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

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

<b>B</b> Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C</b> Name of organization SMYTH COUNTY COMMUNITY HOSPITAL		<b>D</b> Employer identification number 54-0794913
	Doing Business As		
	Number and street (or P O box if mail is not delivered to street address) PO BOX 880	Room/suite	<b>E</b> Telephone number (276) 378-1000
	City or town, state or country, and ZIP + 4 MARION, VA 24354		<b>G</b> Gross receipts \$ 46,051,757
	<b>F</b> Name and address of principal officer LINDA P WHITE PO BOX 880 MARION, VA 24354		<b>H(a)</b> Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <b>H(b)</b> Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) <b>H(c)</b> Group exemption number ▶
<b>I</b> Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) ◀ (Insert no ) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		<b>J</b> Website: ▶ WWW.MSHA.COM	

**K** Form of organization ☒ Corporation ☐ Trust ☐ Association ☐ Other ☐ **L** Year of formation 1961 **M** State of legal domicile VA

## Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities PART I, LINE I - ORGANIZATION'S MISSION SMYTH COUNTY COMMUNITY HOSPITAL (SCCH) IS COMMITTED TO BRINGING LOVING CARE TO HEALTH CARE WE EXIST TO IDENTIFY AND RESPOND TO THE HEALTH CARE NEEDS OF INDIVIDUALS AND COMMUNITIES IN OUR REGION AND TO ASSIST THEM IN ATTAINING THEIR HIGHEST POSSIBLE LEVEL OF HEALTH			
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets			
	3	Number of voting members of the governing body (Part VI, line 1a)	13	
	4	Number of independent voting members of the governing body (Part VI, line 1b)	8	
	5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	1	
	6	Total number of volunteers (estimate if necessary)	50	
	7a	Total unrelated business revenue from Part VIII, column (C), line 12	159,032	
	b	Net unrelated business taxable income from Form 990-T, line 34	44,809	
Revenue	8	Contributions and grants (Part VIII, line 1h)	38,238	106,933
	9	Program service revenue (Part VIII, line 2g)	40,449,630	44,574,461
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,340,112	565,379
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	1,125,043	675,303
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	42,953,023	45,922,076
	Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	12,821
14		Benefits paid to or for members (Part IX, column (A), line 4)		0
15		Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	23,446,103	22,759,121
16a		Professional fundraising fees (Part IX, column (A), line 11e)		0
b		Total fundraising expenses (Part IX, column (D), line 25) <input type="checkbox"/> 0		
17		Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	22,877,592	24,328,438
18		Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	46,336,516	47,098,291
19		Revenue less expenses Subtract line 18 from line 12	-3,383,493	-1,176,215
Net Assets or Fund Balances				Beginning of Current Year
	20	Total assets (Part X, line 16)	106,754,092	104,424,818
	21	Total liabilities (Part X, line 26)	24,852,213	22,633,834
	22	Net assets or fund balances Subtract line 21 from line 20	81,901,879	81,790,984

## 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.

<b>Sign Here</b>	*****			2014-05-12	
	Signature of officer			Date	
<b>Paid Preparer Use Only</b>	LINDA WHITE CEO				
	Type or print name and title				
	Print/Type preparer's name		Preparer's signature		Date
	Check <input type="checkbox"/> if self-employed		PTIN		
	Firm's name			Firm's EIN	
	Firm's address			Phone no	

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

PART I, LINE I - ORGANIZATION'S MISSION SMYTH COUNTY COMMUNITY HOSPITAL (SCCH) IS COMMITTED TO BRINGING LOVING CARE TO HEALTH CARE WE EXIST TO IDENTIFY AND RESPOND TO THE HEALTH CARE NEEDS OF INDIVIDUALS AND COMMUNITIES IN OUR REGION AND TO ASSIST THEM IN ATTAINING THEIR HIGHEST POSSIBLE LEVEL OF HEALTH

**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 \$)	36,913,040	including grants of \$	10,732 ) (Revenue \$	44,574,461
	<p>SMYTH COUNTY COMMUNITY HOSPITAL (SCCH) HAS A 45-PLUS YEAR HISTORY OF PROVIDING HEALTHCARE SERVICES WITHIN THE COMMUNITY OF MARION, VIRGINIA. SCCH IS A 44-BED COMMUNITY-BASED HOSPITAL THAT OFFERS BOTH ACUTE CARE AND INPATIENT REHABILITATION CARE. THE HOSPITAL PROVIDES COMPREHENSIVE OUTPATIENT SERVICES AND A VARIETY OF OUTREACH PROGRAMS SUCH AS HOMECARE. ADDITIONALLY, SCCH HAS A 109-BED NURSING CARE FACILITY, FRANCIS MARION MANOR HEALTH AND REHABILITATION (CONTINUED ON SCHEDULE O) AS A NOT-FOR-PROFIT HOSPITAL, ALL OF SCCH'S NET INCOME IS INVESTED IN IMPROVING HEALTHCARE IN THE COMMUNITY WITH A STRONG COMMITMENT TO QUALITY PATIENT CARE AND A HERITAGE OF SERVICES. SCCH CONTINUES TO MEET THE HEALTHCARE NEEDS OF SMYTH AND THE ADJOINING COUNTIES THROUGHOUT THE YEAR. SCCH PROVIDES A RANGE OF EVENTS AND PROGRAMS FOR THE COMMUNITY. A FEW EXAMPLES ARE:</p> <p>ADVANCED DIRECTIVES DAY: THIS WAS A DAY TO EDUCATE COMMUNITY MEMBERS ABOUT LEGAL DOCUMENTS THEY MAY WISH TO HAVE IN ORDER TO EXPRESS THE TYPE OF MEDICAL CARE WANTED WHEN ILL AND TO MAKE CLEAR THEIR DECISIONS FOR THEIR OWN END OF LIFE CARE. SINCE A MEDICAL CRISIS CAN OCCUR AT ANY AGE, THIS ADVANCED CARE PLANNING IS AN IMPORTANT STEP TOWARD ENSURING AN INDIVIDUAL'S WISHES ARE FOLLOWED IF HE/SHE IS TOO ILL TO MAKE HIS/HER OWN HEALTHCARE DECISIONS. TWELVE SCCH TEAM MEMBERS WERE INVOLVED WITH THIS EDUCATION DAY.</p> <p>MSHA FACILITIES, INCLUDING SCCH, SERVE AS CLINICAL TRAINING AREAS FOR HEALTH PROFESSIONAL EDUCATION STUDENTS. SCCH HAS DEDICATED STAFF TO WORK WITH REGIONAL COLLEGES AND UNIVERSITIES TO COORDINATE THE PLACEMENT OF HEALTHCARE PROFESSIONAL STUDENTS AS PART OF THEIR EDUCATIONAL CURRICULUM. IN ADDITION TO CLINICAL TRAINING, THE HEALTH CARE STUDENTS ENTERING OUR SYSTEM ARE REQUIRED TO HAVE ORIENTATION AND COMPUTER TRAINING. PARTICIPANTS RECEIVING CLINICAL EXPERIENCE AT SCCH DURING FY13 INCLUDED 50 NURSING STUDENTS FROM VARIOUS COLLEGES, UNIVERSITIES AND PROGRAMS. THIS NURSING CLINICAL EXPERIENCE REQUIRED EXTENSIVE SCCH NURSING STAFF INVOLVEMENT. THE CLINICAL SETTING AND HANDS-ON INSTRUCTION COST SCCH 100,328. SCCH PROVIDED A CLINICAL SETTING FOR ANOTHER 101 STUDENTS TRAINING IN HEALTH-RELATED PROGRAMS SUCH AS RADIOLOGY, PHARMACY, PHYSICAL THERAPY, EMT/PARAMEDIC AND OTHER ALLIED-HEALTH DISCIPLINES. THESE ADDITIONAL CLINICAL STUDENTS COST SCCH 88,368. SMYTH COUNTY LPN STUDENTS RECEIVE THEIR CLINICAL TRAINING AT SCCH BECAUSE OF THE CLOSE TIE BETWEEN THE STUDENTS AND SCCH, THE STUDENTS ALWAYS ASK TO HAVE THEIR GRADUATION CEREMONY HELD AT THE HOSPITAL. THE HOSPITAL IS VERY PLEASED TO HOST THE CEREMONY FOR THE STUDENTS AND THEIR FAMILIES. REFRESHMENTS ARE PROVIDED AND SCCH'S CEO AND CNO ATTEND THE CEREMONY. SCCH OFFERS A SUPPORT GROUP FOR PEOPLE WITH DIABETES. TWO SCCH TEAM MEMBERS PROVIDE EDUCATION REGARDING SELF-CARE, INCLUDING NUTRITION COUNSELING. SCCH HAS PARTNERED WITH THE COMPANY, FIRSTSOURCE SOLUTIONS USA, TO WORK WITH SELF-PAYING PATIENTS WHO HAVE LIMITED FINANCIAL RESOURCES. FIRSTSOURCE REPRESENTATIVES WERE ABLE TO DETERMINE GOVERNMENTAL MEDICAL ASSISTANCE (MEDICAID) ELIGIBILITY, AND TO HELP WITH THE APPLICATION PROCESS AND FOLLOW-UP. ONCE A PERSON IS APPROVED FOR MEDICAID THROUGH THIS PROGRAM OFFERED THROUGH SCCH, THEY RETAIN COVERAGE FOR FUTURE MEDICAL CARE. FIRSTSOURCE IS COMPENSATED BY SCCH. DURING FY13, SCCH'S COST FOR THIS PROGRAM WAS 67,998. SCCH TEAM MEMBERS PARTICIPATE IN A LOCAL NUTRITION NETWORK, A COLLABORATION OF SPONSORS AND AGENCIES WHO GRAPPLE WITH THE ISSUES OF POVERTY, HUNGER, AND LACK OF KNOWLEDGE REGARDING HEALTH CONSEQUENCES OF POOR NUTRITION. THE NETWORK SERVES TO EDUCATE THE COMMUNITY ABOUT OBESITY-RELATED HEALTH PROBLEMS SUCH AS DIABETES, HYPERTENSION, HIGH CHOLESTEROL, AND HEART DISEASE. THE NETWORK'S GOAL IS TO ADDRESS POVERTY AND THE WIDESPREAD USE OF INEXPENSIVE, PROCESSED FOODS WHICH CONTRIBUTE TO THE OBESITY RISK. SINCE THE SOLUTION TO OBESITY AND ITS RELATED DISEASES DOES NOT REQUIRE HIGH TECH TREATMENT OR CUTTING EDGE MEDICATIONS, REPRESENTATIVES FROM SCCH, VIRGINIA DEPARTMENT OF HEALTH, VIRGINIA TECH, FARMERS MARKETS AND GROCERY STORES, LOCAL SCHOOLS AND CHARITY ORGANIZATIONS ARE DEEMED TO BE THE BEST PLACE TO START THE PROCESS OF REDUCING OBESITY WITHIN THE COMMUNITY. A VARIETY OF SCREENINGS, SUPPORT GROUPS, HEALTH EDUCATION, AND HEALTH FAIRS WERE PROVIDED ON AN ONGOING BASIS THROUGHOUT THE YEAR. SOME OF THE SERVICES PROVIDED DURING THE YEAR INCLUDE: LAB SERVICES FOR A FREE PUBLIC CLINIC, CPR TRAINING TO THE PUBLIC, PHYSICALS FOR LOCAL SCHOOLS, AND FIRST AID CLASSES. THE COST OF PROVIDING THESE FREE SERVICES WAS MORE THAN 16,000. FOR MANY YEARS, SCCH HAS PROVIDED ASSISTANCE TO LOCAL LIFESAVING ORGANIZATIONS SUCH AS AMBULANCE SERVICES, FIRE DEPARTMENTS AND RESCUE SQUADS. SCCH DONATES FREE MEDICATIONS AND PHARMACEUTICAL SUPPLIES TO THESE NON-PROFIT ORGANIZATIONS. THE COST OF DONATED MEDICATIONS TO RESCUE ORGANIZATIONS DURING FY13 WAS 11,695. PLANS ARE UNDERWAY TO ESTABLISH AN AFTERHOURS URGENT CARE FOR COUNTY RESIDENTS SO THAT SCCH'S EMERGENCY DEPARTMENT IS NOT THE ONLY OPTION. THE SMYTH COUNTY HOSPITAL HEALTH TRUST WILL SOON BEGIN RAISING MONEY FOR THE MUCH NEEDED URGENT CARE CLINIC PROJECT. PATIENT CARE SERVICES INCLUDE, BUT ARE NOT LIMITED TO: 24-HOUR EMERGENCY DEPARTMENT. SCCH HAS A PHYSICIAN ON DUTY 24 HOURS A DAY, 7 DAYS A WEEK TO TAKE CARE OF MEDICAL NEEDS. IN ADDITION TO OUR PHYSICIANS, WE ALSO HAVE STAFF EITHER A FAMILY NURSE PRACTITIONER OR PHYSICIAN ASSISTANT 7 DAYS A WEEK FROM 11AM UNTIL 10PM TO EXPAND CARE BY TREATING EAR ACHES, SORE THROATS, BURNS, SIMPLE FRACTURES, AND MOST OTHER MINOR EMERGENCIES. TOTAL ER VISITS DURING THE YEAR EXCEEDED 18,000. SCCH HAS A HELIPAD FOR AIR EMERGENCY VEHICLES SUCH AS WINGS AIR RESCUE. INPATIENT CARE: THE MEDICAL/SURGICAL UNITS DELIVER COMPREHENSIVE CARE, INCLUDING TELEMETRY SERVICES. A CLINICAL NURSE SPECIALIST OVERSEES CLINICAL MANAGEMENT OF PATIENT CARE AND AN ENTEROSTOMAL NURSE ASSESSES PATIENTS FOR PREVENTION OF SKIN PROBLEMS AND COMPLICATED WOUNDS. SCCH ALSO PROVIDES INPATIENT REHABILITATION AND SKILLED NURSING CARE. INPATIENT ADMISSIONS WERE 1,712 DURING FY13, WHILE INPATIENT DAYS WERE 7,729. CARDIAC &amp; PULMONARY: CARDIAC AND PULMONARY REHABILITATION IS A PROGRAM DESIGNED TO OFFER MORE REHABILITATIVE SERVICES AS WELL AS DIAGNOSTIC TESTING TO INDIVIDUALS SO THEY DO NOT HAVE TO TRAVEL TO LARGER MORE URBAN AREAS. UPON PHYSICIAN REFERRAL WITH HEART AND LUNG DISEASES THAT INCLUDE, BUT ARE NOT LIMITED TO, CORONARY ANGIOPLASTY, HEART ATTACK, CHRONIC OBSTRUCTIVE PULMONARY DISEASE (COPD) AND DYSPNEA (SHORTNESS OF BREATH), CARDIAC REHABILITATION, STRESS TESTING, AND RESPIRATORY THERAPY ARE FOR PATIENTS WHO HAVE EXPERIENCED CARDIAC ILLNESS. THE CARDIAC REHAB DEPARTMENT FOCUSES ON RISK FACTOR MODIFICATION AND LIFESTYLE CHANGES FOR THOSE WHO HAVE EXPERIENCED A HEART ATTACK, OR WHO HAVE HAD CARDIAC SURGERY, BALLOON ANGIOPLASTY OR CORONARY STENTS, KNOWN HEART DISEASE SUCH AS STABLE ANGINA OR CONGESTIVE HEART FAILURE. THIS YEAR, SCCH'S CARDIAC AND PULMONARY REHABILITATION PROGRAM RECEIVED CERTIFICATION FROM THE AMERICAN ASSOCIATION OF CARDIOVASCULAR AND PULMONARY REHABILITATION (AACVPR) AFTER A TWO-YEAR DOCUMENTATION AND APPLICATION PROCESS. THE COVETED CERTIFICATION MEANS THAT THE OUTPATIENT CARDIAC SERVICES OFFERED AT SCCH MEET AACVPR'S STRICT GUIDELINES FOR APPROPRIATE AND EFFECTIVE EARLY OUTPATIENT CARE OF CARDIAC PATIENTS. SINCE THE INCEPTION OF THIS PROGRAM 15 YEARS AGO, THE FACILITY'S SQUARE FOOTAGE HAS DOUBLED AND THE NUMBER OF REHABILITATION SESSIONS HAS GROWN MORE THAN 5 TIMES. THE RATES SEEN IN EARLY YEARS. PHYSICIANS IN SEVERAL STATES NOW REFER PATIENTS TO SCCH'S CARDIAC REHABILITATION PROGRAM. LABORATORY SERVICES: LABORATORY SERVICES FOR SCCH ARE AVAILABLE TO MEET THE NEEDS OF OUR PATIENTS. LABORATORY SERVICES ARE INSPECTED AND ACCREDITED BY THE JOINT COMMISSION ON ACCREDITATION OF HEALTHCARE ORGANIZATIONS AND THE VIRGINIA DEPARTMENT OF HEALTH. LABORATORY SERVICES ALSO PARTICIPATE IN THE COLLEGE OF AMERICAN PATHOLOGISTS' PROGRAMS FOR QUALITY CONTROL. TESTING IS PERFORMED AND SUPERVISED BY COLLEGE TRAINED AND DEGREEED TECHNICIANS AND TECHNOLOGISTS CERTIFIED BY THE AMERICAN SOCIETY OF CLINICAL PATHOLOGISTS AND THE AMERICAN SOCIETY OF MEDICAL TECHNOLOGISTS. SATELLITE TESTING IS PROVIDED BY LICENSED NURSES TRAINED AND SUPERVISED BY LABORATORY STAFF. JUST UNDER 160,000 LAB TESTS WERE PERFORMED DURING THE YEAR. IN JANUARY 2013, AN UNANNOUNCED EXTERNAL INSPECTION OF THE LAB WAS CONDUCTED BY THE COLLEGE OF AMERICAN PATHOLOGISTS(CAP). THE INSPECTION WENT VERY WELL WITH SCCH'S LAB RECEIVING THE DESIGNATION OF EXCELLENCE. ONE OF THE INSPECTORS REMARKED THAT THE SCCH LAB INSPECTION WAS THE BEST HE HAS ENCOUNTERED OVER THE COURSE OF THE 12 YEARS HE HAS BEEN A LAB INSPECTOR. SURGICAL SERVICES: SURGICAL SERVICES PROVIDED BY SCCH INCLUDE: UROLOGY, SINUSPLASTY AND OTHER ENT, OPHTHALMOLOGY, ORTHOPEDICS, PLASTICS, GYN, PODIATRY, ORAL, AND GENERAL SURGERY. LASER OPHTHALMOLOGY AND REFRACTORY PROCEDURES ARE PERFORMED IN THE OPERATING ROOM.</p>				

[illegible][illegible]

**4d** Other program services (Describe in Schedule O )  
(Expenses \$ \_\_\_\_\_ including grants of \$ \_\_\_\_\_ ) (Revenue \$ \_\_\_\_\_ )

<b>4e</b>	<b>Total program service expenses</b>	<b>36,913,040</b>
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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 <b>Section 501(c)(3) organizations.</b> 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	No
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI 	11a Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII 	11b	No
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII 	11c	No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX 	11d	No
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X 	11f Yes	
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII 	12a	No
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional 	12b Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV	14b	No
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Parts II and IV	15	No
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Parts III and IV	16	No
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)	17	No
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18	No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	No
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H 	20a Yes	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? 	20b Yes	

