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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047

2012

Open to Public Inspection

A For the 2012 calendar year, or tax year beginning 07-01-2012 , 2012, and ending 06-30-2013

B Check if applicable
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization
HUTCHINSON REGIONAL MEDICAL CENTER INC

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
1701 E 23RD
Suite

City or town, state or country, and ZIP + 4
HUTCHINSON, KS 67502

D Employer identification number
48-0774005

E Telephone number
(620) 513-4556

G Gross receipts $ 130,937,551

F Name and address of principal officer
KENDALL E JOHNSON
1701 E 23RD
HUTCHINSON, KS 67502

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

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

H(c) Group exemption number ▶

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

J Website: ▶ WWW HUTCHREGIONAL COM

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

L Year of formation 1969

M State of legal domicile KS

Part I Summary

1 Briefly describe the organization's mission or most significant activities
A 199 BED ACUTE CARE HOSPITAL WITH THE MISSION TO PROVIDE THE HIGHEST QUALITY CARE IN A COMPASSIONATE AND ETHICAL MANNER

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	19
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	13
5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	**5**	1,279
6	Total number of volunteers (estimate if necessary)	**6**	269
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	1,888,203
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	790,793

		Prior Year	Current Year
Revenue **8**	Contributions and grants (Part VIII, line 1h)	5,143,004	372,937
9	Program service revenue (Part VIII, line 2g)	135,391,667	126,973,818
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	901,659	2,263,563
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	5,367,955	1,322,582
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	146,804,285	130,932,900
Expenses **13**	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	129,780	9,300
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)	56,669,712	51,544,413
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	75,559,113	70,629,568
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	132,358,605	122,183,281
19	Revenue less expenses Subtract line 18 from line 12	14,445,680	8,749,619

		Beginning of Current Year	End of Year
Net Assets or Fund Balances **20**	Total assets (Part X, line 16)	173,777,039	187,558,914
21	Total liabilities (Part X, line 26)	29,711,011	29,741,854
22	Net assets or fund balances Subtract line 21 from line 20	144,066,028	157,817,060

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

****** | 2014-05-15
Signature of officer | Date

KENDALL E JOHNSON VP FINANCE
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
ELIZABETH S HOGAN				
Firm's name ▶ BKD LLP			Firm's EIN ▶	
Firm's address ▶ 1551 N WATERFRONT PKWY STE 300 WICHITA, KS 672066601			Phone no (316) 265-2811	

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

WE ARE DEVOTED TO PROVIDING THE HIGHEST QUALITY CARE IN A COMPASSIONATE AND ETHICAL MANNER

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . . ☐ Yes ☑ No

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . . ☐ Yes ☑ No

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses $ 104,058,625 including grants of $ 9,300) (Revenue $ 127,197,717)

HUTCHINSON REGIONAL MEDICAL CENTER IS CURRENTLY LICENSED TO OPERATE 199 GENERAL ACUTE BEDS ALL PROGRAM SERVICE EXPENSES WERE INCURRED IN FURTHERANCE OF OUR MISSION

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** ▶ 104,058,625

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b	Yes	
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d		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? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25*	**24a**		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? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**34**	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**	Yes	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	68		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	1,279		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a		Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*	3b		Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

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

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

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	**1a** 19		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
b	Enter the number of voting members included in line 1a, above, who are independent	**1b** 13		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**	Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**		No
6	Did the organization have members or stockholders?	**6**		No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**		No
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	**7b**		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	**8a**	Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**		No

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

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

Section C. Disclosure

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

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you made these available Check all that apply

☐ Own website ☐ Another's website ☑ Upon request ☐ Other (explain in Schedule O)

19 Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶KENDALL E JOHNSON 1701 E 23RD HUTCHINSON, KS (620) 513-4556

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			
See Additional Data Table										

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								2,889,896	0	288,455

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 ▶ 33

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
CLINICAL COLLEAGUES INC ,	ANESTHESIA PHYSICIAN	5,157,408
REHABCARE GROUP INC ,	REHAB SERVICES PROV	739,707
CENTRAL STATES RECOVERY INC ,	PROF COLLECTIONS CO	395,363
EXEC HEALTH RESOURCES INC ,	MEDICAL COMPLIANCE	393,825
HEALOGICS WOUND CARE ,	WOUND CARE MGMT CO	316,850

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 ▶ 24

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	363,873			
	e	Government grants (contributions)	1e	9,064			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f				
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		372,937			
Program Service Revenue			Business Code				
	2a	NET PATIENT SERVICE REVENUE	621400	123,930,419	123,915,228	15,191	
	b	NON-PATIENT LABORATORY	621500	1,383,159		1,383,159	
	c	AMBULANCE SERVICES	621910	886,454	886,454		
	d	PHARMACY CONSULTING	900099	507,832	507,832		
	e	LAUNDRY/LINEN SERVICE	812300	265,954		265,954	
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		126,973,818			
	3	Investment income (including dividends, interest, and other similar amounts)		667,383		223,899	443,484
	4	Income from investment of tax-exempt bond proceeds		0			
	5	Royalties		0			

		(i) Real	(ii) Personal				
	6a	Gross rents	364,049					
	b	Less rental expenses						
	c	Rental income or (loss)	364,049	0				
	d	Net rental income or (loss)			364,049			364,049

		(i) Securities	(ii) Other				
	7a	Gross amount from sales of assets other than inventory	753,217	847,614				
	b	Less cost or other basis and sales expenses		4,651				
	c	Gain or (loss)	753,217	842,963				
	d	Net gain or (loss)			1,596,180			1,596,180
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a					
	b	Less direct expenses	b					
	c	Net income or (loss) from fundraising events			0			
	9a	Gross income from gaming activities See Part IV, line 19	a					
	b	Less direct expenses	b					
	c	Net income or (loss) from gaming activities			0			
	10a	Gross sales of inventory, less returns and allowances	a					
	b	Less cost of goods sold	b					
	c	Net income or (loss) from sales of inventory			0			
		Miscellaneous Revenue		Business Code				
	11a	EMPLOYEE/GUEST MEALS		722513	584,674			584,674
	b	HOUSEKEEPING SERVICES		900099	62,756			62,756
	c	REFUNDS & INCENTIVES		900099	56,800			56,800
	d	All other revenue			254,303			254,303
	e	**Total.** Add lines 11a–11d			958,533			
	12	**Total revenue.** See Instructions			130,932,900	125,309,514	1,888,203	3,362,246

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	9,300	9,300		
2 Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4 Benefits paid to or for members	0			
5 Compensation of current officers, directors, trustees, and key employees	1,401,419		1,401,419	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	217,437	217,437		
7 Other salaries and wages	39,293,437	31,477,074	7,816,363	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	1,723,039	1,488,817	234,222	
9 Other employee benefits	5,564,889	4,508,868	1,056,021	
10 Payroll taxes	3,344,192	2,759,293	584,899	
11 Fees for services (non-employees)				
a Management	0			
b Legal	279,782	3,000	276,782	
c Accounting	128,370		128,370	
d Lobbying	0			
e Professional fundraising services See Part IV, line 17	0			
f Investment management fees	10,042		10,042	
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	12,784,910	12,032,556	752,354	
12 Advertising and promotion	203,132	71	203,061	
13 Office expenses	641,746	436,278	205,468	
14 Information technology	2,510,950	2,510,050	900	
15 Royalties . .	0			
16 Occupancy	2,290,420	2,288,996	1,424	
17 Travel	193,722	154,490	39,232	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	44,782	22,400	22,382	
20 Interest	140,626	116,031	24,595	
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	9,515,119	7,850,925	1,664,194	
23 Insurance	1,080,794	48,001	1,032,793	
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	15,945,214	15,945,214		
b BAD DEBTS	10,735,892	10,735,892		
c PHARMACEUTICALS	6,547,318	6,530,949	16,369	
d FOOD/DIETARY SUPPLIES	1,342,919	1,329,577	13,342	
e All other expenses	6,233,830	3,593,406	2,640,424	
25 **Total functional expenses.** Add lines 1 through 24e	122,183,281	104,058,625	18,124,656	0
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		30,498,826	1	16,922,190
	2	Savings and temporary cash investments		16,440,421	2	15,890,308
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		17,036,661	4	17,448,674
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	0
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L		0	6	0
	7	Notes and loans receivable, net		0	7	0
	8	Inventories for sale or use		4,331,167	8	4,812,411
	9	Prepaid expenses and deferred charges		2,058,331	9	1,724,127
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 176,434,538			
	b	Less accumulated depreciation	10b 123,480,658	59,073,913	10c	52,953,880
	11	Investments—publicly traded securities		15,209,660	11	46,205,830
	12	Investments—other securities See Part IV, line 11		24,174,081	12	27,453,497
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets		0	14	0
	15	Other assets See Part IV, line 11		4,953,979	15	4,147,997
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		173,777,039	16	187,558,914
Liabilities	17	Accounts payable and accrued expenses		16,626,065	17	17,535,926
	18	Grants payable		0	18	0
	19	Deferred revenue		1,105	19	1,162
	20	Tax-exempt bond liabilities		10,480,087	20	9,490,087
	21	Escrow or custodial account liability Complete Part IV of Schedule D		0	21	0
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		0	23	0
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		2,603,754	25	2,714,679
	26	**Total liabilities.** Add lines 17 through 25		29,711,011	26	29,741,854
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		120,490,005	27	130,638,182
	28	Temporarily restricted net assets		23,576,023	28	27,178,878
	29	Permanently restricted net assets		0	29	0
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		144,066,028	33	157,817,060
	34	Total liabilities and net assets/fund balances		173,777,039	34	187,558,914

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	130,932,900
2	Total expenses (must equal Part IX, column (A), line 25)	2	122,183,281
3	Revenue less expenses Subtract line 2 from line 1	3	8,749,619
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	144,066,028
5	Net unrealized gains (losses) on investments	5	-1,086,908
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	6,088,321
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	157,817,060

Part XII Financial Statements and Reporting

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

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

Additional Data

Software ID:
Software Version:
EIN: 48-0774005
Name: HUTCHINSON REGIONAL MEDICAL CENTER INC

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
BRUCE BUCHANAN DIRECTOR	1.00 1.00	X								
ANN BUSH DIRECTOR/SECRETARY	1.00 2.00	X		X						
TIMOTHY CRATER MD DIRECTOR	1.00 1.00	X								
JOHN DEARDOFF DIRECTOR	1.00 1.00	X								
REX DEGNER MD DIRECTOR	1.00 1.00	X								
MIKE EVANS DIRECTOR	1.00 1.00	X								
ALLEN FEE DIRECTOR	1.00 1.00	X								
KEITH HUGHES DIRECTOR	1.00 1.00	X								
VERLIN JANZEN MD DIRECTOR	1.00 1.00	X								
JOHN JONES DIRECTOR	1.00 2.00	X								
KEVIN MILLER DIRECTOR/PRESIDENT	38.00 7.00	X		X				410,480	0	30,877
EVAN MOODIE DIRECTOR/TREASURER	1.00 1.00	X		X						
KIM MOORE DIRECTOR/VICE CHAIR	1.00 1.00	X		X						
DAVID NEAL DIRECTOR	1.00 1.00	X								
CAROLYN PATTERSON DIRECTOR/CHAIR	1.00 1.00	X		X						
LOUIS SCHLICKAU DIRECTOR	1.00 2.00	X								
JAMES SILER MD DIRECTOR	1.00 1.00	X								
JOHN SWEARER DIRECTOR	1.00 1.00	X								
KEITH WHITAKER DIRECTOR	1.00 1.00	X								
KENDALL E JOHNSON VP FINANCE	41.00 4.00			X				202,609		32,808
WILLIAM GIERSCH VP CLINICAL SERVICES	40.00 0.00			X				147,170		24,938
JANET HAMOUS VP HUMAN RESOURCES	40.00 0.00			X				88,050		15,141
JULIE WARD VP HUMAN RESOURCES/NURSING	40.00 0.00			X				117,706		15,109
PATRICIA EDWARDS VP NURSING	40.00 0.00			X				163,865		25,937
ROBYN CHADWICK VP QUALITY	43.00 2.00			X				125,764		15,844

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
DANIEL STAFFORD VP COMPLIANCE	43 0 2 0			X				61,384		5,628
PATRICK MOWDER DIRECTOR PHARMACY	40 0 0 0					X		152,014		24,926
RAGU TIRUKONDA MEDICAL PHYSICIST	40 0 0 0					X		173,412		28,387
RONALD FENWICK PHARMACIST	40 0 0 0					X		151,751		15,600
MARK LEVINSON MD	40 0 0 0					X		448,975		23,423
BARBARA LUDER MD	40 0 0 0					X		646,716		29,837

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
HUTCHINSON REGIONAL MEDICAL CENTER INC

Employer identification number
48-0774005

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

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

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

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

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

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

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

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

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

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

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

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

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

a ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally integrated **d** ☐ Type III - Non-functionally integrated

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

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

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

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

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

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1 - 9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the U S ?		(vii) Amount of monetary support
			Yes	No	Yes	No	Yes	No	
Total									

Part II **Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public support.** Subtract line 5 from line 4						

Section B. Total Support

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

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

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

Section C. Computation of Public Support Percentage

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

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

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

b **33 1/3% support test—2011.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

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

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

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

Part III **Support Schedule for Organizations Described in Section 509(a)(2)**
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public support** (Subtract line 7c from line 6)						

Section B. Total Support

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

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

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

19a **33 1/3% support tests—2012.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2011.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

20 **Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶☐

Part IV **Supplemental Information.** Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Explanation

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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

2012

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	Employer identification number
HUTCHINSON REGIONAL MEDICAL CENTER INC	48-0774005

