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Form 990  Department of the Treasury Internal Revenue Service	Return of Organization Exempt From Income Tax Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)	OMB No 1545-0047 2012 Open to Public Inspection
	The organization may have to use a copy of this return to satisfy state reporting requirements	

A For the 2012 calendar year, or tax year beginning 04-01-2012 , 2012, and ending 03-31-2013

B Check if applicable ☐ Address change ☐ Name change ☐ Initial return ☐ Terminated ☐ Amended return ☐ Application pending	C Name of organization BOWLING GREEN WARREN COUNTY COMM HOSP		D Employer identification number 61-0920842
	Doing Business As THE MEDICAL CENTER		
	Number and street (or P O box if mail is not delivered to street address) 800 PARK STREET Suite	Room/suite	E Telephone number (270) 745-1500
	City or town, state or country, and ZIP + 4 BOWLING GREEN, KY 42102		
			G Gross receipts \$ 498,095,175
F Name and address of principal officer CONNIE SMITH 800 PARK STREET BOWLING GREEN, KY 421029876		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.mcbg.org			

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities PROVIDES INPATIENT AND OUTPATIENT ACUTE CARE SERVICES BY OR UNDER THE SUPERVISION OF PHYSICIANS IN BOWLING GREEN & SCOTTSVILLE, KENTUCKY AND IN THE SURROUNDING COUNTIES			
	2 Check this box ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets			
	3	Number of voting members of the governing body (Part VI, line 1a)	12	
	4	Number of independent voting members of the governing body (Part VI, line 1b)	9	
	5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	2,503	
Activities & Governance	6	Total number of volunteers (estimate if necessary)	114	
	7a	Total unrelated business revenue from Part VIII, column (C), line 12	4,950,139	
	7b	Net unrelated business taxable income from Form 990-T, line 34		
Revenue	8	Contributions and grants (Part VIII, line 1h)	76,299	90,500
	9	Program service revenue (Part VIII, line 2g)	292,727,842	310,629,865
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	4,911,855	3,821,931
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	14,374,081	19,825,685
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	312,090,077	334,367,981
	Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	8,484
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)	122,435,275	129,203,484
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)	166,053,862	180,470,153
18		Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	288,497,621	309,673,637
19		Revenue less expenses Subtract line 18 from line 12	23,592,456	24,694,344
Net Assets or Fund Balances				Beginning of Current Year
	20	Total assets (Part X, line 16)	312,943,895	360,467,385
	21	Total liabilities (Part X, line 26)	185,841,395	203,770,583
	22	Net assets or fund balances Subtract line 21 from line 20	127,102,500	156,696,802

Part II Signature Block

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

Sign Here	***** Signature of officer			2014-02-05 Date	
	RONALD G SOWELL EXECUTIVE VICE PRESIDENT/CFO Type or print name and title				
Paid Preparer Use Only	Print/Type preparer's name		Preparer's signature		Date
	Check ☐ if self-employed			PTIN	
	Firm's name ▶ BKD LLP			Firm's EIN ▶	
Firm's address ▶ 400 E MAIN ST STE 200 PO BOX 1196 BOWLING GREEN, KY 421021196			Phone no (270) 781-0111		

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

PROVIDES INPATIENT AND OUTPATIENT ACUTE CARE SERVICES BY OR UNDER THE SUPERVISION OF PHYSICIANS IN BOWLING GREEN & SCOTTSVILLE, KENTUCKY AND IN THE SURROUNDING COUNTIES

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 \$ 169,322,015 including grants of \$) (Revenue \$ 180,599,763)

THE HOSPITAL IS AN ACUTE CARE HOSPITAL ENGAGED IN PROVIDING SERVICE TO INPATIENTS, BY OR UNDER THE SUPERVISION OF PHYSICIANS, DIAGNOSTIC AND THERAPEUTIC SERVICES FOR MEDICAL DIAGNOSIS, TREATMENT, AND CARE OF INJURED, DISABLED, OR SICK PERSONS, OR REHABILITATION OF INJURED, DISABLED, OR SICK PERSONS PLEASE SEE SCHEDULE O FOR FURTHER INFORMATION

4b

(Code) (Expenses \$ 102,916,174 including grants of \$) (Revenue \$ 138,001,878)

THE HOSPITAL SERVES THE COMMUNITY BY PROVIDING CERTAIN OUTPATIENT SERVICES, INCLUDING AN EMERGENCY DEPARTMENT, BY OR UNDER THE SUPERVISION OF PHYSICIANS, DIAGNOSTIC AND THERAPEUTIC SERVICES FOR MEDICAL DIAGNOSIS, TREATMENT, AND CARE OF INJURED, DISABLED, OR SICK PERSONS, OR REHABILITATION OF INJURED, DISABLED, OR SICK PERSONS

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 ▶ 272,238,189

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1 Yes	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? 	2 Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I 	3	No
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II 	4 Yes	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III 	5	No
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6	No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II 	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
9 Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 	9	No
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10 Yes	
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI 	11a Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII 	11b	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	No
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X 	11f Yes	
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII 	12a Yes	
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? <i>If "Yes," complete Schedule I, Parts I and II</i>	21		No
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25</i>	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	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? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33	Yes	
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	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)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b		No
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 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.	177	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	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.	2,503	
b If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).		2b	Yes
3a Did the organization have unrelated business gross income of \$1,000 or more during the year?		3a	Yes
b If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.		3b	Yes
4a At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		4a	No
b If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.			
5a Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		5a	No
b Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		5b	No
c If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		5c	
6a Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		6a	No
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		6b	
7 Organizations that may receive deductible contributions under section 170(c).			
a Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		7a	No
b If "Yes," did the organization notify the donor of the value of the goods or services provided?		7b	
c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8822?		7c	No
d If "Yes," indicate the number of Forms 8822 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	12	
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			
1b	Enter the number of voting members included in line 1a, above, who are independent	9	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	8a	Yes
8b	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
10b	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
11b	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
12b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes
12c	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?		
15a	The organization's CEO, Executive Director, or top management official	15a	Yes
15b	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
16b	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	Yes

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	►KY
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	►JAMES LARRY VAUGHN 800 PARK STREET BOWLING GREEN, KY (270) 745-1500

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) BOB HOVIOUS DIRECTOR	1 0	X		X						
(2) DR PAUL COOK VICE CHAIRMAN	1 0	X		X						
(3) JANET JOHNSON DIRECTOR	1 0	X								
(4) JOE NATCHER SECRETARY	1 0	X		X						
(5) DONNA BLACKBURN DIRECTOR	1 0	X								
(6) CURTIS SULLIVAN DIRECTOR	1 0	X								
(7) ELI JACKSON III DMD CHAIRMAN	1 0	X								
(8) CATHY BISHOP DIRECTOR	1 0	X								
(9) HUGH SIMS MD DIRECTOR	1 0	X								
(10) KAL SAHETYA MD DIRECTOR	1 0	X								
(11) MARK BIGLER MD DIRECTOR	1 0	X								
(12) CONNIE SMITH DIRECTOR & PRESIDENT/CEO	30 0 20 0	X		X				0	723,267	34,367
(13) SARAH MOORE EXECUTIVE VICE PRESIDENT	43 0 7 0			X				0	248,484	116,354
(14) BETSY KULLMAN CNO/EXECUTIVE VICE PRESIDENT	46 0 4 0			X				0	259,045	105,675
(15) BARBARA JEAN CHERRY CIO/EXECUTIVE VICE PRESIDENT	10 0 40 0			X				0	446,989	44,130
(16) RONALD G SOWELL CFO/EXECUTIVE VICE PRESIDENT	6 0 44 0			X				0	453,650	54,592
(17) WADE R STONE VICE PRESIDENT	46 0 4 0			X				0	196,045	32,486

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) ERIC HAGAN VP/MEDICAL CTR AT SCOTTSVILLE	40 0				X				195,143	0	34,669
(19) DAVID REEVES PHARMACY MANAGER	40 0					X			163,512		49,505
(20) LLOYD ASP PHYSICIST	40 0					X			200,644	0	60,439
(21) EDDIE SCOTT DIRECTOR/RADIOLOGY	40 0					X			164,965		43,281
(22) ROBERT MCCLELLAND DIRECTOR/PHARMACY	40 0					X			158,105		25,580
(23) THOMAS ROSS CORP DIR /FACILITIES DVLPMENT	40 0					X			148,340		65,638
1b Sub-Total											
c Total from continuation sheets to Part VII, Section A											
d Total (add lines 1b and 1c)									1,030,709	2,327,480	666,716

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

Section B. Independent Contractors

(A) Name and business address			(B) Description of services	(C) Compensation
ARAMARK CORPORATION , 12483 COLLECTIONS CENTER DRIVE CHICAGO IL 60693			BIOMED EQUIP REPAIR	3,000,204
DISABILITY MEDICAL CONSULTANTS , 1131 FAIRWAY ST BOWLING GREEN KY 42103			PROFESSIONAL SVCS	1,220,302
MORRISON MANAGEMENT SPECIALIST INC , PO BOX 102289 ATLANTA GA 30368			CAFETERIA SERVICES	2,330,035
LOGANS UNIFORM RENTAL INC , PO BOX 6493958 CINCINNATI OH 45264			LAUNDRY SERVICES	1,833,265
SCOTT MURPHY DANIEL LLC , PO BOX 2520 BOWLING GREEN KY 421022520			CONSTRUCTION SVCS	1,737,605
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 ▶34				

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	77,175			
	e	Government grants (contributions)	1e	13,325			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f				
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f		90,500			
Program Service Revenue	2a	INPATIENT SERVICES	Business Code 621110	176,080,951	176,080,951		
	b	OUTPATIENT SERVICES	621400	134,548,914	134,329,308	219,606	
	c						
	d						
	e						
	f	All other program service revenue					
	g	Total. Add lines 2a-2f		310,629,865			
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		3,312,799		
4		Income from investment of tax-exempt bond proceeds		0			
5		Royalties		0			
6a		(i) Real					
		(ii) Personal					
		Gross rents					
		Less rental expenses					
b		2,274,506					
c		Rental income or (loss)					
d		Net rental income or (loss)		-35,012			-35,012
7a		(i) Securities					
		(ii) Other					
		Gross amount from sales of assets other than inventory					
		Less cost or other basis and sales expenses					
b		161,281,741					
c		Gain or (loss)					
d		Net gain or (loss)		509,132			509,132
8a		Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18					
a							
b		Less direct expenses					
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						
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						
c	Net income or (loss) from sales of inventory		0				
Miscellaneous Revenue		Business Code					
11a	RETAIL PHARMACY SALES	446110	7,739,521		2,001,778	5,737,743	
b	MEDICAL EQUIPMENT SALES	453000	3,988,532	1,259,777	2,728,755		
c	CAFETERIA SALES	722514	1,201,039			1,201,039	
d	All other revenue		6,931,605	6,931,605			
e	Total. Add lines 11a-11d		19,860,697				
12	Total revenue. See Instructions		334,367,981	318,601,641	4,950,139	10,725,701	

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.	0			
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.	211,941		211,941	
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.	93,602,376	88,615,999	4,986,377	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	7,628,794	7,199,431	429,363	
9	Other employee benefits.	20,906,954	19,730,272	1,176,682	
10	Payroll taxes.	6,853,419	6,467,334	386,085	
11	Fees for services (non-employees):				
a	Management.	12,816,000		12,816,000	
b	Legal.	662,727	13,077	649,650	
c	Accounting.	183,204		183,204	
d	Lobbying.	14,216		14,216	
e	Professional fundraising services. See Part IV, line 17.	0			
f	Investment management fees.	0			
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	22,649,880	22,649,880		
12	Advertising and promotion.	668,650	156,690	511,960	
13	Office expenses.	16,450,744	12,268,765	4,181,979	
14	Information technology.	3,738,249	3,738,249		
15	Royalties.	0			
16	Occupancy.	3,940,189	3,453,467	486,722	
17	Travel.	946,979	882,988	63,991	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.	0			
19	Conferences, conventions, and meetings.	0			
20	Interest.	4,107,411	3,505,987	601,424	
21	Payments to affiliates.	0			
22	Depreciation, depletion, and amortization.	13,119,799	10,749,448	2,370,351	
23	Insurance.	2,105,446	1,980,386	125,060	
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	BAD DEBT EXPENSE	20,106,905	20,106,905		
b	MEDICAL SUPPLIES	66,565,575	66,456,213	109,362	
c	OTHER TAXES AND LICENSES	4,497,348	4,012,403	484,945	
d	PHYSICIAN PRACTICE EXPENSES	6,479,511		6,479,511	
e	All other expenses	1,417,320	250,695	1,166,625	
25	Total functional expenses. Add lines 1 through 24e.	309,673,637	272,238,189	37,435,448	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)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing			8,728,976	1	10,653,784
	2	Savings and temporary cash investments			129,289,950	2	143,605,778
	3	Pledges and grants receivable, net			0	3	0
	4	Accounts receivable, net			37,652,287	4	38,569,657
	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			7,067,743	8	7,394,874
	9	Prepaid expenses and deferred charges			7,717,987	9	9,890,941
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	308,688,147			
	b	Less accumulated depreciation	10b	198,550,925	98,368,669	10c	110,137,222
	11	Investments—publicly traded securities			14,590,692	11	26,090,976
	12	Investments—other securities See Part IV, line 11			0	12	0
	13	Investments—program-related See Part IV, line 11			3,299,153	13	2,790,889
	14	Intangible assets			0	14	0
	15	Other assets See Part IV, line 11			6,228,438	15	11,333,264
	16	Total assets. Add lines 1 through 15 (must equal line 34)			312,943,895	16	360,467,385
Liabilities	17	Accounts payable and accrued expenses			33,183,927	17	39,577,066
	18	Grants payable			0	18	0
	19	Deferred revenue			879,917	19	1,136,412
	20	Tax-exempt bond liabilities			94,750,000	20	107,075,000
	21	Escrow or custodial account liability Complete Part IV of Schedule D			0	21	0
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			0	22	0
	23	Secured mortgages and notes payable to unrelated third parties			4,993,762	23	4,437,843
	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			52,033,789	25	51,544,262
	26	Total liabilities. Add lines 17 through 25			185,841,395	26	203,770,583
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			125,623,203	27	155,165,832
	28	Temporarily restricted net assets			0	28	0
	29	Permanently restricted net assets			1,479,297	29	1,530,970
	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			127,102,500	33	156,696,802
	34	Total liabilities and net assets/fund balances			312,943,895	34	360,467,385

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	334,367,981
2	Total expenses (must equal Part IX, column (A), line 25)	2	309,673,637
3	Revenue less expenses Subtract line 2 from line 1	3	24,694,344
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	127,102,500
5	Net unrealized gains (losses) on investments	5	
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	4,899,958
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	156,696,802

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? 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		No
2b	Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both ☐ Separate basis ☐ Consolidated basis ☒ Both consolidated and separate basis	Yes	
2c	If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	Yes	
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		No
3b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits		

SCHEDULE A
(Form 990 or 990EZ)

Public Charity Status and Public Support

OMB No 1545-0047

2012

Open to Public Inspection

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

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

Department of the Treasury
Internal Revenue Service

Name of the organization
BOWLING GREEN WARREN COUNTY COMM HOSP

Employer identification number
61-0920842

Part I

Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is (For lines 1 through 11, check only one box)

- 1

☐

A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
- 2

☐

A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)
- 3

☒

A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4

☐

A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state _____
- 5

☐

An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)
- 6

☐

A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7

☐

An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II)
- 8

☐

A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 9

☐

An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)
- 10

☐

An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**
- 11

☐

An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Non-functionally integrated
- e

☐

By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)
- f

☐

If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box
- g

☐

Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

(i)

A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?

(ii)

A family member of a person described in (i) above?

(iii)

A 35% controlled entity of a person described in (i) or (ii) above?
- h

☐

Provide the following information about the supported organization(s)

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1- 9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the U S ?		(vii) Amount of 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 IIISupport 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

SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

2012

Open to Public Inspection

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

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

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

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

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

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

Name of the organization BOWLING GREEN WARREN COUNTY COMM HOSP	Employer identification number 61-0920842
---	--

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

1	Provide a description of the organization’s direct and indirect political campaign activities in Part IV	
2	Political expenditures	▶ \$
3	Volunteer hours	

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

1	Enter the amount of any excise tax incurred by the organization under section 4955	▶ \$
2	Enter the amount of any excise tax incurred by organization managers under section 4955	▶ \$
3	If the organization incurred a section 4955 tax, did it file Form 4720 for this year?	☐ Yes ☐ No
4a	Was a correction made?	☐ Yes ☐ No
b	If “Yes,” describe in Part IV	

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

1	Enter the amount directly expended by the filing organization for section 527 exempt function activities	▶ \$
2	Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities	▶ \$
3	Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b	▶ \$
4	Did the filing organization file Form 1120-POL for this year?	☐ Yes ☐ No
5	Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization’s funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV	

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

Part II-A

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

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

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)															
b Total lobbying expenditures to influence a legislative body (direct lobbying)															
c Total lobbying expenditures (add lines 1a and 1b)															
d Other exempt purpose expenditures															
e Total exempt purpose expenditures (add lines 1c and 1d)															
f Lobbying nontaxable amount Enter the amount from the following table in both columns															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)															
h Subtract line 1g from line 1a If zero or less, enter -0-															
i Subtract line 1f from line 1c If zero or less, enter -0-															
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		☐ Yes	☐ No												

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.

		(a)	(b)	
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		14,216
j	Total. Add lines 1c through 1i.			14,216
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?			
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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

Identifier	Return Reference	Explanation
LOBBYING EXPENSES	SCHEDULE C, PART II-B, LINE 1i	THE CORPORATION IS A MEMBER OF THE KENTUCKY HOSPITAL ASSOCIATION. THE PORTION OF THE DUES PAID WHICH ARE ATTRIBUTABLE TO LOBBYING TOTAL \$14,216.

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization BOWLING GREEN WARREN COUNTY COMM HOSP	Employer identification number 61-0920842
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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
b	Total acreage restricted by conservation easements
c	Number of conservation easements on a certified historic structure included in (a)
d	Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register

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

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	Amount
1c	
1d	
1e	
1f	

2a

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

☐ Yes

☐ No

b

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

☐

Part V

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

	(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a Beginning of year balance	133,305,497	117,185,927	88,386,125	71,881,958	67,604,167
b Contributions	16,715,019	19,894,588	27,352,333	6,761,029	24,386,804
c Net investment earnings, gains, and losses	4,113,651	3,520,098	4,772,379	9,206,992	-6,555,166
d Grants or scholarships					
e Other expenditures for facilities and programs	4,455,656	6,991,557	3,149,367	-713,721	13,553,847
f Administrative expenses	402,824	303,559	175,543	177,575	
g End of year balance	149,275,687	133,305,497	117,185,927	88,386,125	71,881,958

2

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

a

Board designated or quasi-endowment ▶ 99 150 %

b

Permanent endowment ▶ 0 850 %

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

(i) unrelated organizations

3a(i)

Yes

No

(ii) related organizations

3a(ii)

Yes

No

b

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

3b

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		10,266,796		10,266,796
b Buildings		136,687,754	75,711,342	60,976,412
c Leasehold improvements				
d Equipment		147,628,511	118,889,072	28,739,425
e Other		14,105,086	3,950,495	10,154,591
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				110,137,224

Schedule D (Form 990) 2012

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		317,306,704
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12	2e		
a	Net unrealized gains on investments		2a	1,644,394
b	Donated services and use of facilities		2b	
c	Recoveries of prior year grants		2c	
d	Other (Describe in Part XIII)		2d	-20,106,904
e	Add lines 2a through 2d	2e		-18,462,510
3	Subtract line 2e from line 1	3		335,769,214
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1	4c		
a	Investment expenses not included on Form 990, Part VIII, line 7b		4a	
b	Other (Describe in Part XIII)		4b	-1,401,233
c	Add lines 4a and 4b			-1,401,233
5	Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12)	5		334,367,981

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return				
1	Total expenses and losses per audited financial statements	1		291,019,625
2	Amounts included on line 1 but not on Form 990, Part IX, line 25	2e		
a	Donated services and use of facilities		2a	
b	Prior year adjustments		2b	
c	Other losses		2c	
d	Other (Describe in Part XIII)		2d	2,274,746
e	Add lines 2a through 2d	2e		2,274,746
3	Subtract line 2e from line 1	3		288,744,879
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:	4c		
a	Investment expenses not included on Form 990, Part VIII, line 7b		4a	
b	Other (Describe in Part XIII)		4b	20,928,758
c	Add lines 4a and 4b			20,928,758
5	Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18)	5		309,673,637

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
ENDOWMENT FUNDS	SCH D, PART V, LINE 4	----- THE MEDICAL CENTER'S ENDOWMENT CONSISTS OF FUNDS ESTABLISHED FOR A VARIETY OF PURPOSES. THE ENDOWMENT INCLUDES BOTH DONOR-RESTRICTED ENDOWMENT FUNDS AND FUNDS DESIGNATED BY THE BOARD OF DIRECTORS TO FUNCTION AS ENDOWMENTS (BOARD-DESIGNATED ENDOWMENT FUNDS) AS REQUIRED BY GAAP, NET ASSETS ASSOCIATED WITH ENDOWMENT FUNDS, INCLUDING BOARD-DESIGNATED ENDOWMENT FUNDS, ARE CLASSIFIED AND REPORTED BASED ON THE EXISTENCE OR ABSENCE OF DONOR-IMPOSED RESTRICTIONS. UNRESTRICTED NET ASSETS INCLUDED \$87,033,191 OF BOARD-DESIGNATED ENDOWMENT FUNDS FOR FUTURE CAPITAL IMPROVEMENTS AND OTHER PURPOSES AS DETERMINED BY THE BOARD OF DIRECTORS. PERMANENTLY RESTRICTED NET ASSETS INCLUDED \$1,352,934 OF DONOR-RESTRICTED ENDOWMENT FUNDS.
INCOME TAX STATUS	SCH D, PART X, LINE 2	----- MOST OF THE INCOME RECEIVED BY THE MEDICAL CENTER IS EXEMPT FROM TAXATION UNDER SECTION 501(A) OF THE INTERNAL REVENUE CODE. SOME OF ITS INCOME IS SUBJECT TO TAXATION AS UNRELATED BUSINESS INCOME. THE MEDICAL CENTER FILES FEDERAL INCOME TAX RETURNS, AS WELL AS AN INCOME TAX RETURN IN KENTUCKY. THE MEDICAL CENTER IS NO LONGER SUBJECT TO U.S. FEDERAL INCOME TAX EXAMINATIONS BY TAX AUTHORITIES FOR YEARS BEFORE 2009. FINANCIAL ACCOUNTING STANDARDS BOARD (FASB) ACCOUNTING STANDARDS CODIFICATION TOPIC 740 CLARIFIES THE ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES RECOGNIZED IN A COMPANY'S FINANCIAL STATEMENTS AND PRESCRIBES A RECOGNITION THRESHOLD AND MEASUREMENT ATTRIBUTE FOR THE FINANCIAL STATEMENT RECOGNITION AND MEASUREMENT OF A TAX POSITION TAKEN, OR EXPECTED TO BE TAKEN IN A TAX RETURN. TOPIC 740 ALSO PROVIDES GUIDANCE ON DESCRIPTION, CLASSIFICATION, INTEREST AND PENALTIES, ACCOUNTING IN INTERIM PERIODS, DISCLOSURE AND TRANSITION. THE MEDICAL CENTER DOES NOT HAVE ANY UNCERTAIN TAX POSITIONS RECOGNIZED FOR 2013 OR 2012. THE MEDICAL CENTER'S PRACTICE IS TO RECOGNIZE INTEREST AND/OR PENALTIES RELATED TO INCOME TAX MATTERS IN INCOME TAX EXPENSE.
RECONCILIATION TO AUDIT REPORT - REVENUES	SCH D, PART XI	----- OTHER AMOUNTS INCLUDED ON LINE 1 BUT NOT ON FORM 990 PT VIII LINE 2B: BAD DEBT EXPENSE NETTED AGAINST REVENUE PER AUDIT \$20,103,904. OTHER AMOUNTS INCLUDED ON FORM 990 PT VIII NOT ON LINE 1 LINE 4B: RECLASSIFICATION OF REVENUES & EXPENSES (\$821,840). RENTAL EXPENSE SHOWN NET OF REV PER TAX RETURN (\$2,274,506). LOSS ON DISPOSALS INCLUDED IN EXP PER AUDIT (\$240). INVESTMENT INCOME - PERMANENTLY RESTRICTED ASSETS 51,673. ----- (\$1,401,233).
RECONCILIATION TO AUDIT REPORT - EXPENSES	SCH D, PART XII	----- AMOUNTS INCLUDED ON LINE 1 BUT NOT ON FORM 990 PT IX LINE 2D: RENTAL EXPENSES SHOWN NET OF REV PER TAX RETURN \$2,274,506. LOSS ON DISPOSALS INCLUDED IN EXP PER AUDIT \$240. ----- \$2,274,746. AMOUNTS INCLUDED ON FORM 990 PT IX BUT NOT ON LINE 1 LINE 4B: RECLASSIFICATION OF REVENUE & EXPENSE \$821,840. ROUNDING \$14. BAD DEBT EXPENSE NETTED AGAINST REVENUE PER AUDIT \$20,106,904. ----- \$20,928,758.

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

OMB No 1545-0047

2012

Open to Public Inspection

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

Name of the organization
BOWLING GREEN WARREN COUNTY COMM HOSP

Employer identification number
61-0920842

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 <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care ☐ 100% ☐ 150% ☒ 200% ☐ Other _____ % b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☐ Other _____ % 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"?	3a	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	3b		No
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	4	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5a	Yes	
6a	Did the organization prepare a community benefit report during the tax year?	5b	Yes	
b	If "Yes," did the organization make it available to the public?	5c		No
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H	6a	Yes	
		6b	Yes	

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)	2	6,934	11,132,055	4,019,511	10,867,816	6 870 %
b Medicaid (from Worksheet 3, column a)	2		39,476,772	31,468,187	8,008,585	4 300 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs	4	6,934	50,608,827	35,487,698	18,876,401	11 170 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	290	51,600	3,371,997		3,371,997	2 610 %
f Health professions education (from Worksheet 5)	8	673	3,375,979		3,375,979	1 630 %
g Subsidized health services (from Worksheet 6)	2	19,292	14,403,141	8,155,717	6,247,424	2 350 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)	205		49,392		49,392	0 060 %
j Total. Other Benefits	505	71,565	21,200,509	8,155,717	13,044,792	6 650 %
k Total. Add lines 7d and 7j	509	78,499	71,809,336	43,643,415	31,921,193	17 820 %

Part II

Community Building Activities

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing					
2	Economic development	6	3,785		3,785	0 010 %
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	4	530,814		530,814	0 210 %
9	Other	1	3,250		3,250	
10	Total	11	537,849		537,849	0 220 %

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?

1

Yes

2

Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount

2

20,106,905

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

4,372,190

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

118,499,626

6

Enter Medicare allowable costs of care relating to payments on line 5

6

136,199,614

7

Subtract line 6 from line 5 This is the surplus (or shortfall)

7

-17,699,988

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?
2

Name, address, and primary website address

		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	THE MEDICAL CENTER BOWLING GREEN 800 PARK STREET BOWLING GREEN,KY 42101	X	X					X			
2	THE MEDICAL CENTER SCOTTSVILLE 456 BURNLEY ROAD SCOTTSVILLE,KY 42164	X	X			X		X		NURSING FACILITY	

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)

THE MEDICAL CENTER BOWLING GREEN

Name of hospital facility or facility reporting group

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

1

		Yes	No
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 If "Yes," indicate what the CHNA report describes (check all that apply)	1	Yes	
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 <u>12</u>			
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	Yes	
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	Yes	
5 Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5	Yes	
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	Yes	
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		No
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 <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>200</u> % If "No," explain in Part VI the criteria the hospital facility used		10	Yes
11 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u> </u> % If "No," explain in Part VI the criteria the hospital facility used		11	No
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)		12	Yes
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? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	No
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? If "Yes," check all actions in which the hospital facility or a third party engaged		17	No
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? If "No," indicate why	Yes	
a	☐ The hospital facility did not provide care for any emergency medical conditions		
b	☐ The hospital facility's policy was not in writing		
c	☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	☐ Other (describe in Part VI)		

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

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

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

THE MEDICAL CENTER SCOTTSVILLE

Name of hospital facility or facility reporting group

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

2

		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 If "Yes," indicate what the CHNA report describes (check all that apply)	1	Yes
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 <u>12</u>		
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	Yes
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	Yes
5	Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5	Yes
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	Yes
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? If "Yes," indicate the FPG family income limit for eligibility for free care 200 % If "No," explain in Part VI the criteria the hospital facility used	10	Yes
11	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care __% If "No," explain in Part VI the criteria the hospital facility used	11	No
12	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)	12	Yes
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? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)	14	No
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? If "Yes," check all actions in which the hospital facility or a third party engaged	17	No
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? If "No," indicate why	Yes	
a	☐ The hospital facility did not provide care for any emergency medical conditions		
b	☐ The hospital facility's policy was not in writing		
c	☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	☐ Other (describe in Part VI)		

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

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

Part V

Facility Information (continued)

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

How many non-hospital health care facilities did the organization operate during the tax year?
1

Name and address		Type of Facility (describe)
1	THE MEDICAL CENTER HEALTH & WELLNESS CTR 1857 TUCKER WAY BOWLING GREEN, KY 42104	COMMUNITY WELLNESS CENTER
2		
3		
4		
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

- 1
- Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22
- 2
- Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B
- 3
- Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4
- Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5
- Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)
- 6
- Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7
- State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report
- 8
- Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

Identifier	ReturnReference	Explanation
CRITERIA FOR DETERMINING ELIGIBILITY FOR FREE OR DISCOUNTED CARE	SCH H, PART I, LINE 3C	----- THE INCOME LIMIT FOR CHARITY CARE IS 200% OF THE FEDERAL POVERTY LEVEL DISCOUNTS ARE PROVIDED TO ALL PATIENTS WHO ARE UNINSURED WHOSE INCOME EXCEEDS THE LIMITS TO QUALIFY FOR CHARITY CARE SELF-PAY DISCOUNTS ARE NOT LIMITED BASED ON INCOME THE HOSPITAL ALSO PROVIDES PAYMENT PLANS FOR SELF-PAY PATIENTS
COMMUNITY BENEFIT REPORT	SCH H, PART I, LINE 6	----- THE ANNUAL REPORT TO THE COMMUNITY IS MADE AVAILABLE TO THE PUBLIC VIA NEWSPAPER INSERTS, DIRECT MAILINGS, AND IS POSTED ON THE MEDICAL CENTER'S WEBSITE AT WWW MCBG ORG

Identifier	ReturnReference	Explanation
BENEFITS AT COST	SCH H, PART I, LINE 7	----- THE AMOUNTS REPORTED ON LINE 7G ARE DETERMINED BY MULTIPLYING REVENUE BY THE MEDICARE COST TO CHARGE RATIO BAD DEBTS INCLUDED IN PART IX, LINE 25 TOTALED \$20,106,905 THIS AMOUNT HAS BEEN REMOVED FROM TOTAL EXPENSES CALCULATED IN COLUMN F ON SCHEDULE H, PART I AND II COST OF CHARITY CARE WAS CALCULATED WITH A COST TO CHARGE RATIO USING WORKSHEET 2 THE COSTS RELATED TO MEDICAID PATIENTS WAS DETERMINED USING THE HOSPITAL COST ACCOUNTING SYSTEM FOR SUBSIDIZED SERVICES THE HOSPITAL'S COST ACCOUNTING SYSTEM IS USED TO DETERMINE COSTS RELATED TO THE SPECIFIC SERVICE EXCLUDING TRADITIONAL MEDICAID AND MEDICAID MANAGED PATIENTS COSTS FOR CHARITY AND BAD DEBT ACCOUNTS ARE DEDUCTED USING A RATIO OF COST TO CHARGE SPECIFIC TO THAT SUBSIDIZED SERVICE COSTS FOR OTHER PROGRAMS REFLECT THE DIRECT AND INDIRECT COSTS OF PROVIDING THOSE PROGRAMS
BAD DEBT EXPENSE	SCH H, PART III, LINE 4	----- THE ORGANIZATION'S AUDITED FINANCIAL STATEMENTS DO NOT CONTAIN A FOOTNOTE THAT DESCRIBES BAD DEBT EXPENSE The hospital elected to early adopt ASU 2011-07 Accordingly, bad debt expense is reflected as a deduction from revenue rather than an operating expenses for financial reporting purposes

Identifier	ReturnReference	Explanation
CALCULATION OF MEDICARE ALLOWABLE COSTS	SCH H, PART III, LINE 6	----- COSTS REPORTED ON LINE 6 ARE OBTAINED FROM THE MEDICARE COST REPORT WHICH ARE BASED ON A COST TO CHARGE RATIO
COLLECTION PRACTICES	SCH H, PART III, LINE 9B	----- THE MEDICAL CENTER PROVIDES CARE TO PATIENTS WHO MEET CERTAIN CRITERIA UNDER THEIR CARE POLICY WITHOUT CHARGE OR AT AMOUNTS LESS THAN THEIR ESTABLISHED RATES BECAUSE THE MEDICAL CENTER DOES NOT PURSUE COLLECTION OF AMOUNTS DETERMINED TO QUALIFY AS CHARITY CARE, REVENUE IS NOT RECORDED FOR SUCH SERVICES THE MEDICAL CENTER MAINTAINS RECORDS TO IDENTIFY AND MONITOR THE LEVEL OF CHARITY CARE THEY PROVIDE THESE RECORDS INCLUDE THE AMOUNT OF CHARGES FORGONE FOR SERVICES AND SUPPLIES FURNISHED UNDER THEIR CHARITY CARE POLICY OTHER UNCOMPENSATED CARE RELATES PRINCIPALLY TO CONTRACTUAL ALLOWANCES FOR GOVERNMENT PAYERS, DISCOUNTS TAKEN BY COMMERCIAL PAYERS AND BAD DEBTS BENEFITS FOR THE POOR INCLUDE SERVICES PROVIDED TO PERSONS WHO CANNOT AFFORD HEALTH CARE BECAUSE OF INADEQUATE RESOURCES OR WHO ARE UNINSURED THIS INCLUDES TRADITIONAL CHARITY CARE AT STANDARD BILLING RATES AND THE COSTS OF TREATING MEDICAID BENEFICIARIES IN EXCESS OF GOVERNMENT PAYMENTS THE MEDICAL CENTER DOES NOT PURSUE THE COLLECTION OF AMOUNTS DETERMINED TO BE TRADITIONAL CHARITY CARE THEREFORE, THESE AMOUNTS ARE NOT INCLUDED IN NET PATIENT SERVICE REVENUE