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i> . . . . .	21	Yes	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i> . . . . .	22		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i> . . . . .	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25</i> . . . . .	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . .	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . . .	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . .	24d		
25a	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i> . . . . .	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i> . . . . .	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i> . . . . .	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i> . . . . .	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28b	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> . . . .	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> . . . . .	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> . . . . .	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i> . . . . .	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i> . . . . .	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i> . . . . .	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .	35b	Yes	
36	<b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i> . . . . .	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? <b>Note.</b> 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.	91	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		1c	Yes
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.	2a	1
b If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> 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? <b>Note.</b> 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	13	
	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	8	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5		No
6	Did the organization have members or stockholders?	6	Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	8a	Yes	
b	Each committee with authority to act on behalf of the governing body?	8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9		No

Section B. Policies

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	VA
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> Other (explain in Schedule O)	
19	Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year	
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization	ERICA DILLARD PO BOX 880 MARION, VA (276) 378-1000

Part VII

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

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

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

- 1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year
- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation Enter -0- in columns (D), (E), and (F) if no compensation was paid

List all of the organization's **current** key employees, if any See instructions for definition of "key employee "

List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations

List all of the organization's **former** officers, key employees, or highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations

List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) ANN FLEMING DIRECTOR	3 00 57 00	X						0	426,280	66,282
(2) JOHN SCHARIO DIRECTOR	3 00 57 00	X						0	401,522	31,188
(3) CHELSEA HAMMAN MD DIRECTOR	3 00	X						19,019	0	0
(4) ALLEN ABEL DIRECTOR	3 00	X						0	0	0
(5) JIM BEAR JR TREASURER	3 00	X						0	0	0
(6) RUTH COX DIRECTOR	3 00	X						0	0	0
(7) BOB FEATHERS DIRECTOR	3 00 9 00	X						0	0	0
(8) JOANNE GROSECLOSE VICE CHAIR	3 00	X						0	0	0
(9) ANDY BLEVINS DIRECTOR	3 00	X						0	0	0
(10) JIM MCDOWELL MD DIRECTOR	3 00	X						0	0	0
(11) JAMES PATTERSON MD DIRECTOR	3 00	X						0	0	0
(12) BOB SHULTS CHAIRMAN	3 00	X						0	0	0
(13) CLEM WILKES JR DIRECTOR	3 00 11 00	X						0	0	0
(14) LINDA WHITE VP/CEO	3 00 52 00			X				0	217,263	43,482
(15) JEFFREY HUNDMAN CFO	3 00 47 00			X				0	114,784	20,164
(16) MATTHEW JUSTUS	40 00					X		0	174,622	5,929
(17) SAMUEL SMALL	40 00					X		0	160,594	4,816



## Part VII

<b>1b</b>	<b>Sub-Total . . . . .</b>			
<b>c</b>	<b>Total from continuation sheets to Part VII, Section A . . . . .</b>			
<b>d</b>	<b>Total (add lines 1b and 1c) . . . . .</b>	19,019	1,874,486	244,944

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

## **Section B. Independent Contractors**

(A) Name and business address	(B) Description of services	(C) Compensation
SKANSKA USA BUILDING INC 1633 LITTLETON ROAD PARSIPPANY NJ 07054	CONSTRUCTION	9,126,022
MORRISON MANAGEMENT SPECIALISTS PO BOX 102289 ATLANTA GA 30368	DIETARY SERV	1,355,166
INTERNETWORK ENGINEERING INC PO BOX 636604 CINCINNATI OH 45263	WEB MGMT/LICEN	371,017
CROTHALL SERVICES EAST TN 995 CHESTERBROOK BLVD SUITE 300 WAYNE PA 19087	LINEN SERVICES	285,499
MCKESSON TECHNOLOGIES INC PO BOX 98347 CHICAGO IL 60693	HLTH S/W MGMT	195,630
<b>2</b> Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ▶7		

Part VIII

Statement of Revenue

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

			(A)	(B)	(C)	(D)
			Total revenue	Related or exempt function revenue	Unrelated business revenue	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	82,545		
	e	Government grants (contributions)	1e			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	24,388		
	g	Noncash contributions included in lines 1a-1f \$				
	h	Total. Add lines 1a-1f	106,933			
Program Service Revenue	Business Code					
	2a	PATIENT SERVICES	622110	42,203,917	42,203,917	
	b	WELLNESS PROGRAMS	622110	2,098,505	2,098,505	
	c	LABORATORY	622110	155,640		155,640
	d	P/S INCOME PREMIER & ISHN	561000	113,007	113,007	
	e	PREMIER PURCHASING K-1	561000	3,392		3,392
	f	All other program service revenue				
	g	Total. Add lines 2a-2f	44,574,461			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)	677,241			677,241
	4	Income from investment of tax-exempt bond proceeds				
	5	Royalties				
	6a	Gross rents	(i) Real	(ii) Personal		
			276,568			
			276,568			
	b	Less rental expenses				
	c	Rental income or (loss)				
	d	Net rental income or (loss)	276,568			276,568
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other		
				8,636		
			120,498			
			-120,498	8,636		
	b	Less cost or other basis and sales expenses				
	c	Gain or (loss)				
	d	Net gain or (loss)	-111,862	8,630		-120,492
	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		2,819		2,819
	9a	Gross income from gaming activities See Part IV, line 19	a			
	b	Less direct expenses	b			
	c	Net income or (loss) from gaming activities				
	10a	Gross sales of inventory, less returns and allowances	a			
	b	Less cost of goods sold	b			
	c	Net income or (loss) from sales of inventory		15,599	15,599	
	Miscellaneous Revenue		Business Code			
	11a	CAFETERIA SALES	900099	259,717		259,717
	b	MANAGEMENT FEES	900099	97,867		97,867
	c	OTHER REVENUE	900099	11,594		11,594
	d	All other revenue		11,139		11,139
	e	Total. Add lines 11a-11d		380,317		
	12	Total revenue. See Instructions	45,922,076	44,439,658	159,032	1,216,453

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.	10,732	10,732		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.				
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.	414,330	20,644	393,686	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).				
7	Other salaries and wages.	18,541,222	15,357,015	3,184,207	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	568,963	483,357	85,606	
9	Other employee benefits.	2,062,690	1,919,173	143,517	
10	Payroll taxes.	1,171,916	1,129,586	42,330	
11	Fees for services (non-employees):				
a	Management.	34,114		34,114	
b	Legal.	51,088		51,088	
c	Accounting.				
d	Lobbying.				
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.	28,018		28,018	
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	8,172,414	8,153,142	19,272	
12	Advertising and promotion.	82,914	64,643	18,271	
13	Office expenses.	432,536	374,194	58,342	
14	Information technology.	228,811	225,028	3,783	
15	Royalties.				
16	Occupancy.	1,141,091	1,035,371	105,720	
17	Travel.	172,157	155,849	16,308	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	3,557	3,262	295	
20	Interest.	173,767		173,767	
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	4,932,945	1,870,477	3,062,468	
23	Insurance.	149,572		149,572	
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 & DRUGS	5,036,215	5,036,215		
b	MANAGEMENT FEES	2,658,267	189,358	2,468,909	
c	REPAIRS & MAINTENANCE	676,687	658,585	18,102	
d	UBI TAXES	8,500		8,500	
e	All other expenses	345,785	226,409	119,376	
25	Total functional expenses. Add lines 1 through 24e.	47,098,291	36,913,040	10,185,251	0
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		812,382	1	2,388,481
	2	Savings and temporary cash investments		64,910	2	
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		8,655,192	4	7,640,675
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		953,670	8	915,788
	9	Prepaid expenses and deferred charges		314,696	9	351,420
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a127,433,476			
	b	Less accumulated depreciation	10b54,087,105	72,569,428	10c	73,346,371
	11	Investments—publicly traded securities		18,695,346	11	18,545,937
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11		710,615	13	710,615
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		3,977,853	15	525,531
	16	Total assets. Add lines 1 through 15 (must equal line 34)		106,754,092	16	104,424,818
Liabilities	17	Accounts payable and accrued expenses		4,880,379	17	4,596,331
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		16,464,093	20	16,208,215
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		3,507,741	25	1,829,288
	26	Total liabilities. Add lines 17 through 25		24,852,213	26	22,633,834
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		81,866,036	27	81,755,141
	28	Temporarily restricted net assets		35,843	28	35,843
	29	Permanently restricted net assets			29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		81,901,879	33	81,790,984
	34	Total liabilities and net assets/fund balances		106,754,092	34	104,424,818

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12) . . . . .	1	45,922,076
2	Total expenses (must equal Part IX, column (A), line 25) . . . . .	2	47,098,291
3	Revenue less expenses Subtract line 2 from line 1 . . . . .	3	-1,176,215
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . . . . .	4	81,901,879
5	Net unrealized gains (losses) on investments . . . . .	5	
6	Donated services and use of facilities . . . . .	6	
7	Investment expenses . . . . .	7	
8	Prior period adjustments . . . . .	8	
9	Other changes in net assets or fund balances (explain in Schedule O) . . . . .	9	1,065,320
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	81,790,984

Part XII Financial Statements and Reporting

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

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

SCHEDULE A  
(Form 990 or 990EZ)

Public Charity Status and Public Support

OMB No 1545-0047

2012

Open to Public Inspection

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

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

Department of the Treasury  
Internal Revenue Service

Name of the organization  
SMYTH COUNTY COMMUNITY HOSPITAL

Employer identification number  
54-0794913

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<sup>1</sup>/<sub>3</sub>% 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<sup>1</sup>/<sub>3</sub>% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III )
- 10

☐

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

☐

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

a

☐

Type I 

b

☐

Type II 

c

☐

Type III - Functionally integrated 

d

☐

Type III - Non-functionally integrated
- e

☐

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

☐

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

☐

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

(i)

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

(ii)

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

(iii)

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

h

☐

Provide the following information about the supported organization(s)
- |          | Yes | No |
|----------|-----|----|
| 11g(i)   |     |    |
| 11g(ii)  |     |    |
| 11g(iii) |     |    |
- | (i) Name of supported organization | (ii) EIN | (iii) Type of organization (described on lines 1 - 9 above or IRC section (see instructions)) | (iv) Is the organization in col (i) listed in your governing document? |    | (v) Did you notify the organization in col (i) of your support? |    | (vi) Is the organization in col (i) organized in the U S ? |    | (vii) Amount of monetary support |
|------------------------------------|----------|---|--|----|---|----|--|----|----------------------------------|
|                                    |          |   | Yes  | No | Yes   | No | Yes  | No |                                  |
|                                    |          |   |  |    |   |    |  |    |                                  |
|                                    |          |   |  |    |   |    |  |    |                                  |
| Total                              |          |   |  |    |   |    |  |    |                                  |
- For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990EZ.

Cat No 11285F

Schedule A (Form 990 or 990-EZ) 2012

Part II

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

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

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV )						
11 Total support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here . . . . . ▶						

Section C. Computation of Public Support Percentage						
14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f))		14				
15 Public support percentage for 2011 Schedule A, Part II, line 14		15				
16a 33 1/3% support test—2012. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization						▶
b 33 1/3% support test—2011. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization						▶
17a 10%-facts-and-circumstances test—2012. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization						▶
b 10%-facts-and-circumstances test—2011. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization						▶
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions						▶

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

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

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ▶						

Section C. Computation of Public Support Percentage		
15 Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f))	15	
16 Public support percentage from 2011 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2012 (line 10c, column (f) divided by line 13, column (f))	17	
18 Investment income percentage from 2011 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2012. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶		
b 33 1/3% support tests—2011. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶		
20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶		



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

Facts And Circumstances Test

Explanation

SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

2012

Open to Public Inspection

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

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

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

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

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

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

Name of the organization SMYTH COUNTY COMMUNITY HOSPITAL	Employer identification number 54-0794913
---	--

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

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

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

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

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

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

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

Part II-A

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

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

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

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

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

Part II-B

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?	Yes		2,105
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.			2,105
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
	SCHEDULE C, PART II-B, LINE 1	PORTION OF DUES PAID TO VIRGINIA HOSPITAL AND HEALTHCARE ASSOCIATION THAT ARE ATTRIBUTABLE TO DIRECT LOBBYING

SCHEDULE D  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Supplemental Financial Statements

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization  
SMYTH COUNTY COMMUNITY HOSPITAL

Employer identification number  
54-0794913

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? <div><input type="checkbox"/> Yes<input type="checkbox"/> No</div>	
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? <div><input type="checkbox"/> Yes<input type="checkbox"/> No</div>	

Part II

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

1

Purpose(s) of conservation easements held by the organization (check all that apply)

☐ Preservation of land for public use (e g , recreation or education)☐ Preservation of an historically important land area☐ Protection of natural habitat☐ Preservation of a certified historic structure☐ Preservation of open space

2

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

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

3

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

4

Number of states where property subject to conservation easement is located ▶\_\_\_\_\_

5

Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

☐ Yes☐ No

6

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

7

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

8

Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)?

☐ Yes☐ No

9

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

Part III

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

1a

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

b

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

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

▶ \$ \_\_\_\_\_

(ii) Assets included in Form 990, Part X

▶ \$ \_\_\_\_\_

2

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

a

Revenues included in Form 990, Part VIII, line 1

▶ \$ \_\_\_\_\_

b

Assets included in Form 990, Part X

▶ \$ \_\_\_\_\_

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Cat No 52283D

Schedule D (Form 990) 2012

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

3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

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

5

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

☐ Yes

☐ No

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

1a

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

☐ Yes

☐ No

b

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

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	Amount
1c	
1d	
1e	
1f	

2a

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

☐ Yes

☐ No

b

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

☐

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

	(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a	Beginning of year balance				
b	Contributions				
c	Net investment earnings, gains, and losses				
d	Grants or scholarships				
e	Other expenditures for facilities and programs				
f	Administrative expenses				
g	End of year balance				

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

c

Temporarily restricted endowment

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

3a

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

(i) unrelated organizations

3a(i)

Yes

No

(ii) related organizations

3a(ii)

Yes

No

b

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

3b

Yes

No

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		1,842,711		1,842,711
b Buildings		65,964,188	14,912,807	51,051,381
c Leasehold improvements		65,442	64,850	592
d Equipment		56,586,390	37,823,784	18,762,606
e Other		2,974,745	1,285,664	1,689,081
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				73,346,371

Schedule D (Form 990) 2012



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

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

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

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

**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
LIABILITY UNDER FIN 48 FOOTNOTE	SCHEDULE D, PAGE 3, PART X	"THE HOSPITAL IS CLASSIFIED AS AN ORGANIZATION EXEMPT FROM INCOME TAXES PURSUANT TO SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE. AS SUCH, NO PROVISION FOR INCOME TAXES HAS BEEN MADE IN THE ACCOMPANYING CONSOLIDATED FINANCIAL STATEMENTS FOR THE HOSPITAL. SOUTHWEST COMMUNITY HEALTH SERVICES (SWCH) IS A TAXABLE ENTITY AND ACCOUNTS FOR INCOME TAXES IN ACCORDANCE WITH FASB ASC 740, INCOME TAXES (NOTE K). AT JUNE 30, 2013, TAX RETURNS FOR FISCAL YEARS 2010 THROUGH 2012 ARE SUBJECT TO EXAMINATION BY THE INTERNAL REVENUE SERVICE. THE HOSPITAL HAS NO UNCERTAIN TAX POSITIONS AT JUNE 30, 2013 AND 2012. AS SUCH, NO INTEREST OR PENALTIES WERE RECOGNIZED IN THE CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS RELATED TO UNRECOGNIZED BENEFITS."



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  
SMYTH COUNTY COMMUNITY HOSPITAL

Employer identification number  
54-0794913

Part I

Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No	
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a . . . . .	1a	Yes	
b	If "Yes," was it a written policy? . . . . .	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year  <input checked="" type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year  a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care  <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input checked="" type="checkbox"/> 200% <input type="checkbox"/> Other _____ %  b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care . . . . .  <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input checked="" type="checkbox"/> 400% <input type="checkbox"/> Other _____ %  c If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care	3a	Yes	
		3b	Yes	
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 eligible for free or discounted care? . . . . .	5c		
6a	Did the organization prepare a community benefit report during the tax year? . . . . .	6a	Yes	
b	If "Yes," did the organization make it available to the public? . . . . .	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1) . . . . .			797,530		797,530	1 690 %
b Medicaid (from Worksheet 3, column a) . . . . .			7,009,144	5,704,341	1,304,803	2 770 %
c Costs of other means-tested government programs (from Worksheet 3, column b) . . . . .						
d <b>Total</b> Financial Assistance and Means-Tested Government Programs . . . . .			7,806,674	5,704,341	2,102,333	4 460 %
<b>Other Benefits</b>						
e Community health improvement services and community benefit operations (from Worksheet 4) . . . . .			164,999		164,999	0 350 %
f Health professions education (from Worksheet 5) . . . . .			188,696		188,696	0 400 %
g Subsidized health services (from Worksheet 6) . . . . .			14,486		14,486	0 030 %
h Research (from Worksheet 7) . . . . .						
i Cash and in-kind contributions for community benefit (from Worksheet 8) . . . . .			12,742		12,742	0 030 %
j <b>Total.</b> Other Benefits . . . . .			380,923		380,923	0 810 %
k <b>Total.</b> Add lines 7d and 7j . . . . .			8,187,597	5,704,341	2,483,256	5 270 %

Part IICommunity Building Activities

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1Physical improvements and housing						
2Economic development						
3Community support						
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building						
7Community health improvement advocacy						
8Workforce development						
9Other			500		500	
10Total			500		500	

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

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

1

Yes

2

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

2

5,015,379

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

3,410,458

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

15,707,620

6

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

6

15,928,487

7

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

7

-220,867

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 IVManagement 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	SMYTH COUNTY COMMUNITY HOSPITAL PO BOX 880 MARIN,VA 24354	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)

SMYTH COUNTY COMMUNITY HOSPITAL

Name of hospital facility or facility reporting group

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

1

		Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)			
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 . . . . . If "Yes," indicate what the CHNA report describes (check all that apply)	1	Yes
a	<input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b	<input checked="" type="checkbox"/> Demographics of the community		
c	<input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d	<input checked="" type="checkbox"/> How data was obtained		
e	<input checked="" type="checkbox"/> The health needs of the community		
f	<input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	<input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	<input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i	<input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j	<input type="checkbox"/> Other (describe in Part VI)		
2	Indicate the tax year the hospital facility last conducted a CHNA 20 <u>11</u>		
3	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted . . . . .	3	Yes
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI . . . . .	4	Yes
5	Did the hospital facility make its CHNA report widely available to the public? . . . . . If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5	Yes
a	<input checked="" type="checkbox"/> Hospital facility's website		
b	<input checked="" type="checkbox"/> Available upon request from the hospital facility		
c	<input type="checkbox"/> Other (describe in Part VI)		
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)		
a	<input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b	<input checked="" type="checkbox"/> Execution of the implementation strategy		
c	<input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
d	<input type="checkbox"/> Participation in the execution of a community-wide plan		
e	<input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans		
f	<input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g	<input checked="" type="checkbox"/> Prioritization of health needs in its community		
h	<input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i	<input type="checkbox"/> Other (describe in Part VI)		
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs . . . . .	7	No
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)? . . . . .	8a	No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax? . . . . .	8b	
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$_____		