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

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

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period

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

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

	For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.	(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?	Yes		18,363
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?		No	
j	Total Add lines 1c through 1i			18,363
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
GRANTS TO OTHER ORGANIZATIONS FOR LOBBYING PURPOSES	SCHEDULE C, PART II-B, LINE 1F	A PORTION OF THE ANNUAL DUES PAID TO KHA AND AHA ARE USED FOR LOBBYING

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
HUTCHINSON REGIONAL MEDICAL CENTER INC

Employer identification number
48-0774005

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5 During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

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

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

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

		Amount
c	Beginning balance	1c
d	Additions during the year	1d
e	Distributions during the year	1e
f	Ending balance	1f

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

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

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

		(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a	Beginning of year balance	28,381	28,337	23,434	20,495	24,474
b	Contributions	2,950				
c	Net investment earnings, gains, and losses	3,513	319	5,169	3,173	-3,775
d	Grants or scholarships					
e	Other expenditures for facilities and programs					
f	Administrative expenses	331	275	266	234	204
g	End of year balance	34,513	28,381	28,337	23,434	20,495

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

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

The percentages in lines 2a, 2b, and 2c should equal 100%

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

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

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		1,416,968		1,416,968
b Buildings		92,261,605	58,054,476	34,207,129
c Leasehold improvements				
d Equipment		77,725,418	62,801,118	14,924,300
e Other		5,030,547	2,625,064	2,405,483
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				52,953,880

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A) INV IN HUTCHINSON VHA	137,578	C
(B) INV IN HHCS	480,000	C
(C) INV IN ASC	20,000	C
(D) BENEFICIAL INT IN N/A OF FDN	26,815,919	F
Total. *(Column (b) must equal Form 990, Part X, col (B) line 12)* ▶	27,453,497	

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

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

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

(a) Description	(b) Book value
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	

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

1 (a) Description of liability	(b) Book value
Federal income taxes	0
CAPITAL LEASE	86,182
DUE TO THIRD PARTY PAYER	2,628,497
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	2,714,679

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

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

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

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

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

Part XIII Supplemental Information

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

Identifier	Return Reference	Explanation
INTENDED USES OF ENDOWMENT FUNDS	SCHEDULE D, PART V, LINE 4	THE ENDOWMENT FUNDS ARE HELD BY HUTCHINSON REGIONAL MEDICAL CENTER FOUNDATION, A RELATED TAX EXEMPT ORGANIZATION THE INTENDED USE OF THE FUND IS TO SUPPORT THE FOUNDATION'S CHARITABLE ACTIVITIES AND ITS RELATED ORGANIZATIONS UNCERTAIN TAX POSITIONS SCHEDULE D, PART X, LINE 2 THE MEDICAL CENTER AND ITS NOT-FOR-PROFIT AFFILIATES HAVE BEEN RECOGNIZED AS EXEMPT FROM INCOME TAXES UNDER SECTION 501(C)(2) OR 501(C)(3) OF THE INTERNAL REVENUE CODE AND A SIMILAR PROVISION OF STATE LAW HOWEVER, THE HEALTHCARE SYSTEM IS SUBJECT TO FEDERAL INCOME TAX ON ANY UNRELATED BUSINESS TAXABLE INCOME HHCSI IS A TAXABLE CORPORATION WHICH PAYS TAXES AT PREVAILING CORPORATE RATES THE HEALTHCARE SYSTEM FILES TAX RETURNS IN THE U S FEDERAL JURISDICTION WITH A FEW EXCEPTIONS, THE HEALTHCARE SYSTEM IS NO LONGER SUBJECT TO U S FEDERAL EXAMINATIONS BY TAX AUTHORITIES BEFORE 2009 THE HEALTHCARE SYSTEM'S POLICY IS TO EVALUATE UNCERTAIN TAX POSITIONS ANNUALLY MANAGEMENT HAS EVALUATED THE HEALTHCARE SYSTEM'S TAX POSITIONS AND HAS CONCLUDED THAT THERE ARE NO UNCERTAIN TAX POSITIONS THAT REQUIRE ADJUSTMENT OR DISCLOSURE IN THE FINANCIAL STATEMENTS

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
HUTCHINSON REGIONAL MEDICAL CENTER INC

Employer identification number
48-0774005

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year ☐ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for *free* care ☐ 100% ☑ 150% ☐ 200% ☐ Other _____ %	3a	Yes	
b	Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☑ Other 225 %	3b	Yes	
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		
6a	Did the organization prepare a community benefit report during the tax year?	6a		No
b	If "Yes," did the organization make it available to the public?	6b		
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			976,809	283,803	693,006	0 620 %
b Medicaid (from Worksheet 3, column a)			11,821,884	15,492,027	-3,670,143	
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			12,798,693	15,775,830	-2,977,137	0 620 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			107,127		107,127	0 100 %
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)			9,723,745	6,104,829	3,618,916	2 610 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			196,076		196,076	0 180 %
j **Total.** Other Benefits			10,026,948	6,104,829	3,922,119	2 890 %
k **Total.** Add lines 7d and 7j			22,825,641	21,880,659	944,982	3 510 %

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support						
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy						
8 Workforce development						
9 Other						
10 **Total**						

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

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2	3,249,808		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit	3			
4	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	59,407,940		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	58,392,142		
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	1,015,798		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

Part IV **Management Companies and Joint Ventures** (owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities

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

	Name, address, and primary website address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	HUTCHINSON REGIONAL MEDICAL CENTER 1701 E 23RD HUTCHINSON, KS 67502 HTTP //WWW HUTCHREGIONAL COM	X	X					X			

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group HUTCHINSON REGIONAL MEDICAL CNTR INC

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

			Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)				
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	**1**	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☑ A definition of the community served by the hospital facility			
b	☑ Demographics of the community			
c	☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☑ How data was obtained			
e	☑ The health needs of the community			
f	☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☑ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☑ The process for consulting with persons representing the community's interests			
i	☑ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☐ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 20 13			
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?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website			
b	☑ Available upon request from the hospital facility			
c	☐ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)			
a	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☑ Execution of the implementation strategy			
c	☑ Participation in the development of a community-wide plan			
d	☑ Participation in the execution of a community-wide plan			
e	☐ Inclusion of a community benefit section in operational plans			
f	☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☑ Prioritization of health needs in its community			
h	☑ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☐ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	**7**	Yes	
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	**8a**		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	**8b**		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 150 % If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 225 % If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☐ Asset level			
c ☐ Medical indigency			
d ☐ Insurance status			
e ☐ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted on the hospital facility's website			
b ☐ The policy was attached to billing invoices			
c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☐ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**15**	Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	**17**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			

Part V Facility Information *(continued)*

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

- **a** ☐ Notified individuals of the financial assistance policy on admission
- **b** ☐ Notified individuals of the financial assistance policy prior to discharge
- **c** ☑ Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- **d** ☑ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
- **e** ☑ Other (describe in Part VI)

Policy Relating to Emergency Medical Care

		Yes	No
19 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	**19**	Yes	
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

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

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

Part V Facility Information *(continued)*

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

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

	Name and address	Type of Facility (describe)
1	SLEEP DIAGNOSTIC CENTER 2701 N MAIN SUITE F HUTCHINSON,KS 67502	SLEEP DIAGNOSTIC CENTER
2		
3		
4		
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)

6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served

7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

Identifier	ReturnReference	Explanation
PERCENT OF TOTAL EXPENSE	SCHEDULE H, PART I, LINE 7, COLUMN F	THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS $10,735,892
COSTING METHODOLOGY	SCHEDULE H, PART I, LINE 7	THE COSTING METHODOLOGY USED TO CALCULATE THE AMOUNTS CONTAINED IN THE TABLE OF PART I, LINE 7, OF SCHEDULE H, IS THE COST TO CHARGE RATIO FROM THE ORGANIZATION'S 6/30/13 MEDICARE COST REPORT

Identifier	ReturnReference	Explanation
SUBSIDIZED HEALTH SERVICES	SCHEDULE H, PART I, LINE 7G	NO COSTS ATTRIBUTABLE TO A PHYSICIAN CLINIC WERE INCLUDED IN THE SUBSIDIZED HEALTH SERVICES COSTS
COMMUNITY BUILDING ACTIVITIES	SCHEDULE H, PART II	AT THIS TIME, HUTCHINSON REGIONAL DOES NOT HAVE PROGRAMS THAT DIRECTLY ADDRESS THE ROOT CAUSES OF HEALTH PROBLEMS, HOWEVER THE MANAGEMENT TEAM IS (AS A PART OF THEIR JOB DESCRIPTION) REQUIRED TO PARTICIPATE IN COMMUNITY VOLUNTEER ACTIVITIES THAT FOCUS ON THESE ISSUES AS OF 6/30/13, MEMBERS OF THE MANAGEMENT TEAM AND EXECUTIVE STAFF WERE CURRENLTY SERVING ON THE FOLLOWING LOCAL, STATE AND NATIONAL BOARDS AND COMMITTEES 1 RENO COUNTY CANCER COUNCIL 2 RED CROSS BOARD 3 UNITED WAY OF RENO COUNTY 4 HUTCHINSON AREA STUDENT SERVICES HEALTH CLINIC 5 AMERICAN RED CROSS, HUTCHINSON CHAPTER 6 AMERICAN HEART ASSOCIATION - FLINTHILLS DIVISION BOARD OF DIRECTORS 7 EXECUTIVE LEADERSHIP TEAM FOR HUTCHINSON HEART WALK 8 KANSAS HEALTH ETHICS BOARD 9 ARTHRITIS FOUNDATION (KANSAS/MISSOURI CHAPTER) 10 HOSPICE & HOMECARE OF RENO COUNTY 11 HUTCHINSON COMMUNITY COLLEGE ASSOCIATE DEGREE NURSING PROGRAM ADVISORY COMMITTEE 12 HUTCHINSON COMMUNITY COLLEGE - RHIT ADVISORY BOARD 13 AMBUCS MANY OF THESE BOARDS AND COMMITTEES HAVE DIRECT AND/OR INDIRECT IMPACT ON THE ROOT CAUSES OF HEALTH ISSUES IN OUR COUNTY AND THE SURROUNDING AREA

Identifier	ReturnReference	Explanation
BAD DEBT ESTIMATE METHODOLOGY	SCHEDULE H, PART III, LINE 2	THE PROVISION FOR UNCOLLECTIBLE ACCOUNTS FROM THE FINANCIAL STATEMENTS IS MULTIPLIED BY THE COST TO CHARGE RATIO FROM THE 6/30/2013 MEDICARE COST REPORT IN ORDER TO ESTIMATE THE BAD DEBT EXPENSE
COSTING METHODOLOGY	SCHEDULE H, PART III, LINE 3	THE COSTING METHODOLOGY IS BASED ON THE ORGANIZATION'S MEDICARE COST-TO-CHARGE RATIO WHILE WE RECOGNIZE THAT THERE WILL MOST DEFINITELY BE SOME BAD DEBT EXPENSES ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER THE ORGANIZATION'S CHARITY CARE POLICY, WE HAVE NO REASONABLE BASIS FOR ESTIMATING THIS FIGURE IF WE KNOW THE PATIENT IS ELIGIBLE, THEY WOULD FALL UNDER CHARITY CARE AND NOT BAD DEBT BAD DEBT EXPENSE SCHEDULE H, PART III, LINE 4 ACCOUNTS RECEIVABLE ARE REDUCED BY AN ALLOWANCE FOR DOUBTFUL ACCOUNTS IN EVALUATING THE COLLECTABILITY OF ACCOUNTS RECEIVABLE, THE HEALTHCARE SYSTEM ANALYZES ITS PAST HISTORY AND IDENTIFIES TRENDS FOR EACH OF ITS MAJOR PAYER SOURCES OF REVENUE TO ESTIMATE THE APPROPRIATE ALLOWANCE FOR DOUBTFUL ACCOUNTS AND PROVISION FOR UNCOLLECTIBLE ACCOUNTS MANAGEMENT REGULARLY REVIEWS DATA ABOUT THESE MAJOR PAYER SOURCES OF REVENUE IN EVALUATING THE SUFFICIENCY OF THE ALLOWANCE FOR DOUBTFUL ACCOUNTS FOR RECEIVABLES ASSOCIATED WITH SERVICES PROVIDED TO PATIENTS WHO HAVE THIRD-PARTY COVERAGE, THE HEALTHCARE SYSTEM ANALYZES CONTRACTUALLY DUE AMOUNTS AND PROVIDES AN ALLOWANCE FOR DOUBTFUL ACCOUNTS AND A PROVISION FOR UNCOLLECTIBLE ACCOUNTS, IF NECESSARY (FOR EXAMPLE, FOR EXPECTED UNCOLLECTIBLE DEDUCTIBLES AND COPAYMENTS ON ACCOUNTS FOR WHICH THE THIRD-PARTY PAYER HAS NOT YET PAID, OR FOR PAYERS WHO ARE KNOWN TO BE HAVING FINANCIAL DIFFICULTIES THAT MAKE THE REALIZATION OF AMOUNTS DUE UNLIKELY) FOR RECEIVABLES ASSOCIATED WITH SELF-PAY PATIENTS (WHICH INCLUDES BOTH PATIENTS WITHOUT INSURANCE AND PATIENTS WITH DEDUCTIBLE AND COPAYMENT BALANCES DUE FOR WHICH THIRD-PARTY COVERAGE EXISTS FOR PART OF THE BILL), THE HEALTHCARE SYSTEM RECORDS A SIGNIFICANT PROVISION FOR UNCOLLECTIBLE ACCOUNTS IN THE PERIOD OF SERVICE ON THE BASIS OF ITS PAST EXPERIENCE, WHICH INDICATES THAT MANY PATIENTS ARE UNABLE OR UNWILLING TO PAY THE PORTION OF THEIR BILL FOR WHICH THEY ARE FINANCIALLY RESPONSIBLE THE DIFFERENCE BETWEEN THE STANDARD RATES (OR THE DISCOUNTED RATES IF NEGOTIATED OR PROVIDED BY POLICY) AND THE AMOUNTS ACTUALLY COLLECTED AFTER ALL REASONABLE COLLECTION EFFORTS HAVE BEEN EXHAUSTED IS CHARGED OFF AGAINST THE ALLOWANCE FOR DOUBTFUL ACCOUNTS THE HEALTHCARE SYSTEM'S ALLOWANCE FOR DOUBTFUL ACCOUNTS FOR SELF-PAY PATIENTS WAS 100% OF SELF-PAY ACCOUNTS RECEIVABLE AT JUNE 30, 2013 AND 2012 IN ADDITION, THE HEALTHCARE SYSTEM'S WRITE-OFFS WERE APPROXIMATELY $10,087,000 AND $11,189,000 FOR THE YEARS ENDED JUNE 30, 2013 AND 2012, RESPECTIVELY