Identifier	ReturnReference	Explanation
NEEDS ASSESSMENT	SCH H, PART VI, QUESTION 2	----- THE MEDICAL CENTER IS BUILT UPON THE FOUNDATION OF SERVING OUR COMMUNITY, DAY IN AND DAY OUT, WITH QUALITY DEPENDABLE HEALTHCARE A COMMUNITY HEALTH NEEDS ASSESSMENT WAS COMPLETED AS PART OF A COMMUNITY EFFORT LED BY THE BARREN RIVER DISTRICT HEALTH DEPARTMENT WHO COORDINATED THE EFFORTS OF MULTIPLE INTERESTED PARTIES AS NEEDS ARISE IN THE COMMUNITY AND SURROUNDING COUNTIES, THE MEDICAL CENTER RESPONDS THE MEDICAL CENTER IS PART OF AN INTEGRATED HEALTHCARE DELIVERY SYSTEM AS DESCRIBED IN QUESTION 6 BELOW THE MULTIPLE FACILITIES INCLUDING THE COMMONWEALTH HEALTH FREE CLINIC ARE EVIDENCE OF THE MEDICAL CENTER'S COMMITMENT TO RESPONDING TO HEALTH NEEDS IN OUR COMMUNITY AND THE SURROUNDING RURAL COUNTIES
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	SCH H, PART VI, QUESTION 3	----- UPON REGISTRATION, PATIENTS ARE PROVIDED A PATIENT HANDBOOK WHICH CONTAINS INFORMATION REGARDING FINANCIAL ASSISTANCE ADDITIONALLY, SIGNAGE AND BROCHURES DESCRIBING FINANCIAL ASSISTANCE POLICIES ARE AVAILABLE AT ADMISSIONS AREAS EACH PATIENT WILL RECEIVE A STATEMENT REFERRED TO AS A FIRST NOTICE THE FIRST NOTICE STATES THAT IT IS NOT A BILL, BUT IT IS SUMMARY OF THE PATIENT'S CHARGES THIS NOTICE AND EACH SUBSEQUENT STATEMENT CONTAINS INFORMATION CONCERNING FINANCIAL ASSISTANCE AS WELL AS CONTACT INFORMATION FOR QUESTIONS THE MEDICAL CENTER ALSO MAINTAINS A WEBSITE FOR BILLING AND COLLECTIONS QUESTIONS FINANCIAL ASSISTANCE POLICIES ARE POSTED TO THIS WEBSITE AS WELL AS FREQUENTLY ASKED QUESTIONS REGARDING BILLINGS

Identifier	ReturnReference	Explanation
COMMUNITY INFORMATION	SCH H, PART VI, QUESTION 4	----- BOWLING GREEN WARREN COUNTY COMMUNITY HOSPITAL CORPORATION(THE MEDICAL CENTER) IS DESIGNATED AS A REGIONAL REFERRAL CENTER BY THE BARREN RIVER REGIONAL HEALTH PLANNING COUNCIL, AN AGENCY OF THE COMMONWEALTH OF KENTUCKY THE MEDICAL CENTER SERVES PATIENTS THROUGHOUT AN AREA COMPRISING TEN COUNTIES, CALLED THE BARREN RIVER AREA DEVELOPMENT DISTRICT (THE DISTRICT), IN SOUTH CENTRAL KENTUCKY THE POPULATION OF THE MEDICAL CENTER'S PRIMARY SERVICE AREA IS APPROXIMATELY 288,000 PEOPLE THE COMMUNITY IS GROWING AND WE ALSO SERVE A GROWING UNINSURED AND UNDERINSURED POPULATION THERE ARE TWO ACUTE CARE HOSPITALS IN THE COMMUNITY THE PERCENTAGE OF UNINSURED PERSONS IN THE COUNTIES SERVED BY THE MEDICAL CENTER RANGE FROM 16% TO 25%, WHICH IS HIGHER THAN THE KENTUCKY AVERAGE THE NUMBER OF RESIDENTS IN THE DISTRICT IN HOUSEHOLDS BELOW THE FEDERAL POVERTY GUIDELINES VARY BY COUNTY AND RANGE FROM 15 1% TO 24 7% COMPARED TO THE KENTUCKY POVERTY RATE OF 18 1% THE THREE HIGHEST POPULATED COUNTIES IN THE DISTRICT ARE WARREN, BARREN AND ALLEN WHOSE AVERAGE MEDIAN HOUSEHOLD INCOME IS \$43,018, \$38,616 AND \$35,357 RESPECTIVELY APPROXIMATELY 64% OF THE DISTRICT'S POPULATION IS CLASSIFIED AS RURAL THE PERCENTAGE OF THE POPULATION IN THE COMMUNITY OVER 65 YEARS OLD IS APPROXIMATELY 15% The Barren River Community Health Planning Council conducted a community health needs assessment in 2012 and determined the region's priority health issues to include -Cardiovascular Disease -Diabetes -Drug Abuse and Addiction -Lung Cancer - Obesity
PROMOTION OF COMMUNITY HEALTH	SCH H, PART VI, QUESTION 5	----- COMMUNITY BUILDING ACTIVITIES INCLUDE PARTICIPATION IN THE CHAMBER OF COMMERCE, DOWNTOWN REDEVELOPMENT AND LEADERSHIP BOWLING GREEN

Identifier	ReturnReference	Explanation
AFFILIATED HEALTH CARE SYSTEM ROLES	SCH H, PART VI, QUESTION 6	----- BOWLING GREEN WARREN COUNTY COMMUNITY HOSPITAL CORPORATION ("THE MEDICAL CENTER") IS OWNED AND CONTROLLED BY COMMONWEALTH HEALTH CORPORATION ("CHC" CHC HAS BEEN DETERMINED TO BE A PUBLICLY SUPPORTED ORGANIZATION DESCRIBED IN SECTION 509(A)(2) OF THE CODE AND A CHARITABLE ORGANIZATION AS DESCRIBED IN SECTION 501(C)(3) OF THE CODE AND IS EXEMPT FROM FEDERAL INCOME TAXATION BY VIRTUE OF SECTIONS 501(A) AND 501(C)(3) OF THE CODE THE BOWLING GREEN-WARREN COUNTY COMMUNITY HOSPITAL CORPORATION IS A NON-STOCK, NONPROFIT KENTUCKY CORPORATION THAT OPERATES A HOSPITAL FACILITY IN BOWLING GREEN, KENTUCKY, UNDER THE NAME "THE MEDICAL CENTER" OR "THE MEDICAL CENTER AT BOWLING GREEN" AND, SINCE OCTOBER 1996, A HOSPITAL AND NURSING HOME FACILITY IN SCOTTSVILLE, KENTUCKY, UNDER THE NAME "THE MEDICAL CENTER AT SCOTTSVILLE " THE MEDICAL CENTER AT BOWLING GREEN BOWLING GREEN WARREN COUNTY COMMUNITY HOSPITAL'S BOWLING GREEN FACILITY IS A GENERAL ACUTE CARE HOSPITAL LICENSED FOR 337 BEDS IN 1980, THE BOWLING GREEN FACILITY MOVED INTO A NEW, SIX-STORY, STATE-OF-THE-ART FACILITY, OCCUPYING 298,000 SQUARE FEET ON A 17-ACRE CAMPUS SINCE 1980, BECAUSE OF AN EXPANDING DEMAND FOR OUTPATIENT SERVICES, SEVERAL ADDITIONS TO THE BOWLING GREEN FACILITY HAVE BEEN MADE AND BOTH CLINICAL AND PATIENT AREAS HAVE BEEN RENOVATED AND MODERNIZED TODAY, THE CAMPUS INCLUDES 56 ACRES AND THE BUILDINGS ON THE CAMPUS CONTAIN A TOTAL OF APPROXIMATELY 462,000 SQUARE FEET OF SPACE IN ADDITION, THE HOSPITAL OPERATES THE WHOLLY OWNED MEDICAL CENTER EMS, LLC WHICH PROVIDES THE ONLY EMERGENCY MEDICAL SERVICE IN WARREN COUNTY THE HOSPITAL IS ALSO A 50% PARTNER WITH ANOTHER NONPROFIT IN OPERATING THE NON-PROFIT BARREN RIVER REGIONAL CANCER CENTER, INC , AN OUTPATIENT ONCOLOGY CENTER LOCATED IN GLASGOW, KENTUCKY THE MEDICAL CENTER AT SCOTTSVILLE TO MORE FULLY SERVE THE HEALTH NEEDS OF SOUTH CENTRAL KENTUCKY, THE MEDICAL CENTER MERGED IN OCTOBER 1996 WITH AN AFFILIATED ENTITY, HEALTH ENDOWMENT PROPERTIES A-C, INC , A KENTUCKY NON-STOCK, NONPROFIT CORPORATION, WHICH OWNED AND OPERATED THE MEDICAL CENTER AT SCOTTSVILLE (THE "SCOTTSVILLE FACILITY") THE SCOTTSVILLE FACILITY OPENED IN 1996 AND IS COMPRISED OF A 25-BED CRITICAL ACCESS HOSPITAL AND 110 NURSING CARE BEDS THESE BEDS ARE LOCATED IN AN 85,000 SQUARE FOOT BUILDING ON APPROXIMATELY 13 ACRES OF LAND IN ALLEN COUNTY, NEAR SCOTTSVILLE, KENTUCKY COMMONWEALTH HEALTH CORPORATION ----- ----- CHC IS A HOLDING COMPANY FOR A TOTAL OF Thirteen FOR-PROFIT AND NONPROFIT CORPORATIONS AND PARTNERSHIPS (COLLECTIVELY, THE "AFFILIATES") ENGAGED IN VARIOUS ASPECTS OF THE HEALTHCARE INDUSTRY CHC HAS ESTABLISHED VARIOUS DIVISIONS FOR ITS OPERATIONS, INCLUDING (1) BOWLING GREEN WARREN COUNTY COMMUNITY HOSPITAL CORPORATION ("THE MEDICAL CENTER"), (2) COMMONWEALTH HEALTH FREE CLINIC, INC , (3) THE MEDICAL CENTER AT FRANKLIN, INC , (4) COMMONWEALTH REGIONAL SPECIALTY HOSPITAL, INC , AND (5) VARIOUS FOR-PROFIT CORPORATIONS AND PARTNERSHIPS CHC OWNS AND OPERATES NINE PHYSICIAN PRACTICES EMPLOYING GENERAL PRACTITIONERS, CARDIAC SURGEONS, VASCULAR SURGEONS, A NEUROSURGEON, NEUROLOGISTS, OBSTETRIC/GYNECOLOGISTS, HOSPITALISTS, AN OTOLARYNGOLOGIST AND PSYCHIATRISTS CHC HAS ACQUIRED THE PHYSICIAN PRACTICES IN ORDER TO ATTRACT AND RETAIN HIGHLY SKILLED PHYSICIANS IN SPECIALTIES THAT SUPPORT THE MISSION OF CHC AND ITS AFFILIATES IN ADDITION, CHC OPERATES AND PROVIDES VARIOUS CORPORATE SUPPORT SERVICES INCLUDING PATIENT BILLING, COLLECTIONS, ACCOUNTING, MATERIALS MANAGEMENT, ENGINEERING, SECURITY, HUMAN RESOURCES, INFORMATION SYSTEMS, AND ADMINISTRATIVE SUPPORT SINCE 1990, CHC'S WHOLLY-OWNED CENTERCARE HEALTH BENEFITS PROGRAM ("CENTERCARE"), A PREFERRED PROVIDER ORGANIZATION (PPO) , HAS ASSISTED EMPLOYERS IN MANAGING THE RISING COST OF THEIR HEALTHCARE THE PPO OFFERS EMPLOYER GROUPS IN THIS REGION A COMPREHENSIVE NETWORK OF PHYSICIANS AND FACILITIES WITH GREATER COST SAVINGS POTENTIAL THAN OTHER NATIONAL ORGANIZATIONS TODAY, CENTERCARE SERVES AS THE STATEWIDE NETWORK FOR TWO MANAGED CARE ORGANIZATIONS PROVIDING MEDICAID MANAGED CARE SERVICE FOR THE STATE OF KENTUCKY IT ALSO SERVICES OVER 380,000 MEMBERS BY PROVIDING ACCESS TO OVER 17,000 PROVIDERS IN KENTUCKY, TENNESSEE, INDIANA, OHIO, AND ILLINOIS SINCE 2008, CHC HAS BEEN THE SOLE OWNER OF BLUEGRASS OUTPATIENT CENTER OF BOWLING GREEN, LLC ("BLUEGRASS") BLUEGRASS PROVIDES COMPREHENSIVE REHABILITATION THERAPY SERVICES CHC'S FOR-PROFIT ACTIVITIES INCLUDE URGENTCARE OF BOWLING GREEN, INC ("URGENTCARE") URGENTCARE IS A WHOLLY-OWNED CORPORATION WHICH SERVES AS A 50% OWNER IN A PRIMARY CARE CENTER COMMONWEALTH HEALTH FREE CLINIC, INC ----- ----- COMMONWEALTH HEALTH FREE CLINIC, INC ("CHFC") WAS ORGANIZED TO OPERATE A CLINIC, WHICH PROVIDES BASIC MEDICAL AND DENTAL DIAGNOSTIC AND TREATMENT SERVICES FOR CHARITABLE PURPOSES FOR THE "WORKING POOR" OF SOUTH-CENTRAL KENTUCKY THE "WORKING POOR" ARE THOSE INDIVIDUALS WHO HAVE DONE THEIR BEST TO STAY IN THE WORK FORCE BUT DO NOT HAVE INSURANCE OR ANY FORM OF SOCIAL ASSISTANCE AND DO NOT HAVE THE MEANS TO PAY FOR THEIR HEALTHCARE CHFC OFFERS SERVICES INCLUDING NON-EMERGENCY CLINICAL SERVICES, DENTISTRY, SENIOR CITIZEN'S PHARMACEUTICAL PROGRAM, COMMUNITY HEALTH EDUCATION AND COUNSELING, DISEASE/CONDITION SPECIFIC EDUCATION AND COUNSELING IN ADDITION, THE DENTAL PROGRAM HAS BEEN EXPANDED TO INCLUDE INDIVIDUALS WITH INCOME AT OR BELOW 225% OF FEDERAL POVERTY GUIDELINES THE MEDICAL CENTER AT FRANKLIN, INC ----- ("MCF") OPERATES A HOSPITAL IN THE COMMUNITY OF FRANKLIN, SIMPSON COUNTY, KENTUCKY THIS LOCATION IS JUST 20 MILES FROM THE MEDICAL CENTER'S BOWLING GREEN CAMPUS MCF IS A MEDICARE DESIGNATED CRITICAL ACCESS HOSPITAL OFFERING ACUTE CARE INPATIENT AND OUTPATIENT PROGRAMS IN ITS 25 BED ACUTE CARE FACILITY COMMONWEALTH REGIONAL SPECIALTY HOSPITAL, INC ----- ----- COMMONWEALTH REGIONAL SPECIALTY HOSPITAL IS A LONG-TERM ACUTE CARE HOSPITAL THAT OPERATES AS A HOSPITAL WITHIN A HOSPITAL BY LEASING 28 BEDS FROM THE MEDICAL CENTER ON THE MEDICAL CENTER'S BOWLING GREEN CAMPUS IT IS AN ACUTE CARE HOSPITAL FOR THOSE PATIENTS REQUIRING AN EXTENDED HOSPITAL STAY (ANTICIPATED LENGTH OF STAY BETWEEN 18-35 DAYS) AND GENERALLY HAVING COMPLEX OR CHRONIC MEDICAL CONDITIONS COMMONWEALTH HEALTH FOUNDATION, INC ----- ----- CHC ENDORSED THE ESTABLISHMENT OF COMMONWEALTH HEALTH FOUNDATION ("THE FOUNDATION") FOR THE PURPOSE OF FOSTERING, SUPPORTING AND INITIATING ACTIVITIES FOR THE ADVANCEMENT OF THE HEALTH CARE OBJECTIVES OF CHC AND THE MEDICAL CENTER AND/OR AFFILIATED NON-PROFIT 501(C)(3) ORGANIZATIONS THE CHAIRMAN OF CHC'S BOARD OF DIRECTORS OR HIS/HER DESIGNEE, CHC'S PRESIDENT AND CEO, AND THE CHIEF FINANCIAL OFFICER OF THE MEDICAL CENTER SERVE AS EX OFFICIO DIRECTORS OF THE FOUNDATION THEY ALL THREE ARE COUNTED FOR QUORUM PURPOSES AND HAVE THE RIGHTS AND PRIVILEGES OF OTHER DIRECTORS INCLUDING THE RIGHT TO VOTE ON ALL MATTERS PROPERLY BEFORE THE BOARD
CRITERIA FOR DETERMINING ELIGIBILITY OF DISCOUNTED CARE	SCH H, PART V, LINE 10	----- THE MEDICAL CENTER AT BOWLING GREEN AND THE MEDICAL CENTER AT SCOTTSVILLE PROVIDE FREE CARE FOR PERSONS AT OR BELOW 200% OF THE FEDERAL POVERTY LEVEL

Identifier	ReturnReference	Explanation
OTHER FACTORS USED IN DETERMINING AMOUNTS CHARGED TO PATIENTS	SCH H, PART V, LINE 11	----- NUMBER IN HOUSEHOLD IS USED FOR DETERMINING FPL FOR COMPARISON TO REPORTED INCOME
INDIVIDUALS ELIGIBLE FOR FINANCIAL ASSISTANCE	SCH H, PART VI, LINE 19	----- THE HOSPITAL FACILITIES WROTE OFF 100% OF CHARGES TO FAP - ELIGIBLE INDIVIDUALS

