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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 <div> <div>2012</div> <div>Open to Public Inspection</div> </div>
	▶ 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 07-01-2012 , 2012, and ending 06-30-2013

B Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization COMMUNITY HOSPITAL ASSOCIATION OF MCCOOK		D Employer identification number 47-0533373
	Doing Business As		
	Number and street (or P O box if mail is not delivered to street address) 1301 EAST H STREET PO BOX 1328	Room/suite	E Telephone number (308) 344-2650
	City or town, state or country, and ZIP + 4 MCCOOK, NE 69001		G Gross receipts \$ 43,966,533
	F Name and address of principal officer TROY BRUNTZ 434 SEMINOLE DRIVE MCCOOK, NE 69001		H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) H(c) Group exemption number ▶
I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () ◀ (Insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527			
J Website: ▶ WWW.CHMCCOOK.ORG			

K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other <input type="checkbox"/>	L Year of formation 1974	M State of legal domicile NE
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Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities TO PROMOTE PUBLIC HEALTH		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	9
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	8
	5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	316
	6 Total number of volunteers (estimate if necessary)	6	14
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
7b Net unrelated business taxable income from Form 990-T, line 34	7b	0	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year 621,158	Current Year 3,824,993
	9 Program service revenue (Part VIII, line 2g)	35,227,672	38,782,067
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	103,818	-96,848
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	794,329	1,052,539
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	36,746,977	43,562,751
	Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	59,417
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)		15,739,637	17,225,030
16a Professional fundraising fees (Part IX, column (A), line 11e)		0	0
b Total fundraising expenses (Part IX, column (D), line 25) <input type="checkbox"/> 0			
17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)		19,800,061	20,746,793
18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)		35,599,115	38,016,766
19 Revenue less expenses Subtract line 18 from line 12		1,147,862	5,545,985
Net Assets or Fund Balances	Beginning of Current Year		End of Year
	20 Total assets (Part X, line 16)	55,218,772	63,463,730
	21 Total liabilities (Part X, line 26)	29,535,084	32,234,057
	22 Net assets or fund balances Subtract line 21 from line 20	25,683,688	31,229,673

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	*****			2014-05-10	
	Signature of officer			Date	
	TROY BRUNTZ CFO				
	Type or print name and title				
Paid Preparer Use Only	Prnt/Type preparer's name WENDY R COOLEY		Preparer's signature		Date
	Check <input type="checkbox"/> if self-employed			PTIN P01523804	
	Firm's name ▶ SEIM JOHNSON LLP			Firm's EIN ▶ 47-6097913	
	Firm's address ▶ 18081 BURT STREET SUITE 200 OMAHA, NE 680224722			Phone no (402) 330-2660	

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

Part III

Statement of Program Service Accomplishments

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

1

Briefly describe the organization’s mission

TO EXCEL AT PROVIDING FOR THE HEALTHCARE NEEDS OF OUR REGION THROUGH QUALITY, EFFICIENT AND PATIENT-CENTERED CARE

2

Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

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?

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 \$ 31,029,298 including grants of \$ 44,943) (Revenue \$ 39,419,321)

CRITICAL ACCESS ACUTE CARE HOSPITAL PROVIDING INPATIENT AND OUTPATIENT CARE, DIAGNOSTIC, REHABILITATION, SURGICAL, NURSERY, VISITING MEDICAL SPECIALISTS, HOME HEALTH AND HOSPICE, TWO RURAL HEALTH CLINICS, AND HEALTH AND EDUCATION PROGRAMS

4b

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

4c

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

4d




















Other program services (Describe in Schedule O)

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

4e

Total program service expenses ▶ 31,029,298

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	No
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional 	12b Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV	14b	No
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Parts II and IV	15	No
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Parts III and IV	16	No
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)	17	No
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18	No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	No
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H 	20a Yes	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? 	20b Yes	

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21	Yes	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <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		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
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		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
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	Yes	
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b	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		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, 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	Yes	
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.	51	
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.	2a	316
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	2b	Yes
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	No
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3b	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a	No
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a	No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b	No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c	
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?	6a	No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b	
7	Organizations that may receive deductible contributions under section 170(c).		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a	No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c	No
d	If "Yes," indicate the number of Forms 8282 filed during the year.	7d	
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e	No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f	No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h	
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8	
9	Sponsoring organizations maintaining donor advised funds.		
a	Did the organization make any taxable distributions under section 4966?	9a	
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b	
10	Section 501(c)(7) organizations. Enter		
a	Initiation fees and capital contributions included on Part VIII, line 12.	10a	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	10b	
11	Section 501(c)(12) organizations. Enter		
a	Gross income from members or shareholders.	11a	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	11b	
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b	
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.	13a	
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	13b	
c	Enter the amount of reserves on hand.	13c	
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a	No
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	14b	

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	9	
	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	8	
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
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. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> 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 TROY BRUNTZ 1301 EAST H - PO BOX 1328 MCCOOK, NE (308) 344-8315

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) JAMES O'DEA CHAIRMAN	1 00 0 00	X		X				0	0	0
(2) WAYNE WATKINS DVM VICE CHAIRMAN	1 00 0 00	X		X				0	0	0
(3) MARK EILER TREASURER	1 00 0 00	X		X				0	0	0
(4) BRUCE BAIR SECRETARY	1 00 0 00	X		X				0	0	0
(5) MAX ABERCROMBIE MEMBER	1 00 0 00	X						0	0	0
(6) KRISTI DAUM MEMBER	1 00 0 00	X						0	0	0
(7) CONNIE OLSON MEMBER	1 00 0 00	X						0	0	0
(8) DAVE SMITH MEMBER	1 00 0 00	X						0	0	0
(9) DORIS FRIEHE MEMBER	1 00 0 00	X						0	0	0
(10) ROSELYN REMINGTON MD MEMBER	1 00 0 00	X						0	0	0
(11) BRIAN ESCH MEMBER	1 00 0 00	X						0	0	0
(12) JAMES ULRICH CEO & PRESIDENT	39 00 1 00			X				196,873	0	24,821
(13) TROY BRUNTZ CFO & VP OF FINANCE	40 00 0 00			X				138,263	0	15,004
(14) BRIAN SMITH DIRECTOR OF ANESTHESIA	40 00 0 00					X		282,638	0	28,341
(15) ANTHONY RODEWALD DIRECTOR OF PHARMACY	40 00 0 00					X		136,945	0	20,818
(16) BRENDA KOPRIVA GENERAL SURGEON	40 00 0 00					X		257,430	0	16,210
(17) CHASE CRAWFORD PHARMACIST	40 00 0 00					X		122,411	0	20,924

Part VII

1b	Sub-Total			
c	Total from continuation sheets to Part VII, Section A			
d	Total (add lines 1b and 1c)	1,256,614	0	146,939

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization **12**

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
MCCOOK CLINIC PC 1401 EAST H STREET MCCOOK NE 69001	MEDICAL PROFESSIONAL - PHYSICIANS	1,034,818
SOUTHWEST NEBRASKA PHYSICAL THERAPY PC 1301 EAST H STREET MCCOOK NE 69001	PHYSICAL THERAPY SERVICES	942,302
PATHOLOGY SERVICES PC BOX 1289 NORTH PLATTE NE 69103	MEDICAL PROFESSIONAL - PATHOLOGY	253,832
LAWRENCE FRIESTAD CRNA , 901 WEST 7TH MCCOOK NE 69001	MEDICAL PROFESSIONAL - CRNA SERVICES	189,150
PLATTE VALLEY MEDICAL GROUP 3219 CENTRAL AVE KEARNEY NE 68848	MOBILE MEDICAL SERVICES	118,551

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 ►6

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	841,404			
	e	Government grants (contributions)	1e	16,818			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	2,966,771			
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f		3,824,993			
Program Service Revenue	2a	PATIENT SERVICE REVENUE	Business Code 621400	22,472,937	22,472,937		
	b	MEDICARE/MEDICAID PAYMENTS	621400	15,479,905	15,479,905		
	c	RECOVERY OF ACCOUNTS	621400	562,500	562,500		
	d	MEANINGFUL USE INCENTIVE PAYMENT	621400	266,725	266,725		
	e						
	f	All other program service revenue					
	g	Total. Add lines 2a-2f		38,782,067			
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		164,075		164,075
4		Income from investment of tax-exempt bond proceeds . . .					
5		Royalties					
6a		Gross rents	(i) Real 261,458	(ii) Personal			
		b	Less rental expenses	0			
		c	Rental income or (loss)	261,458			
		d	Net rental income or (loss)		261,458		261,458
7a		Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other 142,859			
		b	Less cost or other basis and sales expenses		403,782		
		c	Gain or (loss)		-260,923		
		d	Net gain or (loss)		-260,923		-260,923
8a		Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	a				
b		Less direct expenses	b				
c		Net income or (loss) from fundraising events . . .					
9a		Gross income from gaming activities See Part IV, line 19	a				
b		Less direct expenses	b				
c		Net income or (loss) from gaming activities . . .					
10a		Gross sales of inventory, less returns and allowances	a				
		b	Less cost of goods sold	b			
		c	Net income or (loss) from sales of inventory . . .				
Miscellaneous Revenue		Business Code					
11a		CAFETERIA/MEALS	900099	111,823			111,823
b		HOUSEKEEPING INCOME	900099	54,588	54,588		
c	PURCHASE DISCOUNTS	621400	38,644	38,644			
d	All other revenue		586,026	544,022		42,004	
e	Total. Add lines 11a-11d		791,081				
12	Total revenue. See Instructions		43,562,751	39,419,321	0	318,437	

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.	44,943	44,943		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.				
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.	374,961		374,961	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).	65,402	65,402		
7	Other salaries and wages.	12,670,357	10,126,400	2,543,957	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	785,239	638,705	146,534	
9	Other employee benefits.	2,309,302	1,834,891	474,411	
10	Payroll taxes.	1,019,769	804,787	214,982	
11	Fees for services (non-employees):				
a	Management.				
b	Legal.	38,050		38,050	
c	Accounting.	76,846		76,846	
d	Lobbying.				
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.				
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	5,596,194	4,267,071	1,329,123	
12	Advertising and promotion.	279,320		279,320	
13	Office expenses.	929,863	652,692	277,171	
14	Information technology.				
15	Royalties.				
16	Occupancy.	986,212	822,154	164,058	
17	Travel.	24,963	9,748	15,215	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	300,142	173,530	126,612	
20	Interest.	1,342,374	1,182,772	159,602	
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	4,019,461	3,541,565	477,896	
23	Insurance.	143,580	126,509	17,071	
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O).				
a	MEDICAL SUPPLIES	4,597,782	4,597,782		
b	PROVISION FOR BAD DEBTS	1,405,108	1,405,108		
c	COLLECTION EXPENSE	157,638	157,638		
d					
e	All other expenses	849,260	577,601	271,659	
25	Total functional expenses. Add lines 1 through 24e.	38,016,766	31,029,298	6,987,468	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 <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

☐

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		1,475	1	1,575
	2	Savings and temporary cash investments		8,851,123	2	13,864,502
	3	Pledges and grants receivable, net			3	2,232,751
	4	Accounts receivable, net		5,105,680	4	5,513,970
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		456	5	159
	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			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		1,354,371	8	1,151,553
	9	Prepaid expenses and deferred charges		722,483	9	732,715
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a64,245,652			
	b	Less accumulated depreciation	10b24,753,270	37,486,734	10c	39,492,382
	11	Investments—publicly traded securities			11	112,222
	12	Investments—other securities See Part IV, line 11		194,470	12	222,863
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		1,501,980	15	139,038
	16	Total assets. Add lines 1 through 15 (must equal line 34)		55,218,772	16	63,463,730
Liabilities	17	Accounts payable and accrued expenses		3,480,517	17	2,235,268
	18	Grants payable			18	
	19	Deferred revenue		69,427	19	112,222
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	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			22	
	23	Secured mortgages and notes payable to unrelated third parties		25,985,140	23	29,395,704
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		0	25	490,863
	26	Total liabilities. Add lines 17 through 25		29,535,084	26	32,234,057
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		25,683,688	27	29,038,813
	28	Temporarily restricted net assets		0	28	2,190,860
	29	Permanently restricted net assets			29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> 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		25,683,688	33	31,229,673
	34	Total liabilities and net assets/fund balances		55,218,772	34	63,463,730

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	43,562,751
2	Total expenses (must equal Part IX, column (A), line 25)	2	38,016,766
3	Revenue less expenses Subtract line 2 from line 1	3	5,545,985
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	25,683,688
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	0
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	31,229,673

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 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
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 <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> 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 <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input checked="" type="checkbox"/> 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?	Yes	
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	Yes	

SCHEDULE A
(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization COMMUNITY HOSPITAL ASSOCIATION OF MCCOOK	Employer identification number 47-0533373
--	--

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 33¹/₃% 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 33¹/₃% 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 COMMUNITY HOSPITAL ASSOCIATION OF MCCOOK	Employer identification number 47-0533373
--	--

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?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4a	Was a correction made?	<input type="checkbox"/> Yes <input type="checkbox"/> 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?	<input type="checkbox"/> Yes <input type="checkbox"/> 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)?	Yes		
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		2,558
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		4,878
j	Total. Add lines 1c through 1i.			7,436
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912.			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912.			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

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

		Yes	No
1	Were substantially all (90% or more) dues received nondeductible by members?	1	
2	Did the organization make only in-house lobbying expenditures of \$2,000 or less?	2	
3	Did the organization agree to 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
EXPLANATION OF LOBBYING ACTIVITIES	PART II-B, LINE 1	ITEM 1I - A PORTION OF DUES PAID TO THE NEBRASKA CHAMBER OF COMMERCE, AMERICAN HOSPITAL ASSOCIATION AND NEBRASKA HOSPITAL ASSOCIATION ARE USED FOR LOBBYING AND POLITICAL ACTIVITIES. MANAGEMENT IS ACTIVE IN NEBRASKA HOSPITAL ASSOCIATION'S PAC, AHA'S ADVOCACY DAY, AND OTHER INDUSTRY FUNCTIONS.
EXPLANATION OF LOBBYING ACTIVITIES	PART II-B, LINE 1	ITEM 1G - JIM ULRICH, CEO, TRAVELED TO DC AND LINCOLN TO ATTEND ADVOCACY EVENTS.

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
COMMUNITY HOSPITAL ASSOCIATION OF MCCOOK

Employer identification number
47-0533373

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?		<input type="checkbox"/> Yes <input type="checkbox"/> 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?		<input type="checkbox"/> Yes <input type="checkbox"/> 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

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

	Held at the End of the Year
2a	
2b	
2c	
2d	

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

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

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

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

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

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

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

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

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

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

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

► \$ _____

(ii) Assets included in Form 990, Part X

► \$ _____

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

a Revenues included in Form 990, Part VIII, line 1

► \$ _____

b Assets included in Form 990, Part X

► \$ _____

Part III

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

- 3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other
- 4

Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII
- 5

During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

☐ Yes

☐ No

Part IV

Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

- 1a

Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?