Identifier	ReturnReference	Explanation
MEDICARE	SCHEDULE H, PART III, LINE 8B	THE COSTING METHODOLOGY USED TO CALCULATE THE AMOUNT ON LINE 6 IS A COST TO CHARGE RATIO
COLLECTIONS PRACTICES	SCHEDULE H, PART III, LINE 9B	WHEN A PATIENT ACCOUNT IS ASSIGNED TO A COLLECTION AGENCY, THE AGENCY WILL INFORM THE PATIENT OF HUTCHINSON REGIONAL'S CHARITY CARE POLICY AND WILL ASSIST THE PATIENT IN CONTACTING THE MEDICAL CENTER TO APPLY FOR ASSISTANCE DURING THE PROCESS OF DETERMINING ELIGIBILITY, COLLECTION EFFORTS WILL BE SUSPENDED PROVIDING THE PATIENT COOPERATES WITH THE ELIGIBILITY PROCESS

Identifier	ReturnReference	Explanation
INPUT FROM COMMUNITY REPRESENTATIVES	SCHEDULE H, PART V, SECTION B, LINE 3	THE LOCAL HEALTH DEPARTMENT AND HUTCHINSON REGIONAL HEALTHCARE SYSTEM CREATED A STEERING COMMITTEE WITH MEMBERS ENCOMPASSING NEARLY 30 DIFFERENT ORGANIZATIONS AND INDIVIDUALS WHO REPRESENTED A BROAD SPECTRUM OF THE COMMUNITY AND SUBSCRIBED TO A BROAD DEFINITION OF HEALTH INPUT FOR THE ASSESSMENT WAS GATHERED FROM RESIDENTS THROUGH COMMUNITY FORUMS, FOCUS GROUPS, AND OVER 2,000 RESPONDENTS TO AN ONLINE AND PAPER SURVEY DATA WAS ALSO GATHERED ON THE HEALTH STATUS OF THE COMMUNITY, THE WORKINGS OF THE LOCAL PUBLIC HEALTH SYSTEM, AS WELL AS AN ASSESSMENT OF FORCES LIKELY TO IMPACT THE HEALTH OF THE PUBLIC IN THE NEAR FUTURE WEBSITE ADDRESS FOR CHNA SCHEDULE H, PART V, SECTION B, LINE 5 HTTP //WWW HUTCHREGIONAL COM/NEWS_DETAIL ASPX? NEWS_ID=58 EFFORTS MADE BEFORE INITIATING ANY ACTIONS LISTED IN LINE 17 SCHEDULE H, PART V, SECTION B, LINE 18 THE FINANCIAL ASSISTANCE POLICY AND APPLICATION CAN BE FOUND ON THE HOSPITAL'S WEBSITE MAXIMUM AMOUNTS CHARGED TO FAP-ELIGIBLE PATIENTS SCHEDULE H, PART V, SECTION B, LINE 20 AS THE PURPOSE OF OUR UNINSURED DISCOUNT IS TO LEVEL THE PLAYING FIELD BETWEEN OUR SELF PAY PATIENT AND OUR INSURED PATIENT, OUR UNINSURED DISCOUNT IS BASED ON THE PERCENTAGE OF DISCOUNT WE GENERALLY GIVE OUR MANAGED CARED DISCOUNTS THIS INCLUDES THE DISCOUNTS OFF OF CHARGES THAT ARE DICTATED BY THE FEE SCHEDULES AND THE PERCENT OF CHARGES DISCOUNT IN OTHER WORDS, THE AGGREGATE OF ALL MANAGED CARE CONTRACTUAL DISCOUNTS
NEEDS ASSESSMENT	SCHEDULE H, PART VI, LINE 2	HUTCHINSON REGIONAL MEDICAL CENTER IS PARTNERING WITH THE RENO COUNTY HEALTH DEPARTMENT TO PARTICIPATE IN A COMMUNITY HEALTH NEEDS ASSESSMENT AND SUBSEQUENT IMPROVEMENT PLANS PHASE 1 HAS INVOLVED THE IDENTIFICATION OF CO-CHAIRS FROM BOTH ORGANIZATIONS AND THE PRELIMINARY IDENTIFICATION OF A STEERING COMMITTEE FURTHER REFINEMENT OF THE COMMITTEE WILL OCCUR, AS ITS IMPERATIVE TO INCLUDE CONSTITUENTS WHO HAVE SIGNIFICANT INFLUENCE AS WELL AS PEOPLE MOST AFFECTED BY HEALTH PROBLEMS A MEMBER OF THE HUTCHINSON REGIONAL EXECUTIVE TEAM ALSO SERVES ON THE ADVISORY BOARD OF THE RENO COUNTY HEALTH DEPARTMENT IN THE MONTHS AHEAD, THE CONSTITUENCY WILL REVIEW STATISTICS, SURVEY DATA AND OTHER FORMS OF INFORMATION ABOUT THE COMMUNITY FROM THIS REVIEW, THE GOALS AND OBJECTIVES WILL BE IDENTIFIED HUTCHINSON REGIONAL IS PARTNERING WITH THE RENO COUNTY HEALTH DEPARTMENT AND OTHERS TO HELP IDENTIFY RESOURCES AND SUPPORT TO MEET THESE OBJECTIVES ADDITIONALLY, HUTCHINSON REGIONAL HAS FORMED TWO INTERNAL RESPONSE TEAMS TO FOCUS ON TOBACCO USE CESSATION AND REDUCING CHILDHOOD OBESITY THE TOBACCO CESSATION GROUP IS COLLABORATING WITH THE LOCAL HEALTH DEPARTMENT IN ITS EFFORTS TO REDUCE CHILDHOOD OBESITY, THE HOSPITAL IS PARTNERING WITH THE HEALTH DEPARTMENT, HEAD START, EARLY HEAD START AND SMART START OF RENO & RICE COUNTIES

Identifier	ReturnReference	Explanation
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	SCHEDULE H, PART VI, LINE 3	THE MEDICAL CENTER POSTS NOTICES OF CHARITY CARE IN ADMISSIONS, THE EMERGENCY DEPARTMENT, FINANCIAL SERVICES, AND ON THE MEDICAL CENTER'S WEBSITE PATIENTS ARE GIVEN A WRITTEN NOTICE INDICATING THE POLICY AT THE TIME OF THEIR ADMISSION VIA THE CONDITIONS OF ADMISSION FORM IN CASE OF AN EMERGENCY, THE PATIENT WILL BE NOTIFIED AS SOON AS POSSIBLE OF THE EXISTENCE OF CHARITY CARE ENGLISH TRANSLATION OF THIS NOTICE WILL BE MADE AVAILABLE TO SPANISH-SPEAKING PATIENTS THE MEDICAL CENTER HAS TRAINED FRONT LINE STAFF TO ANSWER CHARITY CARE QUESTIONS OR DIRECT SUCH QUESTIONS TO THE APPROPRIATE PARTY WRITTEN INFORMATION REGARDING THE MEDICAL CENTER'S CHARITY CARE POLICY AS WELL AS OTHER PAYMENT OPTIONS WILL BE MADE AVAILABLE TO ANY PERSON WHO REQUESTS SUCH INFORMATION VIA MAIL, PHONE OR IN PERSON WE INFORM OUR PATIENTS OF OUR CHARITY CARE POLICY DURING ANY CONTACT OUR PATIENT ACCOUNTS REPRESENTATIVES HAVE WITH THE PATIENT IN WHICH THE PATIENT EXPRESSES AN INABILITY TO PAY WE HAVE A FINANCIAL COUNSELOR WHO REVIEWS ALL OUR SELF PAY INPATIENTS AND OUTPATIENTS OVER $2,000 AND PART OF THAT REVIEW IS A SCREENING FOR CHARITY ELIGIBILITY WE HAVE ALSO INSTRUCTED OUR COLLECTION AGENCY TO PRESENT/OFFER A CHARITY CARE APPLICATION TO ANY PATIENT WHO EXPRESSES AN INTEREST ADDITIONALLY, OUR CHARITY CARE POLICY IS ON OUR WEBSITE
COMMUNITY INFORMATION	SCHEDULE H, PART VI, LINE 4	HUTCHINSON REGIONAL MEDICAL CENTER IS LOCATED IN RENO COUNTY, KANSAS IN THE CITY OF HUTCHINSON RENO COUNTY HAS AN APPROXIMATE POPULATION OF 64,500 RESIDENTS WITH THE POPULATION BEING 68% URBAN RESIDENTS AND 32% RURAL RESIDENTS THE ESTIMATED AVERAGE ANNUAL HOUSEHOLD INCOME IS $39,000 APPROXIMATELY 11% OF THE POPULATION IS BELOW THE FEDERAL POVERTY ANNUAL INCOME LEVEL OF THOSE INDIVIDUALS, APPROXIMATELY 14% ARE UNDER THE AGE OF 18 AND 9% ARE 65 OR OVER MEDICARE SERVICES ACCOUNT FOR APPROXIMATELY 55% OF ALL OF THE MEDICAL CENTER'S GROSS REVENUE, WHILE MEDICAID AND SELF-PAY SERVICES ACCOUNT FOR APPROXIMATELY 12% OF THE MEDICAL CENTER'S GROSS REVENUE HUTCHINSON REGIONAL MEDICAL CENTER IS THE ONLY COMMUNITY BASED HOSPITAL IN RENO COUNTY AND IS GOVERNED BY A BOARD OF DIRECTORS IN WHICH NEW MEMBERS ARE NOMINATED AND SELECTED FROM THE COMMUNITY AT LARGE THE MEDICAL CENTER IS DEEPLY INVESTED IN THE QUALITY OF HEALTH CARE DELIVERED AND COMMUNITY WELL-BEING HUTCHINSON REGIONAL MEDICAL CENTER AIMS TO BE THE FIRST AND BEST CHOICE FOR HEALTH CARE IN THE SURROUNDING REGION OTHER MEDICAL FACILITIES SURROUNDING THE MEDICAL CENTER ARE LOCATED IN HALSTEAD, MOUNDRIDGE, AND MCPHERSON THE DISTANCES BETWEEN THE MEDICAL CENTER AND THESE FACILITIES ARE 23, 24, AND 26 MILES RESPECTIVELY THERE ARE ALSO TWO LARGE MEDICAL FACILITIES LOCATED IN WICHITA AND BOTH ARE APPROXIMATELY 50 MILES AWAY

Identifier	ReturnReference	Explanation
PROMOTION OF COMMUNITY HEALTH	SCHEDULE H, PART VI, LINE 5	HUTCHINSON REGIONAL IS THE ONLY COMMUNITY BASED HOSPITAL IN RENO COUNTY AND IS GOVERNED BY A BOARD OF DIRECTORS IN WHICH NEW MEMBERS ARE NOMINATED AND SELECTED FROM THE COMMUNITY AT LARGE CORPORATION BY-LAWS STATE "IT IS THE INTENT AND PURPOSE OF THESE BY-LAWS THAT THE MEMBERS OF THE BOARD SHALL CONSTITUTE A BALANCED REPRESENTATION OF THE COMMUNITY AND THE MEDICAL STAFF " THE BOARD MEETS MONTHLY WITH THE PURPOSE OF GUIDING THE HOSPITAL AND ASSURING QUALITY MEDICAL CARE FOR ALL PATIENTS REGARDLESS OF THEIR ABILITY TO PAY FOR SERVICES MEDICAL STAFF PRIVILEGES ARE GRANTED BY A COMBINED VOTE OF THE MEDICAL EXECUTIVE COMMITTEE AND HUTCHINSON REGIONAL BOARD OF DIRECTORS QUALIFIED PHYSICIANS FROM RENO COUNTY AND THE SURROUNDING AREA ARE ENCOURAGED TO APPLY FOR PRIVILEGES AND ARE ONLY REJECTED FOR LICENSURE OR OTHER ISSUES RELATED TO QUALITY OF CARE OR MORAL CHARACTER ALL SURPLUS FUNDS ARE APPLIED TOWARDS INVESTMENTS IN PLANT OR EQUIPMENT TO PROVIDE STATE OF THE ART CARE IN THE MOST MODERN, PATIENT FRIENDLY ENVIRONMENT POSSIBLE THE BIRTHING CENTER HAS UNDERGONE EXTENSIVE REMODELING AND PLANS ARE CURRENTLY UNDERWAY TO COMPLETELY REMODEL OUR EMERGENCY DEPARTMENT HUTCHINSON REGIONAL HAS A STRONG VISION FOR THE FUTURE WE'RE DEEPLY INVESTED IN THE QUALITY OF HEALTH CARE DELIVERY AND COMMUNITY WELL-BEING OUR STANDARD FOR AND COMMITMENT TO EXCELLENCE IS NOTHING LESS THAN A PROMISE TO BE THE FIRST AND BEST CHOICE FOR HEALTH CARE IN THE SURROUNDING REGION OUR MISSION STATEMENT AND CORE VALUES REFLECT OUR COMMUNITY MINDED FOCUS HUTCHINSON REGIONAL MEDICAL CENTER MISSION STATEMENT WE ARE DEVOTED TO PROVIDING THE HIGHEST QUALITY CARE IN A COMPASSIONATE AND ETHICAL MANNER OUR VISION HUTCHINSON REGIONAL MEDICAL CENTER WILL BE THE REGIONAL LEADER IN HEALTHCARE AND THE PATIENT EXPERIENCE CORE VALUES o INTEGRITY o COMPASSION o ACCOUNTABLILTY o RESPECT o EXCELLENCE HUTCHINSON REGIONAL PROUDLY SERVES THE NEEDS OF OUR COMMUNITY AND MAKES EVERY EFFORT TO DELIVER THE BEST CARE POSSIBLE AS AN EXEMPT ENTITY, WE UNDERSTAND OUR OBLIGATION AND DUTY TO THE PEOPLE WE SERVE
AFFILIATED HEALTH CARE SYSTEM	SCHEDULE H, PART VI, LINE 6	N/A

Identifier	ReturnReference	Explanation
STATE FILING OF COMMUNITY BENEFIT REPORT	SCHEDULE H, PART VI, LINE 7	N/A
FACILITY REPORTING GROUP(S)	SCHEDULE H, PART VI, LINE 8	N/A

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

▶ **Attach to Form 990**

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
HUTCHINSON REGIONAL MEDICAL CENTER INC

Employer identification number
48-0774005

Part I General Information on Grants and Assistance

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

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

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

Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than $5,000. Part II can be duplicated if additional space is needed.

