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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2012

Open to Public Inspection

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

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

C Name of organization
Boone Memorial Hospital Inc

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
701 Madison Avenue

City or town, state or country, and ZIP + 4
Madison, WV 25130

D Employer identification number
55-0477361

E Telephone number
(304) 369-1230

G Gross receipts $ 26,064,837

F Name and address of principal officer
Tommy H Mullins
701 Madison Avenue
Madison, WV 25130

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

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

H(c) Group exemption number ▶

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

J Website: ▶ www bmh org

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

L Year of formation 2010

M State of legal domicile WV

Part I Summary

1 Briefly describe the organization's mission or most significant activities
Boone Memorial hospital strives to supply a comprehensive range of inpatient and outpatient services, including prevention, guidance, diagnosis, treatment, restoration, rehabilitation and other efforts to enable patients to lead healthy, productive lives, as may be needed by its community, and as its resources will permit In carrying out its programs, Boone Memorial Hospital recognizes responsibility to make services available to all persons who can benefit from them and to provide these in an economical manner in compliance with high professional standards The hospital further recognizes responsibility to develop an organizational environment in which physicians, employees, volunteers and other individuals constituting its staff are stimulated to high standards of performance and can find maximum satisfaction, achievement and opportunity As an equal opportunity employer it will not permit discrimination because of race, color, religion, sex, age, national origin or handicap

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	9
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	9
5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	**5**	224
6	Total number of volunteers (estimate if necessary)	**6**	36
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	67,656	108,186
9	Program service revenue (Part VIII, line 2g)	24,937,415	25,303,619
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	98,146	300,371
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	286,373	352,661
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	25,389,590	26,064,837
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	89,750	119,300
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)	8,335,071	9,677,958
16a	Professional fundraising fees (Part IX, column (A), line 11e)		0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	15,874,751	16,399,980
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	24,299,572	26,197,238
19	Revenue less expenses Subtract line 18 from line 12	1,090,018	-132,401

Revenue / Expenses

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	10,950,054	10,933,595
21	Total liabilities (Part X, line 26)	4,038,314	4,154,256
22	Net assets or fund balances Subtract line 21 from line 20	6,911,740	6,779,339

Net Assets or Fund Balances

Part II Signature Block

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

Sign Here

****** | 2014-05-09
Signature of officer | Date

Tommy H Mullins Chief Executive Officer
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Dale Carpenter				P00189642

Firm's name ▶ Arnett Foster Toothman PLLC | Firm's EIN ▶ 55-0486667

Firm's address ▶ P O Box 2629
Charleston, WV 25329 | Phone no (304) 346-0441

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

The basic mission of Boone Memorial Hospital is to create an environment in which qualified physicians and other health care personnel can work together to provide high quality health care service, in an atmosphere of brotherly love and concern, to the residents of Boone County and surrounding areas

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 $ 22,722,827 including grants of $ 119,300) (Revenue $ 25,290,034)

In performing its mission, Boone Memorial Hospital had 438 acute care admissions and 123 skilled nursing care admissions The Hospital also had 60 respite care patients, 12,727 emergency room visits, 20,020 out-patient visits and 21,212 visits in its two rural health clinics

4b (Code) (Expenses $ 4,174 including grants of $) (Revenue $ 13,585)

Boone Memorial Hospital conducts an annual health fair The Hospital uses the local Madison Civic Center and offers very low cost blood work to the community

4c (Code) (Expenses $ including grants of $) (Revenue $)

BMH Respite Care Program and All About Health The Hospital had 60 respite care admissions and 1,376 respite days for its 6/30/13 fiscal year Revenue and expenses related to these services are included above in box 4a

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses** ▶ 22,727,001

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		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	Yes	
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a	Yes	
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b		No
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the United States? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the United States? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**		No
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25*	**24a**		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**34**		No
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**		No
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**		
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	34		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	224		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a			No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*	3b			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

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

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

Section A. Governing Body and Management

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

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

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

Section C. Disclosure

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

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

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

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

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶Randell D Foxx 701 Madison Avenue Madison, WV (304) 369-1230

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) Robert Brown President	1 30	X						0	0	0
(2) James Hensley Vice President	1 30	X						0	0	0
(3) Janey Yeager Secretary	1 30	X						0	0	0
(4) Thomas Bias Board Member	1 30	X						0	0	0
(5) Douglas Bell Board Member	1 30	X						0	0	0
(6) William Stone Board Member	1 30	X						0	0	0
(7) Virgil Underwood Board Member	1 30	X						0	0	0
(8) James Gore Board Member	1 30	X						0	0	0
(9) Kip Howell Board Member	1 30	X						0	0	0
(10) Tommy H Mullins CEO	40 00			X				135,405	0	95,820
(11) Randell D Foxx CFO	40 00			X				100,238	0	18,273
(12) Ziad Chanaa Physician	40 00					X		147,765	0	78,908
(13) Kevin Hill PA	40 00					X		141,000	0	15,638