☐ Yes

☐ No
- b

If "Yes," explain the arrangement in Part XIII and complete the following table

	Amount
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	2,243,200	2,335,881	2,095,101	1,545,264	1,852,460
b Contributions	5,955	6,653	11,236	441,506	42,818
c Net investment earnings, gains, and losses	257,537	-30,823	408,161	165,360	-288,173
d Grants or scholarships					
e Other expenditures for facilities and programs	70,128	54,809	142,894	45,171	47,008
f Administrative expenses	17,532	13,702	35,723	11,858	14,833
g End of year balance	2,419,032	2,243,200	2,335,881	2,095,101	1,545,264

- 2

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

a

Board designated or quasi-endowment ▶ 36 920 %

b

Permanent endowment ▶ 63 080 %

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

b

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

3b

Yes

4

Describe in Part XIII the intended uses of the organization's endowment funds

Part VI

Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		76,468		76,468
b Buildings		24,548,845	12,924,781	11,624,064
c Leasehold improvements				
d Equipment		38,589,091	11,828,489	26,760,602
e Other		1,031,248		1,031,248
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).) ▶				39,492,382

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

Part XII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

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

Part XIII

Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, line 2, Part XI, lines 2d and 4b, and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

Identifier	Return Reference	Explanation
DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS	PART V, LINE 4	THE ENDOWMENT FUNDS ARE HELD BY THE COMMUNITY HOSPITAL HEALTH FOUNDATION OF MCCOOK (A RELATED PARTY) AND ARE USED IN SUPPORT OF THE HOSPITAL'S PROGRAMS AND PROJECTS, INCLUDING PROPERTY AND EQUIPMENT PURCHASES, SCHOLARSHIPS, HOSPICE PROGRAMS, REHABILITATION SERVICES AND OTHERS
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X, LINE 2	THE HOSPITAL AND FOUNDATION ARE NOT-FOR-PROFIT CORPORATIONS AS DESCRIBED IN SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE AND ARE EXEMPT FROM FEDERAL INCOME TAXES ON RELATED INCOME PURSUANT TO SECTION 501(A) OF THE CODE. THE INTERNAL REVENUE SERVICE HAS ESTABLISHED STANDARDS TO BE MET TO MAINTAIN TAX-EXEMPT STATUS. IN GENERAL, SUCH STANDARDS REQUIRE THE HOSPITAL AND FOUNDATION TO MEET A COMMUNITY BENEFIT STANDARD AND COMPLY WITH VARIOUS LAWS AND REGULATIONS. RED WILLOW IS A FOR-PROFIT CORPORATION. RED WILLOW HAD \$9,778 AND \$16,898 OF TAXABLE INCOME, INCURRED AND PAID \$1,467 AND \$2,535 OF FEDERAL INCOME TAX, AND INCURRED AND PAID \$546 AND \$943 OF STATE INCOME TAX FOR THE FISCAL YEARS ENDING DECEMBER 31, 2012 AND 2011, RESPECTIVELY. AS OF JUNE 30, 2013, RED WILLOW HAD NO TAX LIABILITY. THE HOSPITAL, FOUNDATION AND RED WILLOW ACCOUNT FOR UNCERTAINTIES IN ACCOUNTING FOR INCOME TAX ASSETS AND LIABILITIES USING GUIDANCE INCLUDED IN FASB ASC 740, INCOME TAXES. THE HOSPITAL, FOUNDATION AND RED WILLOW RECOGNIZE THE EFFECT OF INCOME TAX POSITIONS ONLY IF THOSE POSITIONS ARE MORE LIKELY THAN NOT OF BEING SUSTAINED. AT JUNE 30, 2013 AND 2012, THE HOSPITAL, FOUNDATION AND RED WILLOW HAD NO UNCERTAIN TAX POSITIONS ACCRUED. THESE ENTITIES ARE NO LONGER SUBJECT TO INCOME TAX EXAMINATIONS FOR THE YEARS ENDED PRIOR TO JUNE 30, 2010.

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
COMMUNITY HOSPITAL ASSOCIATION OF MCCOOK

Employer identification number
47-0533373

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 <input type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> 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 <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input checked="" type="checkbox"/> Other <u>15000 0000000000 %</u> 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 <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> 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)			898,177	0	898,177	2 450 %
b Medicaid (from Worksheet 3, column a)			2,111,303	1,966,516	144,787	0 400 %
c Costs of other means-tested government programs (from Worksheet 3, column b) . .						
d Total Financial Assistance and Means-Tested Government Programs . .			3,009,480	1,966,516	1,042,964	2 850 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			101,075	20,420	80,655	0 220 %
f Health professions education (from Worksheet 5)			2,267		2,267	0 010 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			44,943		44,943	0 120 %
j Total. Other Benefits			148,285	20,420	127,865	0 350 %
k Total. Add lines 7d and 7j . .			3,157,765	1,986,936	1,170,829	3 200 %

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					
3	Community support					
4	Environmental improvements					
5	Leadership development and training for community members					
6	Coalition building					
7	Community health improvement advocacy					
8	Workforce development					
9	Other					
10	Total					

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

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

1

No

2

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

2

1,405,108

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

86,199

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

17,473,621

6

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

6

17,633,383

7

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

7

-159,762

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				
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10				
11				
12				
13				

Part V

Facility Information

Section A. Hospital Facilities

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

Name, address, and primary website address

		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	COMMUNITY HOSPITAL ASSN OF MCCOOK 1301 EAST H STREET - PO BOX 1328 MCCOOK, NE 69001	X	X			X		X			

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

COMMUNITY HOSPITAL ASSN OF MCCOOK

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	<input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b	<input checked="" type="checkbox"/> Demographics of the community		
c	<input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d	<input checked="" type="checkbox"/> How data was obtained		
e	<input checked="" type="checkbox"/> The health needs of the community		
f	<input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	<input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	<input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i	<input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j	<input type="checkbox"/> Other (describe in Part VI)		
2	Indicate the tax year the hospital facility last conducted a CHNA 20 <u>10</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	No
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	<input checked="" type="checkbox"/> Hospital facility's website		
b	<input checked="" type="checkbox"/> Available upon request from the hospital facility		
c	<input type="checkbox"/> 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	<input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b	<input checked="" type="checkbox"/> Execution of the implementation strategy		
c	<input type="checkbox"/> Participation in the development of a community-wide plan		
d	<input type="checkbox"/> Participation in the execution of a community-wide plan		
e	<input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f	<input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g	<input type="checkbox"/> Prioritization of health needs in its community		
h	<input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i	<input type="checkbox"/> 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	No
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>150 00000000000000</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 <input checked="" type="checkbox"/> Income level			
b <input type="checkbox"/> Asset level			
c <input checked="" type="checkbox"/> Medical indigency			
d <input type="checkbox"/> Insurance status			
e <input type="checkbox"/> Uninsured discount			
f <input type="checkbox"/> Medicaid/Medicare			
g <input type="checkbox"/> State regulation			
h <input type="checkbox"/> 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	Yes
a <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website			
b <input type="checkbox"/> The policy was attached to billing invoices			
c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices			
e <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility			
f <input checked="" type="checkbox"/> The policy was available upon request			
g <input checked="" type="checkbox"/> 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 <input type="checkbox"/> Reporting to credit agency			
b <input type="checkbox"/> Lawsuits			
c <input type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> 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 <input type="checkbox"/> Reporting to credit agency			
b <input type="checkbox"/> Lawsuits			
c <input type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> Other similar actions (describe in Part VI)			

Part V

Facility Information (continued)

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

☒

Notified individuals of the financial assistance policy on admission
- b

☒

Notified individuals of the financial assistance policy prior to discharge
- c

☐

Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- d

☒

Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
- e

☐

Other (describe in Part VI)

Policy Relating to Emergency Medical Care

		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	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility's policy was not in writing		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	<input type="checkbox"/> 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	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input type="checkbox"/> The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input checked="" type="checkbox"/> 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?

5

Name and address	Type of Facility (describe)
1 COMMUNITY HEALTHCARE & HOSPICE 407 WEST 5TH STREET MCCOOK,NE 69001	HOME HEALTH AND HOSPICE SERVICES
2 COMMUNITY HOSPITAL SLEEP LAB 801 WEST C STREET SUITE 3B MCCOOK,NE 69001	OUTPATIENT SLEEP SERVICES
3 CURTIS MEDICAL CENTER 302 EAST 6TH STREET CURTIS,NE 69025	RURAL HEALTH CLINIC-OUTPATIENT SERVICES
4 TRENTON MEDICAL CLINIC 406 EAST 1ST STREET TRENTON,NE 69044	RURAL HEALTH CLINIC-OUTPATIENT SERVICES
5 COMMUNITY HOSPITAL - OUTPATIENT SERVICES 104 NORTH 3RD STREET INDIANOLA,NE 69034	OUTPATIENT SERVICES
6	
7	
8	
9	
10	

Part VI Supplemental Information

Complete this part to provide the following information

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

Identifier	ReturnReference	Explanation
		PART I, LINE 3C CHARITY CARE IS GRANTED TO ALL INDIVIDUALS WHOSE HOUSEHOLD INCOME IS BELOW 150% OF THE FEDERAL POVERTY GUIDELINE AT THE 100% WRITE-OFF LEVEL DISCOUNTING OR 100% WRITE-OFF TO CHARITY CARE IS ALLOWED ABOVE 150% OF THE FEDERAL POVERTY GUIDELINE BASED ON AN ANALYSIS OF INDIVIDUAL NEED AND DETERMINATION OF THE PATIENT BEING MEDICALLY INDIGENT, THIS ANALYSIS INCLUDES FACTORS SUCH AS INCOME, ACCESSIBLE ASSETS, MEDICAL OR/AND OTHER DEBTS, THE LIKELIHOOD OF ONGOING MEDICAL CARE AND THE INDIVIDUAL'S OVERALL ABILITY TO PAY
		PART I, LINE 6A THE COMMUNITY BENEFIT REPORT IS PREPARED BY THE STAFF OF COMMUNITY HOSPITAL ASSOCIATION OF MCCOOK

Identifier	ReturnReference	Explanation
		PART I, LINE 7 THE ORGANIZATION USES A COST-TO-CHARGE RATIO METHODOLOGY DERIVED FROM WORKSHEET #2 OF THE FORM 990 INSTRUCTIONS
		PART I, L7 COL(F) THE BAD DEBT EXPENSE INCLUDED IN FORM 990, PART IX, LINE 25 BUT NOT INCLUDED IN SCHEDULE H, PART I, LINE 7, COLUMN (F) IS \$1,405,108

Identifier	ReturnReference	Explanation
		PART II COMMUNITY HOSPITAL SUPPORTS VARIOUS COMMUNITY BUILDING ACTIVITIES, PRIMARILY THROUGH MONETARY SUPPORT EXAMPLES INCLUDE SUPPORT TO THE ECONOMIC DEVELOPMENT CORPORATION, THE LOCAL COMMUNITY COLLEGE AND INVEST NEBRASKA THESE PROGRAMS DIRECTLY IMPACT THE HEALTH OF OUR COMMUNITY BY DEVELOPMENT OF EMPLOYMENT OPPORTUNITIES AND A MORE EMPLOYABLE WORKFORCE MEMBERS OF OUR COMMUNITY WITH GOOD EMPLOYMENT HAVE ACCESS TO HEALTH INSURANCE AND ARE GENERALLY ABLE TO LIVE HEALTHIER LIVES
METHODOLOGY USED BY THE ORGANIZATION TO ESTIMATE BAD DEBT EXPENSE	PART III, LINE 2	IN EVALUATING THE COLLECTABILITY OF PATIENT ACCOUNTS RECEIVABLE, THE HOSPITAL ANALYZES ITS HISTORICAL EXERIENCE AND IDENTIFIES TRENDS FOR EACH OF ITS MAJOR PAYOR SOURCES OF REVENUE TO ESTIMATE THE APPROPRIATE ALLOWANCE FOR DOUBTFUL ACCOUNTS AND PROVISION FOR BAD DEBTS MANAGEMENT REGULARLY REVIEWS DATA ABOUT THESE MAJOR PAYOR SOURCES OF REVENUE IN EVALUATING THE ADEQUACY AND APPROPRIATENESS OF THE ALLOWANCE FOR DOUBTFUL ACCOUNTS FOR RECEIVABLES ASSOCIATED WITH SERVICES PROVIDED TO PATIENTS WHO HAVE THIRD-PARTY COVERAGE, SUCH AS MEDICARE, MEDICAID OR COMMERCIAL INSURANCE, THE HOSPITAL ANALYZES CONTRACTUALLY DUE AMOUNTS AND PROVIDES AN ALLOWANCE FOR DOUBTFUL ACCOUNTS AND A PROVISION FOR BAD DEBTS FOR EXPECTED UNCOLLECTIBLE DEDUCTIBLES AND COPAYMENTS ON ACCOUNTS FOR WHICH THE THIRD-PARTY PAYOR HAS NOT YET PAID, IN THE PERIOD OF SERVICE FOR RECEIVABLES ASSOCIATED WITH SERVICES PROVIDED TO SELF-PAY PATIENTS, WHICH INCLUDES BOTH PATIENTS WITHOUT INSURANCE AND PATIENTS WITH DEDUCTIBLE AND COPAYMENT BALANCES DUE FOR WHICH THIRD-PARTY COVERAGE EXISTS FOR PART OF THE BILL, THE HOSPITAL RECORDS A PROVISION FOR BAD DEBT IN THE PERIOD OF SERVICE ON THE BASIS OF ITS HISTORICAL EXPERIENCE, WHICH INDICATES THAT SOME PATIENTS ARE UNABLE OR UNWILLING TO PAY SOME OR ALL OF THEIR BILL FOR WHICH THEY ARE FINANCIALLY RESPONSIBLE THE DIFFERENCE BETWEEN THE GROSS CHARGES OR THE NEGOTIATED DISCOUNTED RATES, IF A CONTRACTED PAYOR, AND THE AMOUNTS ACTUALLY COLLECTED AFTER ALL REASONABLE COLLECTION EFFORTS HAVE BEEN EXHAUSTED IS CHARGES OFF AGAINST THE ALLOWANCE FOR DOUBTFUL ACCOUNTS PART III, LINE 3 LINE 3 WAS ESTIMATED USING BOTH QUANTITATIVE AND QUALITATIVE SOURCES THE QUANTITATIVE WAS AN ANALYTICAL ANALYSIS OF THE AMOUNT OF CHARITY CARE GIVEN BY COMMUNITY HOSPITAL COMPARED TO THE LOCAL DEMOGRAPHICS FOR POVERTY BASED ON US CENSUS DATA ONE OF THE ASSUMPTIONS MADE WAS THAT MOST INDIVIDUALS THAT WOULD HAVE QUALIFIED FOR CHARITY CARE BUT WOULD NOT APPLY ENDED UP AS BAD DEBT WRITE-OFFS OF THE HOSPITAL THIS ANALYSIS SHOWED THAT APPROXIMATELY 15% OF THE BAD DEBT EXPENSE WAS LIKELY TO HAVE CAME FROM INDIVIDUALS THAT WOULD HAVE QUALIFIED FOR CHARITY CARE HAD THEY APPLIED THE QUALITATIVE SOURCE WE EMPLOYED WAS TO ASK OUR STAFF THAT ROUTINELY HANDLE CHARITY CARE APPLICATIONS AND BAD DEBT DETERMINATIONS, WHAT PERCENTAGE, IN THEIR PROFESSIONAL OPINION, OF BAD DEBT WAS FROM INDIVIDUALS THAT WOULD HAVE LIKELY QUALIFIED FOR THE CHARITY CARE PROGRAM HAD THE PATIENT APPLIED FOR ASSISTANCE THE ESTIMATE WE RECEIVED WAS 15% OF ACCOUNTS TURNED OVER AS BAD DEBT, IN THEIR OPINION, LIKELY WOULD HAVE QUALIFIED FOR CHARITY ASSISTANCE HAD THE PATIENT BEEN COOPERATIVE IN THE PROCESS AND APPLIED FOR CHARITY CARE