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) HUTCHINSON REGIONAL MEDICAL FOUNDATION 1701 E 23RD HUTCHINSON,KS 67502	48-0891435	501(C)(3)	9,300				GENERAL SUPPORT

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

3 Enter total number of other organizations listed in the line 1 table . . . . . ▶

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

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

Part IV **Supplemental Information.**

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

Identifier	Return Reference	Explanation
PROCESS FOR MONITORING THE USE OF GRANT FUNDS	SCHEDULE I, PART I, LINE 2	THE ORGANIZATION MADE GRANTS TO HUTCHINSON REGIONAL MEDICAL FOUNDATION, A RELATED ORGANIZATION THE FOUNDATION WILL MONITOR ALL USES OF THE FUNDS

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
HUTCHINSON REGIONAL MEDICAL CENTER INC

Employer identification number
48-0774005

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items ☐ First-class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax idemnification and gross-up payments ☑ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)			
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	**1b**	Yes	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**	Yes	
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III ☑ Compensation committee ☑ Written employment contract ☑ Independent compensation consultant ☑ Compensation survey or study ☑ Form 990 of other organizations ☑ Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**		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 accured pursuant to a contract that was subject to the initial contract exception described in Regulations section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii) Do not list any individuals that are not listed on Form 990, Part VII

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1)KEVIN MILLER DIRECTOR/PRESIDENT	(i)	405,790	0	4,690	13,582	17,295	441,357	0
	(ii)	0	0	0	0	0	0	0
(2)KENDALL E JOHNSON VP FINANCE	(i)	202,148		461	8,783	24,025	235,417	0
	(ii)				0	0	0	0
(3)WILLIAM GIERSCH VP CLINICAL SERVICES	(i)	146,886		284	9,635	15,303	172,108	0
	(ii)				0	0	0	0
(4)PATRICIA EDWARDS VP NURSING	(i)	163,241		624	10,777	15,160	189,802	0
	(ii)				0	0	0	0
(5)PATRICK MOWDER DIRECTOR PHARMACY	(i)	151,182		832	10,050	14,876	176,940	0
	(ii)				0	0	0	0
(6)RAGU TIRUKONDA MEDICAL PHYSICIST	(i)	173,183		229	11,522	16,865	201,799	0
	(ii)				0	0	0	0
(7)RONALD FENWICK PHARMACIST	(i)	151,086		665	9,708	5,892	167,351	0
	(ii)				0	0	0	0
(8)MARK LEVINSON MD	(i)	446,045		2,930	5,960	17,463	472,398	0
	(ii)				0	0	0	0
(9)BARBARA LUDER MD	(i)	645,906		810	18,837	11,000	676,553	0
	(ii)				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
HEALTH OR SOCIAL CLUB DUES	SCHEDULE J, PART I, LINE 1A	HUTCHINSON REGIONAL MEDICAL CENTER, INC PROVIDED COUNTRY CLUB AND SOCIAL CLUB DUES TO KEVIN MILLER AND DID INCLUDE THE FAIR MARKET VALUE OF THE DUES IN HIS W-2

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 48-0774005
Name: HUTCHINSON REGIONAL MEDICAL CENTER INC

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
KEVIN MILLER	(I)	405,790	0	4,690	13,582	17,295	441,357	0
	(II)	0	0	0	0	0	0	0
KENDALL E JOHNSON	(I)	202,148		461	8,783	24,025	235,417	0
	(II)				0	0	0	0
WILLIAM GIERSCH	(I)	146,886		284	9,635	15,303	172,108	0
	(II)				0	0	0	0
PATRICIA EDWARDS	(I)	163,241		624	10,777	15,160	189,802	0
	(II)				0	0	0	0
PATRICK MOWDER	(I)	151,182		832	10,050	14,876	176,940	0
	(II)				0	0	0	0
RAGU TIRUKONDA	(I)	173,183		229	11,522	16,865	201,799	0
	(II)				0	0	0	0
RONALD FENWICK	(I)	151,086		665	9,708	5,892	167,351	0
	(II)				0	0	0	0
MARK LEVINSON	(I)	446,045		2,930	5,960	17,463	472,398	0
	(II)				0	0	0	0
BARBARA LUDER	(I)	645,906		810	18,837	11,000	676,553	0
	(II)				0	0	0	0

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
HUTCHINSON REGIONAL MEDICAL CENTER INC

Employer identification number
48-0774005

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

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

1 (a) Name of disqualified person	(b) Relationship between disqualified person and organization	(c) Description of transaction	(d) Corrected? Yes	No

2 Enter the amount of tax incurred by organization managers or disqualified persons during the year under section 4958 . . . . . ▶ $

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization . . . . . ▶ $

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV Business Transactions Involving Interested Persons.

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

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

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
BUSINESS TRANSACTIONS INVOLVING INTERESTED PERSONS	FORM 990, SCHEDULE L, PART IV, COLUMN B	1) PROFESSIONAL CORPORATION MORE THAN 5% OWNED BY REX DEGNER, DIRECTOR 2) PROFESSIONAL CORPORATION MORE THAN 5% OWNED BY MELISSA MOODIE, FAMILY MEMEBER OF EVAN MOODIE, DIRECTOR 3) FAMILY MEMBER OF LOIS SCHLICKAU, DIRECTOR 4) FAMILY MEMBER OF WILLIAM GIERSCH, OFFICER 5) FAMILY MEMBER OF JAMES SILER, DIRECTOR 6) RELATED FOR PROFIT ENTITY OF WHICH CURRENT OFFICERS SERVE AS OFFICERS 7) ENTITY MORE THAN 35% OWNED BY ALLEN FEE, DIRECTOR

Additional Data

Software ID:
Software Version:
EIN: 48-0774005
Name: HUTCHINSON REGIONAL MEDICAL CENTER INC

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

(a) Name of interested person	**(b)** Relationship between interested person and the organization	**(c)** Amount of transaction	**(d)** Description of transaction	**(e)** Sharing of organization's revenues?	
				Yes	**No**
(1) RENO PATHOLOGY ASSOCIATES	SEE PART V	275,000	INDEPENDENT CONTRACTOR		No
(2) GILLILAND HAYES LLC	SEE PART V	110,318	INDEPENDENT CONTRACTOR		No
(3) TRACY SCHLICKAU	SEE PART V	39,175	EMPLOYMENT		No
(4) AMY CHASE	SEE PART V	84,009	EMPLOYMENT		No
(5) SUSAN SILER	SEE PART V	94,253	EMPLOYMENT		No
(6) HUTCHINSON HEALTH CARE SERV INC	SEE PART V	225,191	SHARED EMPLOYEES/EXPENSES		No
(7) FEE INSURANCE GROUP	SEE PART V	427,035	INSURANCE PROVIDER		No

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
HUTCHINSON REGIONAL MEDICAL CENTER INC

Employer identification number
48-0774005

Identifier	Return Reference	Explanation
BUSINESS RELATIONSHIPS	FORM 990, PART VI, SECTION A, LINE 2	
FORM 990 REVIEW PROCESS	FORM 990, PART VI, SECTION B, LINE 11B	AN INDEPENDENT ACCOUNTING FIRM PREPARES AND REVIEWS THE 990 THE 990 IS THEN PROVIDED TO T HE VP OF FINANCE ANY QUESTIONS AND CONCERNS THE VP OF FINANCE HAS ARE ADDRESSED AND ANY C ORRECTIONS OR CLARIFICATIONS ARE MADE THE FINAL FORM 990 WITH ALL REQUIRED SCHEDULES IS T HEN PROVIDED TO ALL VOTING MEMBERS OF THE GOVERNING BOARD PRIOR TO FILING
CONFLICT OF INTEREST POLICY	FORM 990, PART VI, SECTION B, LINE 12C	THE DIRECTORS AND OFFICERS ARE REQUIRED TO ANNUALLY SIGN A CONFLICT OF INTEREST STATEMENT DISCLOSING ANY POTENTIAL OR ACTUAL CONFLICTS OF INTEREST AFTER DISCLOSURE AND DISCUSSION WITH THE INTERESTED PERSON, THE INTERESTED PERSON LEAVES THE MEETING WHILE THE REMAINING B OARD MEMBERS DISCUSS AND VOTE ON WHETHER A CONFLICT OF INTEREST EXISTS IF A MORE ADVANTAG EOUS TRANSACTION OR ARRANGEMENT IS NOT REASONABLY POSSIBLE, THE DISINTERESTED DIRECTORS SH ALL DETERMINE BY A MAJORITY VOTE WHETHER THE ARRANGEMENT IS IN THE BEST INTEREST OF THE OR GANIZATION, AND IF SO, WHETHER TO ENTER INTO THE TRANSACTION OR ARRANGEMENT
COMPENSATION REVIEW	FORM 990, PART VI, SECTION B, LINES 15A & 15B	EXECUTIVE COMPENSATION IS HANDLED WITH THE ASSISTANCE OF AN INDEPENDENT COMPENSATION CONSU LTANT WHO WORKS WITH THE BOARD OF DIRECTORS TO ESTABLISH EXECUTIVE PAY AND BENEFITS A NAT IONAL CONSULTING FIRM WAS ENGAGED TO CONDUCT A COMPREHENSIVE WAGE STUDY, WHICH INCLUDED EX ECUTIVE LEVEL POSITIONS THEY GATHERED AND ANALYZED COMPARATIVE COMPENSATION DATA AND MADE A RECOMMENDATION TO THE CHAIRPERSON OF THE BOARD FOR USE WITH THE EXECUTIVE BOARD, WHICH SERVES AS THE COMPENSATION COMMITTEE THE CEO BASE PAY IS DETERMINED BY THE BOARD BASED ON MARKET DATA AND EXECUTIVE PERFORMANCE THE CEO BONUS IS DETERMINED BY THE BOARD BASED ON HOSPITAL AND CEO PERFORMANCE, IN ACCORDANCE WITH THE GUIDELINES OUTLINED IN THE EMPLOYMENT AGREEMENT THE CEO DETERMINED COMPENSATION FOR OTHER OFFICERS AND KEY EMPLOYEES BY A REVI EW OF HEALTHCARE SALARY MARKET SURVEYS, BOTH REGIONAL AND NATIONAL HIS DECISION WAS MADE IN CONSULTATION WITH THE HUMAN RESOURCES DEPARTMENT
AVAILABILITY OF DOCUMENTS	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION DOES NOT CURRENTLY PROVIDE ACCESS TO GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY OR FINANCIAL STATEMENTS
OTHER CHANGES IN NET ASSETS	FORM 990, PART XI, LINE 9	TRANSFERS TO AFFILIATES 2,824,875 CHANGE IN BENEFICIAL INTEREST IN FOUNDATIONS 3,263,446 ---------- 6,088,321
OTHER FEES FOR SERVICES FOR NON-EMPLOYEES	FORM 990 PART IX LINE 11G	DESCRIPTION PHYSICIAN FEES TOTAL FEES 6575151
OTHER FEES FOR SERVICES FOR NON-EMPLOYEES	FORM 990 PART IX LINE 11G	DESCRIPTION PURCHASED SERVICES TOTAL FEES 3190957
OTHER FEES FOR SERVICES FOR NON-EMPLOYEES	FORM 990 PART IX LINE 11G	DESCRIPTION MAINTENANCE/SERVICE AGREEMENT TOTAL FEES 1546583
OTHER FEES FOR SERVICES FOR NON-EMPLOYEES	FORM 990 PART IX LINE 11G	DESCRIPTION CONSULTING FEES TOTAL FEES 882678
OTHER FEES FOR SERVICES FOR NON-EMPLOYEES	FORM 990 PART IX LINE 11G	DESCRIPTION PURCHASED LABOR/CONTRACT LABOR TOTAL FEES 224348
OTHER FEES FOR SERVICES FOR NON-EMPLOYEES	FORM 990 PART IX LINE 11G	DESCRIPTION OUTSIDE LABORATORY TOTAL FEES 217800
OTHER FEES FOR SERVICES FOR NON-EMPLOYEES	FORM 990 PART IX LINE 11G	DESCRIPTION MISCELLANEOUS TOTAL FEES 147393