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No		
<b>9</b> 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?		<b>9</b>	Yes		
<b>10</b> Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care <u>200 0</u> % If "No," explain in Part VI the criteria the hospital facility used		<b>10</b>	Yes		
<b>11</b> Used FPG to determine eligibility for providing <i>discounted</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400 0</u> % If "No," explain in Part VI the criteria the hospital facility used		<b>11</b>	Yes		
<b>12</b> Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply)		<b>12</b>	Yes		
<b>a</b> <input checked="" type="checkbox"/> Income level					
<b>b</b> <input checked="" type="checkbox"/> Asset level					
<b>c</b> <input checked="" type="checkbox"/> Medical indigency					
<b>d</b> <input checked="" type="checkbox"/> Insurance status					
<b>e</b> <input checked="" type="checkbox"/> Uninsured discount					
<b>f</b> <input type="checkbox"/> Medicaid/Medicare					
<b>g</b> <input type="checkbox"/> State regulation					
<b>h</b> <input type="checkbox"/> Other (describe in Part VI)					
<b>13</b> Explained the method for applying for financial assistance? . . . . .		<b>13</b>	Yes		
<b>14</b> Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		<b>14</b>	Yes		
<b>a</b> <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website					
<b>b</b> <input type="checkbox"/> The policy was attached to billing invoices					
<b>c</b> <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms					
<b>d</b> <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices					
<b>e</b> <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility					
<b>f</b> <input checked="" type="checkbox"/> The policy was available upon request					
<b>g</b> <input checked="" type="checkbox"/> Other (describe in Part VI)					
Billing and Collections					
<b>15</b> 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? . . . . .		<b>15</b>	Yes		
<b>16</b> 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					
<b>a</b> <input type="checkbox"/> Reporting to credit agency					
<b>b</b> <input type="checkbox"/> Lawsuits					
<b>c</b> <input type="checkbox"/> Liens on residences					
<b>d</b> <input type="checkbox"/> Body attachments					
<b>e</b> <input type="checkbox"/> Other similar actions (describe in Part VI)					
<b>17</b> 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? . . . . .				<b>17</b>	No
If "Yes," check all actions in which the hospital facility or a third party engaged					
<b>a</b> <input type="checkbox"/> Reporting to credit agency					
<b>b</b> <input type="checkbox"/> Lawsuits					
<b>c</b> <input type="checkbox"/> Liens on residences					
<b>d</b> <input type="checkbox"/> Body attachments					
<b>e</b> <input type="checkbox"/> Other similar actions (describe in Part VI)					

Part V

Facility Information (continued)

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

☐

Notified individuals of the financial assistance policy on admission
- b

☐

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

☐

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

☐

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

☐

Other (describe in Part VI)

Policy Relating to Emergency Medical Care

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

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

20	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care		
	a <input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
	b <input type="checkbox"/> The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
	c <input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
	d <input checked="" type="checkbox"/> Other (describe in Part VI)		
21	During the tax year, did the hospital facility charge any FAP-eligible individuals to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? . . . . .		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? . . . . .		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 FRANCIS MARION MANOR HEALTH & REHABILITATION 100 FRANCIS MARION LANE MARION, VA 24354	NURSING HOME
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
RELATED ORGANIZATION INFORMATION	PART I LINE 6A	MOUNTAIN STATES HEALTH ALLIANCE PREPARED AND MADE PUBLIC A COMMUNITY BENEFIT REPORT TO INCLUDE INFORMATION FOR ALL OF THE HOSPITALS WITHIN THE HEALTH SYSTEM INCLUDING SCCH
COSTING METHODOLOGY EXPLANATION	PART I LINE 7	A COST TO CHARGE RATIO WAS USED TO CALCULATE LINES 7A AND B UTILIZING THE SCHEDULE H APPLICABLE WORKSHEETS INCLUDING WORKSHEET 2 RATIO OF PATIENT CARE COST TO CHARGES LINES 7E F AND G USED THE DIRECT COST OF SPECIFIC PROGRAMS LINE 7I REFLECTS CHARITABLE CONTRIBUTIONS AT COST WE SUBTRACTED LINES 7EI COLUMNC EXPENSE FROM WORKSHEET 2 LINE 4 SO THAT THE EXPENSE WOULD NOT BE DUPLICATED



Identifier	ReturnReference	Explanation
BAD DEBT EXPENSE EXPLANATION	PART III LINE 4	OUR VICE PRESIDENT OF PATIENT FINANCIAL SERVICES AND OUR CFO ESTIMATE THAT 68 OF TOTAL BAD DEBT EXPENSE WAS ASSUMED ATTRIBUTABLE TO PATIENTS LIKELY ELIGIBLE FOR FINANCIAL ASSISTANCE WE HAVE MANY INSTANCES DURING THE YEAR OF PATIENTS WITH LARGE ACCOUNT BALANCES AND NO HEALTH INSURANCE COVERAGE THAT WE ARE SURE WOULD QUALIFY FOR CHARITY CARE ALTHOUGH HOSPITAL TEAM MEMBERS ENCOURAGE THESE INDIVIDUALS TO COMPLETE OUR FINANCIAL ASSISTANCE APPLICATION MANY WILL NOT DO SO EVEN WHEN THESE INDIVIDUALS ARE TOLD WE FEEL SURE THEY DO QUALIFY FOR FULL OR PARTIAL ASSISTANCE THEY STILL REFUSE TO COMPLETE OUR FINANCIAL ASSISTANCE APPLICATION REGARDING LINE 3 IT IS IMPLAUSIBLE TO DETERMINE THE AMOUNT OF SCCHS BAD DEBT ASSOCIATED WITH THOSE PATIENTS WHO MAY HAVE MET THE CRITERIA SET FORTH IN OUR FINANCIAL ASSISTANCE POLICY WITHOUT HAVING A COMPLETED FINANCIAL ASSESSMENT WE ARE UNABLE TO DETERMINE OUR PATIENTS FINANCIAL CIRCUMSTANCES UNLESS A COMPLETED FINANCIAL ASSESSMENT FORM IS VOLUNTARILY PROVIDED TO US WE CAN ASSERT THAT MORE THAN 97 OF OUR PATIENTS WHO HAVE PROVIDED COMPLETED FINANCIAL ASSESSMENT FORMS HAVE BEEN APPROVED FOR AT LEAST PARTIAL FINANCIAL ASSISTANCE THE FOLLOWING TEXT IS INCLUDED IN SCCHS FY13 AUDITED FINANCIAL STATEMENTS CURRENT OPERATIONS ARE CHARGED WITH AN ESTIMATED PROVISION FOR BAD DEBTS BASED UPON HISTORICAL EXPERIENCE KNOWN COLLECTION RISKS AND OTHER ENVIRONMENTAL FACTORS INCLUDING THE AGE OF THE RECEIVABLES ADDITIONS TO THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS RESULT FROM THE PROVISION FOR BAD DEBTS PATIENT ACCOUNTS WRITTEN OFF AS UNCOLLECTIBLE ARE DEDUCTED FROM THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS THE FOOTNOTES TO THE AUDITED FINANCIAL STATEMENTS REPORT THE AMOUNT OF ESTIMATED UNCOLLECTIBLE SELFPAY AND EXPLAINS THAT UNCOLLECTIBLE PATIENT ACCOUNTS RECEIVABLE ESTIMATED RESERVES ARE BASED UPON PRIOR COLLECTION HISTORY FOR GROUPS OF RECEIVABLES KNOWN COLLECTION RISKS AND OTHER ENVIRONMENTAL FACTORS INCLUDING THE AGE OF THE RECEIVABLES
MEDICARE EXPLANATION	PART III LINE 8	MEDICARE ALLOWABLE COSTS WERE REPORTED USING SCCHS FILED MEDICARE COST REPORT CR THE CR USES A COST TO CHARGE RATIO BASED ON A STEPDOWN ALLOCATION METHODOLOGY IN CARING FOR THE PATIENT THERE ARE SEVERAL SERVICES THAT ARE CONSIDERED NONALLOWABLE SUCH AS TRANSPORTATION OF A PATIENT COMFORT ITEMS TO INCLUDE A TELEVISION MAGAZINES OR A TELEPHONE ADDITIONAL NONALLOWABLE COSTS INCLUDE THE RECRUITMENT OF PHYSICIANS PHYSICIAN GUARANTEES AND A PORTION OF THE BAD DEBT 12 ASSOCIATED WITH THE CARE OF THE PATIENT MEDICARE LOSSES INCLUDING SOME NONALLOWABLE COSTS SHOULD BE COUNTED AS A COMMUNITY BENEFIT AS THIS IS THE COST OF CARE FOR SERVING THE AGING POPULATION AS A PARTICIPATING PROVIDER IN THE MEDICARE PROGRAM SCCH IS REQUIRED TO PROVIDE THE FULL REGIMEN OF CARE FOR OUR MEDICARE POPULATION THERE ARE A NUMBER OF CARE REGIMENS THAT ARE COMPENSATED BY THE MEDICARE PROGRAM AT LEVELS BELOW OUR COST THEREFORE IT IS ONLY LOGICAL TO ALLOW JMH TO REPORT THESE UNCOMPENSATED SERVICES AS A COMMUNITY BENEFIT ON THIS DOCUMENT BY MAKING THIS CHANGE NONPROFIT PROVIDERS WILL BE ENCOURAGED TO SUSTAIN IMPORTANT CARE DELIVERY MODELS FOR OUR AGING POPULATION IN SPITE OF THE FACT IT IS SOMETIMES ECONOMICALLY INJURIOUS

Identifier	ReturnReference	Explanation
COLLECTION PRACTICES EXPLANATION	PART III LINE 9B	SCCH PROVIDES A PATIENT FRIENDLY BILLING FLOW CHART ON ITS WEBSITE THAT GUIDES A PATIENT THROUGH THE PROCESS BEGINNING WITH ADMISSION AND ENDING WITH THE PATIENTS ACCOUNT BEING SUCCESSFULLY RESOLVED SCCH FOLLOWS A STRONG COLLECTION PROGRAM THAT COMMUNICATES FINANCIAL RESPONSIBILITY TO THE PATIENT COLLECTION PRACTICES APPLY TO ALL PATIENTS CHARITY AND NONCHARITY CARE IN ROUTINE CIRCUMSTANCES WHEN IT IS DETERMINED THAT A PATIENT HAS NOT RESPONDED TO REQUESTS FOR PAYMENT AND HAS NOT PROVIDED INFORMATION TO ASCERTAIN ABILITY TO PAY AN ACCOUNT CAN BE REFERRED TO AN OUTSIDE COLLECTION AGENCY FOR COLLECTION ASSISTANCE SCCH ENSURES THAT OUTSIDE COLLECTION AGENCIES FOLLOW HOSPITAL BILLING AND COLLECTION GUIDELINES ONCE A DELINQUENT PATIENT ACCOUNT HAS BEEN SUBMITTED TO AN OUTSIDE AGENCY IT CAN BE ADJUSTED TO CHARITY IF THE DETERMINATION IS LATER MADE THAT THE PATIENT IS ELIGIBLE FOR FINANCIAL ASSISTANCE ALL REQUESTS FOR FINANCIAL ASSISTANCE MUST BE ACCOMPANIED BY A COMPLETED FINANCIAL ASSESSMENT FORM AND SUPPORTING DOCUMENTATION
NEEDS ASSESSMENT	PART VI	PART VI LINE 2 MSHA INCLUDED AMERICAS HEALTH RANKINGS AHR IN ITS ASSESSMENT IN ORDER TO BETTER DEFINE THE HEALTH CARE NEEDS OF THE COMMUNITIES IT SERVES TENNESSEE RANKS 42ND AND VIRGINIA RANKS 26TH HOWEVER IT SHOULD BE NOTED THAT SOUTHWEST VIRGINIA WHERE MSHA FACILITIES ARE LOCATED CLOSELY RESEMBLES THE HEALTH RANKINGS FOR TENNESSEE AMERICAS HEALTH RANKINGS ARE BASED ON A SERIES OF MEASURES INCLUDING SEVERAL HEALTH OUTCOMES AND HEALTH FACTORS A SURVEY WAS GIVEN TO 67 INDIVIDUALS REPRESENTING THE NINE COUNTIES IN WHICH MSHA OWNS A FACILITY THESE INDIVIDUALS INCLUDED PHYSICIANS PUBLIC HEALTH LEADERS NONPROFIT DIRECTORS SCHOOL NURSES AND OFFICIALS AND BUSINESS LEADERS A SURVEY WAS GIVEN TO EACH INDIVIDUAL SEEKING FEEDBACK REGARDING AVAILABLE RESOURCES IN EACH AREA THE HEALTH STATUS HEALTH PRIORITIES AND SUGGESTIONS FOR IMPROVEMENT THE MAJORITY OF RESPONSES SUGGESTED FOCUSING ON EDUCATION IN ORDER TO PROMOTE HEALTHY HABITS OTHER RESPONSES INCLUDED MAKE PHYSICAL EDUCATION A REQUIREMENT AS PART OF SCHOOL CURRICULUM IMPROVE NATURAL TRAILS AND WALKWAYS INCREASE COMMUNITY SUPPORT FOR SMOKEFREE AREAS PARTNER WITH LOCAL FARMERS MARKETS SHARE HEALTH INFORMATION BETWEEN PHARMACIES NETWORK WITH SMALL BUSINESSES AND NONPROFITS IN ORDER TO AVOID DUPLICATING RESOURCES AND PROVIDE EARLY SCREENINGS FOR THE UNINSURED OR UNDERINSURED OVERALL THE COMMUNITY MEMBERS GAVE MSHAS CORE SERVICE AREA A HEALTH STATUS RANKING OF 424 OUT OF 10 1 BEING THE LOWEST 10 BEING THE HIGHEST ALSO ALL 67 PARTICIPANTS AGREED THAT OBESITY CANCER HEART DISEASE AND DIABETES WERE THE TOP HEALTH PRIORITIES IN EACH COUNTY AHR REPORTS THAT TENNESSEE AND VIRGINIA BOTH SAW AN INCREASE IN DIABETES AND OBESITY WITHIN THE PAST TEN YEARS TENNESSEE ALSO RANKS 44TH FOR CARDIOVASCULAR DEATHS 45TH FOR CANCER DEATHS AND 46TH FOR DIABETES VIRGINIA OVERALL HAS A BETTER RANKING IN THESE THREE CATEGORIES BUT AS STATED EARLIER SOUTHWEST VIRGINIA CLOSELY RESEMBLES TENNESSEE SINCE COMPLETION OF THE CHNA AND ITS IMPLEMENTATION PLAN MSHA HAS PARTNERED WITH SCHOOLS NONPROFIT AGENCIES AND OTHERS ON VARIOUS INITIATIVES TO ADDRESS HEALTH ISSUES CHILDHOOD OBESITY IN PARTICULAR

Identifier	ReturnReference	Explanation
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	PART VI	PART VI LINE 3 SCCH PROVIDES COMMUNICATION OF FINANCIAL ASSISTANCE ON ITS WEBSITE AND ON POSTERS LOCATED IN PROMINENT AREAS OF THE HOSPITAL SUCH AS ADMITTING AND THE EMERGENCY DEPARTMENT PRINTED EDUCATIONAL MATERIALS INCLUDING FINANCIAL ASSISTANCE CONTACT INFORMATION ARE ALSO PROVIDED IN EACH PATIENTS PAPERWORK POSTERS AND REFERENCE MATERIALS ARE WRITTEN IN BOTH ENGLISH AND SPANISH ADMITTING STAFF ARE TRAINED TO EDUCATE PATIENTS ON SCCHS FINANCIAL ASSISTANCE POLICY SCCH ALSO HAS FINANCIAL COUNSELORS TO PROVIDE FURTHER INFORMATION AND ASSISTANCE TO SCCH PATIENTS REGARDING SCCHS FINANCIAL ASSISTANCE POLICY THESE COUNSELORS ALSO HELP UNINSURED PATIENTS DETERMINE SOURCES OF PAYMENT FOR MEDICAL BILLS AND HELP PATIENTS DETERMINE ELIGIBILITY FOR PROGRAMS SUCH AS MEDICAID IN ADDITION SCCH CONTRACTS WITH THE COMPANY FIRSTSOURCE SOLUTIONS USA TO WORK WITH SELF-PAYING PATIENTS WHO HAVE LIMITED FINANCIAL RESOURCES FIRSTSOURCE SOLUTIONS USA DETERMINES A PATIENTS ELIGIBILITY IN MEDICAL COVERAGE OPTIONS AND ASSISTS WITH THEIR ENROLLMENT SCCH BEARS THE COST FOR THE FIRSTSOURCE SOLUTIONS PROGRAM
COMMUNITY INFORMATION	PART VI	PART VI LINE 4 SCCH IS LOCATED IN MARION SMYTH COUNTY WHICH IS IN RURAL SOUTHWEST VIRGINIA BOTH NORTHEAST TENNESSEE AND SOUTHWEST VIRGINIA SWVA ARE LOCATED WITHIN THE APPALACHIAN MOUNTAINS SPECIFICALLY THE BLUE RIDGE MOUNTAIN REGION AND TENNESSEE VALLEY SWVA IS CONSIDERED RURAL AND MUCH DIFFERENT THAN THE REST OF THE STATE SWVA HAS BEEN AND REMAINS A MAJOR COAL MINING REGION SMYTH COUNTY IS A FEDERALLY DESIGNATED MEDICALLY UNDERSERVED AREA AND HAS A HIGH RATE OF INDIVIDUALS WHO ARE UNINSURED THE POPULATION OF SMYTH COUNTY IS JUST OVER 31100 AND ACCORDING TO THE US CENSUS BUREAU THE TOWN OF MARION HAS A POPULATION OF 5869 THE LATEST CENSUS BUREAU DATA ESTIMATES THE MEDIAN AGE OF RESIDENTS OF SMYTH COUNTY IS 431 WHICH IS OLDER THAN THE MEDIAN AGE OF 375 IN VIRGINIA THE BUREAU ESTIMATES SMYTH COUNTY MEDIAN HOUSEHOLD INCOME AT 34394 COMPARED TO 61741 FOR THE STATE OF VIRGINIA 28 OF SMYTH COUNTYS CHILDREN LIVE IN POVERTY COMPARED TO 16 STATEWIDE