Identifier	ReturnReference	Explanation
		<p>PART III, LINE 4 THE ORGANIZATION'S FINANCIAL STATEMENTS DO NOT CONTAIN A SPECIFIC FOOTNOTE DESCRIBING BAD DEBT. HOWEVER, THE FOLLOWING IS THE TEXT OF THE FOOTNOTES TITLED "PATIENT RECEIVABLES, NET," "NET PATIENT SERVICE REVENUE," AND "CHARITY CARE "PATIENT RECEIVABLES, NET THE HOSPITAL REPORTS PATIENT ACCOUNTS RECEIVABLE FOR SERVICES RENDERED AT NET REALIZABLE AMOUNTS FROM THIRD-PARTY PAYERS, PATIENTS AND OTHERS. ACCOUNTS RECEIVABLE ARE REDUCED BY AN ALLOWANCE FOR DOUBTFUL ACCOUNTS. IN EVALUATING THE COLLECTIBILITY OF ACCOUNTS RECEIVABLE, THE HOSPITAL ANALYZES ITS PAST HISTORY AND IDENTIFIES TRENDS FOR EACH OF ITS MAJOR PAYER SOURCES OF REVENUE TO ESTIMATE THE APPROPRIATE ALLOWANCE FOR DOUBTFUL ACCOUNTS AND PROVISION FOR BAD DEBTS. MANAGEMENT REGULARLY REVIEWS DATA ABOUT THESE MAJOR PAYER SOURCES OF REVENUE IN EVALUATING THE SUFFICIENCY OF THE ALLOWANCE FOR DOUBTFUL ACCOUNTS. FOR RECEIVABLES ASSOCIATED WITH SERVICES PROVIDED TO PATIENTS WHO HAVE THIRD-PARTY COVERAGE, THE HOSPITAL ANALYZES CONTRACTUALLY DUE AMOUNTS AND PROVIDES AN ALLOWANCE FOR DOUBTFUL ACCOUNTS AND A PROVISION FOR BAD DEBTS FOR THOSE ACCOUNTS OVER A CERTAIN AGE BASED ON DISCHARGE THAT MAKE THE REALIZATION OF AMOUNTS DUE UNLIKELY. FOR RECEIVABLES ASSOCIATED WITH SELF-PAY PATIENTS (WHICH INCLUDES BOTH PATIENTS WITHOUT INSURANCE AND PATIENTS WITH DEDUCTIBLE AND COPAYMENT BALANCES DUE FOR WHICH THIRD-PARTY COVERAGE EXISTS FOR PART OF THE BILL), THE HOSPITAL RECORDS A SIGNIFICANT PROVISION FOR BAD DEBTS IN THE PERIOD OF SERVICE ON THE BASIS OF ITS PAST EXPERIENCE, WHICH INDICATES THAT MANY PATIENTS ARE UNABLE OR UNWILLING TO PAY THE PORTION OF THEIR BILL FOR WHICH THEY ARE FINANCIALLY RESPONSIBLE. THE DIFFERENCE BETWEEN THE STANDARD RATES (OR THE DISCOUNTED RATES IF NEGOTIATED) AND THE AMOUNTS ACTUALLY COLLECTED AFTER ALL REASONABLE COLLECTION EFFORTS HAVE BEEN EXHAUSTED IS CHARGED OFF AGAINST THE ALLOWANCE FOR DOUBTFUL ACCOUNTS. NET PATIENT SERVICE REVENUE THE HOSPITAL HAS AGREEMENTS WITH THIRD-PARTY PAYORS THAT PROVIDE FOR PAYMENTS TO THE HOSPITAL AT AMOUNTS DIFFERENT FROM ITS ESTABLISHED RATES. PAYMENT ARRANGEMENTS INCLUDE PROSPECTIVELY DETERMINED RATES PER DISCHARGE, REIMBURSED COSTS, DISCOUNTED CHARGES AND PER DIEM PAYMENTS. NET PATIENT SERVICE REVENUE IS REPORTED AT THE ESTIMATED NET REALIZABLE AMOUNTS FROM PATIENTS, THIRD-PARTY PAYORS, AND OTHERS FOR SERVICES RENDERED, INCLUDING ESTIMATED RETROACTIVE ADJUSTMENTS UNDER REIMBURSEMENT AGREEMENTS WITH THIRD-PARTY PAYORS. RETROACTIVE ADJUSTMENTS ARE ACCRUED ON AN ESTIMATED BASIS IN THE PERIOD THE RELATED SERVICES ARE RENDERED AND ADJUSTED IN FUTURE PERIODS AS FINAL SETTLEMENTS ARE DETERMINED. CHARITY CARE THE HOSPITAL PROVIDES CARE TO PATIENTS WHO MEET CERTAIN CRITERIA UNDER ITS CHARITY CARE POLICY WITHOUT CHARGE OR AT AMOUNTS LESS THAN ITS ESTABLISHED RATES. BECAUSE THE HOSPITAL DOES NOT PURSUE COLLECTION OF AMOUNTS DETERMINED TO QUALIFY AS CHARITY CARE, THEY ARE NOT REPORTED AS REVENUE IN THE CONSOLIDATED STATEMENT OF OPERATIONS. THE HOSPITAL IS DEDICATED TO PROVIDING COMPREHENSIVE HEALTHCARE SERVICES TO ALL SEGMENTS OF SOCIETY, INCLUDING THE AGED AND OTHERWISE ECONOMICALLY DISADVANTAGED. IN ADDITION, THE HOSPITAL PROVIDES A VARIETY OF COMMUNITY HEALTH SERVICES AT OR BELOW COST.</p>
		<p>PART III, LINE 8 THE SOURCE USED TO DETERMINE THE AMOUNT REPORTED ON LINE 6 WAS THE MEDICARE COST REPORT. NO MEDICARE SHORTFALL IS TREATED AS COMMUNITY BENEFITS.</p>

Identifier	ReturnReference	Explanation
		PART III, LINE 9B COMMUNITY HOSPITAL GRANTS 100% CHARITY CARE FOR PATIENTS KNOWN TO QUALIFY FOR FINANCIAL ASSISTANCE OUR CHARITY CARE POLICY IS SET AT 150% OF THE FEDERAL POVERTY GUIDELINE BASED FAMILY SIZE FOR PATIENTS THAT EXCEED THE INCOME THRESHHOLD OF THE CHARITY CARE POLICY, OUR MEDICALLY INDIGENT FINANCIAL ASSISTANCE IS AVAILABLE FOR PATIENTS THAT HAVE INCURRED CATASTROPHIC MEDICAL COSTS OR OTHER OBLIGATIONS (PRESENTLY OR ONGOING) THAT HAVE SUBSTANTIALLY REDUCED THEIR ABILITY TO PAY IN SUCH CASES, THE INDIVIDUAL OR GUARANTOR MAY BE DETERMINED BY THE HOSPITAL TO BE MEDICALLY INDIGENT AND MAY, AT THE HOSPITAL'S DISCRETION, BE ELIGIBLE FOR FINANCIAL ASSISTANCE IN THE FORM OF FREE OR DISCOUNTED LIABILITIES CERTAIN CLASSES OF PATIENTS ARE DEEMED TO HAVE QUALIFIED FOR CHARITY CARE WITHOUT AN APPLICATION ACCOUNTS THAT MAY QUALIFY FOR FINANCIAL ASSISTANCE WITHOUT A COMPLETED APPLICATION INCLUDE 1 MEDICAID SHARE OF COST PORTIONS 2 MEDICAID APPLICATIONS APPROVED FOR SUBSEQUENT CARE (NOT RETROACTIVE TO THE LIABILITY) 3 PATIENTS OR GUARANTORS WHO HAVE DECLARED BANKRUPTCY 4 PATIENTS OR GUARANTORS WHO ARE DECEASED WITH NO ESTATE IN PROBATE AND FOR WHOM NO ONE ELSE (SUCH AS A SPOUSE OR LEGAL GUARDIAN) IS LEGALLY RESPONSIBLE FOR THE LIABILITY 5 PATIENTS OR GUARANTORS DETERMINED TO BE HOMELESS
COMMUNITY HOSPITAL ASSN OF MCCOOK		PART V, SECTION B, LINE 3 IN CONDUCTING THE CHNA, THE HOSPITAL COLLECTED DATA THROUGH A SURVEY MADE AVAILABLE TO THE PUBLIC, FOCUS GROUPS FOR BOTH COMMUNITY MEMBERS AND THE HEALTHCARE COMMUNITY, ALONG WITH KEY-INFORMANT INTERVIEWS OF COMMUNITY LEADERS

Identifier	ReturnReference	Explanation
COMMUNITY HOSPITAL ASSN OF MCCOOK		PART V, SECTION B, LINE 7 THE HOSPITAL WAS NOT ABLE TO ADDRESS TWO OF THE NEEDS IDENTIFIED IN THE 2010 CHNA, THE MENTAL HEALTH NEEDS OF OUR COMMUNITY AND THE NEED FOR 24 HOUR IN-HOME CARE WHILE THE HOSPITAL CONTINUES TO WORK IN THE INDUSTRY TO FIND ECONOMICALLY FEASIBLE SOLUTIONS TO THESE COMPLEX NEEDS, WE WERE NOT ABLE TO FURNISH OR COORDINATE ADDITIONAL COMMUNITY RESOURCES TO BETTER MEET THESE NEEDS
COMMUNITY HOSPITAL ASSN OF MCCOOK		PART V, SECTION B, LINE 11 OUR MEDICALLY INDIGENT FINANCIAL ASSISTANCE IS AVAILABLE FOR PATIENTS THAT HAVE INCURRED CATASTROPHIC MEDICAL COSTS OR OTHER OBLIGATIONS (PRESENTLY OR ONGOING) THAT HAVE SUBSTANTIALLY REDUCED THEIR ABILITY TO PAY IN SUCH CASES, THE INDIVIDUAL OR GUARANTOR MAY BE DETERMINED BY THE HOSPITAL TO BE MEDICALLY INDIGENT AND MAY, AT THE HOSPITAL'S DISCRETION, BE ELIGIBLE FOR FINANCIAL ASSISTANCE IN THE FORM OF FREE OR DISCOUNTED LIABILITIES

Identifier	ReturnReference	Explanation
COMMUNITY HOSPITAL ASSN OF MCCOOK		PART V, SECTION B, LINE 14G THE HOSPITAL PUBLICIZED THE FINANCIAL ASSISTANCE POLICY ON BILLING INVOICES, ON POSTERS IN THE ER AND WAITING ROOMS, AT THE ADMISSIONS DESKS, INCLUDING UPON ADMISSIONS WITH SUMMARY NOTICES OF THE POLICIES THE COMPLETE POLICY WAS AVAILABLE ON THE HOSPITAL'S WEBSITE AND UPON REQUEST THE HOSPITAL ALSO PUBLICIZED THE POLICY THROUGH REFERRALS BY CLINICAL, SOCIAL WORKERS, AND OTHER STAFF TO THE HOSPITALS FINANCIAL COUNSELORS
COMMUNITY HOSPITAL ASSN OF MCCOOK		PART V, SECTION B, LINE 20D THE HOSPITAL GRANTED 100% FREE CARE TO FAP ELIGIBLE INDIVIDUALS

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 COMMUNITY HOSPITAL HAS COMPLETED A COMMUNITY HEALTH NEEDS ASSESSMENT ACTION PLANS ARE IN PLACE TO ADDRESS SEVERAL OF THE IDENTIFIED NEEDS IN THE REPORT
		PART VI, LINE 3 IDENTIFICATION OF PATIENTS WITH A POTENTIAL NEED FOR FINANCIAL ASSISTANCE WILL BE ACCOMPLISHED BY BOTH AN OPEN AND PUBLICIZED APPLICATION PROCESS AND A VARIETY OF SCREENING OPPORTUNITIES INCLUDING A ADMISSIONS/REGISTRATION PERSONNEL BASED UPON INFORMATION RECEIVED DURING THE REGISTRATION PROCESS B SOCIAL SERVICES PERSONNEL BASED UPON INFORMATION DURING THE INITIAL VISIT AND DISCHARGE PLANNING C NURSING STAFF BASED UPON INFORMATION RECEIVED DURING DISCUSSIONS WITH FAMILY AND/OR PATIENT D BUSINESS OFFICE PERSONNEL BASED UPON STATUS OF ACCOUNTS AND DISCUSSIONS WITH RESPONSIBLE PARTY E ACCOUNTS RECEIVABLE REPORTS HOSPITAL STAFF OR THE NOTIFIED PATIENT ADVOCATE WILL EDUCATE THE PATIENT OR GUARANTOR ABOUT THE FINANCIAL ASSISTANCE POLICY AND WILL PROVIDE THEM AN APPLICATION FOR FINANCIAL ASSISTANCE IF NECESSARY, THE PATIENT FINANCIAL COUNSELOR OR OTHER HOSPITAL STAFF MAY ASSIST THE PATIENT IN COMPLETING THE APPLICATION, HOWEVER, THE COMPLETION OF AN APPLICATION AND PROVIDING ALL NECESSARY SUPPORTING DOCUMENTATION IS THE PATIENT'S RESPONSIBILITY PATIENTS MAY ALSO REQUEST AN APPLICATION OR ADDITIONAL INFORMATION IN PERSON AT THE ADMISSIONS OFFICE OR BY CALLING OR WRITING THE PATIENT FINANCIAL COUNSELOR AND AN APPLICATION WILL BE MAILED