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
HUTCHINSON REGIONAL MEDICAL CENTER INC

Employer identification number
48-0774005

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	(g) No
(1) HOSPICE OF RENO COUNTY INC 1701 E 23RD HUTCHINSON, KS 67502 48-0927101	HOSPICE CARE	KS	501(C)(3)	7	HRMC INC	Yes	
(2) HORIZONS MENTAL HEALTH CENTER INC 1600 N LORRAINE HUTCHINSON, KS 67501 48-0970362	MENTAL HEALTH	KS	501(C)(3)	3	HRMC INC	Yes	
(3) MAIN LINE INC 1701 E 23RD HUTCHINSON, KS 67502 48-6111813	LEASING	KS	501(C)(3)	11B	HRMC INC	Yes	
(4) LIVING CENTER INC 1901 E 23RD HUTCHINSON, KS 67502 48-1066643	LTC FACILITY	KS	501(C)(3)	9	HRMC INC	Yes	
(5) HUTCHINSON REGIONAL MEDICAL FOUNDATION 1701 E 23RD HUTCHINSON, KS 67502 48-0891435	SUPPORT	KS	501(C)(3)	11B	NA		No
(6) HUTCHINSON REGIONAL MED CENTER AUXILIARY 1701 E 23RD HUTCHINSON, KS 67502 23-7224491	GIFT SHOP	KS	501(C)(3)	9	HRMC INC	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? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity? Yes	(i) No
(1) HUTCHINSON HEALTH CARE SERVICES INC 803 E 30TH HUTCHINSON, KS 67502 48-0970364	MEDICAL EQUIPMENT	KS	HRMC INC	C-CORPORATION	2,924,945	2,322,257	100 000 %	Yes	
(2) TRADE CENTER OWNERS ASSOCIATION 1701 E 23RD HUTCHINSON, KS 67502 46-3422807	PROPERTY MGMT	KS	HRMC INC	C-CORPORATION	0	0	100 000 %	Yes	

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

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

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds

(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
See Additional Data Table			

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

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

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

Software ID:
Software Version:
EIN: 48-0774005
Name: HUTCHINSON REGIONAL MEDICAL CENTER INC

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation

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

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
HORIZONS MENTAL HEALTH CENTER INC	O	150,360	FMV
HORIZONS MENTAL HEALTH CENTER INC	Q	320,690	FMV
HUTCHINSON HEALTH CARE SERVICES INC	O	137,505	FMV
HUTCHINSON HEALTH CARE SERVICES INC	Q	87,686	FMV
HOSPICE OF RENO COUNTY INC	O	179,387	FMV
HOSPICE OF RENO COUNTY INC	Q	316,528	FMV
LIVING CENTER INC	J	184,426	FMV
LIVING CENTER INC	O	899,010	FMV
LIVING CENTER INC	Q	436,376	FMV
MAIN LINE INC	O	95,195	FMV
MAIN LINE INC	Q	368,187	FMV
MAIN LINE INC	C	3,000,000	FMV
HUTCHINSON REGIONAL MEDICAL FOUNDATION	O	91,962	FMV
HUTCHINSON REGIONAL MEDICAL FOUNDATION	C	182,926	FMV

Hutchinson Regional Medical Center, Inc.

Independent Auditor's Report and Consolidated Financial Statements

June 30, 2013 and 2012

BKD LLP
CPAs & Advisors

Hutchinson Regional Medical Center, Inc.

June 30, 2013 and 2012

Contents

BKD LLP
CPAs & Advisors

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

Board of Directors
Hutchinson Regional Medical Center, Inc
Hutchinson, Kansas

We have audited the accompanying consolidated financial statements of Hutchinson Regional Medical Center, Inc (Medical Center), which comprise the balance sheets as of June 30, 2013 and 2012, and the related statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole The Consolidating Schedule – Balance Sheet Information, Consolidating Schedule – Statement of Operations Information and Consolidating Schedule – Statement of Changes in Net Assets listed in the table of contents is presented for purposes of additional analysis and is not a required part of the 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 consolidated financial statements The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole

Emphasis of Matter

As discussed in Note 16 to the consolidated financial statements, in 2013, the Medical Center adopted new accounting guidance for the method of presentation and disclosure of patient service revenue, provision for uncollectible accounts and the allowance for doubtful accounts in accordance with Accounting Standards Update 2011-07 Our opinion is not modified with respect to this matter

BKD, LLP

Wichita, Kansas
October 24, 2013

Hutchinson Regional Medical Center, Inc.

Consolidated Balance Sheets

June 30, 2013 and 2012

Assets

	2013	2012
Current Assets		
Cash and cash equivalents	$ 26,564,955	$ 39,398,008
Short-term investments	-	117,431
Assets limited as to use, current	4,843,669	4,451,242
Patient accounts receivable, net	20,988,146	20,684,763
Other receivables	962,697	1,241,905
Net investment in direct financing leases	1,283,907	1,381,323
Loans receivable	151,763	143,659
Supplies	4,955,241	4,495,151
Prepaid expenses and other	1,873,937	2,198,783
Total current assets	61,624,315	74,112,265
Assets Limited As To Use		
Internally designated		
For capital improvements	24,519,071	23,655,149
For self-funded employee health, workers' compensation and professional liability insurance	6,763,154	6,977,193
Interests in net assets of foundations	27,824,049	24,362,190
	59,106,274	54,994,532
Less amount required to meet current obligations	4,843,669	4,451,242
	54,262,605	50,543,290
Property and Equipment, Net	61,066,917	67,847,732
Other Assets		
Net investment in direct financing leases	21,081,050	21,941,244
Loans receivable	1,727,014	1,892,199
Agency funds	-	911,514
Long-term investments	31,597,494	772,051
Other	51,901	48,258
	54,457,459	25,565,266
Total assets	$ 231,411,296	$ 218,068,553

See Notes to Consolidated Financial Statements

Liabilities and Net Assets

	2013	2012
Current Liabilities		
Current maturities of long-term debt	$ 1,050,000	$ 990,000
Current maturities of capital lease obligations	29,159	27,863
Accounts payable	7,015,174	4,622,330
Accrued expenses	12,472,199	14,253,890
Deferred revenue	1,162	1,105
Estimated amounts due to third-party payers	2,650,997	1,600,694
Total current liabilities	23,218,691	21,495,882
Long-term Debt	8,440,087	9,490,087
Capital Lease Obligations	57,023	86,183
Agency Funds	-	911,514
Total liabilities	31,715,801	31,983,666
Net Assets		
Unrestricted	172,367,821	162,369,042
Temporarily restricted	27,327,674	23,715,845
Total net assets	199,695,495	186,084,887
Total liabilities and net assets	$ 231,411,296	$ 218,068,553

Hutchinson Regional Medical Center, Inc.

Consolidated Statements of Operations

Years Ended June 30, 2013 and 2012

	2013	(Adjusted) 2012
Unrestricted Revenues, Gains and Other Support		
Net patient service revenue	$ 147,233,511	$ 155,980,910
Provision for uncollectible accounts	11,657,022	12,828,328
Net patient service revenue less provision for uncollectible accounts	135,576,489	143,152,582
Other	8,769,140	13,213,260
Net assets released from restriction used for operations	34,974	221,839
Total unrestricted revenues, gains and other support	144,380,603	156,587,681
Expenses and Losses		
Salaries and wages	53,883,262	57,495,298
Employee benefits	13,856,704	15,529,662
Purchased services, supplies and other	56,955,299	60,724,690
Depreciation and amortization	10,524,774	11,239,244
Interest	140,626	174,096
Abandoned project costs	569,170	469,562
Total expenses and losses	135,929,835	145,632,552
Operating Income	8,450,768	10,955,129
Other Income (Expense)		
Investment return	218,803	1,481,235
Contributions received	266,100	269,816
Other	1,056,439	(153,185)
Total other income	1,541,342	1,597,866
Excess of Revenues Over Expenses	9,992,110	12,552,995
Investment return - change in unrealized gains on other than trading securities	6,669	7,138
Net assets released from restriction used for purchase of property and equipment	-	434,677
Increase in Unrestricted Net Assets	$ 9,998,779	$ 12,994,810

Hutchinson Regional Medical Center, Inc.

Consolidated Statements of Changes in Net Assets

Years Ended June 30, 2013 and 2012

	2013	2012
Unrestricted Net Assets		
Excess of revenues over expenses	$ 9,992,110	$ 12,552,995
Change in net unrealized gains on investments	6,669	7,138
Net assets released from restriction used for purchase of property and equipment	-	434,677
Increase in unrestricted net assets	9,998,779	12,994,810
Temporarily Restricted Net Assets		
Contributions received	200,431	270,157
Change in interests in net assets of foundations	3,446,372	(205,449)
Net assets released from restrictions used for operations	(34,974)	(221,839)
Net assets released from restrictions used for purchase of property and equipment	-	(434,677)
Increase (decrease) in temporarily restricted net assets	3,611,829	(591,808)
Change in Net Assets	13,610,608	12,403,002
Net Assets, Beginning of Year	186,084,887	173,681,885
Net Assets, End of Year	$ 199,695,495	$ 186,084,887

Hutchinson Regional Medical Center, Inc.

Consolidated Statements of Cash Flows

Years Ended June 30, 2013 and 2012

	2013	2012
Operating Activities		
Change in net assets	$ 13,610,608	$ 12,403,002
Items not requiring (providing) operating cash flow		
Gain (loss) on sale of property and equipment	(699,063)	230,106
Loss on lease buyout	-	64,933
Depreciation and amortization	10,524,774	11,239,244
Provision for uncollectible accounts	11,657,022	12,828,328
Abandoned project costs, net of payments	569,170	469,562
Restricted contributions	(200,431)	(270,157)
Net assets released from restriction used for purchase of property and equipment	-	(434,677)
Change in unrealized gains on investments	1,091,580	(480,102)
Equity in income of uncombined affiliate	6,669	718,515
Change in interests in net assets of foundations	(3,446,372)	205,449
Changes in		
Patient accounts receivable	(11,960,405)	(12,648,886)
Other receivables	279,208	(503,523)
Supplies	(460,090)	597,801
Prepaid expenses and other	315,795	47,545
Estimated amounts due from and to third-party payers	1,050,303	(931,550)
Accounts payable	118,750	(741,532)
Accrued expenses	(1,781,691)	1,296,226
Other liabilities	57	(81)
Net cash provided by operating activities	20,675,884	24,090,203
Investing Activities		
Purchase of investments	(32,803,101)	(577,846)
Proceeds from disposition of investments	331,470	829,598
Purchase of property and equipment	(2,182,178)	(2,984,310)
Proceeds from sale of property and equipment	847,614	20,842
Principal payments received on leases	1,364,795	1,623,787
Principal payments received on loans	157,081	764,048
Direct financing leases funded	(407,742)	(516,659)
Proceeds from disposition of leased assets	557	244,973
Net cash used in investing activities	(32,691,504)	(595,567)

Hutchinson Regional Medical Center, Inc.

Consolidated Statements of Cash Flows (Continued)

Years Ended June 30, 2013 and 2012

	2013	2012
Financing Activities		
Restricted contributions	$ 200,431	$ 270,157
Principal payments on long-term debt	(990,000)	(1,906,054)
Principal payments on capital lease obligations	(27,864)	(59,752)
Net assets released from restrictions used for purchase of property and equipment	-	434,677
Net cash used in financing activities	(817,433)	(1,260,972)
Increase (Decrease) in Cash and Cash Equivalents	(12,833,053)	22,233,664
Cash and Cash Equivalents, Beginning of Year	39,398,008	17,164,344
Cash and Cash Equivalents, End of Year	$ 26,564,955	$ 39,398,008
Supplemental Cash Flows Information		
Interest paid (net of amount capitalized)	$ 140,626	$ 174,096
Income taxes paid	$ 429,384	$ 317,800

Hutchinson Regional Medical Center, Inc.

Notes to Consolidated Financial Statements
June 30, 2013 and 2012

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

Nature of Operations

Hutchinson Regional Medical Center, Inc (Medical Center) is a Kansas not-for-profit membership corporation organized for the purpose of owning and operating a health care facility located in Hutchinson, Kansas The Medical Center is the sole member or sole shareholder of the following corporations

Not-for-profit
- Horizons Mental Health Center, Inc (HMHC)
- Main Line, Inc (MLI)
- Hospice of Reno County, Inc (HoRC)
- The Living Center, Inc (TLC)

For profit
- Hutchinson Health Care Services, Inc (HHCSI)

Principles of Consolidation

The consolidated financial statements of Hutchinson Regional Medical Center, Inc (Healthcare System) include the accounts of the Medical Center and its wholly-owned or controlled corporate entities All of the corporate entities in the Healthcare System were organized under the laws of the State of Kansas and are under common control and management Significant intercompany accounts and transactions have been eliminated

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

Cash and Cash Equivalents

The Healthcare System considers all liquid investments with original maturities of three months or less to be cash equivalents, except for amounts classified as short-term investments or assets limited as to use by either Board designation or other arrangements At June 30, 2013 and 2012, cash equivalents consisted primarily of money market accounts with brokers and certificates of deposit

At June 30, 2013, the Healthcare System's cash accounts exceeded federally insured limits by approximately $37,900,000

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value Investment return includes dividend, interest and other investment income, realized and unrealized gains and losses on investments carried at fair value, and realized gains and losses on other investments

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets Other investment return is reflected in the statements of operations and changes in net assets as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions

Assets Limited As To Use

Assets limited as to use include (1) assets set aside by the Board of Directors (Board) for future capital improvements over which the Board retains control and may at its discretion subsequently use for other purposes, (2) assets set aside by the Board under self-insurance arrangements for employee health, workers' compensation and professional liability insurance, and (3) beneficial interest in net assets of Hutchinson Regional Medical Foundation and Hutchinson Community Foundation Amounts required to meet current liabilities of the Healthcare System are included in current assets

Patient Accounts Receivable

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

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

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

The Healthcare System's allowance for doubtful accounts for self-pay patients was 100% of self-pay accounts receivable at June 30, 2013 and 2012 In addition, the Healthcare System's write-offs were approximately $10,087,000 and $11,189,000 for the years ended June 30, 2013 and 2012, respectively

Supplies

The Healthcare System states supply inventories at the lower of cost, determined using the first-in, first-out method, or market

Net Investment in Direct Financing Leases

Main Line leases substantially all of its assets to local physician groups or other related health care entities It has also constructed buildings and acquired equipment, most which are leased The majority of the leases are accounted for as direct financing leases and are based upon the original cost of the asset

Net investment in direct financing leases are reported at their outstanding unpaid principal balances Interest income is accrued on the unpaid principal balance Main Line charges off leases when collection of interest or principal becomes doubtful There were no leases charged off during the years ended June 30, 2013 and 2012

Loans and Loan Interest Income

Loans receivable are reported at their outstanding unpaid principal balances Interest income is accrued on the unpaid principal balance The Healthcare System does not charge loan origination fees and has no deferred fees or costs The Healthcare System charges off loans when collection of interest or principal becomes doubtful There were no loans charged off during the years ended June 30, 2013 and 2012

Property and Equipment

Property and equipment acquisitions are recorded at cost and are depreciated using the straight-line method over the estimated useful life of each asset Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives The estimated useful lives are generally in accordance with the guidelines established by the American Hospital Association

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

Long-lived Asset Impairment

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

Impairment losses of $569,170 and $469,562 were recognized for abandoned projects for the years ended June 30, 2013 and 2012, respectively The loss is included in the accompanying consolidated statements of income

Interests in Net Assets of Foundations

The Healthcare System and Hutchinson Regional Medical Foundation (Foundation) are financially interrelated organizations The Foundation seeks private support for and holds net assets on behalf of the Healthcare System The Healthcare System accounts for its interest in the net assets of the Foundation (Interest) in a manner similar to the equity method Changes in the Interest are included in change in net assets Transfers of assets between the Foundation and the Healthcare System are recognized as increases or decreases in the Interest

The Healthcare System is also the beneficiary of funds held by Hutchinson Community Foundation (HCF) The Healthcare System recognizes as an asset its interest in the net assets held by HCF for the benefit of the Healthcare System and adjusts this interest for changes in the net assets held by HCF occurring during the reporting period

Deferred Financing Costs

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

Temporarily Restricted Net Assets

Temporarily restricted net assets are those whose use by the Healthcare System has been limited by donors to a specific time period or purpose

Net Patient Service Revenue

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

Charity Care

The Healthcare System provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy Because the Healthcare System does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient service revenue The Healthcare System's direct and indirect costs for services and supplies furnished under the Healthcare System's charity care policy totaled approximately $1,008,000 and $1,284,000 in 2013 and 2012, respectively In addition, the Medical Center provides an uninsured discount, under which approximately $1,675,00 and $2,003,000 of costs were incurred for 2013 and 2012, respectively Costs were calculated using the overall cost-to-charge ratio from the June 30, 2012, filed Medicare cost report The June 30, 2013, Medicare cost report was not yet filed as of the date the financial statements were available to be issued

Contributions

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

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

Self-insurance

The Healthcare System has established a Health Care Benefits Trust Agreement in which to fund the cost of health benefits for its employees The trust provides medical and dental benefits for all eligible employees and dependents and is funded by both employer and employee contributions Under the terms of the agreement, the assets held by the trust revert back to the Healthcare System upon its termination or revocation The Healthcare System purchases third-party insurance coverage for certain excess claims and accrues a liability for settling reported and unreported claims as of the balance sheet date

The Healthcare System also self-insures a portion of its workers' compensation and professional liability claims risk and accrues a liability for the estimated cost of settling all reported and unreported claims as of the balance sheet date The Healthcare System contracts with third-party administrators to provide claims management services The Healthcare System has commercial stop-loss coverage through third-party insurance companies which provides additional coverage for workers' compensation and professional liability claims

Income Taxes

The Medical Center and its not-for-profit affiliates have been recognized as exempt from income taxes under Section 501(c)(2) or 501(c)(3) of the Internal Revenue Code and a similar provision of state law However, the Healthcare System is subject to federal income tax on any unrelated business taxable income HHCSI is a taxable corporation which pays taxes at prevailing corporate rates

The Healthcare System files tax returns in the U S federal jurisdiction With a few exceptions, the Healthcare System is no longer subject to U S federal examinations by tax authorities for years before 2010

The Healthcare System's policy is to evaluate uncertain tax positions annually Management has evaluated the Healthcare System's tax positions and has concluded that there are no uncertain tax positions that require adjustment or disclosure in the financial statements

Excess of Revenues Over Expenses

The statements of operations include excess of revenues over expenses Changes in unrestricted net assets which are excluded from excess of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments other-than-trading securities and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets)

Transfers Between Fair Value Hierarchy Levels

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

Electronic Health Records Incentive Program

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

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

In 2012, the Medical Center completed the first-year requirements under both the Medicare and Medicaid programs and has recorded revenue of approximately $2,088,990, which is included in other operating revenues in the statement of operations

Reclassifications

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

Note 2: Net Patient Service Revenue

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

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

Medicare Inpatient acute care services, inpatient rehabilitation, inpatient psychiatric, skilled nursing care and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per occasion of service

Prospectively determined payment rates vary according to patient classification systems that are based on clinical, diagnostic and other factors The Healthcare System is paid for cost reimbursable and other items at tentative rates with final settlement determined after submission of annual cost reports by the Healthcare System and audits or reviews thereof by the Medicare fiscal intermediary The Healthcare System'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

Medicaid Inpatient acute care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors All other services rendered to Medicaid beneficiaries are paid at prospective rates determined on either a per diem or a fee-for-service basis

The Kansas Medicaid plan includes provisions for a provider assessment program Under that program, all hospitals, other than critical access hospitals, pay an assessment The program then distributes the assessments and additional federal monies to Kansas Medicaid providers Assessments incurred under the program are included in operating expenses Distributions received from the program are included in net patient service revenue

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

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

Patient service revenue, net of contractual allowances and discounts (but before the provision for uncollectible accounts), recognized in the years ended June 30, 2013 and 2012, respectively, was approximately

	2013	2012
Medicare	$ 66,320,387	$ 70,379,757
Medicaid	27,519,000	28,041,568
Other third-party payers	48,413,147	53,730,619
Self-pay	4,980,977	3,828,966
Total	$ 147,233,511	$ 155,980,910

Note 3: Concentration of Credit Risk

Approximately $37,900,000 of the Healthcare System's bank deposits were in excess of FDIC insurance limits as of June 30, 2013. The Healthcare System also invests funds in repurchase agreements and money market accounts with various banks which are generally collateralized by or invested in U.S. government or other highly liquid securities. The total of these other liquid asset investments was approximately $18,558,000 as of June 30, 2013. While not insured or guaranteed by the U.S. government, management believes the credit risk related to these other liquid asset investments is minimal.

MLI's direct financing leases are all either directly with Hutchinson Clinic or indirectly with companies majority-owned by Hutchinson Clinic.

The Healthcare System grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payer agreements. The mix of net receivables from patients and third-party payers at June 30, 2013 and 2012, is:

	2013	2012
Medicare/Medicaid	52%	56%
Commercial	12%	10%
Blue Cross	10%	13%
Private pay	26%	21%
Totals	100%	100%

Note 4: Investments and Investment Return

Short-term Investments

Short-term investments at June 30 include:

	2013	2012
Money market accounts	$ -	$ 117,431

Assets Limited As To Use

Assets limited as to use at June 30 include

	2013	2012
For capital improvements		
Cash and cash equivalents	$ 7,215,295	$ 1,336,667
Certificates of deposit	2,008,830	5,500,000
Equity Investments		
Mutual funds	5,267,605	5,290,952
International mutual funds	1,335,445	-
Fixed Income Investments		
Mortgage	212,992	-
Treasury and agencies	385,859	-
Asset-backed	77,948	-
Municipal bonds	33,443	-
Preferred stock	31,581	-
International bonds	111,469	-
Mutual funds	4,597,335	11,516,324
Corporate bonds	2,313,975	-
Alternative Investments		
Hedge funds	607,287	-
Infrastructure	78,525	-
Traded real estate	147,674	-
Commodities	89,022	-
Accrued interest	4,786	11,206
	$ 24,519,071	$ 23,655,149
For self-funded employee health, workers' compensation, and professional liability insurance		
Cash and cash equivalents	$ 4,022,116	$ 3,512,869
Equity Investments		
Mutual funds	26,700	-
Fixed Income Investments		
Treasury and agencies	1,918,591	2,641,551
Mutual funds	795,747	-
Corporate bonds	-	822,773
	$ 6,763,154	$ 6,977,193

Hutchinson Regional Medical Center, Inc.

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

The Foundation was organized as a separate not-for-profit corporation in 1979, dedicated to the support of the Medical Center and its not-for-profit affiliates The Medical Center's two predecessor operating entities transferred their interest as beneficiaries in certain estates to the Foundation in 1979 The Foundation's operations are managed by a Board of Directors (separate from the Board of Directors of the Medical Center) comprised of former board members of the Medical Center and its not-for-profit affiliates

The following is a summary of the assets, liabilities, net assets, revenues, expenses, and changes in net assets of the Foundation as of June 30, 2013 and 2012, and for the years then ended

	2013	2012
Cash and investments	$ 29,140,810	$ 24,179,307
Other assets	14,400	20,058
	$ 29,155,210	$ 24,199,365
Accounts payable	$ 111,953	$ 213,582
Assets held under agency agreement	2,227,338	442,611
Net assets		
Unrestricted	25,572,176	23,225,638
Temporarily restricted	1,218,743	292,534
Permanently restricted	25,000	25,000
	$ 29,155,210	$ 24,199,365
Revenues, Gains and Other Support		
Contributions	$ 181,598	$ 203,454
Net investment income	1,231,076	663,977
Net change in unrealized gains (losses) on investments	1,412,137	(902,056)
Income from mineral interests	63,574	42,002
	2,888,385	7,377
Expenses and Losses		
Contributions to HRMC	182,926	389,001
Other	335,862	224,116
	518,788	613,117
Transfers From Affiliates	-	129,780
Change in Unrestricted Net Assets	2,369,597	(475,960)
Change in Temporarily Restricted Net Assets	895,658	11,290
Change in Net Assets	$ 3,265,255	$ (464,670)

HoRC transferred assets to HCF to establish the Hospice of Reno County Fund (Fund) and designated HoRC as the beneficiary of the Fund HCF invests the assets and allocates investment earnings and administration fees to the Fund HoRC controls any distributions from the Fund as directed by the HoRC Board of Directors The net assets of the Fund at June 30, 2013 and 2012, were $961,270 and $819,018, respectively, and are included in interests in net assets of foundations The change in the net assets of the Fund for the years ended June 30, 2013 and 2012, was an increase of $142,252 and $25,658, respectively, and is included in other income and expenses

Long-term Investments

Long-term investments at June 30 include

	2013	2012
Money market accounts	$ 6,252,432	$ -
Equity Investments		
Mutual funds	8,820,899	-
Common stock	871,013	-
International mutual fund	629,406	
Fixed Income Investments		
Mortgage	363,189	-
Treasury and agencies	509,141	-
Asset-backed	132,947	-
Municipal bonds	103,835	-
Preferred stock	72,354	-
International bonds	45,868	-
Mutual funds	6,324,019	-
Corporate bonds	2,619,096	-
Government bonds	2,944,163	-
Alternative Investments		
Hedge funds	772,898	-
Infrastructure	101,114	-
Traded real estate	118,852	-
Commodities	137,548	-
Investment in HASC	20,000	20,000
Investment in Bladon	621,142	621,142
Investment in VHA	137,578	130,909
	$ 31,597,494	$ 772,051

The Medical Center has a 20% interest in Hutchinson Ambulatory Surgical Center LLC (HASC), a 13 30% interest in Bladon Dialysis, LLC (Bladon), and preferred stock of Voluntary Hospitals of America, Inc (VHA) The Medical Center accounts for its investment in HASC and Bladon under the cost method The VHA preferred stock will be redeemed by VHA for $186,000 in August 2019 and is carried at its estimated net present value

The surgical facility's building and equipment are leased from MLI (see *Note 7*) The net investment in the two leases is $1,809,481 and $2,043,287 at June 30, 2013 and 2012, respectively Leasing income for these two leases was $113,428 and $126,507 for the years ended June 30, 2013 and 2012, respectively

Total investment return is comprised of the following

	2013	2012
Interest and dividend income	$ 563,835	$ 982,522
Unrealized gains (losses) on trading securities	(1,098,249)	472,964
Realized gains on trading securities	753,217	25,749
Unrealized gains on investments other than trading securities	6,669	7,138
	$ 225,472	$ 1,488,373

The following table presents the Healthcare System's investments that represent 5% or more of the total investments above

	2013	2012
Investments at Fair Value		
Vanguard 500 Index Fund Adm	$ -	$ 4,474,880
PIMCO Total Return Inst	-	11,516,324
Ivy High Income Y Fund	2,042,970	-
Janus Invt Fund Short Term Bd Fund Class T Fund	3,000,315	-
TCW Total Return Bond N Fund	2,327,070	-