Identifier	ReturnReference	Explanation
HEALTH OF COMMUNITY IN RELATION TO EXEMPT PURPOSE	PART VI	PART VI LINE 5 SCCH IS DEDICATED TO OPERATING EFFICIENTLY SO THAT WASTE IS MINIMIZED AND SURPLUSES MAY BE APPLIED TO MAINTAINING ADEQUATE FACILITIES AND EQUIPMENT FOR THE CARE OF OUR PATIENTS VARIOUS CHECKS AND BALANCES ARE ESTABLISHED TO ENSURE THAT EXPENDITURES FOR OPERATING EXPENSES AND CAPITAL COSTS ARE REASONABLE AND NECESSARY THE MAJORITY OF SCCHS GOVERNING BODY IS COMPRISED OF PERSONS WHO RESIDE IN THE ORGANIZATIONS PRIMARY SERVICE AREAS PHYSICIANS THAT REQUEST PRIVILEGES WHO ARE QUALIFIED AND CREDENTIALLED ARE EXTENDED PRIVILEGES BY SCCH
AFFILIATED HEALTH CARE INFORMATION	PART VI	PART VI LINE 6 SCCH IS A 44BED ACUTECARE FACILITY OPERATED UNDER THE DIRECTION OF A 13MEMBER BOARD OF DIRECTORS PRIMARILY COMPRISED OF LOCAL COMMUNITY RESIDENTS ADDITIONALLY SCCH HAS A 109BED NURSING CARE FACILITY THAT OFFERS BOTH SKILLED NURSING CARE AND NURSING CARE SCCH IS MAJORITY OWNED BY MOUNTAIN STATES HEALTH ALLIANCE MSHA BASED IN JOHNSON CITY TENNESSEE MSHA IS INTEGRATED BOTH VERTICALLY AND HORIZONTALLY AND IS THE LARGEST REGIONAL HEALTHCARE SYSTEM WITH 13 HOSPITALS MSHA PROVIDES CARE TO PEOPLE IN 29 COUNTIES IN TENNESSEE VIRGINIA KENTUCKY AND NORTH CAROLINA SCCH SERVES AS THE COUNTYS PRIMARY HEALTH SERVICE PROVIDER PATIENTS BENEFIT FROM SCCHS AFFILIATION WITH A HEALTHCARE SYSTEM WHERE THEY CAN BE EFFICIENTLY MOVED ALONG AN INTEGRATED COMPREHENSIVE CONTINUUM OF CARE AS THEIR HEALTH STATUS DICTATES PATIENTS CAN BE MOVED TO THE SYSTEMS FLAGSHIP FACILITY JOHNSON CITY MEDICAL CENTER WHICH IS A TERTIARY CARE FACILITY PROVIDING ADVANCED TREATMENT OPTIONS

Identifier	ReturnReference	Explanation
LIST OF STATES WHERE COMMUNITY BENEFIT REPORT IS FILED	PART VI	VIRGINIA
SMYTH COUNTY COMMUNITY HOSPITAL LINE NUMBER 1 PART V LINE 3	PART V LINE 3	MSHA MET WITH TEN FOCUS GROUPS EACH REPRESENTING ONE OF THE TEN HOSPITAL FACILITIES INCLUDING SCCH LOCATED WITHIN THE CORE COUNTIES OF MSHA FACILITIES 16 COUNTIES EACH GROUP CONSISTED OF PUBLIC HEALTH LEADERS NURSES NONPROFIT DIRECTORS COMMUNITY DEVELOPERS FAITH BASED LEADERS PUBLIC OFFICIALS AND SCHOOL REPRESENTATIVES EACH GROUP RANGED IN ATTENDANCE FROM 6 TO 21 INDIVIDUALS PARTICIPANTS WERE GIVEN SURVEYS TO DETERMINE A COUNTYS HEALTH STATUS RATING AVAILABLE RESOURCES TOP HEALTH PRIORITIES AND SUGGESTIONS FOR IMPROVEMENT OPEN DISCUSSION FOLLOWED THE COLLECTED INFORMATION WAS THEN PAIRED WITH STATISTICAL DATA IN ORDER TO PRIORITIZE HEALTH NEEDS THE SPECIFIC NEEDS FOR EACH COUNTY WERE INCLUDED IN THE APPROPRIATE FACILITY IMPLEMENTATION PLAN

Identifier	ReturnReference	Explanation
SMYTH COUNTY COMMUNITY HOSPITAL LINE NUMBER 1 PART V LINE 4	PART V LINE 4	EACH HOSPITAL WITHIN THE MSHA SYSTEM COMPLETED A CHNA FOR THOSE HOSPITALS THAT ARE LOCATED IN THE SAME COUNTY ONLY ONE COMMUNITY GROUP WAS SURVEYED FOR INSTANCE JOHNSON CITY MEDICAL CENTER AND FRANKLIN WOODS COMMUNITY HOSPITAL ARE BOTH LOCATED IN WASHINGTON COUNTY TENNESSEE WE SURVEYED 21 INDIVIDUALS FROM WASHINGTON COUNTY IN ORDER TO DETERMINE HEALTH PRIORITIES DICKENSON COMMUNITY HOSPITAL AND NORTON COMMUNITY HOSPITAL ALSO HAD ONE COMMUNITY GROUP SURVEYED THESE TWO COUNTIES SERVE SIMILAR COMMUNITIES AND HAVE SIMILAR HEALTH RANKINGS ACCORDING TO AMERICAS HEALTH RANKINGS EVEN THOUGH ONLY TWO COMMUNITY GROUPS SERVED ON BEHALF OF THE FOUR HOSPITALS LISTED STATISTICAL DATA WAS COLLECTED FOR EACH INDIVIDUALLY SCCHS CHNA WAS CONDUCTED WITH ALL MSHA HOSPITALS TO INCLUDE JOHNSON CITY MEDICAL CENTER FRANKLIN WOODS COMMUNITY HOSPITAL INDIAN PATH MEDICAL CENTER SYCAMORE SHOALS HOSPITAL JOHNSON COUNTY COMMUNITY HOSPITAL RUSSELL COUNTY MEDICAL CENTER JOHNSTON MEMORIAL HOSPITAL NORTON COMMUNITY HOSPITAL AND DICKENSON COMMUNITY HOSPITAL
SMYTH COUNTY COMMUNITY HOSPITAL LINE NUMBER 1 PART V LINE 7	PART V LINE 7	MSHA PUBLISHED ITS COMMUNITY HEALTH NEEDS ASSESSMENT ON JUNE 29 OF FY12 THE DATA INCLUDED WAS COLLECTED OVER THE COURSE OF 2011 AND 2012 AN IMPLEMENTATION PLAN WAS CREATED FOR EACH HOSPITAL AND EACH HOSPITALS BOARD APPROVED THE IMPLEMENTATION PLAN DURING THE MONTHS OF MAY AND JUNE 2012 MSHA ANNUALLY TRACKS PROGRESS OF IMPLEMENTATION STRATEGIES FOR EACH HOSPITAL DUE TO LACK OF RESOURCES SOME OF MSHA FACILITIES WERE UNABLE TO ADDRESS ISSUES THAT WERE IDENTIFIED

Identifier	ReturnReference	Explanation
SMYTH COUNTY COMMUNITY HOSPITAL LINE NUMBER 1 PART V LINE 14G	PART V LINE 14G	THE MOUNTAIN STATES HEALTH ALLIANCE FINANCIAL ASSISTANCE POLICY HS BEEN APPROVED BY THE BOARD OF DIRECTORS AND APPLIES TO ALL MSHA HOSPITALS DURING THE ADMISSION PROCESS PATIENTS ARE TOLD THAT THE HOSPITAL HAS A FINANCIAL ASSISTANCE POLICY AND ADMISSION PAPERS GIVEN TO EACH PATIENT ADVISE THEM OF THE POLICY BILLING CORRESPONDENCE ALSO ADVISES THAT FINANCIAL ASSISTANCE MAY BE AVAILABLE A COMMUNITY RESOURCE GUIDE REPORTS THAT THE HOSPITAL HAS A FINANCIAL ASSISTANCE POLICY
SMYTH COUNTY COMMUNITY HOSPITAL LINE NUMBER 1 PART V LINE 20D	PART V LINE 20D	UNINSURED PATIENTS RECEIVE A 62 DISCOUNT AND BASED ON OTHER FACTORS SUCH AS INCOME OR MEDICAL INDIGENCY MAY QUALIFY FOR AN ADDITIONAL DISCOUNT

Schedule I  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Name of the organization  
SMYTH COUNTY COMMUNITY HOSPITAL

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

Employer identification number  
54-0794913

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

2

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

▶

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
PROCEDURES FOR MONITORING THE USE OF GRANT FUNDS INSIDE THE UNITED STATES	SCHEDULE I, PAGE 1, PART I, LINE 2	FUNDING MAY BE PROVIDED TO LOCAL 501(C)(3)ORGANIZATIONS WHOSE FOCUS IS ON HEALTH AND EDUCATION FOR MANY YEARS, SCCH HAS MADE DONATIONS OF MEDICATIONS TO AREA NON-PROFIT EMERGENCY MEDICAL SERVICE COMPANIES THESE MEDICATION DONATIONS COMPRISE THE SIGNIFICANT MAJORITY OF OUR DONATIONS ON OCCASION, WE MAKE A VERY SMALL NUMBER OF MODEST CASH DONATIONS TO AREA SCHOOLS AND OTHER NON-PROFIT HEALTH CARE ORGANIZATIONS DURING FY13, WE MADE ONE DONATION TO A SCHOOL AND ONE DONATION TO A HEALTH CARE ORGANIZATION DONATION REQUESTS ARE EVALUATED BASED ON COMMUNITY NEED AND HEALTH CARE BENEFIT (OTHER THAN THE OCCASIONAL SCHOOL DONATION)
ADDITIONAL INFORMATION	SCHEDULE I, PAGE 4, PART IV	PART III, LINE 1 DURING FY13, SCCH DID NOT CONTRIBUTE 5,000 TO ANY ONE ORGANIZATION

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  
SMYTH COUNTY COMMUNITY HOSPITAL

Employer identification number  
54-0794913

Part I	Questions Regarding Compensation		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items			
	<div><input type="checkbox"/> First-class or charter travel</div> <div><input type="checkbox"/> Travel for companions</div> <div><input type="checkbox"/> Tax idemnification and gross-up payments</div> <div><input type="checkbox"/> Discretionary spending account</div>	<div><input type="checkbox"/> Housing allowance or residence for personal use</div> <div><input type="checkbox"/> Payments for business use of personal residence</div> <div><input type="checkbox"/> Health or social club dues or initiation fees</div> <div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div>		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	1b		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	2		
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III			
	<div><input checked="" type="checkbox"/> Compensation committee</div> <div><input checked="" type="checkbox"/> Independent compensation consultant</div> <div><input type="checkbox"/> Form 990 of other organizations</div>	<div><input checked="" type="checkbox"/> Written employment contract</div> <div><input checked="" type="checkbox"/> Compensation survey or study</div> <div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div>		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	4a		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	4c		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	5a		No
b	Any related organization?	5b		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	6a		No
b	Any related organization?	6b		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	7		No
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III	8		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	9		

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

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.  
**Note.** The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1)ANN FLEMING DIRECTOR	(i) (ii)	351,697	51,836	22,747	48,425	17,857	492,562	
(2)JOHN SCHARIO DIRECTOR	(i) (ii)	326,339	68,681	6,502	6,630	24,558	432,710	
(3)LINDA WHITE VPCEO	(i) (ii)	184,990	23,278	8,995	20,963	22,519	260,745	
(4)MATTHEW JUSTUS	(i) (ii)	174,442		180	5,428	501	180,551	
(5)SAMUEL SMALL	(i) (ii)	157,956		2,638	4,739	77	165,410	
(6)STEPHANIE POLLARD	(i) (ii)	130,643		5,733	4,062	17,814	158,252	
(7)BELDON FLEMING	(i) (ii)	135,321		180	7,658	20,784	163,943	

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
RELATED ORG METHODS USED FOR COMPENSATION EXPLANATION	SCHEDULE J, PAGE 1, PART I, LINE 3	SCCH'S CEO'S SALARY AND BENEFITS ARE SUBJECT TO THE MOUNTAIN STATES HEALTH ALLIANCE (MSHA) COMPENSATION COMMITTEE PROCESS, WHEREBY THE MSHA CEO RECOMMENDS THE SALARY AND IT IS REVIEWED AND APPROVED BY THE COMPENSATION COMMITTEE, BASED UPON MARKET DATA, MADE AVAILABLE BY THIRD PARTY CONSULTANTS. THE COMPENSATION COMMITTEE HAS FINAL APPROVAL OF MSHA'S CEO RECOMMENDATIONS FOR PAY AND BENEFITS FOR THE SCCH CEO AND ALL OTHER EXECUTIVES WITHIN MSHA. WE USE AN OUTSIDE, INDEPENDENT CONSULTING FIRM TO PROVIDE CONSULTATION ON EXECUTIVE PAY AS WELL AS OUR EXECUTIVE PAY AT RISK PLAN.
SEVERANCE, NONQUALIFIED, AND EQUITY-BASED PAYMENTS	SCHEDULE J, PAGE 1, PART I, LINE 4	ANN FLEMING 0 35,925 0 LINDA WHITE 0 9,529 0
OTHER ADDITIONAL INFORMATION	SCHEDULE J, PART III	PART I, LINE 4B ANN FLEMING AND LINDA WHITE PARTICIPATED IN A 457(F) RETIREMENT PLAN PROVIDED BY MOUNTAIN STATES HEALTH ALLIANCE (MSHA). THE 457(F) PLAN IS A NONQUALIFIED TAX-DEFERRED COMPENSATION PLAN AVAILABLE TO A SELECT GROUP OF KEY EXECUTIVES FOR THE INTENT OF SUPPORTING RETENTION AND TO OFFER A COMPETITIVE TOTAL RETIREMENT PROGRAM. ACCOUNT BALANCES HAVE A "SUBSTANTIAL RISK OF FORFEITURE" IN ADDITION TO CREDITOR RISK, SUBSTANTIAL RISK OF FORFEITURE IS CREATED THROUGH DEFAULT RISK IF THE PARTICIPANT'S EMPLOYMENT WITH MSHA IS TERMINATED PRIOR TO AGE 65. HOWEVER, THE 457(F) PLAN CONTAINS A NON-COMPETE PROVISION THAT PROVIDES THE ACCOUNT BALANCE TO BE PAID IN A LUMP SUM AFTER THE EXECUTIVE SATISFIES THE TWO-YEAR NON-COMPETE PERIOD. THIS PROVISION APPLIES TO EMPLOYER CONTRIBUTIONS IF THE EXECUTIVE HAS PROVIDED ELIGIBLE SERVICE FOR SIX OR MORE YEARS (ELIGIBLE SERVICE IS OFFICER SERVICE THAT PERMITTED THE EXECUTIVE TO PARTICIPATE IN THE PLAN). THE EXECUTIVE WILL RECEIVE THE ENTIRE ACCOUNT BALANCE IF HE/SHE BECOMES DISABLED, DIES OR IF THE EXECUTIVE TERMINATES FOR "GOOD REASON" OR IS INVOLUNTARILY TERMINATED WITHOUT "GOOD CAUSE" WITHIN A 24 MONTH PERIOD AFTER A CHANGE-OF-CONTROL OCCURS. DISTRIBUTIONS FROM THIS PLAN ARE SUBJECT TO FEDERAL, STATE, AND LOCAL TAXES ON THE ENTIRE ACCOUNT BALANCE UPON DISTRIBUTION.

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  
SMYTH COUNTY COMMUNITY HOSPITAL

Employer identification number  
  
54-0794913

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

**Part IV Business Transactions Involving Interested Persons.**

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) BETTY KIRK	FAMILY MEMBER	75,192	SEE PART V		No
(2) REBECCA SPARGER	FAMILY MEMBER	9,124	SEE PART V		No

**Part V Supplemental Information**

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

Identifier	Return Reference	Explanation
ADDITIONAL INFORMATION	SCHEDULE L PART V	1A NAME OF PERSON BETTY KIRK 1B RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION FAMILY MEMBER OF JIM BEAR 1D DESCRIPTION OF TRANSACTION JIM BEAR SCCH BOARD TREASURER IS A FAMILY MEMBER OF BETTY KIRK AN EMPLOYEE OF SMYTH COUNTY COMMUNITY HOSPITAL 2A NAME OF PERSON REBECCA SPARGER 2B RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION FAMILY MEMBER OF JAMES PATTERSON MD 2D DESCRIPTION OF TRANSACTION JAMES PATTERSON MD SCCH BOARD MEMBER IS A FAMILY MEMBER OF REBECCA SPARGER AN EMPLOYEE OF SMYTH COUNTY COMMUNITY HOSPITAL

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 SMYTH COUNTY COMMUNITY HOSPITAL	Employer identification number 54-0794913
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Identifier	Return Reference	Explanation
ORGANIZATION'S MISSION	FORM 990 - ORGANIZATION'S MISSION	PART I, LINE I - ORGANIZATION'S MISSION SMYTH COUNTY COMMUNITY HOSPITAL (SCCH) IS COMMITTED TO BRINGING LOVING CARE TO HEALTH CARE. WE EXIST TO IDENTIFY AND RESPOND TO THE HEALTH CARE NEEDS OF INDIVIDUALS AND COMMUNITIES IN OUR REGION AND TO ASSIST THEM IN ATTAINING THEIR HIGHEST POSSIBLE LEVEL OF HEALTH.