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 COMMUNITY HOSPITAL SERVES A RURAL POPULATION IN SOUTHWEST NEBRASKA THE NEXT CLOSEST HOSPITAL FROM THE CITY OF MCCOOK IS 24 MILES AWAY AND THE NEXT LARGER HOSPITAL IS OVER 70 MILES AWAY ACCORDING TO THE US CENSUS BUREAU, IN 2010 RED WILLOW COUNTY HAD A POPULATION OF 11,055, 18 7% OF WHICH WAS 65 YEARS OF AGE OR OLDER AND 12 3% WHICH LIVE BELOW THE FEDERAL POVERTY LEVEL MEDIAN HOUSEHOLD INCOME WAS \$40,572, 14 5% BELOW THE NEBRASKA MEDIAN OF \$47,470 AND MORE THAN 60% OF HOUSEHOLDS LIVING ON LESS THAN \$50,000 PER YEAR
		PART VI, LINE 5 COMMUNITY HOSPITAL IS THE LARGEST HOSPITAL WITHIN AN HOUR TRAVEL TIME FOR MOST OF THE COMMUNITY SERVED THE HOSPITAL PROVIDES THE PHYSICIANS OF MCCOOK A HOSPITAL TO PRACTICE MEDICINE WITHOUT THE HOSPITAL OUR PATIENTS WOULD HAVE EXTREMELY LONG DISTANCES TO TRAVEL FOR EVERYTHING FROM EMERGENCY TO ROUTINE CARE OUR HOSPITAL IS OVERSEEN BY A NON-COMPENSATED BOARD OF INDEPENDENT COMMUNITY MEMBERS ANY PROFITS FROM THE OPERATION OF THE HOSPITAL ARE REINVESTED BACK INTO THE FACILITIES, EQUIPMENT AND STAFF TO PROVIDE OUR COMMUNITY WITH CURRENT AND HIGH QUALITY MEDICAL SERVICES CLOSE TO HOME

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 N/A
REPORTS FILED WITH STATES	PART VI, LINE 7	NE

OMB No 1545-0047

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

Open to Public Inspection

Employer identification number
47-0533373

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

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

[illegible]**Schedule I (Form 990) 2012**

Part III

Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 22.
Part III can be duplicated if additional space is needed.

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

Part IV

Supplemental Information.

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

Identifier	Return Reference	Explanation
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 GRANTS ARE MADE ONLY TO SELECTED CHARITABLE OR OTHER EXEMPT ORGANIATIONS COMMUNITY HOSPITAL ASSOCIATION ENTERS INTO AGREEMENTS WITH GRANTEEES THAT GRANT FUNDS WILL BE RESTRICTED TO SPECIFIED EXEMPT PURPOSES

Schedule J
(Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
COMMUNITY HOSPITAL ASSOCIATION OF MCCOOK

Employer identification number
47-0533373

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			
	<div><input type="checkbox"/> First-class or charter travel</div> <div><input type="checkbox"/> Travel for companions</div> <div><input type="checkbox"/> Tax idemnification and gross-up payments</div> <div><input type="checkbox"/> Discretionary spending account</div>	<div><input type="checkbox"/> Housing allowance or residence for personal use</div> <div><input type="checkbox"/> Payments for business use of personal residence</div> <div><input type="checkbox"/> Health or social club dues or initiation fees</div> <div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div>		
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			
	<div><input checked="" type="checkbox"/> Compensation committee</div> <div><input type="checkbox"/> Independent compensation consultant</div> <div><input type="checkbox"/> Form 990 of other organizations</div>	<div><input checked="" type="checkbox"/> Written employment contract</div> <div><input checked="" type="checkbox"/> Compensation survey or study</div> <div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div>		
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		No
c	Participate in, or receive payment from, an equity-based compensation arrangement?	4c		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	5a		No
b	Any related organization?	5b		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	6a		No
b	Any related organization?	6b		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	7		No
8	Were any amounts reported in Form 990, Part VII, paid or 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				
(1) JAMES ULRICH CEO & PRESIDENT	(i)	196,063	0	810	14,245	10,576	221,694	0
	(ii)	0	0	0	0	0	0	0
(2) TROY BRUNTZ CFO & VP OF FINANCE	(i)	137,855	0	408	9,838	5,166	153,267	0
	(ii)	0	0	0	0	0	0	0
(3) BRIAN SMITH DIRECTOR OF ANESTHESIA	(i)	282,206	0	432	10,401	17,940	310,979	0
	(ii)	0	0	0	0	0	0	0
(4) ANTHONY RODEWALD DIRECTOR OF PHARMACY	(i)	136,615	0	330	10,046	10,772	157,763	0
	(ii)	0	0	0	0	0	0	0
(5) BRENDA KOPRIVA GENERAL SURGEON	(i)	257,095	0	335	4,038	12,172	273,640	0
	(ii)	0	0	0	0	0	0	0

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
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Schedule L
(Form 990 or 990-EZ)

Transactions with Interested Persons

OMB No 1545-0047

2012

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization
COMMUNITY HOSPITAL ASSOCIATION OF MCCOOK

Employer identification number

47-0533373

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	Yes	No
(1) TROY BRUNTZ CFO		EMPLOYEE COMPUTER PURCHASE		X	1,908	159		No	Yes		Yes	
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
(1) MAX ABERCROMBIE SUZANNE ABERCROMB	MAX ABERCROMBIE BOARD OF DIRECTORS - MEMBER, SUZANNE ABERCROMBIE SPOUSE	28,110	MRS ABERCROMBIE IS EMPLOYED BY THE HOSPITAL		No
(2) WAYNE WATKINS JESSICA JOHNSON	WAYNE WATKINS BOARD OF DIRECTORS - VICE CHAIR, JESSICA JOHNSON DAUGHTER	37,292	JESSICA JOHNSON IS EMPLOYED BY THE HOSPITAL		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
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SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2012

Open to Public
Inspection

Name of the organization COMMUNITY HOSPITAL ASSOCIATION OF MCCOOK	Employer identification number 47-0533373
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Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 6	THE MEMBERS CONSIST OF ALL PERSONS WHO CONTRIBUTE TO THE BUILDING AND IMPROVEMENT FUND OF THE CORPORATION, AT ANY TIME DURING THE EXISTENCE OF THE CORPORATION, NOT LESS THAN THE SUM OF \$100

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 7A	THE MEMBERS ELECT THE BOARD OF DIRECTORS AT THE ANNUAL MEETING EACH YEAR

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 11	COMMUNITY HOSPITAL'S FORM 990, 990-T AND NEBRASKA INCOME TAX FORMS ARE COMPILED BY THE PUBLIC ACCOUNTING FIRM SEIM JOHNSON. MANAGEMENT RECEIVES DRAFT COPIES OF THE COMPLETED FORMS FOR REVIEW. AFTER HOSPITAL MANAGEMENT HAS REVIEWED THE RETURNS, COMPLETE COPIES ARE DISTRIBUTED TO ALL MEMBERS OF THE BOARD OF DIRECTORS OF THE COMMUNITY HOSPITAL ASSOCIATION AND THE RETURNS ARE APPROVED FOR FILING BY THE BUDGET & FINANCE COMMITTEE OF THE BOARD (A STANDING COMMITTEE WITH RESPONSIBILITY TO OVERSEE FINANCIAL, AUDIT, TAXATION AND BUDGET MATTERS OF THE HOSPITAL). BOARD COMMITTEE APPROVAL IS REQUIRED PRIOR TO SIGNATURE AND SUBMISSION OF THE RETURNS TO THE IRS AND STATE TAXING AUTHORITIES.

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	THE COMMUNITY HOSPITAL ASSOCIATION'S CODE OF CONDUCT REQUIRES ALL EMPLOYEES, CONTRACTORS, AND AGENTS TO REPORT ANY CONFLICTS OF INTEREST THAT ARISE. IN ADDITION, THE ASSOCIATION HAS A CONFLICT OF INTEREST POLICY THAT IS APPLICABLE TO DIRECTORS, OFFICERS, MEMBERS OF COMMITTEES AND SUBCOMMITTEES WITH BOARD-DELEGATED POWERS, AND KEY EMPLOYEES THAT REQUIRES, AMONG OTHER THINGS, ALL APPLICABLE PERSONS DISCLOSE ANY RELATIONSHIPS THAT MAY CREATE A CONFLICT OF INTEREST AND ARE REQUIRED TO COMPLETE AN ANNUAL DISCLOSURE OF ALL SUCH RELATIONSHIPS. ALL SUCH RELATIONSHIPS ARE DISCLOSED TO THE ENTIRE BOARD AND SENIOR MANAGEMENT, AND ANY AND ALL CONFLICTS OR POTENTIAL CONFLICTS ARE MONITORED BY SENIOR MANAGEMENT AND THE ASSOCIATION'S COMPLIANCE FUNCTION.

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	<p>COMMUNITY HOSPITALS PROCESS FOR DETERMINING THE COMPENSATION OF THE CEO IS AS FOLLOWS THE EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS IS RESPONSIBLE FOR SETTING THE SALARY OF THE CEO ANNUALLY, THE COMMITTEE CONDUCTS A REVIEW OF THE CEO'S PERFORMANCE, ABILITIES, AND OVERALL EFFECTIVENESS THE COMMITTEE IS PRESENTED WITH SALARY AND COMPENSATION SURVEY DATA THAT IS COMPILED BY THE CEO AND THE HUMAN RESOURCE DEPARTMENT AND THE ACCURACY OF WHICH IS ATTESTED TO BY THE CFO MULTIPLE SOURCES OF SURVEY DATA ARE USED, INCLUDING INFORMATION FROM THE NEBRASKA AND IOWA HOSPITAL ASSOCIATIONS, WHICH IS BROKEN DOWN TO SIMILARLY QUALIFIED PERSONS IN COMPARABLE POSITIONS AT SIMILARLY SIZED AND SITUATED ORGANIZATIONS ALL SOURCE DOCUMENTATION IS GIVEN TO THE COMMITTEE AS WELL AS SUMMARIES PROVIDED FOR EASE OF REFERENCE THE EXECUTIVE COMMITTEE CONDUCTS THE PERFORMANCE REVIEW WITH THE CEO, THEN MEETS IN PRIVATE CHAMBERS TO DISCUSS THE REVIEW AND TO DELIBERATE ANY AND ALL CHANGES TO THE EMPLOYMENT AGREEMENT, INCLUDING COMPENSATION, AND GOALS FOR THE FOLLOWING YEAR CONTEMPORANEOUS RECORDS ARE KEPT OF ALL SURVEY AND COMPARABILITY DATA USED, AND THE RESULTS AND DECISIONS OF THE EXECUTIVE COMMITTEES MEETING ON COMPENSATION COMPENSATION OF EMPLOYEES BELOW THE ROLE OF CEO ARE DETERMINED THROUGH THE USE OF SURVEY INFORMATION OF SIMILARLY QUALIFIED PERSONS IN COMPARABLE POSITIONS AT SIMILARLY SIZED AND SITUATED ORGANIZATIONS THE CEO SETS THE COMPENSATION OF SENIOR MANAGEMENT BASED ON THOSE SURVEYS, TAKING IN CONSIDERATION PERFORMANCE AND EXPERIENCE OF EACH INDIVIDUAL COMPENSATION RANGES OF EMPLOYEES BELOW SENIOR MANAGEMENT ARE SET BY HUMAN RESOURCES BASED ON MARKET WAGE RATES FOR SIMILARLY QUALIFIED PERSONS IN COMPARABLE POSITIONS AT SIMILARLY SIZED AND SITUATED ORGANIZATIONS ALL EMPLOYEES HAVE AN ANNUAL REVIEW BY THEIR SUPERVISOR, WHICH DETERMINE WHERE IN THE SALARY RANGE AN EMPLOYEE WILL FALL ALL SALARY RANGES, INCLUDING THOSE OF SENIOR MANAGEMENT, ARE ULTIMATELY APPROVED BY THE BOARD OF DIRECTORS DURING THE APPROVAL OF THE ANNUAL OPERATING BUDGET</p>

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	COMMUNITY HOSPITAL MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY , FORM 990 & 990-T (CURRENT AND PAST YEARS AS REQUIRED BY LAW) AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST ANY INDIVIDUAL WHO WOULD LIKE A COPY OF ANY OF THE ABOVE MENTIONED DOCUMENTS CAN INSPECT THOSE DOCUMENTS IN PERSON AT THE HOSPITAL DURING NORMAL BUSINESS HOURS, OR REQUEST A COPY OF ANY OF THE ABOVE INFORMATION IN PERSON, BY PHONE, OR BY MAIL, AND WE WILL PROVIDE A COPY FREE OF CHARGE

Identifier	Return Reference	Explanation
OTHER FEES	FORM 990, PART IX, LINE 11G	MISCELLANEOUS FEES FOR SERVICE PROGRAM SERVICE EXPENSES 1,956,454 MANAGEMENT AND GENERAL EXPENSES 720,536 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 2,676,990 PHYSICIAN FEES PROGRAM SERVICE EXPENSES 1,054,770 MANAGEMENT AND GENERAL EXPENSES 0 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 1,054,770 LAB PATHOLOGIST FEES PROGRAM SERVICE EXPENSES 304,472 MANAGEMENT AND GENERAL EXPENSES 0 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 304,472 PT MAINTENANCE AGREEMENT PROGRAM SERVICE EXPENSES 951,375 MANAGEMENT AND GENERAL EXPENSES 0 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 951,375 IS MAINTENANCE AGREEMENT PROGRAM SERVICE EXPENSES 0 MANAGEMENT AND GENERAL EXPENSES 608,587 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 608,587

Identifier	Return Reference	Explanation
	FORM 990, PART XII, LINE 2C	COMMUNITY HOSPITAL HAS A STANDING BOARD COMMITTEE, THE BUDGET AND FINANCE COMMITTEE, WHICH HAS THE AUTHORITY AND ASSUMES THE RESPONSIBILITY FOR THE SELECTION OF THE INDEPENDENT ACCOUNTING FIRM AND ALL RELATED OVERSIGHT, COMMUNICATION, AND REPORTING THIS COMMITTEE APPROVES ALL ENGAGEMENT LETTERS AND RECEIVES ALL BOARD DIRECTED COMMUNICATION FROM THE INDEPENDENT ACCOUNTING FIRM COPIES OF RECEIVED LETTERS/COMMUNICATIONS AND REPORTS ARE DISTRIBUTED TO ALL MEMBERS OF THE BOARD OF DIRECTORS IN ADDITION TO THE COMMITTEE MEMBERS WHILE THE MEMBERS OF THE COMMITTEE HAVE CHANGED, THE PROCESS DESCRIBED HAS NOT CHANGED FROM THE PREVIOUS YEAR