Note 5: Property and Equipment

Property and equipment at June 30 are summarized as follows

	2013	2012
Land	$ 1,849,937	$ 1,853,173
Land improvements	4,195,885	4,077,329
Buildings	66,043,794	65,854,810
Building service equipment	29,752,900	29,475,017
Fixed equipment	6,680,761	6,645,155
Major movable equipment	85,106,334	82,504,539
	193,629,611	190,410,023
Less accumulated depreciation	134,176,044	125,348,735
	59,453,567	65,061,288
Construction in progress	1,613,350	2,786,444
Property and equipment, net	$ 61,066,917	$ 67,847,732

Construction in progress at June 30, 2013, consists mainly of costs incurred to date to replace and upgrade information system hardware and software at the Medical Center

The Medical Center has entered into a contract to replace and upgrade its information system hardware and software The contract includes costs for implementation and ongoing support fees The support fees generally commence 12 months after the first productive use of a specific application The contract expires on September 30, 2017 Estimated future payments under this contract are as follows

	Property and Equipment	Training and Support	Total
2014	$ 959,043	$ 722,222	$ 1,681,265
2015	70,705	715,359	786,064
2016	-	713,987	713,987
2017	-	713,987	713,987
2018	-	178,496	178,496
	$ 1,029,748	$ 3,044,051	$ 4,073,799

Property and equipment is capitalized as they are placed into service Training and support is expensed in the period in which it is incurred

Note 6: Assets and Liabilities Held as Agency Funds

Assets and liabilities held as agency funds represent cash held by the Medical Center on behalf of various donors to be used to assist indigent patients in paying their hospital charges The gifts are recorded as agency funds at the date of donation, with an offsetting liability recorded as an agency fund liability During the year ended June 30, 2013, these assets and liabilities were transferred to the Hutchinson Regional Medical Foundation

Note 7: Net Investment in Direct Financing Leases

The master facilities lease entered into during 1998 with Hutchinson Clinic expires June 30, 2028 The lessee may extend the lease for five years beyond any expiration date The lessee may also purchase the building at fair market value at any time In November 2005, a supplement to the master facilities lease was executed The supplement lease covers a medical office building completed in March 2006 and expires on March 1, 2036

The building lease with the ambulatory surgery center expires March 31, 2021 The lessee may extend the lease for five years beyond any expiration date The lessee may also purchase the building at fair market value at any time

The master equipment lease entered into during 1998 with Hutchinson Clinic expired June 30, 2003 The lessee has exercised three options to extend the lease for an additional five-year term with the current lease expiring on June 30, 2018 The lessee may also purchase the leased equipment at fair market value at any time

The master equipment lease with the ambulatory surgery center expired December 31, 2008 The lease has exercised its option to extend the lease for another five years until December 31, 2013 The lessee may also purchase the leased equipment at fair market value at any time MLI is required to provide an allowance to the lessee for additional equipment purchases as the lessee desires, not to exceed $200,000 per year for a period not to exceed five years

Monthly payments are adjusted to reflect amounts expended by MLI for building improvements and equipment acquisitions after inception of the leases MLI's net investment in direct financing leases that were used for new building construction, building improvements and equipment acquisitions added to the property subject to these leases, increased by $407,742 and $516,659, respectively, during 2013 and 2012

The following lists the components of the net investment in direct financing leases

	2013	2012
Total minimum lease payments to be received	$ 36,989,390	$ 39,441,204
Unguaranteed equipment residual values	170,088	239,271
Unearned leasing income	(14,794,521)	(16,357,908)
	22,364,957	23,322,567
Less current maturities	1,283,907	1,381,323
Net investment, excluding current maturities	$ 21,081,050	$ 21,941,244

Minimum lease payments to be received during future fiscal years are as follows

2014	$ 2,779,727
2015	2,621,945
2016	2,540,214
2017	2,388,329
2018	2,320,888
Thereafter	24,338,287
	$ 36,989,390

Note 8: Loans Receivable

MLI has entered into loan agreements with local physician practices to finance construction of medical office buildings The loan bears interest at a fixed rate of 5 50 percent to 5 80 percent, and matures in July 2022 The loan is secured by the real estate purchased with the loan proceeds Loan receivable is summarized as follows

	2013	2012
Mortgage loans	$ 1,878,777	$ 2,035,858
Less current maturities	151,763	143,659
Loans receivable, excluding current maturities	$ 1,727,014	$ 1,892,199

Principal payments to be received during future fiscal years are as follows

2014	$ 151,763
2015	174,502
2016	184,346
2017	194,744
2018	205,729
Thereafter	967,693
	$ 1,878,777

Note 9: Long-term Debt and Capital Lease Obligations

Long-term debt and capital lease obligations are summarized as follows

	2013	2012
Florida Health Care Facility Loan Program participant loan, variable interest rate (1 245% as of June 30, 2013), principal and interest payable monthly through November 2020 (A)	$ 9,490,087	$ 10,480,087
Capital lease obligations (B)	86,182	114,046
	9,576,269	10,594,133
Less current maturities	1,079,159	1,017,863
	$ 8,497,110	$ 9,576,270

(A) In December 2000, the Medical Center entered into a loan agreement to borrow up to $30,000,000 under a participating loan program funded through the Florida Health Care Facility Loan Program The loan bears interest at a variable rate equal to the monthly Bond Market Association Municipal Swap Index plus an adjustment for ongoing fees and expenses The Medical Center used the funds to purchase property and equipment

The Medical Center's loan agreement contains various restrictive covenants, including, but not limited to, a minimum required level of cash on hand, a minimum required capitalization ratio, restrictions on incurrence of additional debt, restrictions on disposition of property and equipment and restrictions on transfers of cash other than for payment of operating costs or debt service

(B) At varying rates of imputed interest from 4 55% to 6 53%, due through 2016, collateralized by property and equipment Property and equipment include the following property under capital leases

	2012	2011
Equipment	$ 147,000	$ 147,000
Less accumulated depreciation	52,500	31,500
	$ 94,500	$ 115,500

Scheduled principal repayments on long-term debt and payments on capital lease obligations for the next five years and thereafter are as follows

	Long-term Debt (Excluding Capital Lease Obligations)	Capital Lease Obligations
2014	$ 1,050,000	$ 32,479
2015	1,115,000	32,478
2016	1,180,000	27,065
2017	1,250,000	-
2018	1,335,000	-
Thereafter	3,560,087	-
	$ 9,490,087	92,022
Less amount representing interest		5,840
Present value of future minimum lease payments		86,182
Less current maturities		(29,159)
Noncurrent portion		$ 57,023

Note 10: Medical Malpractice Claims

The Healthcare System is self-insured for the first $200,000 per occurrence and $600,000 in aggregate of medical malpractice risks The Healthcare System is further covered by the Kansas Health Care Stabilization Fund for claims in excess of the self-insured professional liability plan limits up to $800,000 pursuant to any one judgment or settlement against it for any one party, subject to an aggregate limitation for all judgments or settlements arising from all claims made in the policy or plan year in the amount of $2,400,000 The Healthcare System purchases commercial insurance coverage which provides for umbrella liability in excess of the underlying limits set forth above in the amount of $20,000,000 per occurrence with an aggregate amount in any policy year of $20,000,000 All coverage is on a claims made basis Losses from asserted and unasserted claims identified under the Medical Center's incident reporting system are accrued based on estimates that incorporate the Medical Center's past experience, as well as other considerations, including the nature of each claim or incident and relevant trend factors It is reasonably possible that the Medical Center's estimate of losses will change by a material amount in the near term

The Healthcare System has established an agency account at a local bank to fund expected future malpractice losses and claims expenses The agency account is funded based on the findings of an actuary The balance of the agency accounts, which is included in assets limited as to use, was $1,586,421 at June 30, 2013 The Healthcare System has included in accrued liabilities an accrual of $2,118,250 for the estimated present value of expected future malpractice losses and claims expenses

Note 11: Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes

	2013	2012
As directed by the Foundation	$ 26,815,919	$ 23,543,172
For Hospice of Reno County services	148,796	139,822
Other Medical Center purposes	362,959	32,851
	$ 27,327,674	$ 23,715,845

Note 12: Functional Expenses

The Healthcare System provides health care services primarily to residents within its geographic area. Expenses related to providing these services are as follows:

	2013	2012
Health care services	$ 111,284,958	$ 117,910,135
General and administrative	24,644,877	27,722,417
	$ 135,929,835	$ 145,632,552

Note 13: Pension Plan

The Hospital has a defined contribution pension plan covering substantially all full-time employees who have completed one year of service. Annual contributions to the plan are based on a percentage of eligible employee compensation. Pension expense was $2,341,877 and $2,502,162 for 2013 and 2012, respectively.

Note 14: Disclosures About Fair Value of Assets and Liabilities

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

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

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

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

Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2013 and 2012

		June 30, 2013 Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market accounts	$ 7,215,295	$ 7,215,295	$ -	$ -
Equity investments				
Mutual funds	5,267,605	5,267,605	-	-
International funds	1,335,445	1,335,445	-	-
Fixed income investments				
Mortgage	212,992	212,992	-	-
Treasury	385,859	-	385,859	-
Asset-backed	77,948	-	77,948	-
Municipal bonds	33,443	-	33,443	-
Preferred stock	31,581	-	31,581	-
International bonds	111,469	111,469	-	-
Mutual funds	4,597,335	4,597,335	-	-
Corporate bonds	2,313,975	2,313,975	-	-
Alternative investments				
Hedge funds	607,287	-	607,287	-
Infrastructure	78,525	-	78,525	-
Traded real estate	147,674	-	147,674	-
Commodities	89,022	-	89,022	-
Total assets limited as to use for capital improvements	22,505,455	21,054,116	1,451,339	-
Money market accounts	4,022,116	4,022,116	-	-
Equity investments				
Mutual funds	26,700	26,700	-	-
Fixed income investments				
Treasury and agencies	1,918,591	-	1,918,591	-
Mutual funds	795,747	795,747	-	-
Total assets limited as to use for self-funded employee health, workers' compensation and professional liability insurance	6,763,154	4,844,563	1,918,591	-

	June 30, 2013 Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Interest in net assets of Hutchinson Community Foundation	$ 1,008,130	$ -	$ 1,008,130	$ -
Money market accounts	6,252,432	6,252,432	-	-
Equity investments				
Mutual funds	8,820,899	8,820,899	-	-
Common stock	871,013	871,013	-	-
International mutual fund	629,406	629,406	-	-
Fixed income investments				
Mortgage	363,189	363,189	-	-
Treasury and agencies	509,141	-	509,141	-
Asset-backed	132,947	-	132,947	-
Municipal bonds	103,835	-	103,835	-
Preferred stock	72,354	-	72,354	-
International bonds	45,868	45,868	-	-
Mutual funds	6,324,019	6,324,019	-	-
Corporate bonds	2,619,096	2,619,096	-	-
Government bonds	2,944,163	2,944,163	-	-
Alternative investments				
Hedge funds	772,898	-	772,898	
Infrastructure	101,114	-	101,114	-
Traded real estate	118,852	-	118,852	-
Commodities	137,548	-	137,548	-
Total long-term investments	30,818,774	28,870,085	1,948,689	-
Total assets measured at fair value on a recurring basis	$ 61,095,513	$ 54,768,764	$ 6,326,749	$ -

	June 30, 2012 Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market accounts	$ 117,431	$ 117,431	$ -	$ -
Total short-term investments	117,431	117,431	-	-
Money market accounts	1,336,667	1,336,667	-	-
Mutual funds				
Equity	5,290,952	5,290,952	-	-
Bonds	11,516,324	11,516,324	-	-
Total assets limited as to use for capital improvements	18,143,943	18,143,943	-	-
Money market accounts	3,512,869	3,512,869	-	-
Bond mutual funds	822,773	822,773	-	-
U S government and agency	2,641,551	-	2,641,551	-
Total assets limited as to use for self-funded employee health, workers' compensation and professional liability insurance	6,977,193	4,335,642	2,641,551	-
Interest in net assets of Hutchinson Community Foundation	819,018	-	819,018	-
Total assets measured at fair value on a recurring basis	$ 26,057,585	$ 22,597,016	$ 3,460,569	$ -

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying balance sheets, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy There have been no significant changes in the valuation techniques during the year ended June 30, 2013

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced

market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows Such securities are classified in Level 2 of the valuation hierarchy In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy

The value of certain investments, classified as alternative investments, is determined using net asset value (or its equivalent) as a practical expedient Investments for which the Healthcare System expects to have the ability to redeem its investments with the investee within 12 months after the reporting date are categorized as Level 2

Fair Value of Financial Instruments

The following table presents estimated fair values of the Healthcare System's financial instruments and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2013 and 2012

		June 30, 2013 Fair Value Measurements Using		
	Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets				
Cash and cash equivalents	$ 26,564,955	$ 26,564,955	$ -	$ -
Certificates of deposit	2,008,830	2,008,830	-	-
Assets limited to use for capital improvements *(see breakout by type in table above)*	22,505,455	21,054,116	1,451,339	-
Assets limited to use for self-funded employee health, workers' compensation and professional liability insurance *(see breakout by type in table above)*	6,763,154	4,844,563	1,918,591	-
Interest in net assets of foundations	27,824,049	-	27,824,049	-
Net investment in direct financing leases	22,364,957	-	28,672,170	-
Loans receivable	1,878,777	-	2,035,142	-
Long-term investments *(see breakout by type in table above)*	30,818,774	28,870,085	1,948,689	-
Financial liabilities				
Florida Health Care Facility Loan Program	9,490,087	-	9,264,394	-