Identifier	Return Reference	Explanation
FIRST ACCOMPLISHMENT DESCRIPTION	FORM 990, PAGE 2, PART III, LINE 4A	<p>AS A NOT-FOR-PROFIT HOSPITAL, ALL OF SCCH'S NET INCOME IS INVESTED IN IMPROVING HEALTHCARE IN THE COMMUNITY WITH A STRONG COMMITMENT TO QUALITY PATIENT CARE AND A HERITAGE OF SERVICES, SCCH CONTINUES TO MEET THE HEALTHCARE NEEDS OF SMYTH AND THE ADJOINING COUNTIES THROUGHOUT THE YEAR, SCCH PROVIDES A RANGE OF EVENTS AND PROGRAMS FOR THE COMMUNITY. A FEW EXAMPLES ARE:</p> <p>ADVANCED DIRECTIVES DAY: THIS WAS A DAY TO EDUCATE COMMUNITY MEMBERS ABOUT LEGAL DOCUMENTS THEY MAY WISH TO HAVE IN ORDER TO EXPRESS THE TYPE OF MEDICAL CARE WANTED WHEN ILL AND TO MAKE CLEAR THEIR DECISIONS FOR THEIR OWN END OF LIFE CARE. SINCE A MEDICAL CRISIS CAN OCCUR AT ANY AGE, THIS ADVANCED CARE PLANNING IS AN IMPORTANT STEP TOWARD ENSURING AN INDIVIDUAL'S WISHES ARE FOLLOWED IF HE/SHE IS TOO ILL TO MAKE HIS/HER OWN HEALTHCARE DECISIONS. TWELVE SCCH TEAM MEMBERS WERE INVOLVED WITH THIS EDUCATION DAY.</p> <p>MSHA FACILITIES: INCLUDING SCCH, SERVE AS CLINICAL TRAINING AREAS FOR HEALTH PROFESSIONAL EDUCATION STUDENTS. SCCH HAS DEDICATED STAFF TO WORK WITH REGIONAL COLLEGES AND UNIVERSITIES TO COORDINATE THE PLACEMENT OF HEALTHCARE PROFESSIONAL STUDENTS AS PART OF THEIR EDUCATIONAL CURRICULUM. IN ADDITION TO CLINICAL TRAINING, THE HEALTH CARE STUDENTS ENTERING OUR SYSTEM ARE REQUIRED TO HAVE ORIENTATION AND COMPUTER TRAINING. PARTICIPANTS RECEIVING CLINICAL EXPERIENCE AT SCCH DURING FY13 INCLUDED 50 NURSING STUDENTS FROM VARIOUS COLLEGES, UNIVERSITIES AND PROGRAMS. THIS NURSING CLINICAL EXPERIENCE REQUIRED EXTENSIVE SCCH NURSING STAFF INVOLVEMENT. THE CLINICAL SETTING AND HANDS-ON INSTRUCTION COST SCCH 100,328. SCCH PROVIDED A CLINICAL SETTING FOR ANOTHER 101 STUDENTS TRAINING IN HEALTH-RELATED PROGRAMS SUCH AS RADIOLOGY, PHARMACY, PHYSICAL THERAPY, EMT/PARAMEDIC AND OTHER ALLIED-HEALTH DISCIPLINES. THESE ADDITIONAL CLINICAL STUDENTS COST SCCH 88,368.</p> <p>SMYTH COUNTY LPN STUDENTS RECEIVE THEIR CLINICAL TRAINING AT SCCH. BECAUSE OF THE CLOSE TIE BETWEEN THE STUDENTS AND SCCH, THE STUDENTS ALWAYS ASK TO HAVE THEIR GRADUATION CEREMONY HELD AT THE HOSPITAL. THE HOSPITAL IS VERY PLEASED TO HOST THE CEREMONY FOR THE STUDENTS AND THEIR FAMILIES. REFRESHMENTS ARE PROVIDED AND SCCH'S CEO AND CNO ATTEND THE CEREMONY. SCCH OFFERS A SUPPORT GROUP FOR PEOPLE WITH DIABETES. TWO SCCH TEAM MEMBERS PROVIDE EDUCATION REGARDING SELF-CARE, INCLUDING NUTRITION COUNSELING.</p> <p>SCCH HAS PARTNERED WITH THE COMPANY, FIRSTSOURCE SOLUTIONS USA, TO WORK WITH SELF-PAYING PATIENTS WHO HAVE LIMITED FINANCIAL RESOURCES. FIRSTSOURCE REPRESENTATIVES WERE ABLE TO DETERMINE GOVERNMENTAL MEDICAL ASSISTANCE (MEDICAID) ELIGIBILITY, AND TO HELP WITH THE APPLICATION PROCESS AND FOLLOW-UP. ONCE A PERSON IS APPROVED FOR MEDICAID THROUGH THIS PROGRAM OFFERED THROUGH SCCH, THEY RETAIN COVERAGE FOR FUTURE MEDICAL CARE. FIRSTSOURCE IS COMPENSATED BY SCCH. DURING FY13, SCCH'S COST FOR THIS PROGRAM WAS 67,998.</p> <p>SCCH TEAM MEMBERS PARTICIPATE IN A LOCAL NUTRITION NETWORK, A COLLABORATION OF SPONSORS AND AGENCIES WHO GRAPPLE WITH THE ISSUES OF POVERTY, HUNGER, AND LACK OF KNOWLEDGE REGARDING HEALTH CONSEQUENCES OF POOR NUTRITION. THE NETWORK SERVES TO EDUCATE THE COMMUNITY ABOUT OBESITY RELATED HEALTH PROBLEMS SUCH AS DIABETES, HYPERTENSION, HIGH CHOLESTEROL, AND HEART DISEASE. THE NETWORK'S GOAL IS TO ADDRESS POVERTY AND THE WIDESPREAD USE OF INEXPENSIVE, PROCESSED FOODS WHICH CONTRIBUTE TO THE OBESITY RISK. SINCE THE SOLUTION TO OBESITY AND ITS RELATED DISEASES DOES NOT REQUIRE HIGH TECH TREATMENT OR CUTTING EDGE MEDICATIONS, REPRESENTATIVES FROM SCCH, VIRGINIA DEPARTMENT OF HEALTH, VIRGINIA TECH, FARMERS MARKETS AND GROCERY STORES, LOCAL SCHOOLS AND CHARITY ORGANIZATIONS ARE DEEMED TO BE THE BEST PLACE TO START THE PROCESS OF REDUCING OBESITY WITHIN THE COMMUNITY. A VARIETY OF SCREENINGS, SUPPORT GROUPS, HEALTH EDUCATION, AND HEALTH FAIRS WERE PROVIDED ON AN ONGOING BASIS THROUGHOUT THE YEAR.</p> <p>SOME OF THE SERVICES PROVIDED DURING THE YEAR INCLUDE: LAB SERVICES FOR A FREE PUBLIC CLINIC, CPR TRAINING TO THE PUBLIC, PHYSICALS FOR LOCAL SCHOOLS, AND FIRST AID CLASSES. THE COST OF PROVIDING THESE FREE SERVICES WAS MORE THAN 16,000. FOR MANY YEARS, SCCH HAS PROVIDED ASSISTANCE TO LOCAL LIFESAVING ORGANIZATIONS SUCH AS AMBULANCE SERVICES, FIRE DEPARTMENTS AND RESCUE SQUADS. SCCH DONATES FREE MEDICATIONS AND PHARMACEUTICAL SUPPLIES TO THESE NON-PROFIT ORGANIZATIONS. THE COST OF DONATED MEDICATIONS TO RESCUE ORGANIZATIONS DURING FY13 WAS 11,695.</p> <p>PLANS ARE UNDERWAY TO ESTABLISH AN AFTERHOURS URGENT CARE FOR COUNTY RESIDENTS SO THAT SCCH'S EMERGENCY DEPARTMENT IS NOT THE ONLY OPTION. THE SMYTH COUNTY HOSPITAL HEALTH TRUST WILL SOON BEGIN RAISING MONEY FOR THE MUCH NEEDED URGENT CARE CLINIC PROJECT. PATIENT CARE SERVICES INCLUDE, BUT ARE NOT LIMITED TO: 24-HOUR EMERGENCY DEPARTMENT. SCCH HAS A PHYSICIAN ON DUTY 24 HOURS A DAY, 7 DAYS A WEEK TO TAKE CARE OF MEDICAL NEEDS. IN ADDITION TO OUR PHYSICIANS, WE ALSO STAFF EITHER A FAMILY NURSE PRACTITIONER OR PHYSICIAN ASSISTANT 7 DAYS A WEEK FROM 11AM UNTIL 10PM TO EXPAN</p>



Identifier	Return Reference	Explanation
FIRST ACCOMPLISHMENT DESCRIPTION	FORM 990, PAGE 2, PART III, LINE 4A	<p>D CARE BY TREATING EAR ACHES, SORE THROATS, BURNS, SIMPLE FRACTURES, AND MOST OTHER MINOR EMERGENCIES. TOTAL ER VISITS DURING THE YEAR EXCEEDED 18,000. SCCH HAS A HELIPAD FOR AIR EMERGENCY VEHICLES SUCH AS WINGS AIR RESCUE. INPATIENT CARE: THE MEDICAL/SURGICAL UNITS DELIVER COMPREHENSIVE CARE, INCLUDING TELEMETRY SERVICES. A CLINICAL NURSE SPECIALIST OVERSEES CLINICAL MANAGEMENT OF PATIENT CARE AND AN ENTEROSTOMAL NURSE ASSESSES PATIENTS FOR PREVENTION OF SKIN PROBLEMS AND COMPLICATED WOUNDS. SCCH ALSO PROVIDES INPATIENT REHABILITATION AND SKILLED NURSING CARE. INPATIENT ADMISSIONS WERE 1,712 DURING FY 13, WHILE INPATIENT DAYS WERE 7,729.</p> <p>CARDIAC &amp; PULMONARY: CARDIAC AND PULMONARY REHABILITATION IS A PROGRAM DESIGNED TO OFFER MORE REHABILITATIVE SERVICES AS WELL AS DIAGNOSTIC TESTING TO INDIVIDUALS SO THEY DO NOT HAVE TO TRAVEL TO LARGER MORE URBAN AREAS. UPON PHYSICIAN REFERRAL WITH HEART AND LUNG DISEASES THAT INCLUDE, BUT ARE NOT LIMITED TO, CORONARY ANGIOPLASTY, HEART ATTACK, CHRONIC OBSTRUCTIVE PULMONARY DISEASE (COPD) AND DYSPNEA (SHORTNESS OF BREATH). CARDIAC REHABILITATION, STRESS TESTING, AND RESPIRATORY THERAPY ARE FOR PATIENTS WHO HAVE EXPERIENCED CARDIAC ILLNESS. THE CARDIAC REHAB DEPARTMENT FOCUSES ON RISK FACTOR MODIFICATION AND LIFESTYLE CHANGES FOR THOSE WHO HAVE EXPERIENCED A HEART ATTACK, OR WHO HAVE HAD CARDIAC SURGERY, BALLOON ANGIOPLASTY OR CORONARY STENTS, KNOWN HEART DISEASE SUCH AS STABLE ANGINA OR CONGESTIVE HEART FAILURE. THIS YEAR, SCCH'S CARDIAC AND PULMONARY REHABILITATION PROGRAM RECEIVED CERTIFICATION FROM THE AMERICAN ASSOCIATION OF CARDIOVASCULAR AND PULMONARY REHABILITATION (AACVPR) AFTER A TWO-YEAR DOCUMENTATION AND APPLICATION PROCESS. THE COVETED CERTIFICATION MEANS THAT THE OUTPATIENT CARDIAC SERVICES OFFERED AT SCCH MEET AACVPR'S STRICT GUIDELINES FOR APPROPRIATE AND EFFECTIVE EARLY OUTPATIENT CARE OF CARDIAC PATIENTS. SINCE THE INCEPTION OF THIS PROGRAM 15 YEARS AGO, THE FACILITY'S SQUARE FOOTAGE HAS DOUBLED AND THE NUMBER OF REHABILITATION SESSIONS HAS GROWN MORE THAN 5 TIMES THE RATES SEEN IN EARLY YEARS. PHYSICIANS IN SEVERAL STATES NOW REFER PATIENTS TO SCCH'S CARDIAC REHABILITATION PROGRAM.</p> <p>LABORATORY SERVICES: LABORATORY SERVICES FOR SCCH ARE AVAILABLE TO MEET THE NEEDS OF OUR PATIENTS. LABORATORY SERVICES ARE INSPECTED AND ACCREDITED BY THE JOINT COMMISSION ON ACCREDITATION OF HEALTHCARE ORGANIZATIONS AND THE VIRGINIA DEPARTMENT OF HEALTH. LABORATORY SERVICES ALSO PARTICIPATE IN THE COLLEGE OF AMERICAN PATHOLOGISTS' PROGRAMS FOR QUALITY CONTROL. TESTING IS PERFORMED AND SUPERVISED BY COLLEGE TRAINED AND DEGREED TECHNICIANS AND TECHNOLOGISTS CERTIFIED BY THE AMERICAN SOCIETY OF CLINICAL PATHOLOGISTS AND THE AMERICAN SOCIETY OF MEDICAL TECHNOLOGISTS. SATELLITE TESTING IS PROVIDED BY LICENSED NURSES TRAINED AND SUPERVISED BY LABORATORY STAFF. JUST UNDER 160,000 LAB TESTS WERE PERFORMED DURING THE YEAR. IN JANUARY 2013, AN UNANNOUNCED EXTERNAL INSPECTION OF THE LAB WAS CONDUCTED BY THE COLLEGE OF AMERICAN PATHOLOGISTS (CAP). THE INSPECTION WENT VERY WELL WITH SCCH'S LAB RECEIVING THE DESIGNATION OF EXCELLENCE. ONE OF THE INSPECTORS REMARKED THAT THE SCCH LAB INSPECTION WAS THE BEST HE HAS ENCOUNTERED OVER THE COURSE OF THE 12 YEARS HE HAS BEEN A LAB INSPECTOR.</p> <p>SURGICAL SERVICES: SURGICAL SERVICES PROVIDED BY SCCH INCLUDE UROLOGY, SINUSPLASTY AND OTHER ENT, OPHTHALMOLOGY, ORTHOPEDICS, PLASTICS, GYN, PODIATRY, ORAL, AND GENERAL SURGERY. LASER OPHTHALMOLOGY AND REFRACTORY PROCEDURES ARE PERFORMED IN THE OPERATING ROOM. 422 INPATIENT SURGERY CASES WERE PERFORMED DURING THE YEAR. SCCH HAS A 11-BED OUTPATIENT SURGERY DEPARTMENT DEVELOPED FOR PATIENTS WHO ARE HAVING A SHORT STAY SURGERY OR PROCEDURE AND ARE ABLE TO BE SENT HOME FOLLOWING A RECOVERY PERIOD AT THE HOSPITAL. 1,358 OUTPATIENT SURGERY CASES WERE PERFORMED DURING FY 13.</p> <p>SPIRITUAL AND PASTORAL CARE: SCCH HAS A VOLUNTEER CHAPLAIN PROGRAM THAT IS ENHANCED BY A SPIRITUAL SUPPORT TEAM MADE UP OF SCCH TEAM MEMBERS. THEIR WORK CROSSES INSTITUT</p>

Identifier	Return Reference	Explanation
CLASSES OF MEMBERS OR STOCKHOLDERS	FORM 990, PAGE 6, PART VI, LINE 6	MOUNTAIN STATES HEALTH ALLIANCE IS THE 80% MEMBER OF SMYTH COUNTY COMMUNITY HOSPITAL. SMYTH COUNTY COMMUNITY HOSPITAL FOUNDATION IS THE 20% MEMBER OF SMYTH COUNTY COMMUNITY HOSPITAL.

Identifier	Return Reference	Explanation
ELECTION OF MEMBERS AND THEIR RIGHTS	FORM 990, PAGE 6, PART VI, LINE 7A	THERE ARE TWO CLASSES OF MEMBERS, AND EACH CLASS IS ENTITLED TO ELECT A SPECIFIED NUMBER OF DIRECTORS TO THE BOARD THE MOUNTAIN STATES HEALTH ALLIANCE (MSHA) CLASS IS ELECTED BY THE MSHA BOARD OF DIRECTORS AND THE SMYTH COUNTY COMMUNITY HOSPITAL CLASS IS ELECTED BY THE SMYTH COUNTY COMMUNITY HOSPITAL FOUNDATION BOARD OF DIRECTORS NEITHER SIDE CAN VETO AN APPOINTMENT

Identifier	Return Reference	Explanation
DECISIONS SUBJECT TO APPROVAL OF MEMBERS	FORM 990, PAGE 6, PART VI, LINE 7B	CERTAIN DECISIONS OF THE BOARD ARE, PURSUANT TO CHARTER AND VIRGINIA STATUTE, SUBJECT TO APPROVAL OF THE MEMBERS. THESE DECISIONS INCLUDE: DISSOLUTION OF THE CORPORATION, MERGER OF THE CORPORATION, NON-ORDINARY COURSE OF BUSINESS SALE OF ASSETS, ETC. NO ORDINARY, DAY TO DAY DECISIONS ARE SUBJECT TO MEMBER APPROVAL.

Identifier	Return Reference	Explanation
ORGANIZATION'S PROCESS USED TO REVIEW FORM 990	FORM 990, PAGE 6, PART VI, LINE 11B	THE CONTROLLER, ALLONG WITH THE CEO, REVIEWED THE FORM 990 WITH THE BOARD OF DIRECTORS PRIOR TO FILING WITH THE IRS AND THE RETURN WAS MADE AVAILABLE TO EACH BOARD MEMBER IN AN ELECTRONIC FORMAT PRIOR TO THE REVIEW

Identifier	Return Reference	Explanation
ENFORCEMENT OF CONFLICTS POLICY	FORM 990, PAGE 6, PART VI, LINE 12C	ANNUALLY, THE CORPORATE AUDIT AND COMPLIANCE DEPARTMENT OF MSHA FORWARDS THE CONFLICT OF INTEREST POLICY AND DISCLOSURE FORM TO ALL MSHA MANAGEMENT TEAM MEMBERS AND BOARD MEMBERS EMPLOYEES AND BOARD MEMBERS MUST NOTE ANY CONFLICTS OR ATTEST THEY HAVE "NONE", AND RETURN THE FORM TO THE AUDIT AND COMPLIANCE DEPARTMENT ANY NOTED DISCLOSURES ARE FORWARDED TO THE APPROPRIATE MANAGEMENT OR BOARD PERSONNEL TO EVALUATE AND UTILIZE WHEN A TRANSACTION INVOLVING A CONFLICTED PERSON ARISES ADDITIONALLY, PERSONNEL WHO HAVE A CONFLICT ARISE BETWEEN THE ANNUAL DISTRIBUTION OF THE POLICY AND FORMS ARE REQUIRED TO DISCLOSE THE CONFLICT AND WOULD BE DISCIPLINED IN ANY INSTANCE WHERE THEY HAVE NOT DISCLOSED AND ENGAGED IN A CONFLICTED TRANSACTION

Identifier	Return Reference	Explanation
COMPENSATION PROCESS FOR TOP OFFICIAL	FORM 990, PAGE 6, PART VI, LINE 15A	THE CEO'S COMPENSATION AND BENEFITS ARE SUBJECT TO THE EXECUTIVE COMPENSATION POLICY OF MOUNTAIN STATES HEALTH ALLIANCE (MSHA). THE POLICY WAS ESTABLISHED BY MSHA'S BOARD OF DIRECTORS AND IS ALLIGNED WITH THE MSHA MISSION, VISION, AND VALUES, SUPPORTING THE ACHIEVEMENT OF THE HEALTH SYSTEM'S STRATEGIC PLANS AND ANNUAL GOALS AND OBJECTIVES. THE POLICY ENSURES THAT MSHA'S EXECUTIVE COMPENSATION IS COMPLIANT WITH THE LEGAL, REGULATORY, AND STATUTORY ENVIRONMENT AFFECTING COMPENSATION. MSHA'S PRESIDENT AND CEO MAKES RECOMMENDATIONS TO THE EXECUTIVE COMMITTEE OF THE MSHA BOARD FOR ALL ELEMENTS OF COMPENSATION FOR THE SENIOR MANAGEMENT TEAM, INCLUDING SMYTH COUNTY COMMUNITY HOSPITAL'S CEO, LINDA WHITE. THE BOARD OF DIRECTORS MONITORS THE PERFORMANCE OF THE SENIOR MANAGEMENT TEAM ON AN ONGOING BASIS, BUT AT LEAST ANNUALLY.