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
COMMUNITY HOSPITAL ASSOCIATION OF MCCOOK

Employer identification number
47-0533373

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) COMMUNITY HOSPITAL HEALTH FOUNDATION 801 WEST C STREET PO BOX 1328 MCCOOK, NE 69001 47-0693261	SUPPORTING ORGANIZATION PROVIDES FUNDRAISING FOR THE HOSPITAL	NE	501(C)(3)	LINE 11C, III-FI	COMMUNITY HOSPITAL ASSOCIATION OF MCCOOK	Yes	

Part III

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

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

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) RED WILLOW HOLDING COMPANY PO BOX 1328 MCCOOK, NE 69001 47-0628195	RENTAL REAL ESTATE - CLINIC BUILDING	NE	COMMUNITY HOSPITAL ASSOCIATION OF MCCOOK	C	50,316	145,593	100 000 %		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

No

1b

No

1c

Yes

1d

No

1e

No

1f

No

1g

No

1h

No

1i

No

1j

No

1k

Yes

1l

No

1m

Yes

1n

Yes

1o

Yes

1p

Yes

1q

Yes

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) RED WILLOW MEDICAL HOLDING	K	50,261	CASH PAYMENTS=FMV
(2) COMMUNITY HOSPITAL HEALTH FOUNDATION	C	841,404	CASH RECEIVED=FMV

Schedule R (Form 990) 2012

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: 47-0533373
Name: COMMUNITY HOSPITAL ASSOCIATION OF MCCOOK

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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The Community Hospital Association
McCook, Nebraska

Consolidated Financial Statements
June 30, 2013 and 2012

Together with Independent Auditor's Report

The Community Hospital Association

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SEIM JOHNSON

Independent Auditor's Report

To the Board of Directors of
The Community Hospital Association
McCook, Nebraska

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The Community Hospital Association (the Hospital) which comprise the consolidated statements of financial position as of June 30, 2013 and 2012, and the related consolidated statements of operations, change in net assets and cash flows for the years then ended, and the related notes to the financial statements

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

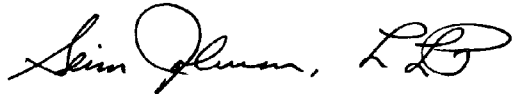
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Hospital as of June 30, 2013 and 2012 and the results of its consolidated operations, changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplementary statements (Exhibits 1 through 4) and accompanying schedule of expenditures of federal awards as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2013 on our consideration of the Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hospital's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Kim Plummer, L.L.P.", with a stylized flourish at the end.

Omaha, Nebraska,
September 11, 2013

The Community Hospital Association

Consolidated Balance Sheets June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 6,801,309	2,463,171
Short-term investments	94,268	110,137
Receivables -		
Patients, net of allowance for doubtful accounts of \$1,400,000 in 2013 and \$1,537,470 in 2012	4,738,822	4,886,667
Contributions, current portion	31,299	42,355
Grants	2,232,751	--
Other	182,218	154,146
Inventories	1,151,553	1,354,371
Prepaid expenses	732,715	722,483
Estimated third-party payor settlements	--	1,345,108
Total current assets	<u>15,964,935</u>	<u>11,078,438</u>
Contributions, net of current portion	--	36,586
Assets limited as to use	882,357	1,274,215
Investments	10,414,359	8,417,332
Property and equipment, net	39,566,519	37,572,231
Other assets, net	149,038	156,872
Total assets	<u>\$ 66,977,208</u>	<u>58,535,674</u>
LIABILITIES AND NET ASSETS		
Current liabilities.		
Current portion of long-term debt	\$ 1,611,732	1,323,587
Accounts payable -		
Trade	596,588	1,314,991
Construction and equipment	373,245	947,852
Accrued salaries, vacation and benefits payable	1,147,542	1,011,849
Other accrued expenses	118,417	206,344
Estimated third-party payor settlements	490,863	--
Total current liabilities	<u>4,338,387</u>	<u>4,804,623</u>
Long-term debt, net of current portion	27,783,972	24,661,553
Deferred compensation	112,222	69,427
Total liabilities	<u>32,234,581</u>	<u>29,535,603</u>
Commitments and contingencies		
Net assets		
Unrestricted	30,220,199	27,196,992
Temporarily restricted	2,996,596	283,202
Permanently restricted	1,525,832	1,519,877
Total net assets	<u>34,742,627</u>	<u>29,000,071</u>
Total liabilities and net assets	<u>\$ 66,977,208</u>	<u>58,535,674</u>

See notes to consolidated financial statements

The Community Hospital Association

Consolidated Statements of Operations For the Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
UNRESTRICTED REVENUE		
Net patient service revenue	\$ 37,952,842	34,725,865
Provision for bad debts	(842,608)	(1,367,177)
	<u>37,110,234</u>	<u>33,358,688</u>
Net patient service revenue less provision for bad debts		
	37,110,234	33,358,688
Other operating revenue	1,072,585	983,284
	<u>1,072,585</u>	<u>983,284</u>
Total unrestricted revenue	<u>38,182,819</u>	<u>34,341,972</u>
EXPENSES:		
Salaries and wages	13,041,212	12,195,955
Employee health and welfare	4,183,816	3,695,875
Supplies and other	13,953,822	13,439,513
Depreciation and amortization	4,030,822	3,455,668
Interest	1,342,375	1,034,488
Insurance	151,591	161,272
Grants to others	38,537	17,785
	<u>38,537</u>	<u>17,785</u>
Total expenses	<u>36,742,175</u>	<u>34,000,556</u>
OPERATING INCOME	<u>1,440,644</u>	<u>341,416</u>
NONOPERATING GAINS		
Investment income	382,357	336,773
Unrestricted gifts, grants and bequests	128,015	155,803
	<u>128,015</u>	<u>155,803</u>
Nonoperating gains	<u>510,372</u>	<u>492,576</u>
EXCESS OF REVENUE OVER EXPENSES	1,951,016	833,992
NET ASSETS RELEASED FROM RESTRICTIONS	927,039	175,320
NET CHANGE IN UNREALIZED GAINS AND LOSSES ON OTHER THAN TRADING SECURITIES	<u>145,152</u>	<u>(212,603)</u>
INCREASE IN UNRESTRICTED NET ASSETS	<u>\$ 3,023,207</u>	<u>796,709</u>

See notes to consolidated financial statements

The Community Hospital Association

Consolidated Statements of Changes in Net Assets For the Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
UNRESTRICTED NET ASSETS.		
Operating income	\$ 1,440,644	341,416
Nonoperating gains	510,372	492,576
Net assets released from restrictions	927,039	175,320
Net change in unrealized gains and losses on other than trading securities	<u>145,152</u>	<u>(212,603)</u>
Increase in unrestricted net assets	<u>3,023,207</u>	<u>796,709</u>
TEMPORARILY RESTRICTED NET ASSETS.		
Temporarily restricted contributions	3,640,433	202,530
Net assets released from restrictions	<u>(927,039)</u>	<u>(175,320)</u>
Increase in temporarily restricted net assets	<u>2,713,394</u>	<u>27,210</u>
PERMANENTLY RESTRICTED NET ASSETS,		
Permanently restricted contributions	<u>5,955</u>	<u>6,653</u>
INCREASE IN NET ASSETS	5,742,556	830,572
NET ASSETS, beginning of year	<u>29,000,071</u>	<u>28,169,499</u>
NET ASSETS, end of year	<u>\$ 34,742,627</u>	<u>29,000,071</u>

See notes to consolidated financial statements

The Community Hospital Association

Consolidated Statements of Cash Flows For the Years Ended June 30, 2013 and 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from patients and third-party payors	\$ 39,094,050	31,895,214
Cash received from others	1,394,914	1,564,013
Cash paid for employee salaries and related benefits	(17,177,262)	(16,000,722)
Cash paid to suppliers	(14,631,230)	(13,207,315)
Interest paid	(1,342,375)	(1,034,488)
Investment income received	382,357	336,773
Net cash provided by operating activities	7,720,454	3,553,475
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposits to investments	(1,836,006)	(198,428)
Deposits to assets limited as to use, net	434,653	(545,891)
Reductions in (additions to) other assets	(6,802)	40,758
Purchase of property and equipment, net	(6,496,004)	(9,563,087)
Net cash used in investing activities	(7,904,159)	(10,266,648)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term debt and interim construction loan	4,536,661	7,831,332
Payments on long-term debt	(1,476,097)	(1,161,166)
Proceeds from temporarily and permanently restricted contributions	1,461,279	266,576
Net cash provided by financing activities	4,521,843	6,936,742
INCREASE IN CASH AND CASH EQUIVALENTS	4,338,138	223,569
CASH AND CASH EQUIVALENTS - Beginning of year	2,463,171	2,239,602
CASH AND CASH EQUIVALENTS - End of year	\$ 6,801,309	2,463,171
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION		
Capital asset additions acquired with capital lease obligations	350,000	--

See notes to consolidated financial statements

The Community Hospital Association

Consolidated Statements of Cash Flows (Continued) For the Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Increase in net assets	\$ 5,742,556	830,572
Adjustments to reconcile the change in net assets to net cash provided by operating activities -		
Temporarily and permanently restricted contributions	(1,413,637)	(209,183)
Depreciation and amortization expense	4,030,822	3,455,668
Net change in unrealized gains and losses on other than trading securities	(145,152)	212,603
Loss on disposal of property and equipment	260,923	43,304
(Increase) decrease in current assets -		
Receivables -		
Patient	147,845	(478,295)
Grant	(2,232,751)	--
Other	(28,072)	(102,400)
Inventories	202,818	(158,931)
Prepaid expenses	(10,232)	(39,605)
Estimated third-party payor settlements	1,345,108	(483,372)
Increase (decrease) in current liabilities -		
Accounts payable - trade	(718,403)	592,006
Accrued salaries, vacation, and benefits payable	135,693	(109,822)
Other accrued expenses	(87,927)	930
Estimated third-party payor settlements	490,863	--
Net cash provided by operating activities	\$ <u>7,720,454</u>	<u>3,553,475</u>

See notes to consolidated financial statements

The Community Hospital Association

Notes to Consolidated Financial Statements June 30, 2013 and 2012

(1) Organization and Summary of Significant Accounting Policies

The following is a summary of the organization and significant accounting policies of The Community Hospital Association (Hospital). These policies are in accordance with accounting principles generally accepted in the United States of America.

A Organization

The Hospital (a Nebraska corporation, not-for-profit) operates a 25-bed Critical Access Hospital. The Hospital also operates rural health clinics, home health, hospice and an orthopedic clinic. In addition, the Hospital is the sole corporate member of Community Hospital Health Foundation (Foundation) and the sole shareholder of Red Willow Medical Holding Company (Red Willow). The accompanying consolidated financial statements include the accounts of all three organizations. All intercompany transactions have been eliminated in the consolidation.

The Budget Reconciliation Act of 1997 (Act) contained many provisions impacting Medicare reimbursement for Health Services. The Act established the Medicare Rural Hospital Flexibility Program to assist states and rural communities to improve access to essential health care services through critical access hospitals and rural health networks.

During fiscal year 2006, the Hospital's Board of Directors approved the Hospital's plan to obtain Critical Access Hospital (CAH) designation. CAH's are acute care facilities that provide emergency, outpatient and short-term inpatient services. Medicare reimburses CAH's on a reasonable cost basis. The Hospital's application to become certified as a CAH was approved by Nebraska Health and Human Services System and the certification was effective December 1, 2005.

The Foundation was established primarily for the benefit of the Hospital. All funds raised in excess of operating expenses will be disbursed to or be held for the benefit of the Hospital as required to comply with donor imposed restrictions.

Red Willow was acquired to maintain and make available its building facility for space to perform medical, clinical and/or administrative functions for the benefit of the Hospital and the people serviced by the Hospital and its medical staff.

B Industry Environment

The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursements for patient services, and Medicare and Medicaid fraud and abuse. Government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

Management believes that the Hospital is in compliance with applicable government laws and regulations as they apply to the areas of fraud and abuse. While no regulatory inquiries have been made which are expected to have a material effect on the Hospital's consolidated financial statements, compliance with laws and regulations is subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

As a result of recently enacted federal healthcare reform legislation, substantial changes are anticipated in the United States healthcare system. Such legislation includes numerous provisions affecting the delivery of healthcare services, the financing of healthcare costs, reimbursement of healthcare providers and the legal obligations of health insurers, providers and employers. These provisions are currently slated to take effect at specified times over approximately the next decade.

The Community Hospital Association

Notes to Consolidated Financial Statements June 30, 2013 and 2012

C Use of Estimates

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

D Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less, excluding amounts whose use is limited by board designation or other arrangements under bond indenture agreements.

E Patient Receivables, Net

The Hospital reports patient accounts receivable for services rendered at net realizable amounts from third-party payers, patients and others. Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectibility of accounts receivable, the Hospital analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payer sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, the Hospital analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts for those accounts over a certain age based on discharge that make the realization of amounts due unlikely. For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Hospital records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

The Hospital also maintains a charity care policy as described in Note 1(N).

F Inventories

Inventories are stated at the lower of cost, determined by the first-in, first-out valuation method, or market.

G Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the accompanying consolidated balance sheets. The Hospital's securities have been classified as other than trading securities in the accompanying consolidated financial statements. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in excess of revenue over expenses unless the revenue or expense is restricted. Unrealized gains and losses on investments that are considered temporary are excluded from excess of revenue over expenses and are included as changes in unrestricted net assets unless the investments are trading securities. Periodically, the Hospital and consolidated entities review their investments to determine whether any unrealized losses are other-than-temporary. During 2013 and 2012, there were no investment declines that were determined to be other-than-temporary.

The Community Hospital Association

Notes to Consolidated Financial Statements June 30, 2013 and 2012

H Assets Limited as to Use

Under Loan Guarantee - These deposits are required by the Hospital's Farmers Home Administration, United States Department of Agriculture loan agreements. Proceeds from the sale of capital assets are restricted for loan repayments on future capital additions. These investments are recorded at cost, which approximates market. All income is reported as nonoperating gains in the consolidated statements of operations. See Note 5 for discussions regarding these funds.

By Board of Directors - Periodically, the Hospital has set aside assets for future capital improvements and employee health insurance claims over which the Board retains control and may, at its discretion, subsequently use for other purposes. Investments consist of cash and cash equivalents, certificates of deposit and related accrued interest recorded at fair value, which approximates cost. All income is reported as nonoperating gains in the consolidated statements of operations.

Under Deferred Compensation Plan – See Note 16. Investments consist of mutual funds.

I Property and Equipment

Property and equipment acquisitions are recorded at cost. All acquisitions over \$5,000 are capitalized. Depreciation is provided over the estimated life of each class of depreciable asset and is computed using the straight-line method based upon useful lives set forth using the general guidelines from the American Hospital Association Guide for Estimated Useful Lives of Depreciable Hospital Assets.

Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the consolidated financial statements. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

Gifts of long-lived assets such as land, buildings or equipment are reported as unrestricted support, and are excluded from the excess of revenue over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed into service.

J Other Assets

Other assets includes the Hospital's interest in joint ventures and unamortized deferred financing costs, relating to the Hospital's direct loans with the United States Department of Agriculture (Note 8), which are being amortized over the life of the notes on a straight-line basis. Amortization expense of \$14,636 in 2013 and \$14,636 in 2012 is included with depreciation and amortization in the consolidated statements of operations, respectively.

K Net Assets

The financial statements report net assets and changes in net assets in three classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

The Community Hospital Association

Notes to Consolidated Financial Statements June 30, 2013 and 2012

Unrestricted Net Assets – Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Temporarily Restricted Net Assets – Temporarily restricted net assets are resources that are limited by donor imposed stipulations for use for a particular purpose or in a particular future period. The organization's unspent contributions are classified in this class if the donor limited their use.

When a donor's stipulation is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the stipulation is reported in the financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets.

Permanently Restricted Net Assets – Permanently restricted net assets are resources whose use by the organization is limited by donor-imposed stipulations that neither expire by being used in accordance with a donor's stipulation nor by the passage of time. The portion of the organization's donor-restricted endowment funds that must be maintained in perpetuity are classified in this net asset class.

L Endowment Funds

The Foundation follows the provisions of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Subtopic 958-205, for all Endowment Funds, including any changes required to net asset classification of donor-restricted endowment funds and the incremental disclosure requirements for all endowment funds (including both donor-restricted and board-designated endowment funds).

M Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

N Charity Care

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue in the consolidated statements of operations. Management's disclosure of charity care costs are described in Note 3.

The Hospital is dedicated to providing comprehensive healthcare services to all segments of society, including the aged and otherwise economically disadvantaged. In addition, the Hospital provides a variety of community health services at or below cost.

The Community Hospital Association

Notes to Consolidated Financial Statements June 30, 2013 and 2012

O Donor-Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received, which is then treated as cost. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the accompanying consolidated financial statements.

P Tax Exempt Status and Income Taxes

The Hospital and Foundation are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Internal Revenue Service has established standards to be met to maintain tax-exempt status. In general, such standards require the Hospital and Foundation to meet a community benefit standard and comply with various laws and regulations.

Red Willow is a for-profit corporation. Red Willow had \$9,778 and \$16,898 of taxable income, incurred and paid \$1,467 and \$2,535 of federal income tax, and incurred and paid \$546 and \$943 of state income tax for the fiscal years ending December 31, 2012 and 2011, respectively. As of June 30, 2013, Red Willow had no tax liability.

The Hospital, Foundation and Red Willow account for uncertainties in accounting for income tax assets and liabilities using guidance included in FASB ASC 740, *Income Taxes*. The Hospital, Foundation and Red Willow recognize the effect of income tax positions only if those positions are more likely than not of being sustained. At June 30, 2013 and 2012, the Hospital, Foundation and Red Willow had no uncertain tax positions accrued. These entities are no longer subject to income tax examinations for the years ended prior to June 30, 2010.

Q Fair Value of Financial Instruments

The carrying amounts of all financial instruments approximate estimated fair value. Cash and cash equivalents, receivables and payables are reasonable estimates of their fair values due to their short term nature. Investments, including assets limited as to use and deferred compensation liabilities, are stated at fair value as discussed in Note 4. The carrying value of long-term debt approximates fair value since the rates closely reflect current market rates.

R Performance Indicator

The consolidated statements of operations include the excess of revenue over expenses as the performance indicator. Changes in unrestricted net assets which are excluded from the performance indicator, consistent with industry practice, include the change in unrealized gains and losses on other than trading securities and net assets released from restrictions.

S Reclassification

Certain amounts in the 2012 consolidated financial statements have been reclassified to conform to the 2013 reporting format.

T Subsequent Events

The Hospital considered events occurring through September 11, 2013 for recognition or disclosure in the consolidated financial statements as subsequent events. That date is the date the consolidated financial statements were issued.

The Community Hospital Association

Notes to Consolidated Financial Statements June 30, 2013 and 2012

(2) Net Patient Service Revenue

The Hospital recognizes patient service revenue associated with services provided to patients who have third-party payor coverage, such as Medicare, Medicaid or commercial insurance, on the basis of contractual rates for the services rendered at the time of the provision of services. For uninsured patients that do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard gross rates for services provided at the time of the provision of services. On the basis of historical experience, a significant portion of the Hospital's uninsured patients will be unable or unwilling to pay for some or all of the services provided. Thus, the Hospital records a significant provision for bad debts related to uninsured patients in the period the services are provided. Patient service revenue, net of contractual allowances and discounts, and the provision for bad debts, recognized in the period from these major payor sources, is as follows:

June 30, 2013				
	Commercial Payors	Government Payors	Self Pay	Total
Gross patient service revenue	\$ 18,935,089	31,363,653	2,215,280	52,514,022
Less Contractual allowances	(1,460,179)	(11,302,246)	--	(12,762,425)
Less Charity care write-offs	(97,146)	(99,691)	(1,219,242)	(1,416,079)
Less Community outreach and discounts	(7,868)	(41,017)	(333,791)	(382,676)
Net patient service revenue	17,369,896	19,920,699	662,247	37,952,842
Provision for bad debts	(189,201)	(213,330)	(440,077)	(842,608)
Net patient service revenue less the provision for bad debts	<u>\$ 17,180,695</u>	<u>19,707,369</u>	<u>222,170</u>	<u>37,110,234</u>

June 30, 2012				
	Commercial Payors	Government Payors	Self Pay	Total
Gross patient service revenue	\$ 16,582,949	27,861,083	2,335,787	46,779,819
Less Contractual allowances	(1,227,432)	(9,483,942)	--	(10,711,374)
Less Charity care write-offs	(83,186)	--	(949,541)	(1,032,727)
Less Community outreach and discounts	(50,873)	(22,920)	(236,060)	(309,853)
Net patient service revenue	15,221,458	18,354,221	1,150,186	34,725,865
Provision for bad debts	(374,913)	(226,532)	(765,732)	(1,367,177)
Net patient service revenue after the provision for bad debts	<u>\$ 14,846,545</u>	<u>18,127,689</u>	<u>384,454</u>	<u>33,358,688</u>

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare - All inpatient acute care services rendered to Medicare program beneficiaries in a Critical Access Hospital are paid based on Medicare defined costs of providing the services. Inpatient nonacute services, outpatient services and rural health clinic services related to Medicare beneficiaries are also paid based on a cost reimbursement methodology. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare administrative contractor.

The Community Hospital Association

Notes to Consolidated Financial Statements June 30, 2013 and 2012

Homecare services are paid at prospectively determined rates per episode of care. Certain professional services provided to Medicare beneficiaries are paid on fee schedule amounts.

The Hospital's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Hospital. The Hospital's Medicare cost reports have been audited by the Medicare Administrative Contractor through June 30, 2011.

The "Budget Control Act of 2011" requires, among other things, mandatory across-the-board reductions in Federal spending, also known as sequestration. The "American Taxpayer Relief Act of 2012" postponed sequestration for two months. As required by law, President Obama issued a sequestration order on March 1, 2013. In general, Medicare claims with dates of service or dates of discharge on or after April 1, 2013, will incur a two percent reduction in Medicare payment.

Medicaid - All inpatient acute services and outpatient services rendered to Medicaid program beneficiaries in a Critical Access Hospital are paid based on Medicaid defined costs of providing the services. From July 1, 2011 to June 30, 2012, Medicaid reimbursement paid to 97.5% of defined costs. Effective July 1, 2012, Medicaid reimbursement paid to 99% of defined costs. The Hospital is reimbursed for cost reimbursable items at tentative rates with final settlement determined after submission of annual cost reports by the Hospital.

Commercial Insurance - The Hospital has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the Hospital under these agreements includes discounts from established charges and prospectively determined rates.

The following illustrates the Hospital's service revenue at its established rates and revenue deductions by major third-party payors as of June 30, 2013 and 2012:

	2013	2012
Gross patient service revenue		
Inpatient services	\$ 12,995,763	11,266,444
Outpatient services	38,469,901	34,631,110
Home Health	524,229	382,979
Clinics -		
Curtis	197,872	216,179
Trenton	326,257	283,107
	<u>52,514,022</u>	<u>46,779,819</u>
Deductions from service revenue		
Medicare	10,082,002	8,421,180
Medicaid	1,220,244	1,062,762
Other payors	1,460,179	1,227,432
Charity care	1,798,755	1,342,580
	<u>14,561,180</u>	<u>12,053,954</u>
Net patient service revenue	<u>\$ 37,952,842</u>	<u>34,725,865</u>

Revenue from the Medicare and Medicaid programs accounted for approximately 46% and 5%, respectively, of the Hospital's net patient revenue for the year ended 2013, and 45% and 6%, respectively, of the Hospital's net patient revenue for the year ended 2012. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates may change by a material amount in the near term.

The Community Hospital Association

Notes to Consolidated Financial Statements June 30, 2013 and 2012

(3) Charity Care

In accordance with its mission objectives, the Hospital provides financial assistance to patients who lack financial resources to pay for the services they receive, and the Hospital recognizes the special concerns of individuals and households with limited financial resources or who are otherwise vulnerable within our community. Financial assistance is provided to patients with demonstrated inability to pay as contrasted with bad debt that results from an unwillingness to pay, thus, charity care does not include bad debt.

Included in the provision for contractual allowances is the value at standard charges of these services to patients who are unable to pay, which was \$1,416,079 and \$1,032,727 for the years ended June 30, 2013 and 2012, respectively. That amount is eliminated from net patient service revenues when it is determined they qualify under the Hospital's charity care policy. The estimated cost incurred by the Hospital to provide these services to patients who are unable to pay was approximately \$895,754 and \$740,508 for the years ended June 30, 2013 and 2012, respectively. The estimated cost of these charity care services was determined using a ratio of costs to gross charges and applying that ratio to the gross charges associated with providing care to charity patients for the period. Gross charges associated with providing care to charity patients includes only the related charges for those patients who are financially unable to pay and qualify under the Hospital's charity care policy and that do not otherwise qualify for reimbursement from a governmental program. During the years ended June 30, 2013 and 2012, the Hospital received no funds to help defray the costs of indigent care.

In addition, the Hospital provides services that are related to the Hospital's mission providing healthcare for all individuals in our community regardless of their ability to pay, but do not fall within the Charity Care policy. These services include community wellness fairs, Medicare Hardship determinations, discounts for individuals who do not meet the charity care guidelines for medical indigence, the Every Woman Matters program, and many others. The Hospital does receive various funds to help defray portions of the cost of care of these programs. The value at standard charges of these services which were not paid was \$382,676 and \$309,853 for the years ended June 30, 2013 and 2012, respectively, and the amount of those charges are eliminated to arrive at net patient service revenues.

(4) Fair Value Measurements

Fair Value Measurements

FASB ASC Topic 820 Subtopic 10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1	Inputs are quoted prices in active markets for identical assets or liabilities that the Hospital has the ability to access at the measurement date.
Level 2	Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly through either corroboration or observable market data.
Level 3	Inputs are unobservable for the asset or liability. Unobservable inputs reflect the entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk) developed based on the best information available in the circumstances.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The Community Hospital Association

Notes to Consolidated Financial Statements June 30, 2013 and 2012

The following methods and assumptions were used to estimate the fair value for each class of financial instrument measured at fair value

Cash and cash equivalents – The fair value of cash and cash equivalents consisting primarily of deposit accounts and money market accounts, are classified as Level 1 as these funds are valued using quoted market prices

Certificates of deposit – Investments in certificates of deposit are classified as Level 2 based on multiple sources of information, which may include market data and/or quoted market prices from either markets that are not active or are for the same or similar assets in active markets

Mutual funds – Mutual funds are classified as Level 1 as they are traded in an active market for which closing prices are readily available

Corporate bonds – Corporate bonds are classified as Level 2 based on multiple sources of information, which may include market data and/or quoted market prices from either markets that are not active or are for the same or similar assets in active markets

For the fiscal years ended June 30, 2013 and 2012, the application of valuation techniques applied to similar assets and liabilities has been consistent

The following tables present the balances of investment securities measured at fair value on a recurring basis at June 30, 2013 and 2012

Hospital

June 30, 2013				
	Total	Level 1	Level 2	Level 3
Short-term and long-term investments -				
Certificates of deposit and accrued interest	\$ 7,372,592	--	7,372,592	--
Assets limited as to use -				
Under loan guarantee for debt service -				
Certificates of deposit and accrued interest	612,011	--	612,011	--
Under loan guarantee for future capital additions -				
Cash and cash equivalents	123,081	123,081	--	
By board for employee health insurance claims -				
Cash and cash equivalents	35,043	35,043	--	--
Under deferred compensation plan -				
Mutual funds - growth and income	112,222	112,222	--	--
	<u>\$ 8,254,949</u>	<u>270,346</u>	<u>7,984,603</u>	<u>--</u>

June 30, 2012				
	Total	Level 1	Level 2	Level 3
Short-term and long-term investments -				
Certificates of deposit and accrued interest	\$ 5,332,285	--	5,332,285	--
Assets limited as to use -				
Under loan guarantee for debt service -				
Certificates of deposit and accrued interest	594,550	--	594,550	--
Under loan guarantee for future capital additions -				
Cash and cash equivalents	530,717	530,717	--	
By board for employee health insurance claims -				
Cash and cash equivalents	79,521	79,521	--	--
Under deferred compensation plan -				
Mutual funds - growth and income	69,427	69,427	--	--
	<u>\$ 6,606,500</u>	<u>679,665</u>	<u>5,926,835</u>	<u>--</u>

The Community Hospital Association

Notes to Consolidated Financial Statements June 30, 2013 and 2012

Foundation

June 30, 2013				
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 66,307	66,307	--	--
Certificates of deposit and accrued interest	331,534	--	331,534	--
Mutual funds				
Commodities	60,235	60,235	--	--
Diversified emerging markets	66,902	66,902	--	--
Foreign large blend	110,201	110,201	--	--
Foreign large growth	151,094	151,094	--	--
Foreign large value	152,880	152,880	--	--
Foreign small growth	5,061	5,061	--	--
Global real estate	69,477	69,477	--	--
Global bond	2,669	2,669	--	--
High yield bond	112,093	112,093	--	--
Intermediate term bond	673,712	673,712	--	--
Large blend	260,526	260,526	--	--
Large growth	321,457	321,457	--	--
Large value	213,977	213,977	--	--
Mid cap growth	21,217	21,217	--	--
Mid cap value	144,531	144,531	--	--
Short term bond	10,379	10,379	--	--
Small growth	51,961	51,961	--	--
Small value	55,371	55,371	--	--
World bond	102,388	102,388	--	--
World stock	142,662	142,662	--	--
Corporate bonds - domestic	9,401	--	9,401	--
	<u>\$ 3,136,035</u>	<u>2,795,100</u>	<u>340,935</u>	<u>--</u>