	Carrying Amount	June 30, 2012 Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets				
Cash and cash equivalents	$ 39,398,008	$ 39,398,008	$ -	$ -
Certificates of deposit	5,500,000	5,500,000	-	-
Short-term investments				
Money market accounts	117,431	117,431	-	-
Assets limited to use for capital improvements *(see breakout by type in table above)*	18,143,943	18,143,943	-	-
Assets limited to use for self-funded employee health, workers' compensation and professional liability insurance *(see breakout by type in table above)*	6,977,193	4,335,642	2,641,551	-
Interest in net assets of foundations	27,824,049	-	24,362,190	-
Net investment in direct financing leases	23,322,567	-	30,237,878	-
Loans receivable	2,035,858	-	2,227,869	-
Financial liabilities				
Florida Health Care Facility Loan Program	10,480,087	-	10,142,161	-

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

Cash and Cash Equivalents

The carrying amount approximates fair value

Certificates of Deposit

The carrying amount approximates fair value

Net Investment in Direct Financing Leases

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

Loans Receivable

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

Long-term Debt

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

Note 15: Significant Estimates and Concentrations

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

Allowance for Net Patient Service Revenue Adjustments

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

Medical Malpractice Claims

Estimates related to the accrual for medical malpractice claims are described in *Notes 1* and *10*

Investigation

The Medical Center was the subject of an investigation by the U S Attorney's Office and Health and Human Services Office of Inspector General (OIG) related to the billing of hyperbaric oxygen therapy services The Medical Center has refunded the claims and subsequent to the year ended June 30, 2013, has reached a settlement agreement with the OIG The Medical Center has accrued the settlement liability at June 30, 2013, which is included in accrued expenses within the accompanying balance sheet

Litigation

In the normal course of business, the Healthcare System is, from time to time, subject to allegations that may or do result in litigation The Healthcare System evaluates such allegations by conducting investigations to determine the validity of each potential claim Based upon the advice of counsel, management records an estimate of the amount of ultimate expected loss, if any, for each of these matters Events could occur that would cause the estimate of ultimate loss to differ materially in the near term

Guarantee

HASC has a $500,000 line of credit with a local bank The Medical Center has guaranteed $100,000 of this line of credit and is contingently liable under the guarantee should HASC fail to make payments on the line of credit as they become due The Medical Center had an open letter of credit in the amount of $3,261,000 with a local bank at June 30, 2012, which expired effective January 23, 2013 Effective January 23, 2013, the Medical Center opened a new letter of credit in the amount of $4,576,000 with a local bank HHCSI has an available line of credit with a local bank for $200,000 There were no borrowings outstanding against the line of credit at June 30, 2013

Investments

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

Note 16: Change in Accounting Principle

In 2013, the Healthcare System changed its method of presentation and disclosure of patient service revenue, provision for uncollectible accounts and the allowance for doubtful accounts in accordance with Accounting Standard Update (ASU) 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts and the Allowance for Doubtful Accounts for Certain Health Care Entities* The major changes associated with ASU 2011-07 are to reclassify the provision for uncollectible accounts related to patient service revenue to a deduction from patient service revenue and to provide enhanced disclosures about the Healthcare System's policies related to uncollectible accounts As a result of adopting ASU 2011-07, total net patient service revenue and total expenses decreased by $11,657,022 and $12,828,328 for the years ended June 30, 2013 and 2012, respectively The change had no effect on prior change in net assets

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

	As Adjusted	Previously Reported	Effect of Change
Total revenues	$ 156,587,681	$ 169,416,009	$ (12,828,328)
Total expenses	145,632,552	158,460,880	(12,828,328)

Note 17: *Patient Protection and Affordable Care Act*

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

The state of Kansas has currently indicated it will not expand the Medicaid program, which may result in revenues from newly covered individuals not offsetting the Medical Center's reduced revenue from other Medicare/Medicaid programs

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

Note 18: Subsequent Events

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

Supplementary Information

Hutchinson Regional Medical Center, Inc.

Consolidating Schedule – Balance Sheet

June 30, 2013

Assets

	Hutchinson Regional Medical Center	Horizons Mental Health Center, Inc	Hutchinson Health Care Services, Inc	Hospice of Reno County, Inc	The Living Center, Inc	Main Line, Inc	Eliminations and Reclassi-fications	Total
Current Assets								
Cash and cash equivalents	$ 16 917 329	$ 7 032 965	$ 855 413	$ 262 834	$ 447 621	$ 1 048 793	$ -	$ 26 564 955
Assets limited as to use current	4 843 669	-	-	-	-	-	-	4 843 669
Patient accounts receivable net	17 448 674	830 683	615 534	845 312	1 247 943	-	-	20 988 146
Other receivables	3 505 862	23 973	528	9 167	(18 857)	268 247	(2 826 223)	962 697
Net investment in direct financing leases	-	-	-	-	-	1 283 907	-	1 283 907
Loans receivable	-	-	-	-	-	151 763	-	151 763
Supplies	4 812 411	-	130 333	-	12 497	-	-	4 955 241
Prepaid expenses and other	1 724 127	242 326	66 601	80 182	79 268	-	(318 567)	1 873 937
Total current assets	49 252 072	8 129 947	1 668 409	1 197 495	1 768 472	2 752 710	(3 144 790)	61 624 315
Assets Limited As To Use								
Internally designated								
For capital improvements	24 519 071	-	-	-	-	-	-	24 519 071
For self-funded employee health workers compensation and professional liability insurance	6 763 154	-	-	-	-	-	-	6 763 154
Interests in net assets of foundations	26 815 919	-	-	1 008 130	-	-	-	27 824 049
	58 098 144	-	-	1 008 130	-	-	-	59 106 274
Less amount required to meet current obligations	4 843 669	-	-	-	-	-	-	4 843 669
	53 254 475	-	-	1 008 130	-	-	-	54 262 605
Property and Equipment, Net	52 953 880	234 639	653 848	837 607	330 533	6 056 410	-	61 066 917
Other Assets								
Net investment in direct financing leases	-	-	-	-	-	21 081 050	-	21 081 050
Loans receivable	-	-	-	-	-	1 727 014	-	1 727 014
Agency funds	-	-	-	-	-	-	-	-
Investments in subsidiary	480 000	-	-	-	-	-	(480 000)	-
Long-term investments	31 597 494	-	-	-	-	-	-	31 597 494
Other	20 993	-	-	-	-	30 908	-	51 901
	32 098 487	-	-	-	-	22 838 972	(480 000)	54 457 459
Total assets	$ 187 558 914	$ 8 364 586	$ 2 322 257	$ 3 043 232	$ 2 099 005	$ 31 648 092	$ (3 624 790)	$ 231 411 296

Hutchinson Regional Medical Center, Inc.

Consolidating Schedule – Balance Sheet (Continued)

June 30, 2013

Current Liabilities

	Hutchinson Regional Medical Center, Inc	Horizons Mental Health Center, Inc	Hutchinson Health Care Services, Inc	Hospice of Reno County, Inc	The Living Center, Inc	Main Line, Inc	Eliminations and Reclassi-fications	Total
Current Liabilities								
Current maturities of long-term debt	$ 1 050 000	$ -	$ -	$ -	$ -	$ -	$ -	$ 1 050 000
Current maturities of capital lease obligations	29 159	-	-	-	-	-	-	29 159
Accounts payable	6 528 696	105 503	64 739	578 664	2 411 259	152 536	(2 826 223)	7 015 174
Accrued expenses	11 007 230	1 168 882	220 373	356 317	37 964	-	(318 567)	12 472 199
Deferred revenue	1 162	-	-	-	-	-	-	1 162
Estimated amounts due to third-party payers	2 628 497	-	-	-	22 500	-	-	2 650 997
Total current liabilities	21 244 744	1 274 385	285 112	934 981	2 471 723	152 536	(3 144 790)	23 218 691
Long-term Debt	8 440 087	-	-	-	-	-	-	8 440 087
Capital Lease Obligations	57 023	-	-	-	-	-	-	57 023
Agency Funds	-	-	-	-	-	-	-	-
Total liabilities	29 741 854	1 274 385	285 112	934 981	2 471 723	152 536	(3 144 790)	31 715 801
Net Assets								
Unrestricted	130 638 182	7 090 201	2 037 145	1 959 455	(372 718)	31 495 556	(480 000)	172 367 821
Temporarily restricted	27 178 878	-	-	148 796	-	-	-	27 327 674
Total net assets	157 817 060	7 090 201	2 037 145	2 108 251	(372 718)	31 495 556	(480 000)	199 695 495
Total liabilities and net assets	$ 187 558 914	$ 8 364 586	$ 2 322 257	$ 3 043 232	$ 2 099 005	$ 31 648 092	$ (3 624 790)	$ 231 411 296

Hutchinson Regional Medical Center, Inc.

Consolidating Schedule – Statement of Operations

Year Ended June 30, 2013

	Hutchinson Regional Medical Center, Inc	Horizons Mental Health Center, Inc	Hutchinson Health Care Services, Inc	Hospice of Reno County, Inc	The Living Center, Inc	Main Line, Inc	Eliminations and Reclassifications	Total
Unrestricted Revenues, Gains and Other Support								
Net patient service revenue	$ 123 930 419	$ 9 190 640	$ 4 024 947	$ 4 803 214	$ 5 284 291	$ -	$ -	$ 147 233 511
Provision for uncollectible accounts	10 735 892	333 296	141 147	7 518	439 169	-	-	11 657 022
Net patient service revenue less provision for uncollectible accounts	113 194 527	8 857 344	3 883 800	4 795 696	4 845 122	-	-	135 576 489
Other	4 401 602	2 493 706	-	-	27 601	2 327 497	(481 266)	8 769 140
Net assets released from restrictions used for operations	24 991	-	-	9 983	-	-	-	34 974
Total unrestricted revenues gains and other support	117 621 120	11 351 050	3 883 800	4 805 679	4 872 723	2 327 497	(481 266)	144 380 603
Expenses and Losses								
Salaries and wages	40 782 894	6 375 510	1 205 143	2 754 241	2 708 397	57 077	-	53 883 262
Employee benefits	10 602 379	1 248 785	406 566	672 551	926 423	-	-	13 856 704
Purchased services supplies and other	49 823 229	2 287 833	1 755 276	1 814 067	1 372 136	384 024	(481 266)	56 955 299
Depreciation and amortization	9 515 119	79 451	206 492	115 674	83 544	524 494	-	10 524 774
Interest	140 626	-	-	-	-	-	-	140 626
Abandoned project costs	569 170	-	-	-	-	-	-	569 170
Total expenses and losses	111 433 417	9 991 579	3 573 477	5 356 533	5 090 500	965 595	(481 266)	135 929 835
Operating Income (Loss)	6 187 703	1 359 471	310 323	(550 854)	(217 777)	1 361 902	-	8 450 768
Other Income (Expense)								
Investment return	173 218	44 881	-	33	671	-	-	218 803
Contributions received	-	20 400	-	245 700	-	-	-	266 100
Other	965 012	-	-	91 427	-	-	-	1 056 439
Total other income	1 138 230	65 281	-	337 160	671	-	-	1 541 342
Excess (Deficiency) of Revenues Over Expenses	7 325 933	1 424 752	310 323	(213 694)	(217 106)	1 361 902	-	9 992 110
Investment return - change in unrealized gains on other than trading securities	6 669	-	-	-	-	-	-	6 669
Net assets released from restriction used for purchase of property and equipment	-	-	-	-	-	-	-	-
Transfers between affiliates	2 815 575	-	-	-	184 425	(3 000 000)	-	-
Increase (Decrease) in Unrestricted Net Assets	$ 10 148 177	$ 1 424 752	$ 310 323	$ (213 694)	$ (32 681)	$ (1 638 098)	$ -	$ 9 998 779

Hutchinson Regional Medical Center, Inc.

Consolidating Schedule – Statement of Changes in Net Assets

Year Ended June 30, 2013

	Hutchinson Regional Medical Center, Inc	Horizons Mental Health Center, Inc	Hutchinson Health Care Services, Inc	Hospice of Reno County, Inc	The Living Center, Inc	Main Line, Inc	Eliminations and Reclassi-fications	Total
Unrestricted Net Assets								
Excess (deficiency) of revenues over expenses	$ 7 325 933	$ 1 424 752	$ 310 323	$ (213 694)	$ (217 106)	$ 1 361 902	$ -	$ 9 992 110
Change in net unrealized gains on investments	6 669	-	-	-	-	-	-	6 669
Transfers between affiliates	2 815 575	-	-	-	184 425	(3 000 000)	-	-
Increase (decrease) in unrestricted net assets	10 148 177	1 424 752	310 323	(213 694)	(32 681)	(1 638 098)	-	9 998 779
Temporarily Restricted Net Assets								
Contributions received	364 400	-	-	18 957	-	-	(182 926)	200 431
Change in interests in net assets of foundations	3 263 446	-	-	-	-	-	182 926	3 446 372
Net assets released from restriction used for operations	(24 991)	-	-	(9 983)	-	-	-	(34 974)
Increase in temporarily restricted net assets	3 602 855	-	-	8 974	-	-	-	3 611 829
Changes in Net Assets	13 751 032	1 424 752	310 323	(204 720)	(32 681)	(1 638 098)	-	13 610 608
Net Assets, Beginning of Year	144 066 028	5 665 449	1 726 822	2 312 971	(340 037)	33 133 654	(480 000)	186 084 887
Net Assets, End of Year	$ 157 817 060	$ 7 090 201	$ 2 037 145	$ 2 108 251	$ (372 718)	$ 31 495 556	$ (480 000)	$ 199 695 495