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
1b **Sub-Total** ▶										
c **Total from continuation sheets to Part VII, Section A** ▶										
d **Total (add lines 1b and 1c)** ▶								524,408	0	208,639

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

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
Rehab One Ltd 1834 Park Avenue Belle WV 25015	Physical Therapy Services	956,060
CPSI PO Box 850309 Mobile AL 36685	System Software Vendor	911,439
Pharmacy Management & Consulting Service 928 Helene Street St Albans WV 25177	Pharmacy services	598,735
Chester J Yanik & Associates 4400 Shoreline Drive Spring Park MN 55384	Architects	428,747
CAMC Labworks PO Box 388 Charleston WV 25323	Lab services	398,355

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 20

Part VIII Statement of Revenue

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

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d				
	e	Government grants (contributions)	1e	65,252			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	42,934			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		108,186			
Program Service Revenue			Business Code				
	2a	Patient Service Revenue	624100	25,303,619	25,303,619		
	b						
	c						
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		25,303,619			
	3	Investment income (including dividends, interest, and other similar amounts)		56,896			56,896
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					

		(i) Real	(ii) Personal				
	6a	Gross rents	175					
	b	Less rental expenses	0					
	c	Rental income or (loss)	175					
	d	Net rental income or (loss)		175			175

		(i) Securities	(ii) Other				
	7a	Gross amount from sales of assets other than inventory		243,475			
	b	Less cost or other basis and sales expenses		0			
	c	Gain or (loss)		243,475			
	d	Net gain or (loss)		243,475			243,475
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from fundraising events					
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities					
	10a	Gross sales of inventory, less returns and allowances	a				
	b	Less cost of goods sold	b				
	c	Net income or (loss) from sales of inventory					

	Miscellaneous Revenue	Business Code				
11a	Health fair	900099	116,846			116,846
b	Pharmacy	446110	99,182			99,182
c	Dietary sales	722210	50,460			50,460
d	All other revenue		85,998			85,998
e	**Total.** Add lines 11a–11d		352,486			
12	**Total revenue.** See Instructions		26,064,837	25,303,619	0	653,032

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				
2 Grants and other assistance to individuals in the United States See Part IV, line 22	119,300	119,300		
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	367,893	281,070	86,823	
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	7,185,473	5,489,701	1,695,772	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	79,251	60,548	18,703	
9 Other employee benefits	1,478,105	1,129,272	348,833	
10 Payroll taxes	567,236	433,368	133,868	
11 Fees for services (non-employees)				
a Management				
b Legal	14,664		14,664	
c Accounting				
d Lobbying				
e Professional fundraising services See Part IV, line 17				
f Investment management fees				
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	6,148,528	5,847,787	300,741	
12 Advertising and promotion	75,931		75,931	
13 Office expenses	1,710,861	1,307,098	403,763	
14 Information technology	296,631	226,626	70,005	
15 Royalties . .				
16 Occupancy	203,398	155,396	48,002	
17 Travel	17,879	13,660	4,219	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	38,510	29,422	9,088	
20 Interest	25,108	19,183	5,925	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	535,721	409,291	126,430	
23 Insurance	355,691	271,748	83,943	
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a Bad debt expense	5,502,902	5,502,902	0	
b Medical supplies	851,464	851,464	0	
c Provider tax	439,067	439,067	0	
d Dues and subscriptions	64,229	49,071	15,158	
e All other expenses	119,396	91,027	28,369	
25 **Total functional expenses.** Add lines 1 through 24e	26,197,238	22,727,001	3,470,237	0
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		2,138,556	1	1,973,903
	2	Savings and temporary cash investments		3,095,217	2	2,159,761
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		1,992,659	4	2,207,520
	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		184,922	7	111,037
	8	Inventories for sale or use		245,749	8	256,944
	9	Prepaid expenses and deferred charges		78,670	9	31,837
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 9,948,850			
	b	Less accumulated depreciation	10b 6,926,082	1,929,761	10c	3,022,768
	11	Investments—publicly traded securities		251,644	11	258,940
	12	Investments—other securities See Part IV, line 11		822,465	12	910,885
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		210,411	15	
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		10,950,054	16	10,933,595
Liabilities	17	Accounts payable and accrued expenses		2,459,494	17	2,498,618
	18	Grants payable			18	
	19	Deferred revenue		55,266	19	392
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties		572,368	23	419,897
	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		951,186	25	1,235,349
	26	**Total liabilities.** Add lines 17 through 25		4,038,314	26	4,154,256
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		6,911,740	27	6,779,339
	28	Temporarily restricted net assets			28	
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		6,911,740	33	6,779,339
	34	Total liabilities and net assets/fund balances		10,950,054	34	10,933,595

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	26,064,837
2	Total expenses (must equal Part IX, column (A), line 25)	2	26,197,238
3	Revenue less expenses Subtract line 2 from line 1	3	-132,401
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	6,911,740
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	0
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	6,779,339

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Boone Memorial Hospital Inc

Employer identification number
55-0477361

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

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

Section C. Computation of Public Support Percentage

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

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

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

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

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

Facts And Circumstances Test

Explanation

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Boone Memorial Hospital Inc

Employer identification number
55-0477361

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
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

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

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		216,178		216,178
b Buildings		1,433,236	1,206,406	226,830
c Leasehold improvements				
d Equipment		6,677,722	5,631,077	1,046,645
e Other		1,621,714	88,599	1,533,115
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				3,022,768

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A) Other investment securities	910,885	C
Total. *(Column (b) must equal Form 990, Part X, col (B) line 12)* ▶	910,885	

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

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

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

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

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

1 (a) Description of liability	(b) Book value
Federal income taxes	
Deferred compensation	989,097
Third party payor settlements	246,252
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	1,235,349

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

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

1	Total revenue, gains, and other support per audited financial statements			1	20,561,935
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a			
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIII)	2d			
e	Add lines **2a** through **2d**			2e	0
3	Subtract line **2e** from line **1**			3	20,561,935
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII)	4b	5,502,902		
c	Add lines **4a** and **4b**			4c	5,502,902
5	Total revenue Add lines **3** and **4c.** (This must equal Form 990, Part I, line 12)			5	26,064,837

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

1	Total expenses and losses per audited financial statements			1	20,694,336
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIII)	2d			
e	Add lines **2a** through **2d**			2e	0
3	Subtract line **2e** from line **1**			3	20,694,336
4	Amounts included on Form 990, Part IX, line 25, but not on line **1:**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII)	4b	5,502,902		
c	Add lines **4a** and **4b**			4c	5,502,902
5	Total expenses Add lines **3** and **4c.** (This must equal Form 990, Part I, line 18)			5	26,197,238

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
Part XI, Line 4b - Other Adjustments		Bad debt expense netted with revenue on financial statements 5,502,902
Part XII, Line 4b - Other Adjustments		Bad debt expense netted with revenue on financial statements 5,502,902

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Boone Memorial Hospital Inc

Employer identification number
55-0477361

Part I Financial Assistance and Certain Other Community Benefits at Cost

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

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			617,471	1,163,735	-546,264	0 %
b Medicaid (from Worksheet 3, column a)			3,408,592	3,916,687	-508,095	0 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			4,026,063	5,080,422	-1,054,359	
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)						
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j **Total.** Other Benefits						
k **Total.** Add lines 7d and 7j			4,026,063	5,080,422	-1,054,359	

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

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing						
2	Economic development						
3	Community support	15		5,606		5,606	0 030 %
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building						
7	Community health improvement advocacy						
8	Workforce development						
9	Other						
10	**Total**	15		5,606		5,606	0 030 %

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

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2	2,491,164		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit	3			
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	4,987,213		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	4,522,909		
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	464,304		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

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

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

Part V Facility Information

Section A. Hospital Facilities

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

	Name, address, and primary website address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	Boone Memorial Hospital Inc 701 Madison Avenue Madison, WV 25130 www bmh org	X	X			X		X		Two rural health clinics, swing bed	

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group Boone Memorial Hospital Inc

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

			Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)				
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	**1**	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☐ A definition of the community served by the hospital facility			
b	☑ Demographics of the community			
c	☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☑ How data was obtained			
e	☑ The health needs of the community			
f	☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☐ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☐ The process for consulting with persons representing the community's interests			
i	☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☐ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 20 12			
3	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	**3**	Yes	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	**4**		No
5	Did the hospital facility make its CHNA report widely available to the public?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website			
b	☑ Available upon request from the hospital facility			
c	☐ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)			
a	☐ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☐ Execution of the implementation strategy			
c	☐ Participation in the development of a community-wide plan			
d	☐ Participation in the execution of a community-wide plan			
e	☐ Inclusion of a community benefit section in operational plans			
f	☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☑ Prioritization of health needs in its community			
h	☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☐ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	**7**	Yes	
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	**8a**		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	**8b**		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 200 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 200 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☑ Asset level			
c ☑ Medical indigency			
d ☑ Insurance status			
e ☐ Uninsured discount			
f ☑ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☐ The policy was posted on the hospital facility's website			
b ☐ The policy was attached to billing invoices			
c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☑ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**15**	Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	**17**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			

Part V Facility Information *(continued)*

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

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

Policy Relating to Emergency Medical Care

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

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

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

Part V Facility Information *(continued)*

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

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

	Name and address	Type of Facility (describe)
1		
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
		Part I, Line 3c Patients must provide their "Total Yearly Income" in order to be considered for financial assistance a Adults If the patient is an adult, the term "Total Yearly Income" means the sum of the total yearly gross income of the patient and the patient's spouse b Minors If the patient is a minor, the term "Total Yearly Income" means the sum of the total yearly gross income of the patient, the patient's mother and the patient's father The patient, immediate family member or patient representative shall verify the patient's reported Total Yearly Income, as provided on the Application The Total Yearly Income may be verified through any of the following mechanisms a Income Indicators By the provision of third party financial documentation including IRS Form W-2, Wages and Tax Statement, pay check remittance, individual tax return, telephone verification by employer, bank statements, Social Security payment remittance, Worker's Compensation payment remittance, unemployment insurance payment notice, Unemployment Compensation Determination Letters, or other appropriate indicators of the patient's Total Yearly Income b Participation in a Benefit Program By the provision of documentation showing current participation in a public benefit program such as Medicaid, Food Stamps, WIC, or other similar means tested programs Proof of Participation in any of the above programs indicates that the patient has been deemed Financially Indigent and therefore, is not required to provide his or her income on the Assistance Application c In cases where the patient or responsible party is unable to provide third party verification of patient's Total Yearly Income, verification of the patient's Total Yearly Income can be done in either of the following ways 1 Obtaining the patient's or responsible party's Written Attestation By obtaining an Application signed by the patient or responsible party attesting to the veracity of the patient's Total Yearly Income information provided or2 Obtaining the patient's or responsible party's Verbal Attestation Through the written attestation of the BMH employee completing the Assistance Application that the patient or responsible party verbally verified the patient's Total Yearly Income information provided 3 In instances where the patient or responsible party is unable to provide the requested third party verification of patient's Total Yearly Income, the patient or responsible party is required to provide a reasonable explanation of why the patient or responsible party is unable to provide the required third party verification Sound business practices will be employed to verify patients attestation and supporting information Unmarried expired patients may be deemed to have no income for purposes of calculation of Total Yearly Income Documentation of Total Yearly Income is not required for expired patients, however, documentation of estate assets may be required If an expired patient is married, the surviving spouse may apply for financial assistance Patients, immediate family members or patient representatives applying for financial assistance must verify the number of people in the patient's household ("Number in Household") a Adults In calculating the Number in Household, include the patient, the patient's spouse, and any dependents (as defined by the Internal Revenue Code) b Minors In calculating the Number in Household, include the patient, the patient's mother, the patient's father, dependents of the patient's mother, and dependents of the patient's father During the verification process, while information to determine a patient's Total Yearly Income is being collected, the patient may be treated as a private pay patient
		Part I, Line 7, Column (f) The Bad Debt expense included on Form 990, Part IX, Line 25, Column (A), but subtracted for purposes of calculating the percentage in this column is $ 5502902

Identifier	ReturnReference	Explanation
		Part II Community support mainly consists of sponsorships for little league and high school athletics and volunteer organizations
		Part III, Line 4 Patient accounts receivable are carried at the original charge less an estimate made for doubtful or uncollectible accounts The allowance is based upon a review of the outstanding balances aged by financial class Management uses collection percentages based upon historical collection experience to determine collectibility Management also reviews troubled, aged accounts to determine collection potential Patient accounts receivable are written off when deemed uncollectible Recoveries of accounts previously written off are recorded as a reduction to bad debt expense when received Interest is not charged on patient accounts receivable

Identifier	ReturnReference	Explanation
		Part III, Line 9b After the patient's account is reduced by the discounts based on the Financial Assistance Eligibility Discount Guidelines, the patient is responsible for the remainder of their outstanding account Patients will be invoiced for any remaining amounts in accordance with other BMH Debt Collection Policies regarding this matter
Boone Memorial Hospital, Inc		Part V, Section B, Line 3 Assembled an Advisory Panel comprised of representatives from community leaders, health care providers, and local citizens to assist with the assessment process

Identifier	ReturnReference	Explanation
Boone Memorial Hospital, Inc		Part V, Section B, Line 20d FAP eligible individuals are billed the same rates as every other patient with insurance A prompt pay discount of 15% is offered if the account is paid in full within 30 days of the first statement
		Part VI, Line 2 The BMH project team completed the community needs assessment using the following strategies - Assembled an Advisory Panel comprised of representatives from community leaders, health care providers, and local citizens to assist with the assessment process -Conducted primary data collection through surveys of providers, key informants, and the general population Phone interviews were also conducted -Collected secondary data sources such as information from the Boone County Health Department Community Needs Assessment, State health statistics and behavioral risk assessments, US Census Data, Centers for Disease Control statistics and data, etc -Created a comprehensive database including answers to each survey question which was used to track and calculate the data -Held focus groups, some of which included youth representation in order to obtain a diverse range of responses in an open discussion format

Identifier	ReturnReference	Explanation
		Part VI, Line 3 Measures to publisize the Financial Assistance Policy The following measures are used to publicize the financial assistance available from BMH to the community and patients in accordance with Federal and State law a Posting on the BMH website at the following location www bmh org, b Providing information when a patient calls BMH at (304) 369-1230, c Annually posting an article in a newspaper of local circulation and/or other means as deemed reasonably necessary, d Posting of a notice in the emergency department admitting areas and business offices at BMH, and/or e Financial Counselors visiting with BMH inpatients
		Part VI, Line 4 BMH serves primarily Boone County, WV and portions of Logan and Lincoln Counties in WV Boone County had an estimated population of 24,224 in 2013 The median household income was $41,359 with 18 9% below the federal poverty guideline 15% of the population is over 65 and 28 9% is under 18 with 40 7 years as the median age 79% of the hospital's patients were from Boone County is FY 13 Logan County had an estimated population of 35,987 in 2013 The median household income was $36,698 with 20 8% below the federal poverty guideline 16% of the population is over 65 and 26% is under 18 12% of the hospital's patients were from Logan County in FY 13 Lincoln County had an estimated population of 21,559 in 2013 The median household income was $34,066 with 26 9% below the federal poverty guideline 16% of the population is over 65 and 28% is under 18 7% of the hospital's patients were Lincoln County in FY 13 23% of the hospital's patients were age 65+ for FY 2013

Identifier	ReturnReference	Explanation
		Part VI, Line 5 Each member of the Board of Trustees is a local, lifelong Boone County resident The ER is always available to all patients, regardless of ability to pay Boone Memorial has made the most recent Community Needs Assessment report available on its website for all patients to have easy access to read BMH offers patients access to our own MRI seven days a week instead of having to travel to other larger hospitals in Charleston or Logan Most other Critical Access Hospitals in WV only offer a mobile MRI service one or two days a week We have a fully digital radiology department with a PACS system Our lab has just recently expanded to incorporate additional testing equipment We also operate two RHCs with extended hours (one has Saturday hours) to help serve the community

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Boone Memorial Hospital Inc

Employer identification number
55-0477361

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
(1) Student Loan Assistance	2	36,499		Cash - FMV	Student loan assistance to professional employees

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

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Boone Memorial Hospital Inc

Employer identification number
55-0477361

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items ☐ First-class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax idemnification and gross-up payments ☐ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)			
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	**1b**		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**		
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III ☐ Compensation committee ☐ Written employment contract ☑ Independent compensation consultant ☐ Compensation survey or study ☐ Form 990 of other organizations ☐ Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**		No
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regulations section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

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

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1)Tommy H Mullins	(i)	135,405	0	0	87,159	11,265	233,829	0
CEO	(ii)	0	0	0	0	0	0	0
(2)Ziad Chanaa	(i)	147,765	0	0	66,000	12,908	226,673	0
Physician	(ii)	0	0	0	0	0	0	0
(3)Kevin Hill PA	(i)	141,000	0	0	2,730	13,998	157,728	0
	(ii)	0	0	0	0	0	0	0

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II
Also complete this part for any additional information

Identifier	Return Reference	Explanation
	Part I, Line 4b	Tommy H Mullins, CEO, participated in a 457(f) plan during 2013

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Boone Memorial Hospital Inc

Employer identification number
55-0477361

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 11	
	Form 990, Part VI, Section B, line 15a	An outside firm (Yaffe & Company) is consulted The CEO presents recommendations to the bo ard The board will hold an executive session and decide the CEO's compensation
	Form 990, Part VI, Section C, line 19	Financial statements are published annually in the local newspaper The governing document s and conflict of interest policy are available on request
Other Fees	Form 990, Part IX, line 11g	Surgery Program service expenses 270,147 Management and general expenses 0 Fundraising expenses 0 Total expenses 270,147 Radiology Program service expenses 433,525 Managemen t and general expenses 0 Fundraising expenses 0 Total expenses 433,525 Pharmacy Progra m service expenses 598,735 Management and general expenses 0 Fundraising expenses 0 Tot al expenses 598,735 Physicians Program service expenses 1,960,030 Management and genera l expenses 0 Fundraising expenses 0 Total expenses 1,960,030 Lab Program service expen ses 423,244 Management and general expenses 0 Fundraising expenses 0 Total expenses 423 ,244 Emergency room Program service expenses 146,391 Management and general expenses 0 Fundraising expenses 0 Total expenses 146,391 Physical therapy Program service expense s 1,042,131 Management and general expenses 0 Fundraising expenses 0 Total expenses 1,0 42,131 Administrative Program service expenses 674,920 Management and general expenses 208,483 Fundraising expenses 0 Total expenses 883,403 All other Program service expens es 298,664 Management and general expenses 92,258 Fundraising expenses 0 Total expenses 390,922

BOONE MEMORIAL HOSPITAL, INC.

Financial Report

June 30, 2013

CONTENTS

arnett foster toothman pllc
CPAs & Advisors

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Boone Memorial Hospital, Inc
Madison, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of Boone Memorial Hospital, Inc which comprise the balance sheet of as of June 30, 2013, and the related statement of operations and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit We conducted our audit 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 financial statements are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 financial statements

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

101 Washington Street East | P O Box 2629
Charleston, WV 25329
304 346 0441 | 800 642 3601

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boone Memorial Hospital, Inc as of June 30, 2013, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America

Emphasis of Matter

As indicated in Note 1 of the accompanying notes to the financial statements, Boone Memorial Hospital, Inc , is a West Virginia private, not-for-profit corporation that was reorganized on July 1, 2012, from the previously existing Boone Memorial Hospital (a component unit of Boone County Commission, Boone County, West Virginia) In 2012, Boone Memorial Hospital reported the financial statements following enterprise fund accounting and GASB authoritative literature These 2013 financial statements have been presented in conformity with accounting principles generally accepted in the United States of America Comparative financial statements for 2013 and 2012 have not been presented due to this change in reporting methodology

ARNETT FOSTER TOOTHMAN PLLC

Arnett Foster Toothman PLLC

Charleston, West Virginia
December 2, 2013

BOONE MEMORIAL HOSPITAL, INC.

BALANCE SHEET
June 30, 2013

Assets	
Current Assets:	
Cash and cash equivalents	$ 3,548,811
Assets limited as to use	576,845
Patient accounts receivable, net of allowance for doubtful accounts of approximately $3,000,000	2,207,520
Supplies inventory	256,944
Prepaid expenses and other assets	142,873
Total current assets	6,732,993
Other assets	188,736
Assets limited as to use, net of amounts to be used for current obligations	989,097
Property and equipment, net	3,022,768
Total assets	$ 10,933,594
LIABILITIES AND NET ASSETS	
Current Liabilities:	
Current maturities of long-term obligations	$ 198,958
Accounts payable and accrued expenses	1,034,828
Employee compensation, payroll withholdings and taxes and benefits payable	1,464,181
Estimated third-party payor settlements	246,252
Total current liabilities	2,944,219
Long-term debt, net of current maturities	220,939
Post-retirement benefits	989,097
Total liabilities	4,154,255
Unrestricted net assets	6,779,339
Total liabilities and net assets	$ 10,933,594

BOONE MEMORIAL HOSPITAL, INC.

STATEMENT OF OPERATIONS AND CHANGE IN NET ASSETS
Year Ended June 30, 2013

Operating Revenues:	
Patient service revenue (net of contractual allowances and discounts)	$ 25,260,015
Provision for bad debts	(5,502,902)
Net patient service revenue	19,757,113
Other operating revenues	445,540
Total operating revenues	20,202,653
Operating Expenses:	
Salaries and wages	7,400,346
Payroll taxes and benefits	2,270,524
Professional medical fees	5,836,797
Supplies and other expenses	3,774,955
Repairs and maintenance	495,085
Insurance	355,800
Interest	25,108
Depreciation and amortization	535,721
Total operating expenses	20,694,336
Operating loss	(491,683)
Nonoperating Revenues/Gains:	
Investment income	7,621
Gain on disposal of interest in Home Health business	243,475
Grant support	71,137
Contributions	37,049
Total nonoperating revenues	359,282
Deficiency of revenues over expenses and decrease in net assets	(132,401)
Net assets, beginning of year	6,911,740
Net assets, end of year	$ 6,779,339

See Notes to Financial Statements

BOONE MEMORIAL HOSPITAL, INC.

STATEMENT OF CASH FLOWS
Year Ended June 30, 2013

Cash Flows From Operating Activities	
Decrease in net assets	$ (132,401)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Provision for bad debts	5,502,902
Depreciation and amortization	535,721
Change in assets and liabilities	
(Increase) decrease in patient accounts receivable	(5,717,763)
(Increase) decrease supplies inventory	(11,195)
(Increase) decrease in prepaid expenses and other assets	66,112
Increase (decrease) in estimated third-party payor settlements	456,663
Increase (decrease) in accounts payable and accrued expenses	(57,237)
Increase (decrease) in employee compensation and other accrued expenses	41,487
Increase (decrease) in post-retirement benefits	37,911
Net cash provided by operating activities	722,200
Cash Flows From Investing Activities	
Purchase of investments	(315,791)
Proceeds from the sale of investments	279,051
Purchase of property and equipment	(1,599,351)
Net cash used in investing activities	(1,636,091)
Cash Flows From Financing Activities	
Payments on long-term debt obligations	(181,848)
Net cash used in financing activities	(181,848)
Net decrease in cash and cash equivalents	(1,095,739)
Cash and cash equivalents, beginning of year	4,644,550
Cash and cash equivalents, end of year	$ 3,548,811
Supplemental Disclosure of Cash Flow Information	
Cash payments for interest	$ 25,108
Supplemental Schedule of Noncash Investing and Financing Activities	
Assets acquired under capital lease obligations	$ 29,377

Note 1. Nature of Operations and Significant Accounting Policies

Nature of operations: Boone Memorial Hospital, Inc (the "Hospital") is a West Virginia private, not-for-profit corporation that was reorganized effective July 1, 2012 from the previously existing Boone Memorial Hospital (a Component Unit of Boone County Commission, Boone County, West Virginia) Boone Memorial Hospital was a governmental not-for-profit organization that was created by the Boone County Commission (the Commission) in 1964 to provide residents of Boone and surrounding counties acute short-term and outpatient care The Hospital and the County Commission executed a reorganization and transfer agreement and related documents in order to achieve the reorganization The Hospital was formed for the purpose of reorganizing the hospital and transitioning it from a county-owned governmental hospital facility to a nonprofit corporation The Hospital has received final approval of its 501(c)3 status from the United States Internal Revenue Service In addition, a new Board of Trustees was formed for the new entity There have been no significant changes in the operations of the facility as a result of the transition

A summary of significant accounting policies is as follows:

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period Actual results could differ from those estimates Significant estimates used in preparing these financial statements include those assumed in determining the allowance for uncollectible accounts and estimated third-party payor settlements It is at least reasonably possible that the significant estimates used will change within the next year

Basis of presentation Net assets and revenues, gains and losses are classified based on donor imposed restrictions Accordingly, net assets of the Hospital and changes therein are classified and reported as follows

Unrestricted - Unrestricted net assets include resources over which the Board of Trustees has discretionary control

Temporarily restricted - Temporarily restricted net assets are those resources subject to donor-imposed restrictions which will be satisfied by actions of the Hospital or passage of time There were no temporarily restricted net assets as of June 30, 2013

Permanently restricted - Permanently restricted net assets are those resources subject to a donor-imposed restriction that they be maintained permanently by the Hospital or for which perpetual trusts have been established There were no permanently restricted net assets as of June 30, 2013

Cash and cash equivalents: For purposes of reporting the statement of cash flows, the Hospital considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid investments purchased with original maturities of three months or less to be cash equivalents

Patient accounts receivable: Patient accounts receivable are carried at the original charge less an estimate made for doubtful or uncollectible accounts The allowance is based upon a review of the outstanding balances aged by financial class Management uses collection percentages based upon historical collection experience to determine collectibility Management also reviews troubled, aged accounts to determine collection potential Patient accounts receivable are written off when deemed uncollectible Recoveries of accounts previously written off are recorded as a reduction to bad debt expense when received Interest is not charged on patient accounts receivable

Supplies inventory: Inventories are stated at latest invoice cost, which approximates lower of cost or market using the first-in, first-out method

Investments Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheet Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in the excess of revenues over expenses unless the income or loss is restricted by donor or law Unrealized gains and losses on investments are excluded from the excess of revenues over expenses unless the investments are classified as trading securities

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

Assets limited as to use: Assets limited as to use include self insurance trust funds, assets held by trustees, and assets set aside by the Board of Trustees for specified purposes, over which the Board retains control and may at its discretion subsequently use for other purposes

Property and equipment: Property and equipment acquisitions are recorded at cost The Hospital calculates depreciation on the straight-line method based on the estimated useful life of each class of depreciable asset Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment Such amortization is included in depreciation and amortization in the financial statements Interest cost incurred on funds borrowed for the purposes of construction of capital assets is capitalized during the period of construction as a component of the cost of acquiring those assets

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

Statement of operations: For purposes of display, transactions deemed by management to be ongoing, major or central to the provision of healthcare services are reported as revenues and expenses Peripheral or incidental transactions are reported as nonoperating gains and losses

Excess (deficiency) of revenues over expenses: The statement of operations includes excess (deficiency) of revenues over expenses Changes in unrestricted net assets, when present, which are excluded from excess (deficiency) of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities

Net patient service revenue: Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined

Revenue from the Medicare and Medicaid programs accounted for approximately 34 percent and 20 percent, respectively, of the Hospital's net patient revenue for the year ended June 30, 2013 Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term