June 30, 2012				
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 54,678	54,678	--	--
Certificates of deposit and accrued interest	282,237	--	282,237	--
Mutual funds				
Aggressive growth	19,295	19,295	--	--
Commodities	76,642	76,642	--	--
Diversified emerging markets	76,058	76,058	--	--
Foreign large blend	168,921	168,921	--	--
Foreign large growth	18,224	18,224	--	--
Foreign large value	136,905	136,905	--	--
Foreign small growth	4,261	4,261	--	--
Global real estate	79,617	79,617	--	--
Global bond	2,133	2,133	--	--
High yield bond	115,767	115,767	--	--
Intermediate term bond	729,744	729,744	--	--
Large blend	416,681	416,681	--	--
Large growth	251,919	251,919	--	--
Large value	232,198	232,198	--	--
Mid cap growth	17,018	17,018	--	--
Mid cap value	138,427	138,427	--	--
Small growth	50,013	50,013	--	--
Small value	54,664	54,664	--	--
World bond	113,804	113,804	--	--
World Stock	146,377	146,377	--	--
Corporate bonds - domestic	9,601	--	9,601	--
	<u>\$ 3,195,184</u>	<u>2,903,346</u>	<u>291,838</u>	<u>--</u>

The Community Hospital Association

Notes to Consolidated Financial Statements June 30, 2013 and 2012

(5) Investments

The Hospital's investment return for the year ended June 30, 2013 and 2012 is summarized as follows

	<u>2013</u>	<u>2012</u>
Interest income	\$ 164,075	147,122
Gain on joint ventures	<u>2,636</u>	<u>2,160</u>
Total Hospital investment return, included in non-operating gains	166,711	149,282
Adjust for eliminated intercompany (gain) loss	<u>(2,792)</u>	<u>841</u>
Total consolidated Hospital investment return	<u>\$ 163,919</u>	<u>150,123</u>

The Foundation's investment return for the year ended June 30, 2013 and 2012 is summarized as follows

	<u>2013</u>	<u>2012</u>
Interest and dividend income	\$ 81,209	86,697
Realized gain on sales of investments, net	137,229	99,953
Changes in net unrealized gains and losses on investments, net	<u>145,152</u>	<u>(212,603)</u>
Total Foundation investment gain (loss)	<u>\$ 363,590</u>	<u>(25,953)</u>
Included in nonoperating gains	\$ 218,438	186,650
Reported separately as a change in net assets	<u>145,152</u>	<u>(212,603)</u>
Total consolidated Foundation investment gain (loss)	<u>\$ 363,590</u>	<u>(25,953)</u>

In accordance with the Farmers Home Administration, United States Department of Agriculture loan resolution security agreements, the Hospital must make monthly deposits into reserve accounts up to a defined amount for each note payable. The funding deposits and requirements for June 30, 2013 and 2012 were as follows

	<u>2013</u>	<u>2012</u>
Certificates of deposit and accrued interest	\$ 612,011	594,550
Funding requirements	<u>607,982</u>	<u>485,664</u>
Deposits in excess of requirements	<u>\$ 4,029</u>	<u>108,886</u>

The Community Hospital Association

Notes to Consolidated Financial Statements June 30, 2013 and 2012

(6) Property and Equipment

The following is a summary of the cost of property and equipment at June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Land and land improvements	\$ 1,318,577	1,272,574
Buildings	23,526,504	22,662,776
Equipment	38,639,864	34,767,008
Construction work-in-progress	<u>1,031,248</u>	<u>1,186,718</u>
	64,516,193	59,889,076
Less accumulated depreciation	<u>24,949,674</u>	<u>22,316,845</u>
Property and equipment, net	<u>\$ 39,566,519</u>	<u>37,572,231</u>

Depreciation expense of \$4,016,186 and \$3,441,032 in 2013 and 2012, respectively, is included in the accompanying consolidated statements of operations

Construction work in process at June 30, 2013 includes costs associated with the installation of new health information systems, and costs related to creating a radiation oncology center. The radiation oncology center has a contracted maximum price of approximately \$2.3 million and is expected to be completed in February 2014. Additionally, the hospital has contracted for the purchase of a linear accelerator machine at a cost of approximately \$3 million, which is being funded through a grant received by the Hospital. The composition of construction work in process at June 30, 2013 and 2012 is as follows:

	<u>2013</u>	<u>2012</u>
Oncology center	\$ 772,022	--
Health information systems projects	259,226	418,725
Equipment upgrade and other	--	26,020
Master Plan	<u>--</u>	<u>741,973</u>
	\$ <u>1,031,248</u>	<u>1,186,718</u>

(7) Other Assets, Net

Other assets as of June 30, 2013 and 2012 are summarized as follows:

	<u>2013</u>	<u>2012</u>
Investment in McCook Community Builders, LLC	\$ 10,000	--
Investment in VHA	--	3,198
Deferred financing costs, net of accumulated amortization	<u>139,038</u>	<u>153,674</u>
	<u>\$ 149,038</u>	<u>156,872</u>

The Community Hospital Association

Notes to Consolidated Financial Statements June 30, 2013 and 2012

(8) Long-Term Debt

Long-term debt as of June 30, 2013 and 2012 consists of the following

	<u>2013</u>	<u>2012</u>
\$630,000, 5 125% mortgage note payable in monthly installments of \$4,203, including principal and interest, through February 2014 to the Farmers Home Administration, United States Department of Agriculture, secured by a mortgage on the Hospital's property and equipment	\$ 25,441	73,236
\$895,000, 4 75% mortgage note payable in monthly installments of \$5,791, including principal and interest, through February 2020 to the Farmers Home Administration, United States Department of Agriculture, secured by the property and equipment of the Hospital	389,219	438,934
\$200,000, 4 75% mortgage note payable in monthly installments of \$1,294, including principal and interest, through February 2020 to the Farmers Home Administration, United States Department of Agriculture, secured by the property and equipment of the Hospital	86,994	98,102
\$2,458,000, 4 5% mortgage note payable in monthly installments of \$15,560, including principal and interest, through April 2023 to the Farmers Home Administration, United States Department of Agriculture, secured by the property and equipment of the Hospital	1,474,524	1,592,007
\$100,000, 4 5% mortgage note payable in monthly installments of \$633, including principal and interest, through April 2023 to the Farmers Home Administration, United States Department of Agriculture, secured by the property and equipment of the Hospital	59,994	64,774
\$4,200,000, 4 25% note payable to the United States Department of Agriculture, payable in monthly installments of \$18,606, beginning in October 2011, including principal and interest through September 2049 The note is secured by property of the Hospital	4,122,114	4,169,100
\$15,000,000, 6 02% note payable to Thayer County Bank, payable in monthly installments of \$147,666, including principal and interest through January 2023 The note is guaranteed by the United States Department of Agriculture and is secured by property of the Hospital	12,793,153	13,762,877
\$9,900,000, 3 75% note payable to the United States Department of Agriculture, payable in monthly installments of \$40,788, including principal and interest through November 2052 The note is secured by property of the Hospital	<u>9,830,090</u>	<u>5,714,785</u>
Balance forward	28,781,529	25,913,815

The Community Hospital Association

Notes to Consolidated Financial Statements June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Carry forward	28,781,529	25,913,815
\$2,900,000, 3.75% note payable to the United States Department of Agriculture, payable in monthly installments of \$11,310 beginning July 2014, including principal and interest through June 2052. The note is secured by property of the Hospital. (A)	351,905	--
\$350,000, 4.00% capital lease payable in monthly installments of \$15,148.23, including principal and interest, through September 2014 to Siemens, secured by equipment under lease	206,864	--
\$80,466, 1.99% capital lease payable in monthly installments of \$1,432, including principal and interest through November, 2016 to Phillips Medical Capital, secured by equipment under lease	<u>55,406</u>	<u>71,325</u>
Total long-term debt	29,395,704	25,985,140
Less current portion	<u>1,611,732</u>	<u>1,323,587</u>
	<u>\$ 27,783,972</u>	<u>24,661,553</u>

(A) As of June 30, 2013, the Hospital is drawing against this note to fund the Oncology Center project. Management expects to draw the full amount of \$2.9 million against this note.

The Hospital has established certain funds in accordance with the terms of the Farmers Home Administration, United States Department of Agriculture loan resolution security agreements. See Note 5 for further discussion of these funds.

The aggregate maturities of long-term debt during each of the next five years are as follows:

<u>Year Ending June 30,</u>	
2014	\$ 1,418,770
2015	1,511,275
2016	1,593,340
2017	1,686,993
2018	1,782,654
Thereafter	<u>21,130,402</u>
	<u>\$ 29,133,434</u>

The Community Hospital Association

Notes to Consolidated Financial Statements June 30, 2013 and 2012

The aggregate maturity of principal and related interest of capital leases during each of the next five years are as follows

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 192,962	6,007
2015	46,704	783
2016	16,897	293
2017	5,707	22
	<u>\$ 262,270</u>	<u>7,105</u>

(9) Endowment

Foundation endowments consist of funds established to invest permanently restricted donations. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by Board of Directors to function as endowments and beneficial interest in trust assets, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted Nebraska Uniform Prudent Management of Institutional Funds Act (NUPMIFA) as requiring the preservation of the whole dollar value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Absent any donor-imposed restrictions, interest, dividends and net appreciation of donor-restricted endowment funds is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by NUPMIFA.

In accordance with NUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1 The duration and preservation of the fund
- 2 The purposes of the Foundation and the donor-restricted endowment fund
- 3 General economic conditions
- 4 The possible effect of inflation and deflation
- 5 The expected total return from income and the appreciation of investments
- 6 Other resources of the Foundation
- 7 The investment policies of the Foundation

Permanently restricted donor-restricted endowment funds were \$1,525,832 and \$1,519,877 at June 30, 2013 and 2012, respectively. Board designated endowment funds were \$893,200 and \$723,323 at June 30, 2013 and 2012, respectively.

The changes in endowment net assets for the years ended June 30, 2013 and 2012 are as follows:

The Community Hospital Association

Notes to Consolidated Financial Statements June 30, 2013 and 2012

2013	Unrestricted	Permanently Restricted	Total
Net assets, beginning of year	\$ 723,323	1,519,877	2,243,200
Investment return			
Investment income	54,756	--	54,756
Net realized gain	84,910	--	84,910
Net unrealized gain	117,871	--	117,871
Total investment return	257,537	--	257,537
Contributions	--	5,955	5,955
Transfers	(87,660)	--	(87,660)
	(87,660)	5,955	(81,705)
Net assets, end of year	\$ 893,200	1,525,832	2,419,032
2012	Unrestricted	Permanently Restricted	Total
Net assets, beginning of year	\$ 822,657	1,513,224	2,335,881
Investment return			
Investment income	56,572	--	56,572
Net realized gain	71,084	--	71,084
Net unrealized loss	(158,479)	--	(158,479)
Total investment return	(30,823)	--	(30,823)
Contributions	--	6,653	6,653
Transfers	(68,511)	--	(68,511)
	(68,511)	6,653	(61,858)
Net assets, end of year	\$ 723,323	1,519,877	2,243,200

Return Objectives and Risk Parameters

The Foundation has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while complying with all donor-imposed restrictions. Under this policy, as approved by the Board, the endowment assets are invested in a manner that maximizes total returns over long periods of time primarily through capital appreciation. Endowment assets are invested in a combination of the following: Equities (50-80%), Fixed Income (15-50%), and Short-Term Investments (5-20%).

The Community Hospital Association

Notes to Consolidated Financial Statements June 30, 2013 and 2012

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved primarily through the purchase of securities of high quality

Appropriation Policy and How the Investment Objectives Relate to Appropriation Policy

The Foundation preserves the whole dollar value of the original gift as of the gift date of donor-restricted endowments, absent explicit donor stipulations to the contrary. Interest, dividend and net appreciation of the donor-restricted endowment funds are deemed appropriated for expenditure when earned

(10) Temporarily and Permanently Restricted Net Assets

Temporarily restricted contributions are available for the following purposes at June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Oncology Center equipment	\$ 2,190,860	--
Cancer campaign	582,325	--
Scholarship	69,191	71,410
Support of Hospice program	44,164	36,588
Garden Campaign	42,261	83,306
Purchase of property and equipment	33,327	58,602
Rehabilitation services	7,685	7,685
Curtis Medical Center	6,400	6,400
Pediatric room	3,988	3,997
Trenton Medical Center	887	887
Other	15,508	14,327
	<u>\$ 2,996,596</u>	<u>283,202</u>

Permanently restricted net assets listed below include endowment funds which are to be held in perpetuity the income which is expendable for the following

	<u>2013</u>	<u>2012</u>
Support of General Operations	\$ 1,520,412	1,514,457
Support of Hospice Program	5,420	5,420
	<u>\$ 1,525,832</u>	<u>1,519,877</u>

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Notes to Consolidated Financial Statements June 30, 2013 and 2012

(11) Other Operating Revenue

Other operating revenue for the years ended June 30, 2013 and 2012 is as follows

	<u>2013</u>	<u>2012</u>
Rental and housekeeping revenue	\$ 320,094	386,429
340b drug program	222,307	--
Out-source services	233,985	193,322
Electronic health records incentive payments	266,725	190,000
Cafeteria revenue	111,823	108,164
Grant revenue	16,818	26,512
Medical records transcript fees	9,807	7,519
Miscellaneous	151,949	114,642
Loss on disposal of property and equipment	<u>(260,923)</u>	<u>(43,304)</u>
	<u>\$ 1,072,585</u>	<u>983,284</u>

The Health Information Technology for Economic and Clinical Health Act contains specific financial incentives designed to accelerate the adoption of electronic health record (EHR) systems among health care providers. During 2013 the Hospital qualified for the financial incentive payments by attesting it met specific criteria set by the Center for Medicare and Medicaid services (CMS). Management's attestation is subject to audit by the federal government or its designee. The EHR incentive payment will be earned and received through various payments through 2015. The incentive amount is computed using several elements, one of which includes using the value of undepreciated assets required to implement the EHR system. For the year ended June 30, 2013, the Hospital has elected to record \$266,725 of the incentive payment as other operating revenue in the period earned, and defer the remaining amount of the incentive related to future Medicare reimbursement. In addition, the Nebraska Department of Health and Human Services provides EHR incentive payments that will be earned and received through various payments through 2015. A payment of \$190,000 was received during the year ended June 30, 2012 and recorded as other revenue. The amounts recognized are based on management's best estimates and are subject to change, which would be recognized in the period in which the change occurs.