Identifier	ReturnReference	Explanation
CONSULTATION FROM REPRESENTATIVES	Form 990, Schedule H, Part V, Question 3	----- The Medical Center, Bowling Green and The Medical Center, Scottsville Participated in a regional community health needs assessment conducted by the Barren River Community Health Planning Council The Community Health Assessment conducted by the Barren River Community Health Planning Council included four MAPP (Mobilizing for Action through Planning and Partnership) assessments The MAPP Assessments are described below 1) The Community Themes and Strengths Assessment provides a deep understanding of the issues that residents feel are important by answering the questions "What is important to our community?" "How is quality of life perceived in our community?" and "What assets do we have that can be used to improve community health?" 2) The Local Public Health System Assessment (LPHSA) focuses on all of the organizations and entities that contribute to the public's health The LPHSA answers the questions "What are the components, activities, competencies, and capacities of our local public health system?" and "How are the Essential Services being provided to our community?" 3) The Community Health Status Assessment identifies priority community health and quality of life issues Questions answered include "How healthy are our residents?" and "What does the health status of our community look like?" 4) The Forces of Change Assessment focuses on identifying forces such as legislation, technology, and other impending changes that affect the context in which the community and its public health system operate This answers the questions "What is occurring or might occur that affects the health of our community or the local public health system?" and "What specific threats or opportunities are generated by these occurrences?" The MAPP assessments are further described in the Community Health Assessment Report at http://www.barrenriverhealth.org/docbrdhd/CHAR_Final.pdf Organizations Involved in the Assessment Process included Administrative Office of the Courts Allen County Health Department Bale Center Bank of Edmonson County Barren County Fiscal Court Barren County School System Barren River Area Development District Barren River District Health Department Bowling Green Area Chamber of Commerce Bowling Green City Schools Bowling Green Daily News Bowling Green Medical Center Butler Co Fiscal Court Butler County Health Dept (BRDHD) Butler County Schools Caverna Memorial Hospital City of Morgantown Commonwealth Health Corporation Commonwealth Regional Specialty Hospital Community Action of Southern Kentucky Community Farm Alliance Community Foundation of South Central Kentucky CTG Kentucky Coventry Cares Edmonson Care and Rehab Edmonson County Fiscal Court Edmonson County Health Dept (BRDHD) Edmonson County Schools Fairview Community Health Center Franklin/Simpson Chamber of Commerce Glasgow Family Medicine Graves Gilbert Clinic Greenview Regional Hospital Harmon Hart County Extension Office Hart County Health Dept (BRDHD) Hart County Schools KY Transportation Cabinet, Region 3 Office KY State Representative, District 17 KY State Representative, District 21 KY State Representative, District 22 KY State Representative, District 32 Lifeskills, Inc Logan Aluminum Logan County Health Dept (BRDHD) Logan County Schools Logan Memorial Hospital Medical Center of Franklin Medical Center of Scottsville Metcalfe County Extension Office Metcalfe County Health Dept, (BRDHD) MNT, Inc Monroe County Health Department Monroe County Medical Center Monroe County Schools Russellville City School System Simpson County Health Dept (BRDHD) Simpson County School System South Central Kentucky Area Health Education Center TJ Samson Community Hospital United Way of Southern Kentucky Warren County Health Dept (BRDHD) Warren County Schools Wellcare Western Kentucky University Additionally, County Assessment Teams conducted a community-wide Community Health Survey which was completed by 12,056 respondents and Key Informant Interviews with over 200 local residents representing 1) People directly affected by one of the Priority Health Issues, 2) Community leaders who set policy related to one or more Priority Health Issues, and 3) Physicians and other health care providers Below is a summary of persons who participated in these interviews 47 Smokers on their attempts to quit 42 Adults diagnosed with diabetes or family member of someone with diabetes 32 Individuals on nutrition and physical activity in relation to weight control 27 Individuals on our built environment 7 Worksite managers or human resource directors 6 Health educators or school Family Resource/Youth Service Center staff
OTHER HOSPITAL FACILITIES	Form 990, Schedule H, Part V, Question 4	----- Caverna Memorial Hospital Commonwealth Regional Specialty Hospital Greenview Regional Hospital Logan Memorial Hospital Medical Center of Franklin The Medical Center, Scottsville Medical Center of Scottsville Monroe County Medical Center TJ Samson Community Hospital

Identifier	ReturnReference	Explanation
IMPLEMENTATION STRATEGIES	SCH H, PART V	----- A COPY OF THE HOSPITAL'S COMMUNITY HEALTH NEEDS ASSESSMENT AND STRATEGIC IMPLEMENTATION PLAN CAN BE FOUND AT http //www mcbg org/about_us/documents/BowlingGreen pdf and http //www themedicalcenterscottsville org/about_us/documents/Scottsville pdf

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2012

Open to Public Inspection

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization
BOWLING GREEN WARREN COUNTY COMM HOSP

Employer identification number
61-0920842

Part I

Questions Regarding Compensation

	Yes	No
1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items ☐ First-class or charter travel ☐ Travel for companions ☐ Tax idemnification and gross-up payments ☐ Discretionary spending account ☐ Housing allowance or residence for personal use ☐ Payments for business use of personal residence ☐ Health or social club dues or initiation fees ☐ 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	
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	
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 ☒ Independent compensation consultant ☐ Form 990 of other organizations ☒ Written employment contract ☒ Compensation survey or study ☒ 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? If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III	4c	No
Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.		
5 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of		
a The organization?	5a	No
b Any related organization? If "Yes," to line 5a or 5b, describe in Part III	5b	No
6 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of		
a The organization?	6a	No
b Any related organization? If "Yes," to line 6a or 6b, describe in Part III	6b	No
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 accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53 4958-4(a)(3)? If "Yes," describe in Part III	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
NONQUALIFIED RETIREMENT PLAN	SCHEDULE J, PART I, LINE 4B	----- CERTAIN EXECUTIVES OF COMMONWEALTH HEATH CORPORATION PARTICIPATE IN A SUPPLEMENTAL RETIREMENT PLAN. THE CURRENT YEAR INCREASE IN THE ACCRUED BENEFIT, AS ACTUARIALLY DETERMINED, IS REPORTED AS COMPENSATION. THE FOLLOWING ARE THE INDIVIDUALS PARTICIPATING IN THE PLAN AND THE CURRENT YEAR INCREASES REPORTED AS COMPENSATION: CONNIE SMITH \$158,435; RONALD SOWELL \$64,681; JEAN CHERRY \$56,478.

Software ID:
Software Version:
EIN: 61-0920842
Name: BOWLING GREEN WARREN COUNTY COMM HOSP

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				
CONNIE SMITH	(i)	0	0	0	0	0	0	0
	(ii)	536,689	0	186,578	26,075	8,292	757,634	0
SARAH MOORE	(i)	0	0	0	0	0	0	0
	(ii)	242,252	0	6,232	106,411	9,943	364,838	0
BETSY KULLMAN	(i)	0	0	0	0	0	0	0
	(ii)	252,484	0	6,561	87,703	17,972	364,720	0
BARBARA JEAN CHERRY	(i)	0	0	0	0	0	0	0
	(ii)	386,319	0	60,670	35,500	8,630	491,119	0
RONALD G SOWELL	(i)	0	0	0	0	0	0	0
	(ii)	382,659	0	70,991	42,434	12,158	508,242	0
DAVID REEVES	(i)	146,749	0	16,763	24,291	25,214	213,017	0
	(ii)							
WADE R STONE	(i)	0	0	0	0	0	0	0
	(ii)	193,868	0	2,177	11,146	21,340	228,531	0
LLOYD ASP	(i)	195,711	0	4,933	43,384	17,055	261,083	0
	(ii)	0	0	0	0	0	0	0
EDDIE SCOTT	(i)	158,184	0	6,781	28,382	14,899	208,246	0
	(ii)							
ERIC HAGAN	(i)	189,569	0	5,574	17,871	16,798	229,812	0
	(ii)	0	0	0	0	0	0	0
ROBERT MCCLELLAND	(i)	157,115	0	990	0	25,580	183,685	0
	(ii)							
THOMAS ROSS	(i)	144,932	0	3,408	49,422	16,216	213,978	0
	(ii)							

Schedule K
(Form 990)

Supplemental Information on Tax Exempt Bonds

OMB No 1545-0047

2012

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

▶ 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.

Name of the organization
BOWLING GREEN WARREN COUNTY COMM HOSP

Employer identification number
61-0920842

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	COUNTY OF WARREN KENTUCKY	61-6000710	934864AA7	03-20-2008	77,010,000	SEE PART V		X		X		X
B	COUNTY OF WARREN KENTUCKY	61-6000710	934860BT3	03-15-2007	30,885,000	SEE PART V		X		X		X
C	COUNTY OF WARREN KENTUCKY	61-6000710		08-01-2012	44,126,651	See Part V				X		X

Part II Proceeds

		A		B		C		D	
1	Amount of bonds retired	0		0		0			
2	Amount of bonds legally defeased	24,815,000		0		0			
3	Total proceeds of issue	77,010,000		31,867,132		44,126,652			
4	Gross proceeds in reserve funds	4,826,038		2,133,000		0			
5	Capitalized interest from proceeds	0		0		0			
6	Proceeds in refunding escrows	0		0		0			
7	Issuance costs from proceeds	1,398,574		637,343		1,126,652			
8	Credit enhancement from proceeds	2,140,903		0		0			
9	Working capital expenditures from proceeds	0		0		0			
10	Capital expenditures from proceeds	26,469,520		0		15,000,000			
11	Other spent proceeds	42,174,965		29,096,790		25,080,000			
12	Other unspent proceeds	0		0		0			
13	Year of substantial completion	2010		2013					
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X		X		X			
15	Were the bonds issued as part of an advance refunding issue?		X		X		X		
16	Has the final allocation of proceeds been made?	X		X		X			
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		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		X		
2	Are there any lease arrangements that may result in private business use of bond-financed property?	X			X		X		

Part III

Private Business Use (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?	X			X		X		
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?	X							
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	0%		0 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%		0%		0 00000%		%	
6	Total of lines 4 and 5	0%		0%		0 00000%		%	
7	Does the bond issue meet the private security or payment test?		X		X		X		
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X		X		
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of	0 00000%		0 00000%		%		%	
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2?		X		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		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		X		
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?								
b	Exception to rebate?								
c	No rebate due?	X		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		X		
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?	X			X		X		
b	Name of provider	Deutsche Bank		0		0			
c	Term of hedge	30							
d	Was the hedge superintegrated?		X						
e	Was a hedge terminated?		X						

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		X		
b	Name of provider	0		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		X		
7	Has the organization established written procedures to monitor the requirements of section 148?		X		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		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
BOND A - DESCRIPTION OF PURPOSE	SCH K, PART I, LINE A, COLUMN F	TO (1) REFUND THE OUTSTANDING PRINCIPAL AMOUNT OF THE ISSUER'S HOSPITAL REVENUE BONDS, SERIES 1998 (BOWLING GREEN-WARREN COUNTY COMMUNITY HOSPITAL CORPORATION) ISSUED ON JANUARY 15, 1998, (2) FINANCE THE COSTS OF MAJOR FACILITY ADDITIONS, INTERIOR RENOVATIONS, EQUIPMENT, AND FURNISHINGS AND SITE DEVELOPMENT AT THE MEDICAL CENTER AT BOWLING GREEN, (3) FUND A DEBT SERVICE RESERVE FUND FOR THE BONDS, (4) FUND INTEREST ON THE BONDS AND (5) PAY COSTS OF ISSUING THE BONDS
BOND B - DESCRIPTION OF PURPOSE	SCH K, PART I, LINE B, COLUMN F	TO (1) CURRENTLY REFUND VARIABLE RATE DEMAND HOSPITAL REVENUE BONDS, SERIES 2001 (BOWLING GREEN-WARREN COUNTY COMMUNITY HOSPITAL CORPORATION PROJECT) THAT WERE ISSUED ON AUGUST 2, 2001, (2) FUND A DEBT SERVICE RESERVE FUND FOR THE BONDS, AND (3) PAY COSTS OF ISSUING THE BONDS BONDS, AND (3) PAY COSTS OF ISSUING THE BONDS
Bond C - Description of Purpose	SCH K, PART I, LINE C, COLUMN F	

Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
BOWLING GREEN WARREN COUNTY COMM HOSP

Employer identification number

61-0920842

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?		(e) Original principal amount	(f) Balance due	(g) In default?		(h) Approved by board or committee?	(i) Written agreement?	
			To	From			Yes	No		Yes	No
Total ▶ \$											

Part III Grants or Assistance Benefitting Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of assistance	(d) Type of assistance	(e) Purpose of assistance

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
See Additional Data Table					

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
BUSINESS TRANSACTIONS INVOLVING INTERESTED PERSONS	SCH L, PART IV, COLUMN D	JOE NATCHER, DIRECTOR FOR BOWLING GREEN-WARREN COUNTY COMMUNITY HOSPITAL CORPORATION ("THE MEDICAL CENTER"), IS THE OWNER OF SOUTHERN FOODS, INC , A FOOD SERVICE DISTRIBUTOR SOUTHERN FOODS, INC SUPPLIES THE MEDICAL CENTER WITH FOOD AND RELATED ITEMS ALL TRANSACTIONS ARE CONDUCTED ON AN ARMS LENGTH BASIS RONALD SOWELL IS AN OFFICER OF THE MEDICAL CENTER MR SOWELL'S WIFE, DR DEBRA SOWELL, IS THE MEDICAL DIRECTOR OF GRAVES GILBERT CLINIC (GGC) THE MEDICAL CENTER LEASES PROPERTY TO GGC AND ALSO PURCHASES PHYSICIAN SERVICES FROM THEM ALL TRANSACTIONS ARE CONDUCTED ON AN ARMS LENGTH BASIS BARBARA JEAN CHERRY IS AN EXECUTIVE VICE PRESIDENT FOR THE MEDICAL CENTER MRS CHERRY'S SPOUSE IS THE CHIEF FINANCIAL OFFICER OF AIRGAS MID-AMERICA AIRGAS MID-AMERICA SUPPLIES MEDICAL GAS TO THE MEDICAL CENTER JEAN CHERRY DOES NOT PARTICIPATE IN THE NEGOTIATIONS OF CONTRACTS WITH AIRGAS MID-AMERICA AND ALL TRANSACTIONS ARE CONDUCTED ON AN ARM'S LENGTH BASIS DONNA BLACKBURN SERVES AS A DIRECTOR OF THE MEDICAL CENTER MS BLACKBURN'S DAUGHTER-IN-LAW, STEPHANIE BLACKBURN, IS EMPLOYED BY THE MEDICAL CENTER SARAH MOORE SERVES AS AN OFFICER OF THE MEDICAL CENTER MRS MOORE'S HUSBAND, RONNIE MOORE, IS EMPLOYED BY THE MEDICAL CENTER DONNA BLACKBURN SERVES AS A DIRECTOR OF THE MEDICAL CENTER MS BLACKBURN'S daughter, Laura Deaton, IS EMPLOYED BY THE MEDICAL CENTER

Additional Data

Software ID:
Software Version:
EIN: 61-0920842
Name: BOWLING GREEN WARREN COUNTY COMM HOSP

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) SOUTHERN FOODS INC	JOE NATCHER, OWNER OF SFI	286,276	FOOD SERVICE - SEE PART V		No
(2) GRAVES GILBERT CLINIC	RON SOWELL, OFFICER	497,595	LEASING - SEE PART V		No
(3) GRAVES GILBERT CLINIC	RON SOWELL, OFFICER	81,052	PHYSICIAN SERVICES-SEE PT V		No
(4) AIRGAS MID-AMERICA	B JEAN CHERRY, OFFICER	213,511	MEDICAL SUPPLIES - SEE PT V		No
(5) STEPHANIE BLACKBURN	DONNA BLACKBURN, DIRECTOR	54,690	COMP OF DTR-IN-LAW - SEE PT V		No
(6) RONNIE MOORE	SARAH MOORE, OFFICER	67,061	COMP OF HUSBAND - SEE PT V		No
(7) Laura Deaton	Donna Blackburn, Director	42,287	COMP OF Daughter - SEE PT V		No

2012

Open to Public Inspection

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.

Name of the organization

BOWLING GREEN WARREN COUNTY COMM HOSP

Employer identification number

61-0920842

Identifier	Return Reference	Explanation
PROGRAM SERVICE ACCOMPLISHMENTS	FORM 990, PART III, LINE 4A	----- ORGANIZATION ----- BOWLING GREEN - WARREN COUNTY COM MUNITY HOSPITAL CORPORATION, DBA THE MEDICAL CENTER ("THE MEDICAL CENTER"), A KENTUCKY NON-STOCK, NON-PROFIT CORPORATION EXEMPT FROM INCOME TAXES UNDER SECTION 501(C) (3) OF THE INTERNAL REVENUE CODE OF 1986, WAS ESTABLISHED TO ACT AND OPERATE EXCLUSIVELY FOR CHARITABLE PURPOSES SERVING THE LOCAL CITY, COUNTY AND SURROUNDING COUNTIES IN SOUTH-CENTRAL KENTUCK Y BEGUN IN 1926, THE MEDICAL CENTER HAS A RICH HERITAGE OF SERVING OUR COMMUNITY'S HEALTH CARE NEEDS AND BEING THE LEADER IN PROVIDING QUALITY CARE IN A TECHNOLOGICALLY ADVANCED SE TTING THE MEDICAL CENTER IS LICENSED BY THE CABINET FOR HEALTH AND FAMILY SERVICES, COMMO NWEALTH OF KENTUCKY, PURSUANT TO KRS CHAPTER 216B AND THE REGULATIONS PROMULGATED THEREUND ER OPERATING WITH CAMPUSES IN BOWLING GREEN, KY AND SCOTTSVILLE, KY, THE MEDICAL CENTER L ICENSED BEDS INCLUDE BOWLING SCOTTS- GREEN VILLE TOTAL ----- ACUTE CARE 313 313 CRITICAL ACCESS ACUTE 25 25 PSYCHIATRIC 24 24 NURSING FACILITY 110 110 ----- -- -- SUBTOTAL - BEDS 337 135 472 SERVICES ----- THE MEDICAL CENTER IS PRIMARILY ENGAGED IN PROVIDING TO INPATIENTS, BY OR UNDER THE SUPERVISION OF PHY SICIANS, DIAGNOSTIC AND THE RAPEUTIC SERVICES FOR MEDICAL DIAGNOSIS, TREATMENT, AND CARE OF INJURED, DISABLED, OR SICK PERSONS, OR REHABILITATION SERVICES FOR THE REHABILITATION OF INJURED, DISABLED, OR SICK PERSONS AS A HOSPITAL, IT MAINTAINS CLINICAL RECORDS ON ALL PATIENTS AND HAS BYLAWS IN EF FECT CONCERNING ITS STAFF OF PHY SICIANS IT REQUIRES THAT EVERY PATIENT MUST BE UNDER THE CARE OF A PHY SICIANS AND PROVIDES 24-HOUR NURSING SERVICE BY OR SUPERVISED BY A REGISTERED PROFESSIONAL NURSE, AND HAS A LICENSED PRACTICAL NURSE OR REGISTERED PROFESSIONAL NURSE ON DUTY AT ALL TIMES IT HAS IN EFFECT A HOSPITAL UTILIZATION REVIEW PLAN AND IS LICENSED OR IS APPROVED BY THE STATE OF KENTUCKY AS MEETING THE STANDARDS ESTABLISHED FOR SUCH LICENS ING IT ALSO MEETS OTHER HEALTH AND SAFETY REQUIREMENTS OF THE SECRETARY OF HEALTH AND HUM AN SERVICES SERVICES OFFERED INCLUDE - ACUTE MEDICAL CARE - SKILLED MEDICAL CARE - INTEN SIVE/CORONARY CARE - PHARMACY - INVASIVE CARDIOLOGY - PHY SICAL THERAPY - LABORATORY, CLINI CAL AND PATHOLOGY - RADIATION MEDICINE (INPATIENT / OUTPATIENT ONCOLOGY) - HOME HEALTH SER VICES - SURGICAL INPATIENT SERVICES - SURGICAL OUTPATIENT SERVICES - EMERGENCY ROOM SERVIC ES - OUTPATIENT SERVICES - RESPIRATORY THERAPY SERVICES - RADIOLOGY, INCLUDING MAMMOGRAPHY , DIAGNOSTIC X-RAY , NUCLEAR MEDICINE, CAT SCANNING, ULTRASOUND, CARDIOLOGY, POSITRON EMISS ION TOMOGRAPHY THE MEDICAL CENTER'S PROFESSIONAL STAFF INCLUDES PHY SICIANS WHO ARE ENGAGED IN THE PRACTICE OF MEDICINE AND WHO REPRESENT MULTIPLE SPECIALTIES, INCLUDING FAMILY PRAC TICE AND EMERGENCY CARE THE STAFF ALSO INCLUDES NURSES, PHY SICAL, OCCUPATIONAL, AND SPEEC H THERAPISTS, PSYCHOLOGISTS, RESPIRATORY THERAPISTS, NUTRITIONISTS AND OTHERS USING AN IN TERDISCIPLINARY TEAM APPROACH, THE STAFF WORK COLLABORATIVELY TO PROVIDE PRIMARY OUTPATIEN T CARE, RENDERED IN AN EMERGENCY ROOM AND OUTPATIENT SETTING, AND SECONDARY CARE CONSISTIN G OF INPATIENT SERVICES OF A GENERAL AND SPECIALIZED NATURE COMMUNITY BENEFIT AND CHARITY ----- ----- AS A HOSPITAL, THE MEDICAL CENTER (1) IS ORGANIZED AS A NONPROFIT CHARITABLE ORGANIZATION FOR THE PURPOSE OF OPERATING AS A HOSPITAL FOR THE CARE O F THE SICK, (2) IS OPERATED FOR THE CARE OF ALL PERSONS IN THE COMMUNITY REGARDLESS OF ABILITY TO PAY THE COST THEREOF, EITHER DIRECTLY OR THROUGH THIRD-PARTY REIMBURSEMENT, (3) WILL NOT RESTRICT USE OF ITS FACILITIES TO A PARTICULAR GROUP OF PHY SICIANS AND SURGEONS TO THE EXCLUSION OF ALL OTHER QUALIFIED DOCTORS, AND (4) WILL NOT PERMIT ANY OF ITS EARNINGS TO INURE DIRECTLY OR INDIRECTLY TO THE BENEFIT OF ANY PRIVATE SHAREHOLDER OR INDIVIDUAL T HE MEDICAL CENTER PROVIDES CARE TO PATIENTS WHO MEET CERTAIN CRITERIA UNDER THEIR CARE POL ICY WITHOUT CHARGE OR AT AMOUNTS LESS THAN THEIR ESTABLISHED RATES BECAUSE THE MEDICAL CE NTER DOES NOT PURSUE COLLECTION OF AMOUNTS DETERMINED TO QUALIFY AS CHARITY CARE, REVENUE IS NOT RECORDED FOR SUCH SERVICES THE MEDICAL CENTER MAINTAINS RECORDS TO IDENTIFY AND MO NITOR THE LEVEL OF CHARITY CARE THEY PROVIDE THESE RECORDS INCLUDE THE AMOUNT OF CHARGES FORGONE FOR SERVICES AND SUPPLIES FURNISHED UNDER THEIR CHARITY CARE POLICY OTHER UNCOMPE NSATED CARE RELATES PRINCIPALLY TO CONTRACTUAL ALLOWANCES FOR GOVERNMENT PAYERS, DISCOUNTS TAKEN BY COMMERCIAL PAYERS AND BAD DEBTS BENEFITS FOR THE POOR INCLUDE SERVICES PROVIDED TO PERSONS WHO CANNOT AFFORD HEALTH CARE BECAUSE OF INADEQUATE RESOURCES OR WHO ARE UNINS URED THIS INCLUDES TRADITIONAL CHARITY CARE AT STANDARD BILLING RATES AND THE COSTS OF TR EATING MEDICAID BENEFICIARIES IN EXCESS OF GOVERNMENT PAYMENTS THE MEDICAL CENTER DOES NO T PURSUE THE COLLECTION OF AMOUNTS DETERMINED TO BE TRADITIONAL CHARITY CARE THEREFORE, T HESE AMOUNTS ARE NOT INCLUDED IN NET PATIENT SERVI

Identifier	Return Reference	Explanation
PROGRAM SERVICE ACCOMPLISHMENTS	FORM 990, PART III, LINE 4A	CE REVENUE BENEFITS FOR THE BROADER COMMUNITY INCLUDE SERVICES PROVIDED TO OTHER NEEDY INDIVIDUALS WHO MAY NOT QUALIFY AS INDIGENT BUT WHO NEED SPECIAL SERVICES AND SUPPORT. EXAMPLES INCLUDE THE ELDERLY, SUBSTANCE ABUSERS, VICTIMS OF CHILD ABUSE, AND THE DISABLED. THEY ALSO INCLUDE THE COST OF HEALTH PROMOTION AND EDUCATION, HEALTH CLINICS AND SCREENINGS, AND THE UNREIMBURSED COST OF MEDICAL TRAINING, WHICH BENEFIT THE BROADER COMMUNITY. IN ADDITION TO THE ABOVE, THE MEDICAL CENTER PROVIDES A WIDE RANGE OF COMMUNITY BENEFITS INCLUDING COORDINATION OF CHARITABLE ACTIVITIES BY THE MEDICAL CENTER STAFF AND PROVIDING MEDICAL CENTER SPACE FOR COMMUNITY GROUPS THAT CANNOT BE QUANTIFIED. SIGNIFICANT PROGRAM SERVICE ACHIEVEMENTS: DAYS OF ACUTE PATIENT CARE (INCLUDING NURSERY) 96,956; DAYS OF SKILLED NURSING CARE 38,399; BIRTHS 2,282; OPEN HEART PROCEDURES 368; SURGERIES 14,506; EMERGENCY ROOM VISITS 56,140; AMBULANCE RUNS 19,923.

Identifier	Return Reference	Explanation
MEMBERS OF THE ORGANIZATION	FORM 990, PART VI, SECTION A, LINE 6 & 7	----- ARTICLE 2 OF THE BY LAWS IDENTIFIES COMMONWEALTH HEALTH CORPORATION BOARD OF DIRECTORS AS THE MEMBER ARTICLE 2 OF THE BY LAWS SAYS THE MEMBER SHALL APPOINT A NOMINATING COMMITTEE WHICH SHALL MEET AND DESIGNATE NOMINEES FOR ALL POSITIONS TO BE FILLED BY APPOINTMENT BY THE MEMBER

Identifier	Return Reference	Explanation
REVIEW OF FORM 990	FORM 990, PART VI, SECTION B, LINE 11	----- Form 990 is placed electronically on a company website used to share information with board members. Each board member is provided access to the website and is asked to review Form 990 prior to a designated date on which the return will be filed. At least two weeks of advance notice is given to board members so they may review the return.

Identifier	Return Reference	Explanation
MONITORING THE CONFLICT ON INTEREST POLICY	FORM 990, Part VI, SECTION B, LINE 12c	----- THE COMMONWEALTH HEALTH CORPORATION (CHC) (APPLICABLE TO THE CORPORATION AND/OR ITS AFFILIATES) CODE OF CONDUCT EXPLICITLY STATES MEMBERS OF THE BOARD, ADMINISTRATION, THE MEDICAL STAFF, AND ALL EMPLOYEES ARE EXPECTED TO AVOID CONFLICTS OF INTEREST IN A TIMELY MANNER. ALL INDIVIDUALS SIGN AN ACKNOWLEDGEMENT UPON EMPLOYMENT THAT THEY HAVE RECEIVED A COPY OF THE CODE OF CONDUCT, ARE FAMILIAR WITH ITS CONTENT, AND UNDERSTAND THEIR RESPONSIBILITIES TO AVOID NON-COMPLIANT ACTIVITY. CHC'S REGULATORY COMPLIANCE COMMITTEE (RCC) REVIEWS AND APPROVES ALL CONTRACTS FOR CHC AND/OR AFFILIATES. THE REVIEW IS DESIGNED TO IDENTIFY POTENTIAL CONFLICTS OF INTEREST BY BOARD MEMBERS AND/OR OFFICERS. RCC MEMBERS ARE PROHIBITED FROM TAKING PART IN DECISIONS REGARDING TRANSACTIONS WITH WHICH HE/SHE HAS A CONFLICT OF INTEREST. ANNUALLY, WRITTEN INQUIRY IS MADE BY QUESTIONNAIRE OF BOARD MEMBERS AND OFFICERS SEEKING DISCLOSURE OF CONFLICTS OF INTEREST OR INFORMATION THAT RELATES TO FAMILY MEMBERS. TRANSACTIONS ARISING ARE REVIEWED BY MANAGEMENT AS THEY OCCUR.

Identifier	Return Reference	Explanation
PROCESS FOR DETERMINING COMPENSATION	FORM 990, PART VI, LINES 15A AND 15B	----- Employee officers of this entity are employees of commonwealth health corporation which uses independent consultants to annually review compensation Compensation-related determinations are conducted in accordance with applicable requirements of the internal revenue code and regulations to qualify for the presumption that the compensation is reasonable, including but not limited to approval by an authorized committee of the board of directors who do not have a conflict of interest, obtaining and relying on appropriate data as to comparability, and concurrent documentation of the basis for the compensation determinations

Identifier	Return Reference	Explanation
MAKING DOCUMENTS AVAILABLE TO THE PUBLIC	FORM 990, PART VI, SECTION C, LINE 19	----- Governing Documents, Conflict of Interest Policy and financial statements are only made available if required, and in the manner required, by a governing agency

Identifier	Return Reference	Explanation
RECONCILIATION OF NET ASSETS	FORM 990, PART XI, LINE 9	----- OTHER CHANGES IN NET ASSETS CHANGE IN FAIR VALUE OF INTEREST RATE SWAP (\$1,056,046) CHANGE IN MINIMUM PENSION LIABILITY \$1,533,690 TRANSFER FROM AFFILIATES \$2,777,923 UNREALIZED LOSSES \$1,644,394 ROUNDING (\$3) ----- \$4,899,958

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
BOWLING GREEN WARREN COUNTY COMM HOSP

Employer identification number
61-0920842

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

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) MEDICAL CENTER PHARMACY OF BOWLING GREEN 800 PARK STREET BOWLING GREEN, KY 42101 06-1778164	PHARMACY	KY	4,644,359	1,328,517	NA
(2) MEDICAL CENTER EMS LLC 800 PARK STREET BOWLING GREEN, KY 42101 56-2332847	EMERG MED SVC	KY	5,532,398	1,308,485	NA

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) THE MEDICAL CENTER AT FRANKLIN INC 800 PARK STREET BOWLING GREEN, KY 42101 61-1362001	HOSPITAL	KY	501(C)(3)	3	CHC INC		No
(2) COMMONWEALTH HEALTH CORPORATION INC 800 PARK STREET BOWLING GREEN, KY 42101 31-1118087	SUPPORT	KY	501(C)(3)	9	NA		No
(3) COMMONWEALTH REGIONAL SPECIALTY HOSPITAL 800 PARK STREET BOWLING GREEN, KY 42101 54-2142034	HOSPITAL	KY	501(C)(3)	3	CHC INC		No
(4) COMMONWEALTH HEALTH FREE CLINIC INC 800 PARK STREET BOWLING GREEN, KY 42101 61-1292739	HEALTHCARE	KY	501(C)(3)	3	CHC INC		No
(5) COMMONWEALTH HEALTH FOUNDATION INC 800 PARK STREET BOWLING GREEN, KY 42101 61-1362000	SUPPORT	KY	501(C)(3)	7	CHC INC		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) Disproporionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) URGENTCARE PROPERTIES 800 PARK STREET BG, KY 42101 61-1197268	REAL ESTATE	KY	NA					No	0		No	
(2) MEDICAL PLAZA PARTNERS LTD 800 PARK STREET BG, KY 42101 61-1080340	REAL ESTATE	KY	BGWCCHC		259,819	558,301		No	0			92 260 %

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) URGENTCARE OF BOWLING GREEN INC 800 PARK STREET BOWLING GREEN, KY 42101 61-1035393	HEALTHCARE	KY	NA	c					No

Part V

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

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

1

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

a

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

b

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

c

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

d

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

e

Loans or loan guarantees by related organization(s)

f

Dividends from related organization(s)

g

Sale of assets to related organization(s)

h

Purchase of assets from related organization(s)

i

Exchange of assets with related organization(s)

j

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

k

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

l

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

m

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

n

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

o

Sharing of paid employees with related organization(s)

p

Reimbursement paid to related organization(s) for expenses

q

Reimbursement paid by related organization(s) for expenses

r

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

s

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

Yes

No

1a

Yes

1b

No

1c

Yes

1d

No

1e

No

1f

No

1g

No

1h

No

1i

Yes

1j

Yes

1k

Yes

1l

Yes

1m

No

1n

No

1o

Yes

1p

Yes

1q

No

1r

No

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) COMMONWEALTH HEALTH CORPORATION		30,576,000	FMV

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

[illegible]

Software ID:
Software Version:
EIN: 61-0920842
Name: BOWLING GREEN WARREN COUNTY COMM HOSP

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation	
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**Bowling Green – Warren County Community
Hospital Corporation d/b/a The Medical Center**

Auditor's Report and Consolidated Financial Statements

March 31, 2013 and 2012



**Bowling Green – Warren County Community
Hospital Corporation d/b/a The Medical Center
Consolidated Financial Statements
Years Ended March 31, 2013 and 2012**

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

Board of Directors
Bowling Green – Warren County
Community Hospital Corporation
Bowling Green, Kentucky

We have audited the accompanying consolidated financial statements of Bowling Green – Warren County Community Hospital Corporation d/b/a The Medical Center (Medical Center), which comprise the consolidated balance sheets as of March 31, 2013 and 2012, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended and the related notes to the consolidated financial statements

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the 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 Medical Center'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 Medical Center'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 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 the Medical Center as of March 31, 2013 and 2012, and the results of its operations, the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2013, the Medical Center adopted new accounting guidance to change its method of presentation and disclosure of patient service revenue, provision for bad debts and allowance for doubtful accounts in accordance with Accounting Standards Update 2011-07. Our opinion is not modified with respect to this matter.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The community benefit care information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

BKD, LLP

Louisville, Kentucky
August 8, 2013

Bowling Green – Warren County Community Hospital Corporation d/b/a The Medical Center

Consolidated Balance Sheets

	March 31	
	2013	2012
Assets		
Current assets		
Cash and cash equivalents	\$ 10,901,056	\$ 8,964,760
Patient accounts receivable, net of allowance, 2013 – \$23,100,000, 2012 – \$17,800,000	38,606,904	37,688,660
Inventories	7,394,873	7,067,741
Prepaid expenses and other current assets	13,463,549	9,302,634
Current portion of assets limited as to use	4,519,417	3,529,267
Total current assets	<u>74,885,799</u>	<u>66,553,062</u>
Assets limited as to use	<u>165,177,336</u>	<u>140,351,367</u>
Property and equipment – net	<u>110,259,583</u>	<u>98,499,804</u>
Other assets		
Deferred financing charges, net	2,636,577	3,012,261
Long-term receivables	1,488,723	1,246,828
Other assets	10,113,040	4,145,277
Total other assets	<u>14,238,340</u>	<u>8,404,366</u>
Total assets	<u><u>\$ 364,561,058</u></u>	<u><u>\$ 313,808,599</u></u>
Liabilities and net assets		
Current liabilities		
Accounts payable	\$ 8,837,419	\$ 8,637,795
Accrued salaries and withholdings	3,688,702	3,306,640
Accrued vacation	6,975,345	6,622,288
Accrued expenses	10,393,875	5,677,313
Amounts due to Medicare and Medicaid – estimated	5,371,960	2,825,841
Current portion of long-term debt	3,936,817	5,246,936
Total current liabilities	<u>39,204,118</u>	<u>32,316,813</u>
Amounts due to affiliated companies	<u>1,588,848</u>	<u>1,826,053</u>
Other long-term liabilities		
Interest rate swap agreement	8,409,681	10,318,435
Pension	41,600,650	39,545,609
Other long-term liabilities	1,533,932	2,169,745
Total other long-term liabilities	<u>51,544,263</u>	<u>52,033,789</u>
Long-term debt, less current portion	<u>115,527,033</u>	<u>100,529,467</u>
Net assets		
Unrestricted net assets	155,165,826	125,623,180
Permanently restricted net assets	1,530,970	1,479,297
Total net assets	<u>156,696,796</u>	<u>127,102,477</u>
Total liabilities and net assets	<u><u>\$ 364,561,058</u></u>	<u><u>\$ 313,808,599</u></u>

Bowling Green – Warren County Community Hospital Corporation d/b/a The Medical Center

Consolidated Statements of Operations and Changes in Net Assets

	Years Ended March 31	
	2013	2012
Unrestricted revenue		
Net patient service revenue (net of contractual discounts and allowances)	\$ 310,629,858	\$ 292,727,850
Provision for bad debts	20,106,904	15,815,651
Net patient service revenue less provision for bad debts	290,522,954	276,912,199
Other revenue	22,016,379	16,301,502
Total unrestricted revenue	<u>312,539,333</u>	<u>293,213,701</u>
Operating expenses		
Employee compensation	93,900,922	89,818,284
Payroll taxes and employee benefits	35,395,070	32,716,174
Professional fees	42,632,552	41,338,990
Supplies and expenses	86,095,266	79,467,357
Depreciation and amortization	14,085,008	12,484,184
Interest	4,300,895	4,610,568
Provider tax	4,012,433	4,008,108
Other expenses	9,712,452	9,932,805
Total expenses	<u>290,134,598</u>	<u>274,376,470</u>
Income from operations	<u>22,404,735</u>	<u>18,837,231</u>
Nonoperating gains (losses)		
Change in fair value of interest rate swap agreement	(1,056,046)	(5,749,415)
Investment return	4,767,371	3,562,265
Loss on extinguishment of debt	(885,027)	-
Total nonoperating gains (losses)	<u>2,826,298</u>	<u>(2,187,150)</u>
Excess of revenue over expenses	<u>\$ 25,231,033</u>	<u>\$ 16,650,081</u>

Continued on next page

Bowling Green – Warren County Community Hospital Corporation d/b/a The Medical Center

Consolidated Statements of Operations and Changes in Net Assets (Continued)

	<u>2013</u>	<u>2012</u>
Unrestricted net assets		
Excess of revenue over expenses	\$ 25,231,033	\$ 16,650,081
Transfer from affiliates	2,777,923	267,017
Change in defined benefit pension plan gains and losses and prior service costs	<u>1,533,690</u>	<u>(14,276,284)</u>
Increase in unrestricted net assets	<u>29,542,646</u>	<u>2,640,814</u>
Permanently restricted net assets		
Investment return	<u>51,673</u>	<u>25,640</u>
Increase in permanently restricted net assets	<u>51,673</u>	<u>25,640</u>
 Increase in net assets	 29,594,319	 2,666,454
 Net assets, beginning of year	 <u>127,102,477</u>	 <u>124,436,023</u>
Net assets, end of year	<u>\$ 156,696,796</u>	<u>\$ 127,102,477</u>

Bowling Green – Warren County Community Hospital Corporation d/b/a The Medical Center

Consolidated Statements of Cash Flows

	Years Ended March 31 2013	2012
Operating activities and nonoperating (losses) gains		
Change in net assets	\$ 29,594,319	\$ 2,666,454
Adjustments to reconcile change in net assets to net cash provided by operating activities and nonoperating (losses) gains		
Depreciation and amortization	14,085,008	12,484,184
Net realized and unrealized gain on investments	(1,789,008)	(457,984)
Provision for bad debts	20,106,904	15,815,651
Change in fair value of interest rate swap agreement	1,056,046	5,749,415
Change in defined benefit pension plan gains and losses and prior service costs	(1,533,690)	14,276,284
(Gain) loss on disposal of property and equipment	(364,520)	130,173
Loss on extinguishment of debt	885,027	-
Transfer from affiliates	(2,777,923)	(267,017)
Other changes in operating assets and liabilities		
Increase in patient accounts receivable	(21,025,148)	(25,020,849)
Increase in inventories	(327,132)	(1,081,387)
Increase in other assets	(3,196,265)	(3,066,726)
Increase in accounts payable, accrued expenses and long-term liabilities	3,939,174	6,170,674
Increase in pension liability	3,588,731	2,580,382
Increase (decrease) in amounts due to Medicare and Medicaid – estimated	2,546,119	(590,923)
(Decrease) increase in amounts due to affiliated companies	(237,205)	29,791
Net cash provided by operating activities and nonoperating (losses) gains	<u>44,550,437</u>	<u>29,418,122</u>
Investing activities		
Purchases of investments	(63,483,189)	(20,934,674)
Proceeds from disposition of investments	39,456,078	7,378,771
Purchases of property and equipment	(22,334,448)	(10,806,219)
Proceeds from sale of property and equipment	424,925	169,758
Purchase of business	(8,225,000)	-
(Increase) decrease in long-term receivables	(241,895)	769,221
Net cash used in investing activities	<u>(54,403,529)</u>	<u>(23,423,143)</u>
Financing activities		
Proceeds from issuance of long-term debt	44,126,652	-
Repayments of long-term debt	(30,171,037)	(5,350,081)
Payment of deferred financing costs	(692,099)	-
Interest rate swap agreement termination	(2,964,800)	-
Transfers from affiliates	1,490,672	267,017
Net cash provided by (used in) financing activities	<u>11,789,388</u>	<u>(5,083,064)</u>
Increase in cash and cash equivalents	1,936,296	911,915
Cash and cash equivalents at beginning of year	8,964,760	8,052,845
Cash and cash equivalents at end of year	<u>\$ 10,901,056</u>	<u>\$ 8,964,760</u>
Noncash transactions		
Property and equipment included in accounts payable	\$ 1,233,303	\$ 156,985
Property and equipment transferred from affiliate	\$ 1,287,251	\$ -

**Bowling Green – Warren County Community
Hospital Corporation d/b/a The Medical Center
Notes to Consolidated Financial Statements
March 31, 2013 and 2012**

1. Organization and Accounting Policies

Nature of Operations and Organization

The consolidated financial statements include the accounts of Bowling Green – Warren County Community Hospital Corporation d/b/a The Medical Center, Medical Plaza Partners Ltd (MPP), Medical Center EMS, LLC and Medical Center Pharmacy of Bowling Green, LLC (collectively, the Medical Center), four of the organizations controlled by Commonwealth Health Corporation, Inc (Corporation), a nonprofit organization. The Corporation (parent) operates certain other organizations which conduct business with the Medical Center (see Note 8). The Medical Center, with operations in Bowling Green and Scottsville, Kentucky, provides inpatient, outpatient, emergency care services and long-term care services primarily for residents located in South Central Kentucky.

Principles of Consolidation

The consolidated financial statements include the transactions and accounts of the Medical Center. All significant intercompany transactions and balances have been eliminated in consolidation.

Change in Accounting Principle

In 2013, the Medical Center changed its method of presentation and disclosure of patient service revenue, provision for bad debts and the allowance for doubtful accounts in accordance with Accounting Standards Update (ASU) 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts and the Allowance for Doubtful Accounts for Certain Health Care Entities*. The major changes associated with ASU 2011-07 are to reclassify the provision for bad debts related to patient service revenue to a deduction from patient service revenue and to provide enhanced disclosures around the Medical Center's policies related to uncollectible accounts. The change had no effect on prior year operating income or change in net assets.

The following financial statement line items for fiscal year 2012 were affected by the change in accounting principle:

	As Reported	Adjustments Restatement	Restated
Statement of Operations			
Net patient service revenue less			
provision for bad debts	\$ 292,727,850	\$ (15,815,651)	\$ 276,912,199
Total unrestricted revenue	\$ 309,029,352	\$ (15,815,651)	\$ 293,213,701
Total expenses	\$ 290,192,121	\$ (15,815,651)	\$ 274,376,470

**Bowling Green – Warren County Community
Hospital Corporation d/b/a The Medical Center
Notes to Consolidated Financial Statements
March 31, 2013 and 2012**

1. Organization and Accounting Policies (continued)

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. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with a maturity at the time of acquisition of three months or less when purchased.

Patient Accounts Receivable

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

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

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

The Medical Center's allowance for doubtful accounts for self-pay patients decreased from 55% of self-pay accounts receivable at March 31, 2012, to 53% of self-pay accounts receivable at March 31, 2013. In addition, the Medical Center's write-offs increased approximately \$2,300,000 from approximately \$18,600,000 for the year ended March 31, 2012, to approximately \$20,900,000 for the year ended March 31, 2013. The allowance for doubtful account percentage remained relatively consistent based upon the collection trends of the Medical Center in 2013 as compared to 2012. The increase in write-offs was due to increased self-pay patient revenue from 2012 as compared to 2013.

**Bowling Green – Warren County Community
Hospital Corporation d/b/a The Medical Center
Notes to Consolidated Financial Statements
March 31, 2013 and 2012**

1. Organization and Accounting Policies (continued)

Inventories

Inventories (principally pharmaceuticals and supplies) are stated at the lower of cost (average cost method) or market

Assets Limited as to Use

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value. The Medical Center classifies all of its debt and equity securities as trading securities, as a result unrealized gains and losses are included in investment return in nonoperating gains (losses) in the consolidated statements of operations and changes in net assets. 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 statements of operations and changes in net assets as unrestricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

Unrestricted resources which are designated by the board of directors for special uses and depreciation reserve funds are reported as assets limited as to use. The Medical Center's policy is to fund depreciation as cash is available. Amounts so funded are intended for the replacement, expansion or improvement of the Medical Center's facilities.

Funds on deposit with trustees in connection with various bond indentures are to be used only for interest, retiring indebtedness or capital expenditures as specified by the various bond indenture agreements and are reported as assets limited as to use. Amounts required to meet current liabilities of the Medical Center are reported as current assets in the consolidated balance sheets at March 31, 2013 and 2012.

Property and Equipment

Property and equipment is recorded on the basis of cost. Donated assets are recorded at their fair market value at the date of donation. Leases, which are substantially installment purchases of property, are recorded as assets and amortized over the shorter of the lease term or their estimated useful lives. Amortization of property purchased under capital lease arrangements is included in depreciation and amortization expense. The Medical Center records depreciation on the straight-line method over the estimated useful lives of the assets. Equipment is depreciated over a three to 15 year useful life range, land improvements are depreciated over a five to 20 year useful life range and buildings are depreciated over a five to 40 year useful life range. Useful lives of assets are determined in accordance with the American Hospital Association's *Estimated Useful Lives of Depreciable Hospital Assets*.

**Bowling Green – Warren County Community
Hospital Corporation d/b/a The Medical Center
Notes to Consolidated Financial Statements
March 31, 2013 and 2012**

1. Organization and Accounting Policies (continued)

Long-Lived Asset Impairment

The Medical Center 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 estimate 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. No asset impairment was recognized during the years ended March 31, 2013 and 2012.

Deferred Financing Costs

The Medical Center's policy is to amortize deferred financing costs ratably over the life of the bonds. Accumulated amortization was approximately \$1,473,000 and \$1,097,000 as of March 31, 2013 and 2012, respectively.

Goodwill

Goodwill of approximately \$4,849,000 and \$0 are included in other assets in the consolidated balance sheets at March 31, 2013 and 2012, respectively. Goodwill is evaluated annually for impairment. A qualitative assessment is performed to determine whether the existence of events or circumstances leads to a determination that it is more likely than not the fair value is less than the carrying amount, including goodwill. If, based on the evaluation, it is determined to be more likely than not that the fair value is less than the carrying value, then goodwill is tested further for impairment. If the implied fair value of goodwill is lower than its carrying amount, a goodwill impairment is indicated and goodwill is written down to its implied fair value. Subsequent increases in goodwill value are not recognized in the consolidated financial statements.

Intangible Assets

Intangible assets of approximately \$1,420,000 are being amortized on the straight-line basis over three years. Such assets are periodically evaluated as to the recoverability of their carrying values. Intangible assets, net of accumulated amortization of approximately \$237,000 and \$0 at March 31, 2013 and 2012, are included in other assets in the consolidated balance sheets.

**Bowling Green – Warren County Community
Hospital Corporation d/b/a The Medical Center
Notes to Consolidated Financial Statements
March 31, 2013 and 2012**

1. Organization and Accounting Policies (continued)

Permanently Restricted Net Assets

Permanently restricted net assets have been restricted by donors to be maintained by the Medical Center in perpetuity.

The Medical Center is an income beneficiary of a trust fund held by others. The Medical Center has recorded as an asset the net present value of the estimated income to be received from this trust which is included in assets limited as to use in the consolidated balance sheets. This permanently restricted asset is required by the donors to be maintained by the Medical Center in perpetuity.

Net Patient Service Revenue

The Medical Center has agreements with third-party payers that provide for payments to the Medical Center 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.

Operating Activities and Nonoperating Gains (Losses)

Only those activities directly associated with the furtherance of the Medical Center's primary mission are considered to be operating activities. Other activities that result in gains and losses are considered to be nonoperating gains (losses). Nonoperating gains (losses) include changes in the fair value of interest rate swap agreements, investment return and loss on extinguishment of debt.

Charity Care

The Medical Center provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy. Because the Medical Center does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenue. The Medical Center's direct and indirect costs for services furnished under its charity care policy aggregated approximately \$14,887,000 and \$14,909,000 in 2013 and 2012, respectively. The Medical Center has received approximately \$4,020,000 and \$3,132,000, respectively, from an uncompensated care fund to subsidize charity services provided under its charity care policy.

**Bowling Green – Warren County Community
Hospital Corporation d/b/a The Medical Center
Notes to Consolidated Financial Statements
March 31, 2013 and 2012**

1. Organization and Accounting Policies (continued)

Excess of Revenue Over Expenses

The consolidated statements of operations and changes in net assets includes excess of revenue over expenses. Changes in unrestricted net assets which are excluded from excess of revenue over expenses, consistent with industry practice, include changes in defined benefit pension plan gains and losses and prior service costs and permanent transfers of assets to and from affiliates for other than goods and services and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets)

Self Insurance

The Corporation has elected to self-insure certain costs related to employee health and workers compensation programs. Costs resulting from noninsured losses are charged to income when incurred. The Corporation has purchased insurance related to the employee health program that limits its exposure for individual claims to \$150,000 for the years ended March 31, 2013 and 2012, and no limits on its aggregate exposure. The Corporation has purchased insurance related to the workers compensation program that limits its exposure for individual claims to \$500,000 and limits its aggregate exposure to \$2 million.

Functional Expenses

The Medical Center's general and administrative costs represented approximately 8% and 9% of total expenses for each of the years ended March 31, 2013 and 2012, respectively.

Transfers Between Fair Value Hierarchy Levels

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the actual transfer date.

Income Tax Status

Most of the income received by the Medical Center is exempt from taxation under Section 501(a) of the Internal Revenue Code. Some of its income is subject to taxation as unrelated business income. The Medical Center files federal income tax returns, as well as an income tax return in Kentucky. The Medical Center is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2010.

Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 740 clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken, or expected to be taken in a tax return. Topic 740 also provides guidance on description, classification, interest and penalties, accounting in interim periods, disclosure and transition.

**Bowling Green – Warren County Community
Hospital Corporation d/b/a The Medical Center
Notes to Consolidated Financial Statements
March 31, 2013 and 2012**

1. Organization and Accounting Policies (continued)

Income Tax Status (continued)

The Medical Center does not have any uncertain tax positions recognized for 2013 or 2012.

The Medical Center's practice is to recognize interest and/or penalties related to income tax matters in income tax expense.

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 (EHR) technology. Payments under the Medicare program are generally made for up to four years based on a statutory formula. Payments under the Medicaid program are generally made for up to four years based upon a statutory formula, as determined by the state, which is approved by the Centers for Medicare and Medicaid Services. Payment under both programs are contingent on the hospital continuing to meet escalating meaningful use criteria and any other specific requirements that are applicable for the reporting period. The final amount for any payment year is determined based upon an audit by the administrative contractor. Events could occur that would cause the final amounts to differ materially from the initial payments under the program.

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

In 2013, the Medical Center completed the first-year requirements under the Medicare program and second-year requirements under the Medicaid program and recorded revenue of approximately \$3,849,000, which is included in other revenue within operating revenues in the consolidated statement of operations and changes in net assets. In 2012, the Medical Center completed the first-year requirements under the Medicaid program and recorded revenue of approximately \$320,000, which is included in other revenue within operating revenues in the consolidated statement of operations and changes in net assets.

Reclassifications

Certain reclassifications have been made to the 2012 consolidated financial statements to conform to the 2013 financial statement presentation. These reclassifications had no effect on the change in net assets.

**Bowling Green – Warren County Community
Hospital Corporation d/b/a The Medical Center
Notes to Consolidated Financial Statements
March 31, 2013 and 2012**

2. Net Patient Service Revenue

The Medical Center 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, the Medical Center recognizes revenue on the basis of its standard rates for services provided. On the basis of historical experience, a significant portion of the Medical Center's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Medical Center records a significant provision for bad debts related to uninsured patients in the period the services are provided. This provision for bad debts is presented on the consolidated statement of operations as a component of net patient service revenue.

The Medical Center has agreements with third-party payers (principally Medicare and Medicaid) that provide for payments at amounts different from their established rates. A summary of the payment arrangements with major third-party payers is described in the following paragraphs.

Inpatient medical and surgical acute-care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Medicare payments for home health and most hospital outpatient services are paid at prospectively determined rates based upon the patient's diagnosis. Long-term care services are reimbursed based on prospectively determined rates. Medicare revenue was approximately 38% and 34% of net patient service revenue for the years ended March 31, 2013 and 2012, respectively.

The Medicaid program reimburses the Medical Center on a prospectively determined rate per patient day for inpatient services and on the basis of cost, as defined, for outpatient, home health and long-term care services. Medicaid revenue was approximately 5% of net patient service revenue for the years ended March 31, 2013 and 2012.

Blue Cross revenue was approximately 20% and 18% of net patient service revenue for the years ended March 31, 2013 and 2012, respectively. Center Care was approximately 19% and 17% of net patient service revenue for the years ended March 31, 2013 and 2012, respectively.

In the health care industry, laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. Compliance with health care industry laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action including fines, penalties and exclusion from the Medicare and Medicaid programs. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

**Bowling Green – Warren County Community
Hospital Corporation d/b/a The Medical Center
Notes to Consolidated Financial Statements
March 31, 2013 and 2012**

2. Net Patient Service Revenue (continued)

Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized in the years ended March 31, 2013 and 2012, respectively, was approximately

	<u>2013</u>	<u>2012</u>
Medicare	\$117,346,391	\$111,536,301
Medicaid	15,593,023	17,119,487
Other third-party payers	139,836,521	131,620,125
Self-pay	37,853,923	32,451,937
	<u>\$310,629,858</u>	<u>\$292,727,850</u>

The Medical Center's excess of revenue over expenses increased by approximately \$40,000 and \$1,725,000 in fiscal years 2013 and 2012, respectively, as a result of changes in estimated settlements payable to Medicare and Medicaid

The Commonwealth of Kentucky (Commonwealth) imposes a tax on health care providers. The Commonwealth also provides for a system of reimbursement for services provided to certain Medicaid patients and other patients meeting specified income guidelines. Provider tax expense for the years ended March 31, 2013 and 2012, was approximately \$4,012,000 and \$4,008,000, respectively. Net patient service revenue includes approximately \$4,020,000 and \$3,132,000 of reimbursement for indigent care provided for the years ended March 31, 2013 and 2012, respectively.

Medicare reimbursements and the diagnosis upon which payment is based and disproportionate share payments are subject to review by Medicare representatives. Provision has been made for the estimated effect of review and audits by the program. In the opinion of management, adequate provision has been made in the financial statements for any adjustments that may result from such audits.

**Bowling Green – Warren County Community
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Notes to Consolidated Financial Statements
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3. Investments and Investment Return

Assets limited as to use at March 31 include

	2013	2012
Restricted under bond indenture agreements		
Cash and cash equivalents	\$ 15,595,128	\$ 5,749,207
Guaranteed investment contract	4,826,038	4,826,038
	<u>20,421,166</u>	<u>10,575,245</u>
Designated by board for replacement, expansion and improvement of facilities		
Cash and cash equivalents	12,469,588	10,063,042
Equity securities	23,436,491	23,545,328
Mutual funds – large cap U S companies	6,985,371	7,603,889
Mutual funds – mid and small cap U S companies	5,397,725	3,247,653
Mutual funds – emerging markets	7,130,925	5,217,437
Government agency obligations	78,365,257	69,687,763
Corporate bonds and notes	13,959,260	12,460,980
	<u>147,744,617</u>	<u>131,826,092</u>
Permanently restricted by donor		
Beneficial interest in a perpetual trust	1,530,970	1,479,297
	<u>169,696,753</u>	<u>143,880,634</u>
Less amount required to meet current obligations	<u>4,519,417</u>	<u>3,529,267</u>
	<u><u>\$165,177,336</u></u>	<u><u>\$140,351,367</u></u>

Total investment return is comprised of the following

	2013	2012
Interest and dividend income	\$ 3,030,036	\$ 3,129,921
Realized gains on trading securities	144,614	1,625,304
Net unrealized gains (losses) on trading securities	1,644,394	(1,167,320)
	<u><u>\$ 4,819,044</u></u>	<u><u>\$ 3,587,905</u></u>

**Bowling Green – Warren County Community
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3. Investments and Investment Return (continued)

Total investment return is reflected in the consolidated statement of operations and changes in net assets as follows

	<u>2013</u>	<u>2012</u>
Unrestricted net assets		
Nonoperating gains	\$ 4,767,371	\$ 3,562,265
Permanently restricted net assets	51,673	25,640
	<u>\$ 4,819,044</u>	<u>\$ 3,587,905</u>

4. Property and Equipment

Property and equipment consist of the following at March 31

	<u>2013</u>	<u>2012</u>
Land and land improvements	\$ 15,498,417	\$ 12,808,193
Buildings	138,708,828	136,347,447
Equipment	147,660,285	141,411,957
Construction in process	8,947,974	173,097
	<u>310,815,504</u>	<u>290,740,694</u>
Less accumulated depreciation and amortization	200,555,921	192,240,890
	<u>\$ 110,259,583</u>	<u>\$ 98,499,804</u>

FASB Accounting Standards Codification Topic 410 (Topic 410) clarified when an entity is required to recognize a liability for a conditional asset retirement obligation. Management has considered Topic 410, specifically as it relates to its legal obligation to perform asset retirement activities, such as asbestos removal, on its existing properties. Management believes there is an indeterminate settlement date for the asset retirement obligations because the range of time over which the Medical Center may settle the obligations is unknown and cannot be estimated. As a result, as of March 31, 2013, the Medical Center cannot reasonably estimate a liability related to these potential asset retirement activities.

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5. Long-Term Debt

Long-term debt consists of the following at March 31

	<u>2013</u>	<u>2012</u>
The County of Warren, Kentucky, Hospital Refunding and Revenue Bonds, Series 2008, dated March 20, 2008 (A)	\$ 43,560,000	\$ 70,980,000
The County of Warren, Kentucky, Hospital Refunding Revenue Bonds, Series 2007A, dated March 15, 2007 (B)	26,375,000	27,185,000
The County of Warren, Kentucky, Hospital Revenue Bonds, Series 2012A, dated August 1, 2012 (C)	15,550,000	-
The County of Warren, Kentucky, Hospital Refunding Revenue Bonds, Series 2012B, dated August 1, 2012 (D)	25,080,000	-
Construction Promissory Note, due September 2026, payable \$38,267 monthly including interest at 6.65%, secured by certain real property	3,938,901	4,171,444
Other long-term debt (E)	945,759	2,654,253
	<u>115,449,660</u>	<u>104,990,697</u>
Plus unamortized bond premium	4,014,190	785,706
Less current portion	3,936,817	5,246,936
	<u><u>\$ 115,527,033</u></u>	<u><u>\$ 100,529,467</u></u>

(A) On March 20, 2008, the County of Warren, Kentucky issued \$77,010,000 in Hospital Refunding and Revenue Bonds, Series 2008 (Series 2008 Bonds) on behalf of the Medical Center. Proceeds from the 2008 Bonds and certain other available monies were used to legally defease all of the outstanding 1998 Bonds issued on behalf of the Medical Center through deposits to irrevocable trusts pursuant to escrow agreements, to finance the costs of major facility additions, interior renovations, equipment and furnishings and site development at The Medical Center Bowling Green, to fund a debt service reserve fund for the 2008 Bonds, to fund interest on a portion of the 2008 Bonds and to pay costs of issuing the 2008 Bonds. The escrowed funds, together with the interest earnings thereon, were used to pay all subsequent installments of the defeased 1998 Bonds.

The Series 2008 Bonds, which amortize over 29 years, require the Medical Center to make periodic interest payments with varying principal payments beginning in fiscal year 2010. The interest rate is adjusted weekly and is based on remarketing efforts (0.30% and 0.29% at March 31, 2013 and 2012, respectively). With the approval of the bond issuer, the Medical Center may convert the Series 2008 Bonds to a fixed interest rate. The Series 2008 Bonds are subject to optional redemption by the Medical Center. The Series 2008 Bonds were secured by the gross revenues and certain real property of the Medical Center.

**Bowling Green – Warren County Community
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5. Long-Term Debt (continued)

In August 2012, \$24,815,000 of the outstanding Series 2008 Bonds were refunded with the issuance of the County of Warren, Kentucky Hospital Refunding Revenue Bonds, Series 2012B (Series 2012B Bonds). In May 2013, the Medical Center issued \$42,260,000 in the County of Warren, Kentucky Hospital Refunding Revenue Bonds, Series 2013 (Series 2013 Bonds) on behalf of the Medical Center. The Series 2013 Bonds and certain other available monies were used to refund the remaining outstanding Series 2008 Bonds, to make a termination payment related to the associated interest rate swap agreement and to pay the costs of issuing the Series 2013 Bonds. The Series 2013 Bonds, which amortize over 23 years, require the Medical Center to make periodic interest payments with varying principal payments beginning in fiscal year 2015. The interest rate on the bonds varies from 4.00% to 5.00%. The Series 2013 Bonds maturing after April 1, 2037, are subject to optional redemption. The Series 2013 Bonds are secured by the gross revenues of the Medical Center and assets restricted under the bond indenture agreement.

The Series 2008 Bonds were secured through a standby bond purchase agreement provided by a bank that expired on April 30, 2013, and a noncancellable bond insurance policy. The standby bond purchase agreement included repayment terms of 60 equal monthly installments commencing on the 180th day after a failed remarketing of the bonds which are to be paid under the bond insurance policy.

In connection with the issuance of the Series 2008 Bonds, the Medical Center entered into an interest rate swap agreement for interest rate management purposes. Under the terms of this interest rate swap agreement, the Medical Center pays a fixed rate of 3.269% and receives a floating rate based upon 70% of the one-month LIBOR rate thereafter on notional amounts of \$43,560,000 and \$70,980,000 at March 31, 2013 and 2012, respectively. The agreement was set to expire on April 1, 2037, however as noted above the Medical Center terminated the agreement in May 2013. This swap was not designated as a cash flow hedge for accounting purposes and as such changes in the fair value of the swap are recorded as nonoperating gains or losses in the consolidated statements of operations and changes in net assets. The Medical Center recorded losses of \$1,056,046 and \$5,749,415 related to this swap agreement for the years ended March 31, 2013 and 2012, respectively, which is included in the change in fair value of interest rate swap agreements in the consolidated statements of operations and changes in net assets. The interest differential to be paid or received under this swap agreement is accrued and recognized as an adjustment to interest expense. The Medical Center has recognized a liability of \$8,409,681 and \$10,318,435 at March 31, 2013 and 2012, respectively, which is included in the interest rate swap agreement liability in the consolidated balance sheets. In August 2012, the Medical Center made a payment in the amount of \$2,964,800 to reduce the notional amount of the agreement due to the refunding of a portion of the Series 2008 Bonds. In May 2013, the Medical Center made a payment in the amount of \$9,061,000 to terminate the agreement due to the refunding of the remainder of the Series 2008 Bonds.

(B) On March 15, 2007, the County of Warren, Kentucky issued \$30,885,000 in Hospital Refunding Revenue Bonds, Series 2007A (Series 2007A Bonds) on behalf of the Medical Center. The proceeds of the Series 2007A Bonds were used to refund the Series 2001 Bonds and to fund various construction projects.

**Bowling Green – Warren County Community
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5. Long-Term Debt (continued)

The Series 2007A Bonds, which amortize over 25 years, require the Medical Center to make periodic interest payments with varying principal payments beginning in fiscal year 2008. The interest rate on the bonds varies from 4.00% to 5.00%. The Series 2007A Bonds maturing on or prior to fiscal year 2018 are not subject to optional redemption prior to their respective maturities. The Series 2007A Bonds maturing on or after fiscal year 2019 are subject to optional redemption by the Medical Center. The Series 2007A Bonds are secured by the gross revenues and certain real property of the Medical Center.

(C) On August 1, 2012, the County of Warren, Kentucky issued \$15,550,000 in Hospital Revenue Bonds, Series 2012A (Series 2012A Bonds) on behalf of the Medical Center. Proceeds from the Series 2012A Bonds and certain other available monies were used to fund the construction of The Medical Center – WKU Health Sciences Complex and to pay the costs of issuing the Series 2012A Bonds.

The Series 2012A Bonds, which amortize over 25 years, require the Medical Center to make periodic interest payments with varying principal payments beginning in fiscal year 2025. The interest rate on the bonds varies from 4.00% to 5.00%. The Series 2012A Bonds maturing on or after fiscal year 2023 are subject to optional redemption by the Medical Center. The Series 2012A Bonds are secured by the gross revenues of the Medical Center and assets restricted under the bond indenture agreement.

(D) On August 1, 2012, the County of Warren, Kentucky issued the Series 2012B Bonds in the amount of \$25,080,000 on behalf of the Medical Center. Proceeds from the Series 2012B Bonds and certain other available monies were used to legally defease a portion of the outstanding Series 2008 Bonds issued on behalf of the Medical Center, to make a termination payment relating to the associated interest rate swap agreement for the Series 2008 Bonds and to pay the costs of issuing the Series 2012B Bonds.

The Series 2012B Bonds, which amortize over eight years, require the Medical Center to make periodic interest payments with varying principal payments beginning in fiscal year 2014. The interest rate on the bonds varies from 2.00% to 5.00%. The Series 2012B Bonds are not subject to optional redemption prior to their respective maturities. The Series 2012B Bonds are secured by the gross revenues of the Medical Center and assets restricted under the bond indenture agreement. In conjunction with the issuance, the Medical Center recorded a loss on extinguishment of debt of approximately \$885,000 in 2013.

Under the terms of the Series 2008, 2007A, 2012A and 2012B Bonds, the Medical Center has agreed to certain covenants which, among other things, require the establishment of a debt service fund, limit additional indebtedness and guarantees and require the Medical Center to maintain specified financial ratios and minimum days cash on hand.

(E) The remaining long-term debt consists primarily of a construction promissory note at an interest rate of 6.75%, due through August 2017, collateralized by certain real property and equipment.

**Bowling Green – Warren County Community
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Notes to Consolidated Financial Statements
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5. Long-Term Debt (continued)

Aggregate future principal maturities of long-term debt were as follows at March 31, 2013

2014	\$ 3,936,817
2015	4,227,310
2016	4,385,354
2017	4,545,547
2018	4,590,336
Thereafter	<u>93,764,296</u>
	<u><u>\$115,449,660</u></u>

Cash paid for interest during the years ended March 31, 2013 and 2012, was approximately \$3,700,000 and \$4,620,000, respectively. The Medical Center capitalized \$484,000 and \$0 in interest expense in 2013 and 2012, respectively.

6. Operating Leases

The Medical Center has entered into various noncancellable operating lease agreements primarily for the use of medical equipment. Future minimum annual rental payments for leases with terms in excess of one year as of March 31, 2013, are as follows:

2014	\$ 825,227
2015	789,205
2016	229,221
2017	18,000
2018	<u>18,000</u>
	<u><u>\$ 1,879,653</u></u>

Total rental expense for all lease agreements was approximately \$1,547,000 and \$2,166,000 for the years ended March 31, 2013 and 2012, respectively.

**Bowling Green – Warren County Community
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Notes to Consolidated Financial Statements
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7. Employee Benefit Plans

Substantially all of the Medical Center's employees hired before June 30, 2009, are covered by the Corporation's noncontributory defined benefit pension plan. Plan benefits are based upon a career average benefit formula. Contributions are intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future. Pension expense allocated to the Medical Center was approximately \$6,964,000 and \$5,708,000 for the years ended March 31, 2013 and 2012, respectively. The Medical Center increased (decreased) unrestricted net assets by \$1,533,690 and \$(14,276,284) related to the defined benefit pension plan for the years ended March 31, 2013 and 2012, respectively. The Corporation uses a March 31 measurement date for its defined benefit pension plan.

The following information sets forth the Corporation's defined benefit pension plan, the majority of which relates to the Medical Center:

A summary of the components of net periodic cost for the defined benefit plan for the years ended March 31 is as follows:

	2013	2012
Components of net periodic benefit cost		
Service cost-benefits earned during the year	\$ 6,500,308	\$ 5,967,616
Interest cost on projected benefit obligation	6,092,563	6,210,996
Expected return on plan assets	(5,841,954)	(6,354,079)
Amortization and deferral of net gain	3,071,673	2,177,527
Net periodic benefit cost	<u>\$ 9,822,590</u>	<u>\$ 8,002,060</u>

**Bowling Green – Warren County Community
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7. Employee Benefit Plans (continued)

The following table sets forth the plan's funded status and amounts recognized in the consolidated financial statements at March 31

	<u>2013</u>	<u>2012</u>
Change in benefit obligation		
Benefit obligation at beginning of year	\$122,708,866	\$103,322,671
Service cost	6,500,308	5,967,616
Interest cost	6,092,563	6,210,996
Actuarial loss	943,962	13,728,661
Benefits paid	(5,275,674)	(6,521,078)
Benefit obligation at end of year	<u>130,970,025</u>	<u>122,708,866</u>
 Change in plan assets		
Fair value of plan assets at beginning of year	83,163,257	80,633,728
Actual return on plan assets	5,247,933	3,628,929
Employer contributions	6,233,859	5,421,678
Benefits paid	(5,275,674)	(6,521,078)
Fair value of plan assets at end of year	<u>89,369,375</u>	<u>83,163,257</u>
 Funded status	<u><u>\$(41,600,650)</u></u>	<u><u>\$(39,545,609)</u></u>

The funded status of the plan is included in other long-term liabilities in the accompanying consolidated balance sheets. The accumulated benefit obligation was approximately \$104,450,000 and \$97,087,000 at March 31, 2013 and 2012, respectively.

Included in accumulated other unrestricted net assets at March 31, 2013 and 2012, are the following amounts that have not yet been recognized in net periodic pension cost: net loss of \$42,163,385 and \$43,483,418 and unrecognized prior service costs of \$571,082 and \$784,739, respectively. The net loss and prior service cost expected to be recognized during the fiscal year ending March 31, 2014, is approximately \$2,822,000 and \$214,000, respectively.

The net gain (loss) recognized in the change in defined benefit pension plan gains and losses and prior service costs included in changes in unrestricted net assets was \$1,320,033 and \$(14,489,941) for the years ended March 31, 2013 and 2012, respectively. The net prior service cost recognized in the change in defined benefit pension plan gains and losses and prior service costs included in change in unrestricted net assets was \$213,657 for the years ended March 31, 2013 and 2012.

**Bowling Green – Warren County Community
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Notes to Consolidated Financial Statements
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7. Employee Benefit Plans (continued)

Information for a pension plan which has benefit obligations in excess of plan assets is as follows

	<u>2013</u>	<u>2012</u>
Projected benefit obligation	\$130,970,025	\$122,708,866
Accumulated benefit obligation	\$104,449,627	\$ 97,087,425
Fair value of plan assets	\$ 89,369,375	\$ 83,163,257

Significant assumptions include

	<u>2013</u>	<u>2012</u>
Weighted-average assumptions used to determine benefit obligations		
Discount rate	4.87%	5.24%
Rate of compensation increase	4.00%	4.00%
Weighted-average assumptions used to determine benefit costs		
Discount rate	5.24%	6.10%
Expected return on plan assets	7.00%	8.00%
Rate of compensation increase	4.00%	4.00%

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

Plan assets are invested in 0.7% and 4.5% of money market mutual funds, 47.9% and 42.1% of equity securities, 23.2% and 25.4% of corporate bonds and notes and 28.2% and 28.0% of government agency obligations at March 31, 2013 and 2012, respectively.

The defined benefit plan's assets are invested in a portfolio that provides for asset allocation strategies across equity and debt markets. The portfolio's objective is to maximize the plan's surplus, minimize annual contributions and fund the annual interest credit. Management and its investment advisor have prepared asset allocation recommendations based upon detailed analyses of the plan's current and expected future financial needs. The target asset allocations percentages were 37% fixed income, 51% equities and 12% diversifying assets for March 31, 2013 and 2012.

The Corporation expects to contribute approximately \$8.6 million to its pension plan in 2014.

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7. Employee Benefit Plans (continued)

Pension Plan Assets

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

Where quoted market prices are available in an active market, plan assets are classified within Level 1 of the valuation hierarchy. Level 1 plan assets include money market mutual funds, equity securities and mutual funds. If quoted prices are not available, then fair values are estimated by using pricing models, quoted prices of plan assets with similar characteristics or discounted cash flows. Level 2 plan assets include corporate bonds and notes and government agency obligations. In certain cases where Level 1 or Level 2 inputs are not available, plan assets are classified within Level 3 of the hierarchy. The Plan did not hold investments utilizing Level 3 inputs.

The fair value of the Corporation's pension plan assets at March 31, 2013 and 2012, by asset class are as follows

	2013			
	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market mutual funds	\$ 622,486	\$ 622,486	\$ -	\$ -
Equity securities	16,359,626	16,359,626	-	-
Mutual funds (A)	26,458,910	26,458,910	-	-
Corporate bonds and notes	20,777,971	-	20,777,971	-
Government agency obligations	25,150,382	-	25,150,382	-
	<u>\$ 89,369,375</u>	<u>\$ 43,441,022</u>	<u>\$ 45,928,353</u>	<u>\$ -</u>

**Bowling Green – Warren County Community
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7. Employee Benefit Plans (continued)

	2012			
	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market mutual funds	\$ 3,734,156	\$ 3,734,156	\$ -	\$ -
Equity securities	16,578,792	16,578,792	-	-
Mutual funds (B)	18,414,986	18,414,986	-	-
Corporate bonds and notes	21,095,506	-	21,095,506	-
Government agency obligations	23,339,817	-	23,339,817	-
	<u>\$ 83,163,257</u>	<u>\$ 38,727,934</u>	<u>\$ 44,435,323</u>	<u>\$ -</u>

(A) Thirty percent of mutual funds invest in common stock of large cap U S companies Sixty-one percent of the mutual fund investments focus on emerging markets and mid and small cap U S companies

(B) Forty-one percent of mutual funds invest in common stock of large cap U S companies Fifty-nine percent of the mutual fund investments focus on emerging markets and mid and small cap U S companies

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

Benefits expected to be paid to the Corporation`s beneficiaries as of March 31, 2013, are as follows

2014	\$ 6,728,826
2015	\$ 7,572,486
2016	\$ 8,147,790
2017	\$ 8,887,551
2018	\$ 9,919,092
2019 through 2023	\$ 53,753,207

**Bowling Green – Warren County Community
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7. Employee Benefit Plans (continued)

The Medical Center participates in the Corporation's defined contribution pension plan which covers substantially all employees hired after June 30, 2009. The Medical Center makes matching contributions of 50% of employee deferral amounts on the first 6% of eligible compensation. The Medical Center may also make discretionary matching contributions as determined by the Corporation's board of directors for eligible employee voluntary contributions. Pension expense was \$384,822 and \$206,317 for 2013 and 2012, respectively.

8. Related-Party Transactions

The Corporation is a nonprofit organization formed for charitable and public purposes and is the parent holding company for the Medical Center, The Medical Center at Franklin, Commonwealth Regional Specialty Hospital, Commonwealth Health Foundation and the Free Clinic, nonprofit organizations. The Corporation is also the parent holding company of Urgentcare of Bowling Green, Inc.

At March 31, 2013 and 2012, the Medical Center had receivables from the Corporation of approximately \$1,323,000 and \$1,064,000, respectively.

The Medical Center has recorded revenue of approximately \$4,704,000 and \$2,922,000 in 2013 and 2012, respectively, related to services provided and interest assessed to the affiliated companies. The Medical Center also purchased management and other services from the Corporation which totaled approximately \$30,576,000 and \$29,638,000 in 2013 and 2012, respectively. The Corporation transferred \$2,777,923 and \$267,017 to the Medical Center in 2013 and 2012, respectively. The transfers were comprised of \$1,490,672 and \$267,017 in cash for 2013 and 2012 and \$1,287,251 in property and equipment in 2013. Such expenses are included in operating expenses in the accompanying consolidated financial statements. Amounts due to affiliates include approximately \$1,589,000 and \$1,817,000 at March 31, 2013 and 2012, respectively, for management and other services purchased.

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9. Concentrations of Credit Risk

Patient Accounts Receivable

The Medical Center grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payer agreements. The mix of receivables from patients and third-party payers at March 31 was as follows:

	2013	2012
Medicare	29%	29%
Medicaid	12%	14%
Blue Cross	13%	13%
Center Care	8%	12%
Other third-party payers	10%	9%
Patients	28%	23%
	<u>100%</u>	<u>100%</u>

Bank Balances

At March 31, 2013, the Medical Center's cash accounts exceeded federally insured limits by approximately \$13,414,000.

10. Medical Malpractice and General Liability Insurance

Effective August 1, 2002, the Medical Center became self-insured for medical malpractice losses and purchased occurrence-based excess commercial insurance coverage for claims over the self-insurance limit. Losses from asserted and unasserted claims identified under the Medical Center's incident reporting system, as well as claims incurred but not yet reported, are accrued based on estimates provided by an actuary that incorporates past experience, as well as other considerations including the nature of each claim or incident and relevant trend factors, including historical funding patterns. Recorded malpractice and general liability self-insurance liabilities (discounted at 4.75%) are adequate in management's opinion. The estimated liability for medical malpractice claims of \$3,178,148 and \$2,888,413 of which \$1,644,216 and \$718,668 is included in accrued expenses and \$1,533,932 and \$2,169,745 is included in other long-term liabilities at March 31, 2013 and 2012, respectively, in the consolidated balance sheets. The Medical Center has recorded a receivable for insurance recoveries of \$3,503,397 and \$1,681,410 of which \$2,784,965 and \$509,733 is included in prepaid expenses and other current assets and \$718,432 and \$1,171,677 is included in other assets in the consolidated balance sheet at March 31, 2013 and 2012, respectively.

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March 31, 2013 and 2012**

10. Medical Malpractice and General Liability Insurance (continued)

The Medical Center is involved in litigation arising in the ordinary course of business. Claims alleging malpractice have been asserted against the Medical Center and are currently in various stages of litigation. It is the opinion of management of the Medical Center, based on experience and the advice of legal counsel, the ultimate resolution of professional liability claims will not have a significant effect on the Medical Center's consolidated financial statements. It is reasonably possible that these estimates could change materially in the near term.

The Corporation has established a trust for the purpose of setting aside assets based on actuarial funding recommendations. The Medical Center participates in this trust and has funded its portion of the actuarial determined liability as noted above into the trust. The Medical Center contributed approximately \$1,730,000 and \$434,000 into the trust for the years ended March 31, 2013 and 2012, respectively.

11. Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities

**Bowling Green – Warren County Community
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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 March 31

	2013			
	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market mutual funds	\$ 24,459,110	\$ 24,459,110	\$ -	\$ -
Equity securities	\$ 23,436,491	\$ 23,436,491	\$ -	\$ -
Mutual funds – large cap U S companies	\$ 6,985,371	\$ 6,985,371	\$ -	\$ -
Mutual funds – mid and small cap U S companies	\$ 5,397,725	\$ 5,397,725	\$ -	\$ -
Mutual funds – emerging markets	\$ 7,130,925	\$ 7,130,925	\$ -	\$ -
Government agency obligations	\$ 78,365,257	\$ -	\$ 78,365,257	\$ -
Corporate bonds and notes	\$ 13,959,260	\$ -	\$ 13,959,260	\$ -
Beneficial interest in a perpetual trust	\$ 1,530,970	\$ -	\$ 1,530,970	\$ -
Interest rate swap agreement	\$ (8,409,681)	\$ -	\$ (8,409,681)	\$ -

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11. Disclosures About Fair Value of Assets and Liabilities (continued)

	2012			
	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market mutual funds	\$ 15,568,740	\$ 15,568,740	\$ -	\$ -
Equity securities	\$ 23,545,328	\$ 23,545,328	\$ -	\$ -
Mutual funds – large cap U S companies	\$ 7,603,889	\$ 7,603,889	\$ -	\$ -
Mutual funds – mid and small cap U S companies	\$ 3,247,653	\$ 3,247,653	\$ -	\$ -
Mutual funds – emerging markets	\$ 5,217,437	\$ 5,217,437	\$ -	\$ -
Government agency obligations	\$ 69,687,763	\$ -	\$ 69,687,763	\$ -
Corporate bonds and notes	\$ 12,460,980	\$ -	\$ 12,460,980	\$ -
Beneficial interest in a perpetual trust	\$ 1,479,297	\$ -	\$ 1,479,297	\$ -
Interest rate swap agreement	\$ (10,318,435)	\$ -	\$ (10,318,435)	\$ -

Following is a description of the inputs and valuation methodologies used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying consolidated balance sheets, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended March 31, 2013.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include money market mutual funds, equity securities and mutual funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. The inputs used by the pricing service to determine fair value may include one, or a combination of, observable inputs

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11. Disclosures About Fair Value of Assets and Liabilities (continued)

such as benchmark securities, bids, offers and reference data market research publications and are classified within Level 2 of the valuation hierarchy. Level 2 securities include corporate bonds and notes and government agency obligations. In certain cases where Level 1 and Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy and included alternative investments.

Beneficial Interest in a Perpetual Trust

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs, the interest is classified within Level 2 of the hierarchy.

Interest Rate Swap Agreement

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

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11. Disclosures About Fair Value of Assets and Liabilities (continued)

The following table presents estimated fair values of the Medical Center's financial instruments and the level within the fair value hierarchy in which the fair measurements fall at March 31

		2013		
		Fair Value Measurements Using		
	Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets				
Cash and cash equivalents	\$ 14,506,682	\$ 14,506,682	\$ -	\$ -
Money market mutual funds	\$ 24,459,110	\$ 24,459,110	\$ -	\$ -
Equity securities	\$ 23,436,491	\$ 23,436,491	\$ -	\$ -
Mutual funds – large cap U S companies	\$ 6,985,371	\$ 6,985,371	\$ -	\$ -
Mutual funds – mid and small cap U S companies	\$ 5,397,725	\$ 5,397,725	\$ -	\$ -
Mutual funds – emerging markets	\$ 7,130,925	\$ 7,130,925	\$ -	\$ -
Government agency obligations	\$ 78,365,257	\$ -	\$ 78,365,257	\$ -
Corporate bonds and notes	\$ 13,959,260	\$ -	\$ 13,959,260	\$ -
Guaranteed investment contract	\$ 4,826,038	\$ -	\$ 4,826,038	\$ -
Beneficial interest in a perpetual trust	\$ 1,530,970	\$ -	\$ 1,530,970	\$ -
Financial Liabilities				
Interest rate swap agreement	\$ 8,409,681	\$ -	\$ 8,409,681	\$ -
Long-term debt, plus bond premium	\$ 119,463,850	\$ -	\$ 118,153,019	\$ -

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11. Disclosures About Fair Value of Assets and Liabilities (continued)

		2012		
		Fair Value Measurements Using		
	Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets				
Cash and cash equivalents	\$ 9,208,269	\$ 9,208,269	\$ -	\$ -
Money market mutual funds	\$ 15,568,740	\$ 15,568,740	\$ -	\$ -
Equity securities	\$ 23,545,328	\$ 23,545,328	\$ -	\$ -
Mutual funds – large cap U S companies	\$ 7,603,889	\$ 7,603,889	\$ -	\$ -
Mutual funds – mid and small cap U S companies	\$ 3,247,653	\$ 3,247,653	\$ -	\$ -
Mutual funds – emerging markets	\$ 5,217,437	\$ 5,217,437	\$ -	\$ -
Government agency obligations	\$ 69,687,763	\$ -	\$ 69,687,763	\$ -
Corporate bonds and notes	\$ 12,460,980	\$ -	\$ 12,460,980	\$ -
Guaranteed investment contract	\$ 4,826,038	\$ -	\$ 4,826,038	\$ -
Beneficial interest in a perpetual trust	\$ 1,479,297	\$ -	\$ 1,479,297	\$ -
Financial Liabilities				
Interest rate swap agreement	\$ 10,318,435	\$ -	\$ 10,318,435	\$ -
Long-term debt, plus bond premium	\$ 105,776,403	\$ -	\$ 105,736,204	\$ -

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11. Disclosures About Fair Value of Assets and Liabilities (continued)

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

Cash and Cash Equivalents

The carrying amount approximates fair value

Guaranteed Investment Contract

The carrying amount approximates fair value

Long-Term Debt

Fair value is estimated based on the borrowing rates currently available to the Medical Center for debt with similar terms and maturities

12. 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

Medical Malpractice and General Liability Claims

Estimates related to the accrual for medical malpractice and general liability claims are described in Note 10

Litigation

In the normal course of business, the Medical Center is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the Medical Center's self-insurance program (discussed elsewhere in these notes) or by commercial insurance, for example, allegations regarding employment practices or performance of contracts. The Medical Center 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.

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12. Significant Estimates and Concentrations (continued)

Asset Retirement Obligation

As discussed in Note 4, the Medical Center has not recorded a liability for its conditional asset retirement obligations related to asbestos

Pension Obligation

The Medical Center has a noncontributory defined benefit pension plan whereby it agrees to provide certain post-retirement benefits to eligible employees. The benefit obligation is the actuarial present value of all benefits attributed to service rendered prior to the valuation date based on the projected unit credit cost method. It is reasonably possible that events could occur that would change the estimated amount of this liability materially in the near term.

Investments

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

Current Economic Conditions

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

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

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

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13. Patient Protection and Affordable Care Act

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

The Commonwealth of Kentucky has indicated it will participate in the expansion of the Medicaid program.

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

14. Subsequent Events

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

15. Commitments

The Medical Center entered into a \$12.1 million construction contract commitment on June 13, 2012, related to the construction of the Medical Center – WKU Health Sciences Complex. At March 31, 2013, there was approximately \$8,418,000 expended related to this contract.

Supplementary Information

**Bowling Green – Warren County Community
Hospital Corporation d/b/a The Medical Center
Community Benefit Care Information
Year Ended March 31, 2013**

The Medical Center maintains records to identify and monitor the level of community benefit care it provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy. Other uncompensated care relates principally to contractual allowances from government payers, discounts taken by commercial payers and bad debts.

The following summary quantifies additional community benefit expense in terms of uncompensated care, services to the poor and benefits to the broader community during the fiscal year 2013.

Charity care (as described in Note 1, \$14,887,326 of charity care costs, less \$4,019,511 of subsidies)	\$ 10,867,815
Unpaid cost of Medicaid	8,008,585
Community health improvement (includes free community health fairs, screenings, community health education classes and health and wellness projects)	3,371,997
Health professionals education (scholarships and funding for education)	3,375,979
Subsidized health services (includes emergency care, obstetrical service line and behavioral health services for which reimbursements do not cover the full cost and Kentucky provider tax to fund care)	6,247,424
Financial and in-kind contributions	49,392
Total charity care and other benefits	<u>31,921,192</u>
Community building activities	537,849
Bad debt (services provided in which payment is expected, but never received)	5,185,281
Unpaid cost of Medicare	17,699,988
Total	<u><u>\$ 55,344,310</u></u>

Community benefits expense represents approximately 19% of total expenses for the fiscal year ended 2013.