Identifier	Return Reference	Explanation
COMPENSATION PROCESS FOR OFFICERS	FORM 990, PAGE 6, PART VI, LINE 15B	SIMILAR TO THE CEO'S COMPENSATION, THE CFO RECEIVES COMPENSATION AND BENEFITS THAT COMPLY WITH MSHA'S SALARY POLICY HIS PAY IS SET AT A MARKET PERCENTILE SPECIFIC TO HIS POSITION



Identifier	Return Reference	Explanation
GOVERNING DOCUMENTS DISCLOSURE EXPLANATION	FORM 990, PAGE 6, PART VI, LINE 19	GOVERNING DOCUMENTS AND CONFLICT OF INTEREST POLICY ARE MADE AVAILABLE UPON REQUEST TO APPROPRIATE PARTIES REQUESTING THEM. FINANCIAL STATEMENTS ARE MADE AVAILABLE TO THOSE PARTIES WHO OWN INDEBTEDNESS OF THE COMPANY ON A QUARTERLY BASIS

Identifier	Return Reference	Explanation
RELATED ORGANIZATIONS	FORM 990, PAGE 7, PART VII	FORM 990, PART VII, SECTION A TRUSTEE COMPENSATION HOSPITAL BOARD OF TRUSTEES MEMBERS ANN FLEMING AND JOHN SCHARIO HAVE FORM 990 REPORTABLE COMPENSATION DERIVED FROM SERVICES THEY PROVIDED TO RELATED ORGANIZATIONS THEY DO NOT RECEIVE COMPENSATION FOR SERVICES AS HOSPITAL BOARD TRUSTEES

Identifier	Return Reference	Explanation
OTHER FEES FOR SERVICES	FORM 990, PART IX, LINE 11G	HOSPITAL SUPPORTED CLINIC 3,464,549 0 0 PHYSICIAN FEES 2,695,862 0 0 DIETARY FEES 1,360,071 0 0 OTHER FEES 632,660 19,272 0

Identifier	Return Reference	Explanation
OTHER CHANGES IN NET ASSETS EXPLANATION	FORM 990, PART XI, LINE 9	NET UNREALIZED GAIN ON INVESTMENTS 1,535,593 PARTNERSHIP INCOME NOT ON BOOKS - 116,399 PARTNERSHIP INTEREST INCOME NOT ON BOOKS -517 PARTNERSHIP CAPITAL GAINS NOT ON BOOKS -6 PARTNERSHIP CHARITABLE CONTRIBUTIONS NOT ON BOOKS 30 ELIMINATION OF INTERCOMPANY REC/PAY -353,381 TOTAL TO FORM 990, PART XI, LINE 5 1,065,320

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  
SMYTH COUNTY COMMUNITY HOSPITAL

Employer identification number  
54-0794913

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" to Form 990, Part IV, line 33.)					
(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)							
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
See Additional Data Table							

Part III

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

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

Part IV

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end- of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
See Additional Data Table									

Part V

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

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

1

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

a

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

b

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

c

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

d

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

e

Loans or loan guarantees by related organization(s)

f

Dividends from related organization(s)

g

Sale of assets to related organization(s)

h

Purchase of assets from related organization(s)

i

Exchange of assets with related organization(s)

j

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

k

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

l

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

m

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

n

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

o

Sharing of paid employees with related organization(s)

p

Reimbursement paid to related organization(s) for expenses

q

Reimbursement paid by related organization(s) for expenses

r

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

s

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

Yes

No

1a

Yes

1b

Yes

1c

No

1d

No

1e

Yes

1f

No

1g

No

1h

No

1i

No

1j

Yes

1k

No

1l

No

1m

Yes

1n

No

1o

Yes

1p

Yes

1q

No

1r

No

1s

Yes

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

(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) SOUTHWEST COMMUNITY HEALTH SERVICES	A	25,177	
(2) SOUTHWEST COMMUNITY HEALTH SERVICES	B	358,645	

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

[illegible]



Software ID:

Software Version:

EIN: 54-0794913

Name: SMYTH COUNTY COMMUNITY HOSPITAL

Part VII

Supplemental Information

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

Identifier	Return Reference	Explanation	
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Form 990, Schedule R, Part III - Identification of Related Organizations Taxable as a Partnership

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end- of-year assets	(h) Disproprtionate allocations?		(i) Code V-UBI amount on Box 20 of K-1	(j) General or Managing Partner?		(k) Percentage ownership
							Yes	No		Yes	No	
INTEGRATED SOLUTIONS HLTH NTWK LLC  400 N STATE OF FRANKLIN ROAD JOHNSON CITY, TN 37604 62-1711997	INVESTMENT	TN	NA	EXCLUDED	-10	-352		No			No	0 040 %
EMMAUS COMMUNITY HEALTHCARE PLLC  6070 HWY 11E PINEY FLATS, TN 37686 20-0577483	MED SERV	TN	NA					No			No	
MEDICAL SPECIALISTS OF J C LLC  2528 WESLEY STREET SUITE 2 JOHNSON CITY, TN 37604 27-2199037	MED SERV	TN	NA					No			No	
ANEWCARE COLLABORATIVE LLC  208 SUNSET DRIVE SUITE 403 JOHNSON CITY, TN 37604 45-3232366	ACO	TN	NA					No			No	
INTEGRATED SOLUTIONS HLTH NTWK LLC  400 N STATE OF FRANKLIN ROAD JOHNSON CITY, TN 37604 62-1711997	INVESTMENT	TN	NA	EXCLUDED	-10	-352		No			No	0 040 %
EMMAUS COMMUNITY HEALTHCARE PLLC  6070 HWY 11E PINEY FLATS, TN 37686 20-0577483	MED SERV	TN	NA					No			No	
MEDICAL SPECIALISTS OF J C LLC  2528 WESLEY STREET SUITE 2 JOHNSON CITY, TN 37604 27-2199037	MED SERV	TN	NA					No			No	
ANEWCARE COLLABORATIVE LLC  208 SUNSET DRIVE SUITE 403 JOHNSON CITY, TN 37604 45-3232366	ACO	TN	NA					No			No	

Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end- of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No
SOUTHWEST COMMUNITY HEALTH SERVICES  P O BOX 880 MARION, VA 24354 54-1460695	MED SERV	VA	NA	C CORP	238,565	1,372,768	100 000 %		No
BLUE RIDGE MEDICAL MANAGEMENT CORP  1021 WOAKLAND AVENUE SUITE 207 JOHNSON CITY, TN 37604 62-1490616	MED SERV	TN	NA	C CORP					No
MEDISERVE MED EQUIP OF KINGSPORT  1021 WOAKLAND AVENUE SUITE 207 JOHNSON CITY, TN 37604 62-1212286	DME	TN	NA	C CORP					No
MOUNTAIN STATES PROPERTIES  1021 WOAKLAND AVENUE SUITE 207 JOHNSON CITY, TN 37604 62-1845895	PROP MGMT	TN	NA	C CORP					No
MOUNTAIN STATES PHYSICIANS GRP INC  1021 WOAKLAND AVENUE SUITE 207 JOHNSON CITY, TN 37604 62-1700412	HEALTHCARE	TN	NA	C CORP					No
COMMUNITY HOME CARE INC  1460 PARK AVENUE NORTON, VA 24273 54-1453810	MED EQUIP	TN	NA	C CORP					No
WILSON PHARMACY INC  PO BOX 5289 JOHNSON CITY, TN 37602 62-0329587	PHARMACY	TN	NA	C CORP					No
CRESTPOINT HEALTH INSURANCE CO INC  208 SUNSET DRIVE SUITE 101 JOHNSON CITY, TN 37604 62-0381170	INSURANCE	TN	NA	C CORP					No
SOUTHWEST COMMUNITY HEALTH SERVICES  P O BOX 880 MARION, VA 24354 54-1460695	MED SERV	VA	NA	C CORP	238,565	1,372,768	100 000 %		No
BLUE RIDGE MEDICAL MANAGEMENT CORP  1021 WOAKLAND AVENUE SUITE 207 JOHNSON CITY, TN 37604 62-1490616	MED SERV	TN	NA	C CORP					No
MEDISERVE MED EQUIP OF KINGSPORT  1021 WOAKLAND AVENUE SUITE 207 JOHNSON CITY, TN 37604 62-1212286	DME	TN	NA	C CORP					No
MOUNTAIN STATES PROPERTIES  1021 WOAKLAND AVENUE SUITE 207 JOHNSON CITY, TN 37604 62-1845895	PROP MGMT	TN	NA	C CORP					No
MOUNTAIN STATES PHYSICIANS GRP INC  1021 WOAKLAND AVENUE SUITE 207 JOHNSON CITY, TN 37604 62-1700412	HEALTHCARE	TN	NA	C CORP					No
COMMUNITY HOME CARE INC  1460 PARK AVENUE NORTON, VA 24273 54-1453810	MED EQUIP	TN	NA	C CORP					No
WILSON PHARMACY INC  PO BOX 5289 JOHNSON CITY, TN 37602 62-0329587	PHARMACY	TN	NA	C CORP					No

Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end- of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No
CRESTPOINT HEALTH INSURANCE CO INC  208 SUNSET DRIVE SUITE 101 JOHNSON CITY, TN 37604 62-0381170	INSURANCE	TN	NA	C CORP					No



**SMYTH COUNTY COMMUNITY  
HOSPITAL AND SUBSIDIARY**

**Audited Consolidated Financial Statements**

**Years Ended June 30, 2013 and 2012**



**SMYTH COUNTY COMMUNITY HOSPITAL AND SUBSIDIARY**

***Audited Consolidated Financial Statements***

***Years Ended June 30, 2013 and 2012***

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Independent Auditor's Report.....	1
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***Audited Consolidated Financial Statements***

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Smyth County Community Hospital:

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Smyth County Community Hospital and subsidiary, which comprise the consolidated balance sheets as of June 30, 2013 and 2012, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the 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 Hospital'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 Smyth County Community Hospital and subsidiary as of June 30, 2013 and 2012, and the results of their operations, changes in net assets, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Performing Yearly: Annual PC*

Knoxville, Tennessee  
December 4, 2013



**SMYTH COUNTY COMMUNITY HOSPITAL AND SUBSIDIARY*****Consolidated Balance Sheets***

	<i>June 30,</i>	
	<i>2013</i>	<i>2012</i>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,784,120	\$ 1,230,842
Patient accounts receivable, less estimated allowances for uncollectible accounts of \$1,536,472 in 2013 and \$1,942,386 in 2012	7,698,087	8,132,570
Other receivables, net	666,314	380,652
Inventories and prepaid expenses	1,329,677	1,241,823
TOTAL CURRENT ASSETS	12,478,198	10,985,887
INVESTMENTS	18,545,937	22,458,538
PROPERTY, PLANT AND EQUIPMENT, net	74,016,794	73,257,174
<b>OTHER ASSETS</b>		
Investments in unconsolidated affiliates	747,011	747,011
Deferred financing costs, net	186,820	196,300
TOTAL OTHER ASSETS	933,831	943,311
TOTAL ASSETS	\$ 105,974,760	\$ 107,644,910

	<i>June 30,</i>	
	<i>2013</i>	<i>2012</i>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current portion of long-term debt and capital lease obligation	\$ 214,050	\$ 259,646
Accounts payable and accrued expenses	2,700,202	3,171,661
Accrued salaries, compensated absences and amounts withheld	1,928,469	1,798,225
Estimated amounts due to third-party payers, net	440,535	1,228,979
Due to Member and other affiliates, net	455,601	829,359
<b>TOTAL CURRENT LIABILITIES</b>	<b>5,738,857</b>	<b>7,287,870</b>
<b>OTHER LIABILITIES</b>		
Long-term debt and capital lease obligation, less current portion	15,994,165	16,208,216
Estimated professional liability	358,900	296,619
Other long-term liabilities	753,375	713,614
<b>TOTAL LIABILITIES</b>	<b>22,845,297</b>	<b>24,506,319</b>
<b>COMMITMENTS AND CONTINGENCIES - Note M</b>		
<b>NET ASSETS</b>		
Unrestricted net assets	83,093,620	83,102,748
Temporarily restricted net assets	35,843	35,843
<b>TOTAL NET ASSETS</b>	<b>83,129,463</b>	<b>83,138,591</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 105,974,760</b>	<b>\$ 107,644,910</b>

**SMYTH COUNTY COMMUNITY HOSPITAL AND SUBSIDIARY*****Consolidated Statements of Operations and Changes in Net Assets***

	<b><i>Year Ended June 30,</i></b>	
	<b><i>2013</i></b>	<b><i>2012</i></b>
<b>CHANGES IN UNRESTRICTED NET ASSETS:</b>		
<b>Revenue, gains and support:</b>		
Patient service revenue, net of contractual adjustments and discounts	<b>\$ 47,399,728</b>	<b>\$ 46,045,264</b>
Provision for bad debts	<b>(5,015,196)</b>	<b>(5,563,191)</b>
Net patient service revenue	<b>42,384,532</b>	<b>40,482,073</b>
Net investment gain (loss)	<b>2,050,793</b>	<b>(360,349)</b>
Other revenue, gains and support	<b>3,070,720</b>	<b>1,171,747</b>
<b>TOTAL REVENUE, GAINS AND SUPPORT</b>	<b>47,506,045</b>	<b>41,293,471</b>
<b>Expenses:</b>		
Salaries and wages	<b>19,198,399</b>	<b>20,246,862</b>
Contract labor	<b>231,168</b>	<b>160,201</b>
Employee benefits	<b>3,913,955</b>	<b>4,223,258</b>
Fees - physician and other	<b>8,088,931</b>	<b>7,228,402</b>
Supplies	<b>5,204,375</b>	<b>5,169,562</b>
Utilities	<b>1,130,472</b>	<b>1,001,762</b>
Corporate allocation	<b>2,536,011</b>	<b>1,790,645</b>
Depreciation	<b>4,881,424</b>	<b>4,748,103</b>
Amortization	<b>52,423</b>	<b>45,179</b>
Interest and taxes	<b>182,268</b>	<b>29,411</b>
Other	<b>2,095,747</b>	<b>2,430,438</b>
<b>TOTAL EXPENSES</b>	<b>47,515,173</b>	<b>47,073,823</b>
<b>DEFICIT OF REVENUE, GAINS AND SUPPORT OVER EXPENSES AND LOSSES</b>	<b>(9,128)</b>	<b>(5,780,352)</b>
Capital contribution from Member - Note L	<b>-</b>	<b>19,300,494</b>
<b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>	<b>(9,128)</b>	<b>13,520,142</b>

	<i>Year Ended June 30,</i>	
	<i>2013</i>	<i>2012</i>
<b>CHANGES IN TEMPORARILY RESTRICTED</b>		
<b>NET ASSETS:</b>		
Restricted grants and contributions	-	54,647
Assets released from restrictions used for operations	-	(44,606)
<b>INCREASE IN TEMPORARILY RESTRICTED NET ASSETS</b>	<b>-</b>	<b>10,041</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>(9,128)</b>	<b>13,530,183</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>83,138,591</b>	<b>69,608,408</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 83,129,463</b>	<b>\$ 83,138,591</b>

# **SMYTH COUNTY COMMUNITY HOSPITAL AND SUBSIDIARY**

## ***Consolidated Statements of Cash Flows***

	<i>Year Ended June 30,</i>	
	<i>2013</i>	<i>2012</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase (decrease) in net assets	\$ (9,128)	\$ 13,530,183
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Provision for depreciation and amortization	4,933,847	4,793,282
Estimated provision for bad debts	5,015,196	5,563,191
Restricted grants and contributions	-	(54,647)
Gain on sale and disposal of assets, net	(8,167)	(109,720)
Capital contribution from Member	-	(19,300,494)
Increase (decrease) in cash due to change in:		
Net patient accounts receivable	(4,580,713)	(7,211,376)
Other receivables, net	(285,662)	(30,705)
Inventories and prepaid expenses	(87,854)	110,377
Trading securities	3,679,613	3,852,421
Other assets	-	12,850
Accounts payable and accrued expenses	(167,093)	(662,823)
Accrued salaries, compensated absences and amounts withheld	130,244	(606,282)
Estimated amounts due to third-party payers, net	(788,444)	223,780
Due to Member and other affiliates, net	(613,686)	6,236,747
Other long-term liabilities	(3,182)	227
Estimated professional liability	62,281	(767,928)
Total adjustments	7,286,380	(7,951,100)
NET CASH PROVIDED BY OPERATING ACTIVITIES	7,277,252	5,579,083
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property, plant and equipment	(5,770,698)	(46,060,520)
Sales of short-term investment, net	-	538,811
Sales of held-to-maturity securities	232,988	-
Investment in joint venture	-	(668,615)
Proceeds from sale of property, plant and equipment	73,383	541,993
NET CASH USED IN INVESTING ACTIVITIES	(5,464,327)	(45,648,331)

	<i>Year Ended June 30,</i>	
	<b>2013</b>	<b>2012</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments on long-term debt and capital lease obligation	<b>(259,647)</b>	<b>(2,453,625)</b>
Proceeds from long-term debt	-	16,464,093
Deferred financing costs	-	(205,250)
Payments received from Member for capital additions	-	22,400,000
Restricted grants and contributions received	-	54,647
<b>NET CASH PROVIDED BY (USED IN)</b>		
<b>FINANCING ACTIVITIES</b>	<b>(259,647)</b>	<b>36,259,865</b>
<b>NET INCREASE (DECREASE) IN CASH AND</b>		
<b>CASH EQUIVALENTS</b>	<b>1,553,278</b>	<b>(3,809,383)</b>
<b>CASH AND CASH EQUIVALENTS,</b>		
<b>BEGINNING OF YEAR</b>	<b>1,230,842</b>	<b>5,040,225</b>
<b>CASH AND CASH EQUIVALENTS,</b>		
<b>END OF YEAR</b>	<b>\$ 2,784,120</b>	<b>\$ 1,230,842</b>
<b>SUPPLEMENTAL INFORMATION:</b>		
Cash paid for interest	<b>\$ 231,828</b>	<b>\$ 46,975</b>
Property and equipment purchased and included in accounts payable	<b>\$ -</b>	<b>\$ 304,366</b>
Property and equipment transferred from (to) Member and other affiliates	<b>\$ 239,928</b>	<b>\$ (272,914)</b>
Land held for expansion placed into service	<b>\$ -</b>	<b>\$ 1,610,651</b>
Capital contribution from Member through reduction in amounts due to Member	<b>\$ -</b>	<b>\$ 19,300,494</b>
Held-to-maturity securities transferred to trading securities	<b>\$ 11,011,427</b>	<b>\$ -</b>

## **SMYTH COUNTY COMMUNITY HOSPITAL AND SUBSIDIARY**

### ***Notes to Consolidated Financial Statements***

***Years Ended June 30, 2013 and 2012***

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#### **NOTE A--ORGANIZATION AND OPERATIONS**

Smyth County Community Hospital (the Hospital) is a tax-exempt entity with operations located in Smyth County, Virginia. The Hospital's membership consists of Mountain States Health Alliance (the Alliance) and Smyth County Community Hospital Foundation (the Foundation), which maintain an 80% and 20% interest in the Hospital, respectively (Note L). The Hospital owns and operates a 44 bed acute care hospital, a home health agency and Francis Marion Manor, a 109 bed long-term care facility. Included in the Hospital's consolidated financial statements is its wholly owned subsidiary, Southwest Community Health Services, Inc. (SWCH), a taxable corporation that operates a pharmacy and provides other healthcare services.

Although the Hospital is a beneficiary of the Foundation's activities, the Hospital has not recorded a beneficial interest in the Foundation as the assets of the Foundation may be directed to organizations other than the Hospital, including a wellness center operated by the Foundation. Should the Foundation be dissolved, its assets are not required to be contributed to the Hospital but to any qualified tax-exempt organization.

#### **NOTE B--SIGNIFICANT ACCOUNTING POLICIES**

*Principles of Consolidation:* The accompanying consolidated financial statements include the accounts of the Hospital and its subsidiary after elimination of all significant intercompany accounts and transactions. The Hospital classifies those activities directly associated with its mission of providing healthcare services, as well as other activities deemed significant to its operations, as operating activities.

*Use of Estimates:* The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Estimates associated with contractual allowances, allowances for uncollectible accounts, net patient service revenue, tax positions, accrued professional liability and asset retirement obligations are particularly susceptible to material change in the near term. Actual results could differ from these estimates.

*Cash and Cash Equivalents:* Cash and cash equivalents include all highly liquid investments with a maturity of three months or less when purchased. Cash and cash equivalents designated as assets limited as to use are not included as cash and cash equivalents in the consolidated financial statements.

*Investments:* The Hospital records investments in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 954-320, *Investments-Debt*

## SMYTH COUNTY COMMUNITY HOSPITAL AND SUBSIDIARY

### *Notes to Consolidated Financial Statements - Continued*

#### *Years Ended June 30, 2013 and 2012*

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#### NOTE B--SIGNIFICANT ACCOUNTING POLICIES - Continued

*and Equity Securities*, which allows not-for-profit organizations to report in a manner similar to business entities by identifying securities as held-to-maturity and to exclude the unrealized gains and losses on those securities from the Performance Indicator (as defined below). At June 30, 2012, investments in which the Hospital had the positive intent and ability to hold to maturity are accounted for as held-to-maturity and consisted mainly of corporate bonds. Such investments are reported at amortized cost at June 30, 2012. On June 30, 2013, the Hospital determined that it no longer intended to hold its held-to-maturity portfolio to maturity and reclassified investments with an amortized cost of approximately \$11,011,000 into the trading securities designation, as part of assets limited as to use, based on management's intent to utilize such investments for capital improvements and operations. Previously unrecognized gains of approximately \$559,000 were recognized in 2013 in the Performance Indicator (as defined below) as a result of this reclassification.

Management annually evaluated the held-to-maturity investment portfolio and recognized any "other-than-temporary" losses as deductions from the Performance Indicator (described below). Management's evaluation considered the amount of decline in fair value, as well as the time period of any such decline. Management did not believe any investment in the held-to-maturity portfolio to be other-than-temporarily impaired at June 30, 2012.

Assets limited as to use include designated assets set aside by the Board of Directors for future capital improvements and operating expenditures. The Board of Directors retains control over assets limited as to use and may at its discretion subsequently use these assets for other purposes.

All debt and marketable equity securities with readily determinable fair values are considered trading securities and reported at fair value based on quoted market prices. Other investments without readily determinable fair values are reported at fair market value pursuant to FASB ASC 825, *Financial Instruments*. Management classifies assets limited as to use as short-term or long-term based upon the Hospital's need relative to specific current liabilities.

Realized gains and losses on assets limited as to use are computed using the specific identification method for cost determination. Investment income is reported net of related investment fees.

Investments in other entities, principally minor ownership in purchasing cooperatives and a joint operating agreement with an affiliate to operate a Catheterization Laboratory (Note Q), are reported at cost or under the equity method depending on the Hospital's ownership interest. Such investments had no activity in 2013.

*Inventories:* Inventories, consisting primarily of medical supplies, are stated at the lower of cost or market with cost determined by the first-in first-out method.



## **SMYTH COUNTY COMMUNITY HOSPITAL AND SUBSIDIARY**

### ***Notes to Consolidated Financial Statements - Continued***

#### ***Years Ended June 30, 2013 and 2012***

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#### **NOTE B--SIGNIFICANT ACCOUNTING POLICIES - Continued**

***Property, Plant and Equipment:*** Property, plant and equipment is stated on the basis of cost or, if donated, at the fair value at the date of gift. Depreciation is computed by the straight-line method based on the estimated useful life of the asset. Equipment held under capital lease obligations is amortized under the straight-line method over the shorter of the lease term or estimated useful life. Amortization of equipment held under capital lease obligations is reported as part of depreciation expense in the accompanying Consolidated Statements of Operations and Changes in Net Assets. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. The amount capitalized is net of investment earnings on assets limited as to use derived from borrowings specifically designated for capital assets. Renewals and betterments are capitalized and depreciated over their useful life, whereas costs of maintenance and repairs are expensed as incurred. The Hospital reviews long-lived assets for impairment whenever circumstances and situations change indicating that the carrying amounts may not be recoverable. At June 30, 2013, management believed there were no such impairments, although it is at least reasonably possible management's estimate may change in the near term.

***Deferred Financing Costs:*** Deferred financing costs relate to issuance of bonds payable and are being amortized over the life of the bonds principally using the straight-line method.

***Estimated Professional Liability and Other Long-Term Liabilities:*** Professional liabilities include estimates for discounted reserves for reported and unreported professional liability claims based on historical data and actuarial assumptions (Note M). Other long-term liabilities consist of undiscounted obligations under deferred compensation arrangements and asset retirement obligations (Note F).

***Net Patient Service Revenue/Receivables:*** Net patient service revenue is reported on the accrual basis in the period in which services are provided at estimated net realizable amounts, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. The Hospital's revenue recognition policies related to self-pay and other types of payers emphasize revenue recognition only when collections are reasonably assured; otherwise, such charges are excluded from net patient service revenue.

Patient accounts receivable are reported net of both an estimated allowance for uncollectible accounts and an estimated allowance for contractual adjustments. The contractual allowance represents the difference between established billing rates and estimated reimbursement from Medicare, Medicaid and other third-party payment programs. Current operations are charged with an estimated provision for bad debts, based upon historical experience, known collection risks and other environmental factors, including the age of the receivables. The Hospital's policy does not require collateral or other security for patient accounts receivable. The Hospital

## SMYTH COUNTY COMMUNITY HOSPITAL AND SUBSIDIARY

### *Notes to Consolidated Financial Statements - Continued*

#### *Years Ended June 30, 2013 and 2012*

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#### NOTE B--SIGNIFICANT ACCOUNTING POLICIES - Continued

routinely accepts assignment of, or is otherwise entitled to receive, patient benefits payable under health insurance programs, plans or policies. Additions to the allowance for uncollectible accounts result from the provision for bad debts. Patient accounts written off as uncollectible are deducted from the allowance for uncollectible accounts.

*Charity Care:* The Hospital accepts all patients regardless of their ability to pay. A patient is classified as a charity patient by reference to certain established policies of the Hospital and various guidelines outlined by the Federal Government. These policies define charity as those services for which no payment is anticipated and, as such, charges at established rates are not included in net patient service revenue. Charges forgone, based on established rates, totaled approximately \$2,900,000 and \$4,100,000 during 2013 and 2012, respectively. The estimated costs of providing those services totaled approximately \$540,000 and \$954,000 for the years ended June 30, 2013 and 2012, respectively. The estimated costs of providing charity care are based on a calculation which applies a ratio of costs to charges analysis with indirect costs allocated under a reasonable and systematic approach.

In addition to the charity care services described above, the Hospital provides a number of other services to benefit the poor for which little or no payment is received. Medicare, Medicaid and State indigent programs do not cover the full cost of providing care to beneficiaries of those programs. The Hospital also provides services to the community at large for which it receives little or no payment.

*Electronic Health Record Incentives:* The American Recovery and Reinvestment Act of 2009 (ARRA) provides for incentive payments under the Medicare and Medicaid programs for certain hospitals and physician practices that demonstrate meaningful use of certified electronic health record (EHR) technology. The incentive payments are calculated based upon estimated discharges, charity care and other input data and are predicated upon the Hospital's attainment of program and attestation criteria and are subject to regulatory audit. EHR incentive payments totaling approximately \$1,433,000 for Medicare and \$534,000 for Medicaid have been recognized by the Hospital during the year ended June 30, 2013, and recorded as part of other revenue, gains and support, net in the 2013 Consolidated Statement of Operations and Changes in Net Assets. The Hospital did not receive any EHR incentive payments in 2012.

The Hospital incurs both capital expenditures and operating expenses in connection with the implementation of its various EHR initiatives. The amount and timing of these expenditures does not directly correlate with the timing of the Hospital's receipt or recognition of the EHR incentive payments.

*Deficit of Revenue, Gains and Support Over Expenses and Losses:* The Consolidated Statements of Operations and Changes in Net Assets include the caption *Deficit of Revenue, Gains and Support Over Expenses and Losses* (the Performance Indicator). Changes in unrestricted net

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## SMYTH COUNTY COMMUNITY HOSPITAL AND SUBSIDIARY

### *Notes to Consolidated Financial Statements - Continued*

#### *Years Ended June 30, 2013 and 2012*

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#### NOTE B--SIGNIFICANT ACCOUNTING POLICIES - Continued

assets which are excluded from the Performance Indicator include transfers of assets to and from Member and its affiliates, and contributions of long-lived assets or amounts restricted to the purchase of long-lived assets, if any.

*Income Taxes:* The Hospital is classified as an organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, no provision for income taxes has been made in the accompanying consolidated financial statements for the Hospital. SWCH is a taxable entity and accounts for income taxes in accordance with FASB ASC 740, *Income Taxes* (Note K). At June 30, 2013, tax returns for fiscal years 2010 through 2012 are subject to examination by the Internal Revenue Service. The Hospital had no uncertain tax positions at June 30, 2013 and 2012. As such, no interest or penalties were recognized in the consolidated Statements of Operations and Changes in Net Assets related to unrecognized tax benefits.

*Temporarily Restricted Net Assets:* Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose. When a donor or time restriction expires; that is, when a stipulated time restriction ends or purpose restriction is fulfilled, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated Statements of Operations and Changes in Net Assets as net assets released from restrictions.

*Fair Value of Financial Instruments:* The fair value of the Hospital's financial instruments, other than certain investments which are discussed in Note C, approximates their carrying value due to the nature and terms of these assets and liabilities. Patient accounts receivable; other assets; accounts payable and accrued expenses; accrued salaries, compensated absences and amounts withheld; estimated amounts due to third-party payers, net; due to Member and other affiliates, net amounts have short maturities or will otherwise be settled within a short period of time. The fair value of financial instruments reported as part of other long-term liabilities is not estimable, due to the unpredictable timing of payments and nature of the estimates involved.

*Date of Management's Review:* The Hospital evaluated all events or transactions that occurred after June 30, 2013, through December 4, 2013, the date the consolidated financial statements were available to be issued. During this period, management identified a material subsequent event that is disclosed at Note R.

*Reclassifications:* Certain 2012 amounts have been reclassified to conform with the 2013 presentation in the accompanying consolidated financial statements. Prior to 2013, the Hospital classified only those activities directly associated with its mission of providing healthcare services, as well as other activities deemed significant to its operations, as operating activities. In 2013, the Hospital no longer presents an intermediate measure of operating income (loss) and the 2012 Consolidated Statement of Operations has been reformatted to be consistent with this presentation.

# SMYTH COUNTY COMMUNITY HOSPITAL AND SUBSIDIARY

## Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2013 and 2012

### NOTE C--INVESTMENTS

Assets limited as to use are summarized by designation or restriction as follows at June 30:

	2013	2012
Designated or restricted:		
By Board for capital improvements	\$ 18,545,937	\$ 11,214,123

Assets limited as to use consist of the following at June 30:

	2013	2012
Cash, cash equivalents and money market funds	\$ 686,785	\$ 3,767,461
Corporate bonds	10,483,137	-
Municipal obligations	403,445	-
Fixed income and equity mutual funds	6,839,034	6,623,676
Equity securities	133,536	822,986
	\$ 18,545,937	\$ 11,214,123

Held-to-maturity securities are carried at amortized cost and consist of the following at June 30:

	2013	2012
Corporate bonds	\$ -	\$ 10,803,544
Municipal obligations	-	440,871
	\$ -	\$ 11,244,415

At June 30, 2012, the Hospital held debt securities and uninvested cash of \$11,244,415 in a held-to-maturity portfolio. Such securities had net unrealized gains of \$775,610 at June 30, 2012. No security within the held-to-maturity portfolio had been at an unrealized loss position for over one year as of June 30, 2012.

Investment fees of approximately \$28,000 and \$73,000 were recognized during the years ended June 30, 2013 and 2012, respectively, and are deducted from interest and dividends in the accompanying consolidated Statements of Operations and Changes in Net Assets.

Total net unrealized losses from assets limited as to use (excluding the held-to-maturity securities) as of June 30, 2013 and 2012 were approximately \$1,910,000 and \$3,446,000, respectively.

## SMYTH COUNTY COMMUNITY HOSPITAL AND SUBSIDIARY

### *Notes to Consolidated Financial Statements - Continued*

#### *Years Ended June 30, 2013 and 2012*

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#### NOTE C--INVESTMENTS - Continued

At June 30, 2013, the Hospital held the following position in securities which individually exceeded 10% of the assets limited as to use portfolio:

<i>Fund</i>	<i>Percentage Held</i>
American Europacific Growth Fund	10.3%
Wells Fargo Asset Allocation	13.6%

The net investment gain (loss) is comprised of the following for the years ending June 30:

	<i>2013</i>	<i>2012</i>
Interest and dividend income, net of fees	\$ 635,698	\$ 614,929
Net realized losses on the sale of securities	(120,498)	(568,257)
Change in net unrealized gains on securities	1,535,593	(407,021)
	<u>\$ 2,050,793</u>	<u>\$ (360,349)</u>

#### NOTE D--PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following at June 30:

	<i>2013</i>	<i>2012</i>
Land	\$ 3,768,527	\$ 3,607,365
Buildings and leasehold improvements	66,036,357	65,473,096
Equipment	56,888,337	47,386,735
Equipment held under capital lease obligations	-	280,148
	<u>126,693,221</u>	<u>116,747,344</u>
Less: Allowances for depreciation and amortization	<u>(54,181,855)</u>	<u>(49,756,162)</u>
	72,511,366	66,991,182
Construction in progress (Note M)	<u>1,505,428</u>	<u>6,265,992</u>
	<u>\$ 74,016,794</u>	<u>\$ 73,257,174</u>

During 2010, the Hospital and the Alliance gave final approval to construction of a replacement hospital, which was completed during 2012. In conjunction with the final approval of construction of the replacement hospital, management changed the useful lives of certain buildings and equipment. Management has estimated the effect of accelerating depreciation on

## SMYTH COUNTY COMMUNITY HOSPITAL AND SUBSIDIARY

### *Notes to Consolidated Financial Statements - Continued*

#### *Years Ended June 30, 2013 and 2012*

#### NOTE D--PROPERTY, PLANT AND EQUIPMENT - Continued

such buildings and equipment was approximately \$4,100,000 over a twenty-four month period beginning July 1, 2010. The Hospital recognized approximately \$2,093,000 in accelerated depreciation related to the old facility during the year ended June 30, 2012.

Interest capitalized related to the construction in progress related to the new replacement hospital, is recorded by the Alliance, as the debt associated with the proceeds used for the construction is the obligation of the Alliance. During 2013 and 2012, the Hospital capitalized approximately \$58,000 and \$82,000, respectively, in interest costs from debt associated with proceeds used by the Hospital for other ongoing capital projects.

#### NOTE E--LONG-TERM DEBT AND CAPITAL LEASE OBLIGATION

Long-term debt and capital lease obligation consist of the following at June 30:

<i>Description</i>	<i>Maturities</i>	<i>Rates</i>	<i>Outstanding Balance</i>	
			<i>2013</i>	<i>2012</i>
2011C Hospital Revenue Bonds	Uninsured term bonds, due July 1, 2031, subject to early redemption or tender	Variable, 0.06% at June 30, 2013	\$ 13,923,974	\$ 14,179,851
2011E Taxable Bonds	Uninsured term bonds, due July 1, 2026, subject to early redemption or tender	Variable, 0.17% at June 30, 2013	2,284,241	2,284,242
Capital lease obligation secured by equipment with a net book value of \$0 at June 30, 2013 and 2012	Monthly principal and interest payments through April 2013	6.37% to 7.66%	-	3,769
			16,208,215	16,467,862
Less current portion			(214,050)	(259,646)
			<u>\$ 15,994,165</u>	<u>\$ 16,208,216</u>

During 2012, the Alliance issued variable rate tax-exempt Hospital Revenue Bonds through the Industrial Development Authority of Smyth County, Virginia totaling \$49,875,000 (Series 2011C Bonds) and variable rate taxable bonds totaling \$15,960,000 (Series 2011E Bonds) under the Mountain States Health Alliance Obligated Group (MSHA OG), of which \$14,179,851 and \$2,284,242 of the proceeds, respectively, were allocated to the Hospital, a member of the MSHA OG, and used to refinance a note payable and line of credit and to fund certain capital improvements and equipment acquisitions. The Hospital's portion of the bond obligations are included in the accompanying Consolidated Balance Sheets and their future maturities are included in the schedule below.

There are no specific covenants required by the Hospital regarding the Series 2011C Bonds and Series 2011E Bonds as such bonds were issued to the MSHA OG; however, management

## SMYTH COUNTY COMMUNITY HOSPITAL AND SUBSIDIARY

### *Notes to Consolidated Financial Statements - Continued*

#### *Years Ended June 30, 2013 and 2012*

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#### NOTE E--LONG-TERM DEBT AND CAPITAL LEASE OBLIGATION - Continued

believes the MSHA OG is in compliance with all financial and operating covenants as of June 30, 2013.

As a member of the MSHA OG, the Hospital, along with other members, are jointly and severally liable for approximately \$1,700,000,000 in debt service (principal and interest) as of June 30, 2013 with maturities through 2043.

The scheduled principal maturities of long-term debt and capital lease obligation at June 30, 2013 are as follows:

<u>Year Ending June 30,</u>	
2014	\$ 214,050
2015	293,238
2016	317,178
2017	335,435
2018	597,205
Thereafter	<u>14,451,109</u>
	<u>\$ 16,208,215</u>

#### NOTE F--ASSET RETIREMENT OBLIGATION

FASB ASC 410, *Asset Retirement and Environmental Obligations*, requires that an asset retirement obligation associated with the retirement of a tangible long-lived asset be recognized as a liability in the period in which it is incurred or becomes determinable, even when the timing and/or method of settlement may be conditional on a future event. The Hospital has recorded an estimated asset retirement obligation related to asbestos contained in certain buildings owned by the Hospital. In the event these buildings undergo major renovations or are demolished, the state of Virginia imposes regulations that require the Hospital to handle and dispose of the asbestos in a special manner. The estimated net present value of the asset retirement obligation as of June 30, 2013 and 2012 was approximately \$752,000 and \$711,000, respectively, which is included in other long-term liabilities on the accompanying Consolidated Balance Sheets.

#### NOTE G--NET PATIENT SERVICE REVENUE

A reconciliation of the amount of services provided to patients at established rates to net patient service revenue as presented in the accompanying Consolidated Statements of Operations and Changes in Net Assets is as follows for the years ended June 30:

**SMYTH COUNTY COMMUNITY HOSPITAL AND SUBSIDIARY*****Notes to Consolidated Financial Statements - Continued******Years Ended June 30, 2013 and 2012*****NOTE G--NET PATIENT SERVICE REVENUE - Continued**

	<b>2013</b>	<b>2012</b>
Inpatient service charges	\$ 58,665,930	\$ 59,518,593
Outpatient service charges	108,081,375	105,979,772
Gross patient service charges	166,747,305	165,498,365
Less:		
Estimated contractual adjustments and other discounts	116,462,658	115,330,333
Charity care	2,884,919	4,122,768
Provision for bad debts	5,015,196	5,563,191
	124,362,773	125,016,292
Net patient service revenue	\$ 42,384,532	\$ 40,482,073

Net patient service revenue by major payer source for the years ended June 30, 2013 and 2012, net of contractual allowances and self-pay discounts (before the provision for bad debts), is as follows:

	<b>2013</b>	<b>2012</b>
Third-party payers	\$ 41,673,712	\$ 38,940,354
Self-pay	5,726,016	7,104,910
Patient service revenue	\$ 47,399,728	\$ 46,045,264

Deductibles and copayments under third-party payment programs, which are included within the third-party payer amount above, are the patient's responsibility and the Hospital considers these amounts in its determination of the provision for bad debts based on prior collection experience. Accounts receivable are also reduced by an allowance for doubtful accounts. In evaluating the collectibility of accounts receivable, the Hospital analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payer sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, the Hospital analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary, for expected uncollectible deductibles and copayments or for payers who are known to be having financial difficulties that make the realization of amounts due unlikely. For receivables associated with self-pay patients, which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill, the Hospital records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they



## **SMYTH COUNTY COMMUNITY HOSPITAL AND SUBSIDIARY**

### ***Notes to Consolidated Financial Statements - Continued***

#### ***Years Ended June 30, 2013 and 2012***

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##### **NOTE G--NET PATIENT SERVICE REVENUE - Continued**

are financially responsible. The difference between discounted rates and the amounts actually collected after all reasonable collection efforts have been exhausted is charged against the allowance for doubtful accounts.

The Hospital's allowance for doubtful accounts totaled \$1,536,472 and \$1,942,386 at June 30, 2013 and 2012, respectively. The allowance for doubtful accounts decreased from 19% of patient accounts receivable, net of contractual allowances, at June 30, 2012 to 17% of patient accounts receivable, net of contractual allowances, as of June 30, 2013 due to a decline in self-pay patient accounts as a result from a shift in payer mix servicing less self-pay patients. Write-offs, net of recoveries, for the years ending June 30, 2013 and 2012 were approximately \$5,400,000 and \$6,000,000, respectively, and relate primarily to self-pay patients. Write-offs of third-party accounts were not significant in the years ending June 30, 2013 and 2012. The Hospital has not experienced significant changes in write-off trends and has not changed its charity care policy for the year ended June 30, 2013. The provision for bad debts associated with the Hospital's ancillary service lines are not significant.

##### **NOTE H--THIRD-PARTY REIMBURSEMENT**

The Hospital renders services to patients under contractual arrangements with Medicare, Medicaid, Blue Cross and various other commercial payers. The Medicare program pays for inpatient services on a prospective basis. Payments are based upon diagnosis related group assignments, which are determined by the patient's clinical diagnosis and medical procedures utilized. The Hospital also receives additional payments from Medicare based on the provision of services to a disproportionate share of Medicaid and other low income patients. Most Medicare outpatient services are reimbursed on a prospectively determined payment methodology. The Medicare program also reimburses certain other services on the basis of reasonable cost, subject to various prescribed limitations and reductions.

The Virginia Medicaid program reimbursement for inpatient hospital services is also based on a prospective payment system using both per case and per diem methodologies. Additional payments are made for the allowable costs of capital. Payments for outpatient services are based on Medicare cost reimbursement principles and settled through the filing of an annual Medicaid cost report.

Amounts earned under the contractual agreements with the Medicare and Medicaid programs are subject to review and final determination by the Medicare Administrative Contractor and other appropriate governmental authorities or their agents. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Activity with respect to audits and reviews of governmental programs has increased and is expected to increase in the future. No additional specific reserves or allowances have been established with regard to these increased audits and reviews as

## **SMYTH COUNTY COMMUNITY HOSPITAL AND SUBSIDIARY**

### ***Notes to Consolidated Financial Statements - Continued***

#### ***Years Ended June 30, 2013 and 2012***

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##### **NOTE H--THIRD-PARTY REIMBURSEMENT - Continued**

management is not able to estimate such amounts. Management believes that any adjustments from these increased audits and reviews will not have a material adverse impact on the consolidated financial statements. However, due to uncertainties in the estimation, it is at least reasonably possible that management's estimate will change in 2014, although the amount of any change cannot be estimated. During the years ended June 30, 2013 and 2012, net patient service revenue increased (decreased) by approximately \$886,000 and \$(148,000), respectively, relating to adjustments of prior years' estimates and final settlements of prior period cost reports.

Participation in the Medicare and Medicaid programs subjects the Hospital to significant rules and regulations; failure to adhere to such could result in fines, penalties or expulsion from the program. Management believes that adequate provision has been made for any adjustments, fines or penalties which may result from final settlements or violations of rules or regulations. Management has represented that the Hospital is in substantial compliance with these rules and regulations as of June 30, 2013.

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

##### **NOTE I--EMPLOYEE BENEFIT PLAN**

The Hospital's employees are eligible to participate in a defined contribution plan sponsored by the Alliance and funded by employer and employee contributions. Contribution expenses under the terms of this plan totaled approximately \$601,000 and \$632,000 during the years ended June 2013 and 2012, respectively.

##### **NOTE J--CONCENTRATIONS OF RISK**

The Hospital operates in Smyth County, Virginia, which is a geographic concentration. The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payer agreements. The mix of receivables from patients and third-party payers based on charges at established rates is as follows as of June 30:

## SMYTH COUNTY COMMUNITY HOSPITAL AND SUBSIDIARY

### *Notes to Consolidated Financial Statements - Continued*

#### *Years Ended June 30, 2013 and 2012*

#### NOTE J--CONCENTRATIONS OF RISK - Continued

	<i>2013</i>	<i>2012</i>
Medicare	30%	44%
Medicaid	18%	11%
Commercial	36%	36%
Patients	14%	7%
Other	2%	2%
	<u>100%</u>	<u>100%</u>

Approximately 89% and 98% of the consolidated total revenue, gains and support was related to the provision of healthcare services for the years ended June 30, 2013 and 2012, respectively. Admitting physicians are primarily practitioners in the local area.

The Hospital routinely invests in investment vehicles as listed in Note C. The Hospital's investment portfolio is managed by outside investment management companies. Investments in money market funds, equities and other vehicles that are held by safekeeping agents are not insured or guaranteed by the U.S. government.

The Hospital contracts with various third parties to perform certain healthcare services where the Hospital provides subsidy payments to such third parties based on levels of collections received from these services or other operating data. These subsidy payments fluctuate from period to period based on third party collections and operating results.

At June 30, 2013, the Hospital had deposits in financial institutions in excess of the Federal Deposit Insurance Corporation's limits. Management believes that credit risk related to these deposits is minimal.

#### NOTE K--INCOME TAXES

SWCH had net operating loss carryforwards for state and federal tax purposes of approximately \$5,906,000 and \$5,614,000 at June 30, 2013 and 2012, respectively, which expire through 2032.

The net operating loss carryforwards may be offset against future taxable income to the extent permitted by the Internal Revenue Code and Commonwealth of Virginia. Net deferred tax assets related to these carryforwards, as well as other items (primarily related party interest expense), have been completely offset through valuation allowances equal to these amounts. Due to net operating losses, there were no income taxes paid or incurred for the years ended June 30, 2013 and 2012.

## **SMYTH COUNTY COMMUNITY HOSPITAL AND SUBSIDIARY**

### ***Notes to Consolidated Financial Statements - Continued***

#### ***Years Ended June 30, 2013 and 2012***

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##### **NOTE L--RELATED PARTY TRANSACTIONS**

During 2007, the Alliance acquired an 80% interest in the Hospital through a commitment to provide \$48,100,000 to the Hospital (designated for capital) plus a \$4,700,000 contribution to the Foundation, who retained a 20% interest in the Hospital. At June 30, 2012, all such amounts due to the Hospital have been received. During 2012, the Alliance contributed an additional \$19,300,494 to the Hospital for capital needs through the reduction of the Hospital's obligations due to the Alliance.

The Hospital had various net amounts due to the Alliance and other affiliates totaling \$455,601 at June 30, 2013 and \$829,359 at June 30, 2012. The payable amounts relate primarily to costs incurred by the Alliance, or affiliates of the Alliance, on behalf of the Hospital and additional amounts allocated for shared costs from participating in the Alliance's employee group health plan. Corporate allocation expense related to the Alliance was approximately \$2,536,000 and \$1,791,000 during the years ended June 30, 2013 and 2012, respectively.

##### **NOTE M--COMMITMENTS AND CONTINGENCIES**

*Professional Liability and Workers' Compensation:* The Hospital is covered for professional liability claims under the Alliance's \$25,000,000 umbrella liability policy that attaches over the 2013 self-insurance limits of \$10,000,000 per claim and a \$15,000,000 annual aggregate retention.

At June 30, 2013, the Hospital is involved in litigation relating to medical malpractice, workers' compensation and other claims arising in the ordinary course of business. There are also known incidents occurring through June 30, 2013 that may result in the assertion of additional claims, and other unreported claims may be asserted arising from services provided in the past. The Hospital has estimated and accrued for the cost of these unreported claims based on historical data and actuarial assumptions. The discount rate utilized in determining the liability was 5% at June 30, 2013 and 2012.

The Hospital has established accruals for both reported and unreported claims of approximately \$359,000 and \$297,000 as of June 30, 2013 and 2012, respectively. Management estimates that none of the asserted claims will ultimately settle above the self-insurance retention levels and, accordingly, has not recognized any insurance recovery receivables at June 30, 2013.

The Hospital is not self-insured for workers' compensation claims and insures benefits for bodily injury caused by accident or by disease with a policy with 2013 coverage limits of \$1,000,000 per accident or employee. Management has not identified any significant workers' compensation claims that will settle above deductible limits as of June 30, 2013, and, accordingly, has not recognized any insurance recovery receivables.

## SMYTH COUNTY COMMUNITY HOSPITAL AND SUBSIDIARY

### *Notes to Consolidated Financial Statements - Continued*

#### *Years Ended June 30, 2013 and 2012*

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#### NOTE M--COMMITMENTS AND CONTINGENCIES - Continued

Additionally, the Hospital is self-insured for employee health claims and recognizes expense each year based upon actual claims paid and an estimate of claims incurred but not yet paid.

*Operating Leases:* The Hospital leases certain facilities and equipment under various leasing arrangements. Total lease expense incurred during the years ending June 30, 2013 and 2012 was approximately \$245,000 and \$244,000, respectively, and is included as part of other expenses in the accompanying Consolidated Statements of Operations and Changes in Net Assets. Future minimum lease payments for facilities and equipment with noncancelable terms greater than one year are as follows:

<u><i>Year Ended June 30,</i></u>	
2014	\$ 112,709
2015	<u>65,747</u>
	<u><u>\$ 178,456</u></u>

*Other Long-term Commitments:* Estimated future minimum payments under various noncancellable maintenance contracts with remaining terms in excess of one year at June 30, 2013 total in the aggregate approximately \$700,000 through 2017.

*Construction in Progress:* Estimated costs from outstanding contracts and other commitments related to the completion of capital projects are approximately \$1,000,000 at June 30, 2013.

*Healthcare Industry:* The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, Medicare fraud and abuse, and patient records privacy and security. Government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Management does not believe the increase in government activity will have a material adverse impact on the consolidated financial statements. However, due to uncertainties in the estimation, it is at least reasonably possible that management's estimate will change in 2014, although the amount of any change cannot be estimated. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

## **SMYTH COUNTY COMMUNITY HOSPITAL AND SUBSIDIARY**

### ***Notes to Consolidated Financial Statements - Continued***

***Years Ended June 30, 2013 and 2012***

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#### **NOTE M--COMMITMENTS AND CONTINGENCIES - Continued**

In March 2010, Congress adopted comprehensive healthcare insurance legislation, Patient Care Protection and Affordable Care Act and Health Care and Education Reconciliation Act. The legislation, among other matters, is designed to expand access to substantially all citizens by 2019 through a combination of public program expansion and private industry health insurance. Implementing regulations are generally required for these legislative acts, which are to be adopted over a period of years and, accordingly, the specific impact of any future regulations is not determinable.

#### **NOTE N--OPERATING EXPENSES BY FUNCTIONAL CLASSIFICATION**

The Hospital does not present expense information by functional classification because its resources and activities are primarily related to providing healthcare services. Further, since the Hospital receives substantially all of its resources from providing healthcare services in a manner similar to a business enterprise, other indicators contained in these consolidated financial statements are considered important in evaluating how well management has discharged their stewardship responsibilities.

#### **NOTE O--FAIR VALUE MEASUREMENT**

FASB ASC 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, FASB ASC 820 establishes a fair value hierarchy.

*Valuation Hierarchy:* FASB ASC 820 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- Level 1 - Quoted market prices in active markets for identical assets or liabilities.
- Level 2 - Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3 - Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 includes values determined using pricing models, discounted cash flow methodologies, or similar techniques reflecting the Hospital's own assumptions.

# SMYTH COUNTY COMMUNITY HOSPITAL AND SUBSIDIARY

## Notes to Consolidated Financial Statements - Continued

### Years Ended June 30, 2013 and 2012

#### NOTE O--FAIR VALUE MEASUREMENT - Continued

In instances where the determination of the fair value hierarchy measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Hospital's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

The following table sets forth, by level within the fair value hierarchy, the financial assets recorded at fair value on a recurring basis as of June 30:

	<i>Carrying Value</i>	<i>Quoted Prices in Active Markets (Level 1)</i>	<i>Significant Other Observable Inputs (Level 2)</i>	<i>Significant Unobservable Inputs (Level 3)</i>
<b>Assets Measured at Fair Value on a Recurring Basis at June 30, 2013</b>				
Cash equivalents	\$ 686,786	\$ 686,786	\$ -	\$ -
Corporate bonds	10,483,137	-	10,483,137	-
Municipal obligations	403,445	-	403,445	-
Mutual Funds:				
Equity mutual funds	6,839,034	6,839,034	-	-
Common Stocks:				
Industrials	13,324	13,324	-	-
Information technology	42,532	42,532	-	-
Telecommunication services	5,834	5,834	-	-
Utilities	71,845	71,845	-	-
	<b>\$ 18,545,937</b>	<b>\$ 7,659,355</b>	<b>\$10,886,582</b>	<b>\$ -</b>
<b>Assets Measured at Fair Value on a Recurring Basis at June 30, 2012</b>				
Cash equivalents	\$ 3,767,461	\$ 3,767,461	\$ -	\$ -
Mutual Funds:				
Equity mutual funds	6,137,239	6,137,239	-	-
Fixed income mutual funds	486,437	486,437	-	-
Common Stocks:				
Materials	48,675	48,675	-	-
Consumer discretionary	3,672	3,672	-	-
Consumer staples	29,677	29,677	-	-
Healthcare	56,530	56,530	-	-
Energy	64,340	64,340	-	-
Financials	165,304	165,304	-	-
Industrials	47,545	47,545	-	-

# **SMYTH COUNTY COMMUNITY HOSPITAL AND SUBSIDIARY**

## ***Notes to Consolidated Financial Statements - Continued***

***Years Ended June 30, 2013 and 2012***

### **NOTE O--FAIR VALUE MEASUREMENT - Continued**

	<b><i>Carrying Value</i></b>	<b><i>Quoted Prices in Active Markets (Level 1)</i></b>	<b><i>Significant Other Observable Inputs (Level 2)</i></b>	<b><i>Significant Unobservable Inputs (Level 3)</i></b>
Information technology	155,727	155,727	-	-
Telecommunication services	125,555	125,555	-	-
Utilities	121,461	121,461	-	-
Other	4,500	4,500	-	-
	<b>\$ 11,214,123</b>	<b>\$ 11,214,123</b>	<b>\$ -</b>	<b>\$ -</b>

Assets limited as to use classified as Level 1 are measured using quoted market prices. Assets limited as to use classified as Level 2 are measured at quoted market prices of identical or similar assets in inactive markets. Assets limited as to use classified as Level 3 are estimated by the fund manager, based upon estimated market prices of the underlying assets.

The following table sets forth a summary of changes in the fair value of the Hospital's Level 3 assets for the year ended June 30, 2012:

Balance, beginning of year	\$ 2,239,609
Total net realized and unrealized gains	68,948
Purchases, sales, issuances, and settlements, net	(2,308,557)
Balance, end of year	\$ -

### **NOTE P--FAIR VALUE OF FINANCIAL INSTRUMENTS**

The fair value of financial instruments has been estimated by the Hospital using available market information as of June 30, 2013 and 2012, and such valuation methodologies are considered appropriate. The estimates presented are not necessarily indicative of amounts the Hospital could realize in a current market exchange. The carrying value of substantially all financial instruments approximates fair value due to the nature or term of the instruments, except as described below.

***Long-Term Debt and Capital Lease:*** The Hospital's long-term debt and capital lease obligation secured by buildings and equipment were negotiated with various lenders. It is not practical to estimate the fair value of these obligations under current conditions. The carrying value of long-term debt with variable interest rates approximates fair value.

The Hospital has determined that long-term debt and capital lease obligation are classified in Level 3 of the fair value hierarchy.



## **SMYTH COUNTY COMMUNITY HOSPITAL AND SUBSIDIARY**

### ***Notes to Consolidated Financial Statements - Continued***

***Years Ended June 30, 2013 and 2012***

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#### **NOTE Q--JOINT OPERATING AGREEMENT**

In 2012, the Hospital entered into a Joint Operating Agreement (JOA) with Johnston Memorial Hospital, Inc. (JMH), an Alliance hospital affiliate, to fund and jointly operate a Catheterization Laboratory at JMH. The Hospital invested \$668,612 in August 2011 as required by the JOA, which represents 25% of the estimated budget for the start-up costs. On an annual basis, JMH shall distribute 25% of the net positive cash flow, as defined by the JOA, to the Hospital. In the event that negative net cash flow exists, the Hospital shall pay to JMH 25% of the difference between zero and the negative cash flow. As of June 30, 2013 and 2012, the net positive cash flow as determined by management was insignificant; therefore, no amounts are receivable from JMH in the accompanying Consolidated Balance Sheets. The Hospital's investment of \$668,612, which is accounted for under the equity method of accounting, is included as part of investments in unconsolidated affiliates in the accompanying Consolidated Balance Sheets.

#### **NOTE R--SUBSEQUENT EVENT**

At June 30, 2013 and 2012, the Hospital owns membership units in Premier, Inc. Subsequent to year end Premier, as part of a reorganization, converted to a publically traded entity. As part of its reorganization, certain membership units were redeemed for approximately \$271,000 and a gain was recognized on the sale of these units. Further, unredeemed units continue to be held by the Hospital and may effectively be exchanged for Class A common stock of Premier ratably over a seven year period. The unredeemed membership units may be exchanged for up to 56,104 Class A shares.