The following schedule shows the current and future recognition of deferred Medicare reimbursement

<u>Amounts Recognized in Fiscal Year</u>	<u>Deferred Revenue Recognition</u>
2014	\$ 156,604
2015	153,011
2016	86,936
2017	67,755
2018	<u>8,930</u>
Total	<u>\$ 473,236</u>

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Notes to Consolidated Financial Statements June 30, 2013 and 2012

(12) Professional Liability Insurance

The Hospital carries a professional liability policy (including malpractice) which provides \$500,000 of coverage for injuries per occurrence and \$3,000,000 aggregate coverage. In addition, the Hospital carries a general liability policy which also provides \$1,000,000 per occurrence and \$3,000,000 aggregate coverage. The Hospital qualifies under the Nebraska Hospital Medical Liability Act (the Act). The Excess Liability Fund under the Act, on a claims-made basis, pays claims in excess of \$500,000 for losses up to \$1,750,000 per occurrence. The statute limits covered claims above \$1,750,000 and, in connection therewith, the Hospital carries an umbrella policy which also provides an additional \$3,000,000 of professional liability coverage per occurrence and aggregate coverage. These policies provide coverage on a claims-made basis covering only those claims which have occurred and are reported to the insurance company while the coverage is in force.

The Hospital could have exposure on possible incidents that have occurred for which claims will be made in the future, should professional liability insurance not be maintained, should coverage be limited and/or not available, or should the Act change.

Accounting principles generally accepted in the United States of America require a healthcare provider to recognize the ultimate costs of malpractice claims or similar contingent liabilities, which include costs associated with litigating or settling claims, when the incidents that give rise to the claims occur. The Hospital does evaluate all incidents and claims along with prior claim experience to determine if a liability is to be recognized. For the years ending June 30, 2013 and 2012, management determined no liability should be recognized for asserted or unasserted claims. Management is not aware of any such claim that would have a material adverse impact on the accompanying consolidated financial statements.

(13) Rental Income

The Hospital and Red Willow are the lessors of certain space under various two, three, five and ten-year noncancelable operating leases. Rental income is recorded monthly as earned in other revenue.

The following is a schedule by year of future minimum receipts under operating leases as of June 30, 2013, that have initial or remaining lease terms in excess of one year:

<u>Year</u>	<u>Amount</u>
2014	\$ 259,834
2015	259,834
2016	<u>212,782</u>
	<u>\$ 732,450</u>

(14) Pension Plan

The Hospital has a noncontributory, defined contribution pension plan established under section 401(a) of the internal revenue code for substantially all full-time and eligible part-time employees. After a one year eligibility period, the Hospital contributes 7% of each employee's salary, up to statutory limits, into individual, self-directed accounts. Each employee is fully vested after three years of qualified employment. Employees of Community Hospital Health Foundation are also covered under this plan. Contributions totaled \$809,321 and \$764,249 for the years ended June 30, 2013 and 2012 respectively.

In addition, the Hospital has a contributory, defined contribution tax deferred annuity plan established under section 403(b) of the internal revenue code available to all employees. Contributions are voluntary and are allowed up to the statutory limits. All contributions are accounted for in individual, self-directed accounts which fully vest immediately.

The Community Hospital Association

Notes to Consolidated Financial Statements June 30, 2013 and 2012

Because of the types of plans, there are no actuarial assumptions used in determining costs nor can there be any actuarial gain or loss. Any gain or loss in pension fund investments is reflected in the participating employee's benefits. The value of the vested earned benefits can never exceed the assets of the fund since the benefits are determined by the value accumulated for each employee.

(15) 457(b) Deferred Compensation Plan

The Hospital also offers additional deferred compensation plans for its executive officers in accordance with Internal Revenue Code 457(b). The plan permits eligible employees to defer a portion of their salaries until future years. Employees may defer up to the maximum amount allowed by Section 457(b) of the Code into a separate investment account in which the executive has the right to direct the investment of the funds in accordance with investment guidelines established by the Hospital. The deferred compensation is not available to the employees until retirement, separation from employment, death, unforeseeable emergency or attaining age 65. The employer is the beneficial owner of all assets the employee places in the plan. The employee is fully vested in all amounts credited to his or her account.

The deferred compensation assets related to this plan in the amount of \$112,222 and \$69,427 as of June 30, 2013 and 2012, respectively, are included within the accompanying consolidated balance sheets as assets limited as to use. A liability of \$112,222 and \$69,427 as of June 30, 2013 and 2012, respectively, based on the fair value of the investments, has also been included within the accompanying consolidated balance sheets as deferred compensation liabilities.

(16) Concentrations of Credit Risk

The Hospital is located in McCook, Nebraska. The Hospital grants credits without collateral to its patients, most of who are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors was as follows:

	2013	2012
Medicare	33%	32%
Medicaid	4	9
Blue Cross	14	12
Other third-party payors	15	13
Private pay	34	34
	100%	100%

(17) Functional Expenses

The Hospital provides general healthcare services to residents within its geographic location. Expenses included in the consolidated statements of operations relate to the provision of these services.

The Community Hospital Association

Exhibit 1

Consolidating Balance Sheets June 30, 2013

	Hospital	Foundation	Red Willow	Eliminations	Consolidated
ASSETS					
Current assets					
Cash and cash equivalents	\$ 5,723,350	939,233	138,726	--	6,801,309
Short-term investments	94,268	--	--	--	94,268
Receivables -					
Patients	4,738,822	--	--	--	4,738,822
Contributions, current portion	--	31,299	--	--	31,299
Grants	2,232,751	--	--	--	2,232,751
Affiliate	629,213	--	--	(629,213)	--
Other	146,094	36,124	--	--	182,218
Inventories	1,151,553	--	--	--	1,151,553
Prepaid expenses	732,715	--	--	--	732,715
Total current assets	15,448,766	1,006,656	138,726	(629,213)	15,964,935
Assets limited as to use	882,357	--	--	--	882,357
Investments	7,278,324	3,136,035	--	--	10,414,359
Property and equipment, net	39,492,382	--	74,137	--	39,566,519
Other assets, net	361,901	--	--	(212,863)	149,038
Total assets	\$ 63,463,730	4,142,691	212,863	(842,076)	66,977,208
LIABILITIES AND NET ASSETS					
Current liabilities					
Current portion of long-term debt	\$ 1,611,732	--	--	--	1,611,732
Accounts payable -					
Trade	596,064	629,737	13,995	(643,208)	596,588
Construction and equipment	373,245	--	--	--	373,245
Accrued salaries, vacation and benefits payable	1,147,542	--	--	--	1,147,542
Other accrued expenses	118,417	--	--	--	118,417
Estimated third-party payor settlements	490,863	--	--	--	490,863
Total current liabilities	4,337,863	629,737	13,995	(643,208)	4,338,387
Long-term debt, net of current portion	27,783,972	--	--	--	27,783,972
Deferred compensation	112,222	--	--	--	112,222
Total liabilities	32,234,057	629,737	13,995	(643,208)	32,234,581
Commitments and contingencies					
Net assets					
Unrestricted	29,038,813	1,181,386	198,868	(198,868)	30,220,199
Temporarily restricted	2,190,860	805,736	--	--	2,996,596
Permanently restricted	--	1,525,832	--	--	1,525,832
Total net assets	31,229,673	3,512,954	198,868	(198,868)	34,742,627
Total liabilities and net assets	\$ 63,463,730	4,142,691	212,863	(842,076)	66,977,208

The Community Hospital Association
Exhibit 2
**Consolidating Statements of Operations
For the Year Ended June 30, 2013**

	Hospital	Foundation	Red Willow	Eliminations	Consolidated
UNRESTRICTED REVENUE					
Net patient service revenue	\$ 37,952,842	--	--	--	37,952,842
Provision for bad debts	(842,608)	--	--	--	(842,608)
Other operating revenue	1,072,523	--	50,323	(50,261)	1,072,585
Total unrestricted revenue	38,182,757	--	50,323	(50,261)	38,182,819
EXPENSES					
Salaries and wages	12,922,050	119,162	--	--	13,041,212
Employee health and welfare	4,146,414	37,402	--	--	4,183,816
Supplies and other	13,874,803	94,710	34,570	(50,261)	13,953,822
Depreciation and amortization	4,019,461	--	11,361	--	4,030,822
Interest	1,342,375	--	--	--	1,342,375
Insurance	149,991	--	1,600	--	151,591
Grants to affiliates and others	--	723,377	--	(684,840)	38,537
Total expenses	36,455,094	974,651	47,531	(735,101)	36,742,175
OPERATING INCOME (LOSS)	1,727,663	(974,651)	2,792	684,840	1,440,644
NONOPERATING GAINS					
Investment income	166,711	218,438	--	(2,792)	382,357
Unrestricted gifts, grants and bequests	684,840	128,015	--	(684,840)	128,015
Nonoperating gains	851,551	346,453	--	(687,632)	510,372
EXCESS OF REVENUE OVER (UNDER) EXPENSES	2,579,214	(628,198)	2,792	(2,792)	1,951,016
NET ASSETS RELEASED FROM RESTRICTIONS	775,911	151,128	--	--	927,039
NET CHANGE IN UNREALIZED GAINS AND LOSSES ON OTHER THAN TRADING SECURITIES	--	145,152	--	--	145,152
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	\$ 3,355,125	(331,918)	2,792	(2,792)	3,023,207

The Community Hospital Association
Exhibit 3
**Consolidating Statements of Changes in Net Assets
For the Year Ended June 30, 2013**

	Hospital	Foundation	Red Willow	Eliminations	Consolidated
UNRESTRICTED NET ASSETS					
Operating income (loss)	\$ 1,727,663	(974,651)	2,792	684,840	1,440,644
Nonoperating gains	851,551	346,453	--	(687,632)	510,372
Net assets released from restrictions	775,911	151,128	--	--	927,039
Net change in unrealized gains and losses on other than trading securities	--	145,152	--	--	145,152
Increase (decrease) in unrestricted net assets	3,355,125	(331,918)	2,792	(2,792)	3,023,207
TEMPORARILY RESTRICTED NET ASSETS					
Temporarily restricted contributions	2,966,771	673,662	--	--	3,640,433
Net assets released from restrictions	(775,911)	(151,128)	--	--	(927,039)
Increase in temporarily restricted net assets	2,190,860	522,534	--	--	2,713,394
PERMANENTLY RESTRICTED NET ASSETS					
Permanently restricted contributions	--	5,955	--	--	5,955
INCREASE (DECREASE) IN NET ASSETS	5,545,985	196,571	2,792	(2,792)	5,742,556
NET ASSETS, beginning of year	25,683,688	3,316,383	196,076	(196,076)	29,000,071
NET ASSETS, end of year	\$ 31,229,673	3,512,954	198,868	(198,868)	34,742,627

Operating Highlights
For the Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Patient days -		
Adult and pediatric	2,399	2,257
Swing bed	1,080	736
Nursery	270	247
Discharges - Adult, pediatric and swing bed	913	799
Average length of stay - Adult, pediatric and swing bed	3 84 days	3 68 days
Percent occupancy - Adult, pediatric and swing bed	38 1%	32 8%
Full-time equivalent employees	231 26	229 33
Operations	1,831	1,791
X-Ray examinations	5,843	6,584
Ultrasound procedures	1,575	1,481
Nuclear medicine	392	400
CT scans	1,986	1,993
MRI	817	803
Deliveries	125	121
Physical therapy treatments	29,301	27,464
Occupational therapy treatments	1,933	1,765
Respiratory therapy treatments	7,540	5,613
Emergency room visits	4,144	4,395
Clinic registrations -		
Curtis	1,786	1,807
Trenton	2,039	2,060
Orthopedic	2,650	2,638
Specialty clinic	5,454	5,191
Home Health visits	3,425	3,286
Laboratory tests	61,265	53,397

The Community Hospital Association

Schedule of Expenditures of Federal Awards and Notes to Schedule June 30, 2013

<u>Federal Grantor/Program Title</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U S Department of Agriculture Rural Development Community Facilities Loan - Recovery Direct Loan	97-09	10 780	\$ 4,536,661
U S Department of Health and Human Services Health Resources and Services Administration Pass-Through Program From Nebraska Department of Health and Human Services Small Rural Hospital Improvement Program	H3HRH00017	93 301	<u>8,970</u>
			<u>\$ 4,545,631</u>

The accompanying notes are an integral part of this schedule

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Hospital under programs of the federal government for the year ended June 30, 2013. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the Hospital, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Hospital.

Note 2: Summary of Significant Accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3: Loans and Loan Guarantees Outstanding

As of June 30, 2013, the Hospital had \$12,793,153 outstanding from loan guarantees and \$13,952,204 outstanding from loans issued under the Community Facilities Loans – Recovery Program of the United States Department of Agriculture Rural Development Office. Loans drawn on during the year are included in the federal expenditures as presented in the Schedule.

SEIM JOHNSON

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

To the Board of Directors of
The Community Hospital Association
McCook, Nebraska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Community Hospital Association (the Hospital), which comprise the consolidated statement of financial position as of June 30, 2013, and the related consolidated statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 11, 2013

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Hospital's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

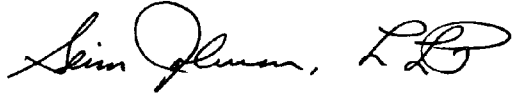
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hospital's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Kim Olson, L.L.P.", with a stylized flourish at the end.

Omaha, Nebraska,
September 11, 2013

SEIM JOHNSON

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

To the Board of Directors of
The Community Hospital Association
McCook, Nebraska

Report on Compliance for Each Major Federal Program

We have audited The Community Hospital Association's (the Hospital) compliance, with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on its major Federal program for the year ended June 30, 2013. The Hospital's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of the Hospital's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Hospital's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Hospital's compliance.

Opinion on Each Major Federal Program

In our opinion, the Hospital complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major Federal program for the year ended June 30, 2013.

Report on Internal Control Over Compliance

The management of the Hospital is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the Hospital's internal control over compliance with the type of requirements that could have a direct and material effect on a major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major Federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Simon Johnson, L.L.P.", with a stylized flourish at the end.

Omaha, Nebraska,
September 11, 2013

The Community Hospital Association

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2013

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Consolidated Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting

- Material weakness(es) identified? Yes x No
- Significant deficiency(ies) identified? Yes x None Reported

Noncompliance material to consolidated financial statements noted? Yes x No

Federal Awards

Internal control over major programs

- Material weakness(es) identified? Yes x No
- Significant deficiency(ies) identified? Yes x None Reported

Type of auditor's report issued on compliance for major programs Unmodified

- Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes x No

Identification of major programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10 780	Community Facilities Loan – Recovery

Dollar threshold used to distinguish between type A and type B programs \$300,000

Auditee qualified as low-risk auditee? x Yes No

II. FINANCIAL STATEMENT FINDINGS

None noted

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted