board annually determines the amount, if any, of URHCS' contributions to the plan Expense for all plans was approximately $2,947,000 and $2,873,000 for 2012 and 2011, respectively

Note 13: Related Party Transactions

URHCS is a member of the North Texas Service Organization (the Service Organization), a nonprofit corporation and has one representative who serves on the Board of the Service Organization URHCS contributed approximately $5,900,000 and $11,800,000 to the Service Organization during the years ended December 31, 2012 and 2011, respectively These contributions were used to fund emergency care services and physician directorships in the North Texas area and are reflected as a component of supplies and other expense in the accompanying consolidated statements of operations

Note 14: 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 must maximize the use of observable 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

Recurring Measurements

The following table presents 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 Measurement 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 mutual funds	$ 57,202,032	$ 57,202,032	$ -	-
Debt securities				
U S Treasury obligations	1,647,317	-	1,647,317	-
U S agency obligations	74,769,582	-	74,769,582	-
Corporate bonds	41,304,877	-	41,304,877	-
Municipal bonds	3,541,166	-	3,541,166	-
Equity securities	93,350,225	93,350,225	-	-
Mutual funds	1,790,906	1,790,906	-	-
Exchange traded funds	1,008,577	1,008,577	-	-

		2011 Fair Value Measurement 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 mutual funds	$ 13,118,330	$ 13,118,330	$ -	$ -
Debt securities				
U S Treasury obligations	3,075,035	3,075,035	-	-
U S agency obligations	48,056,991	33,957,996	14,098,995	-
Corporate bonds	32,958,869	16,616,984	16,341,885	-
Municipal bonds	1,443,436	-	1,443,436	-
Mortgage-backed securities	9,451,327	9,451,327	-	-
Equity securities	64,838,352	64,838,352	-	-
Mutual funds	1,776,174	1,776,174	-	-

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 balance sheets, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy There have been no significant changes in the valuation techniques during the year ended December 31, 2012

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows Such securities are classified in Level 2 of the valuation hierarchy In certain cases where Level 1 and Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy URHCS held no Level 3 securities at December 31, 2012 and 2011

Fair Value of Financial Instruments

The following table presents estimated fair values of the URHCS' financial instruments and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2012 and 2011

		Fair Value Measurement Using		
	Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2012				
Financial assets				
Cash and cash equivalents	$ 6,685,919	$ 6,685,919	$ -	$ -
Accrued interest receivable	512,579	-	512,579	-
Contributions receivable	538,743	-	538,743	-
Financial liabilities				
Notes payable	92,706,354	-	100,612,647	-

		Fair Value Measurement Using		
	Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2011				
Financial assets				
Cash and cash equivalents	$ 69,044,741	$ 69,044,741	$ -	$ -
Accrued interest receivable	671,962	-	671,962	-
Contributions receivable	1,317,890	-	1,317,890	-
Financial liabilities				
Notes payable	93,740,740	-	99,265,178	-

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

Cash and Cash Equivalents

The carrying amount approximates fair value

Contributions Receivable

Fair value is estimated by discounting the cash flows of the future payments expected to be received using rates of return on assets with similar cash flows

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 and determined through the use of a discounted cash flow model

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*

Self-insured Risks

Estimates related to the accrual for self-insured risks are described in *Notes 1* and *6*

Physician Guarantees

In an effort to recruit new physicians to its service area, URHCS has entered into various agreements with physicians guaranteeing certain levels of income for the first 12 – 24 months that the physician operates in the service area These agreements typically require that the physician operate in the service area for a defined period of time In the event that URHCS has made payments to the physicians under these income guarantee agreements and the physician does not fulfill his or her obligation to practice in the service area for the term specified in the agreement, URHCS can demand that the physician return all or a portion of the payments made under the agreement As of December 31, 2012, the maximum potential future payments that URHCS could be required to make under existing agreements is approximately $416,000

Litigation

In the normal course of business, URHCS 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 URHCS' self-insurance program (discussed elsewhere in these notes) or by commercial insurance, for example, allegations regarding employment practices or performance of contracts URHCS 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

Health Care Reform

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 possible that some employers currently offering insurance to employees will opt to have employees seek insurance coverage through the insurance exchanges. 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, such as Medicare disproportionate share, will be substantially decreased. Each state's participation in an expanded Medicaid program is optional. The state of Texas has currently indicated it will not expand the Medicaid program, which may result in revenues from newly covered individuals not offsetting the System's reduced revenue from other Medicare/Medicaid programs.

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 System's net patient service revenue. Additionally, it is possible that the System's will experience payment delays and other operational challenges during PPACA's implementation.

Note 16: 8th Street Campus

On August 1, 2011, URHCS provided notice to the City-County Board of its intent to early terminate its lease of the 8th Street Campus and certain other related properties. This early termination gave the City-County Board the following three options as it relates to the 8th Street Campus:

- Retake possession of the 8th Street Campus
- Not retake possession of the 8th Street Campus and thereby permit URHCS to take any and all action, in any manner elected by URHCS, without a need for further consent by the City-County Board. Such actions include, but are not limited to, the sale or conversion to alternative use of the 8th Street Campus
- Re-take possession of the 8th Street Campus but also direct URHCS to demolish the facility prior to transfer of possession of the land back to the City-County Board

On June 13, 2012, the City-County Board elected not to re-take possession of the 8th Street Campus conditioned upon URHCS' agreement to demolish the facility within an agreed upon timeframe not to exceed two years.

On October 1, 2012, the City-County Board conveyed the 8th Street Campus (and certain other related properties) to URHCS and entered into a first amendment to the second restated and amended management contract and lease agreement discussed in *Note 1*, in which URHCS originally leased the 8th Street Campus and other properties to the City-County Board These transactions transferred the ownership of the 8th Street Campus property and certain other related properties to URHCS, with no change in URHCS' contractual obligations to the City-County Board as contained in the management agreement Leased properties which were not early terminated and thus not transferred to URHCS remain under lease with the City-County Board

Upon the election of the City-County Board not to re-take possession of the 8th Street Campus and direct URHCS to demolish the facility, URHCS recognized a liability of $2,940,000, of which approximately $2,166,000 was remaining as a liability at December 31, 2012, for the estimated cost of demolition and related pollution remediation The expense has been included in the accompanying consolidated statement of operations within the loss on disposal of property and equipment

Note 17: Subsequent Events

Subsequent events have been evaluated through March 25, 2013, which is the date the accompanying consolidated financial statements were available to be issued