Charity care: The Hospital maintains a written charity care plan for which the purpose is the provision of health services to individuals who have demonstrated the inability to pay for all or part of the services Records are maintained to identify and monitor the level of charity care provided by the Hospital These records include the amount of regular charges foregone for services and supplies furnished under the charity care plan and the estimated cost of those services and supplies The Hospital's policy is not to pursue collection of amounts determined to qualify as charity care if the patient has an annual income equal to or below 200% of the Federal Poverty Income levels Accordingly, the Hospital does not report these amounts in net revenues or in the allowance for doubtful accounts Charity care services, as measured by gross charges foregone were $373,530 for the year ended June 30, 2013 Of the Hospital's total expenses reported for the year ended June 30, 2013, an estimated $176,000 arose from providing services to qualified charity patients The estimated costs of providing charity services are based on a calculation which applies a ratio of costs to charges to the gross uncompensated charges associated with providing care to charity patients The ratio of cost to charges is calculated based on the Hospital's total expenses, divided by gross patient service revenue

Grants and contributions: From time to time, the Hospital receives grants and contributions from governmental organizations, private individuals and private organizations Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met Grants and contributions may be restricted for either specific operating purposes or for capital purposes Amounts received that are used for activities related to the treatment of patients are reported in operating revenue Amounts received for specific non-patient activities are reported in non-operating revenues Amounts restricted to capital acquisitions are reported after non-operating revenues and expenses

Estimated malpractice costs: The provision for estimated medical malpractice claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported

Income taxes: The Hospital is exempt from Federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code

The Hospital is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress The management of the Hospital believes it is no longer subject to income tax examinations for years prior to the fiscal year ended June 30, 2010

Subsequent events: The Hospital has evaluated subsequent events through December 2, 2013, the date on which the financial statements were available to be issued

New or recent accounting pronouncements: In April 2013, the FASB issued ASU 2013-06 Not-for-Profit Entities (Topic 958) Services Received from Personnel of an Affiliate The amendments in this Update apply to not-for-profit entities that receive services from personnel of an affiliate that directly benefit the recipient not-for-profit entity and for which the affiliate does not charge the recipient not-for-profit entity The amendments in this Update require a recipient not-for-profit entity to recognize all services received from personnel of an affiliate that directly benefit the recipient not-for-profit entity Those services should be measured at the cost recognized by the affiliate for the personnel providing those services However, if measuring a service received from personnel of an affiliate at cost will significantly overstate or understate the value of the service received, the recipient not-for-profit entity may elect to recognize that service received at either (1) the cost recognized by the affiliate for the personnel providing that service or (2) the fair value of that service A recipient not-for-profit entity within the scope of Topic 954, Health Care Entities, that is required to provide a performance indicator (analogous to income from continuing operations of a for-profit entity) should report as an equity transfer the increase in net assets associated with services received from personnel of an affiliate that directly benefit the recipient not-for-profit entity and for which the affiliate does not charge the recipient not-for-profit entity, regardless of whether those services are received from personnel of a not-for-profit affiliate or any other affiliate All recipient not-for-profit entities should report the corresponding decrease in net assets or the creation or enhancement of an asset resulting from the use of services received from personnel of an affiliate similar to how other such expenses or assets are reported The amendments in this Update are effective

prospectively for fiscal years beginning after June 15, 2014 A recipient not-for-profit entity may apply the amendments using a modified retrospective approach under which all prior periods presented upon the date of adoption should be adjusted, but no adjustment should be made to the beginning balance of net assets of the earliest period presented Early adoption is permitted. Management of the Hospital does not believe that this ASU will materially affect the financial reporting

Note 2. Concentrations of Credit Risk

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements The mix of receivables from patients and third-party payors at June 30, 2013 are as follows

Medicare	24%
Medicaid	14%
Other third-party payors	47%
Private pay	15%
	100%

Note 3. Cash Concentrations

The Hospital maintains cash in demand deposit accounts with a Federally insured bank At times the balances in these accounts may be in excess of Federally insured limits In management's opinion, the amounts in excess of Federally insured limits do not pose a significant risk

Note 4. Investments

Assets limited as to use: Assets limited as to use that are required for obligations classified as current liabilities are reported in current assets The composition of assets limited as to use at June 30, 2013 are set forth in the following table Investments are stated at fair value The Hospital does not require collateral to secure its investments

Internally designated for self-insured health insurance claims:	
Cash and cash equivalents	$ 370,810
Internally designed for various uses:	
Cash and cash equivalents	$ 50,593
Designated by the Board for deferred compensation:	
Cash and cash equivalents	8,008
Stocks and equity investments	3,350
Mutual funds	255,590
Insurance annuity contracts	722,149
	989,097
Designated by the Board for self-insured malpractice trust:	
Cash and cash equivalents	155,442
Total assets limited as to use	1,565,942
Less amount required to meet current obligations	(576,845)
	$ 989,097

Investment income and gains and losses for assets limited as to use and cash and cash equivalents is comprised of the following for the year ended June 30, 2013

Income:	
Interest and dividend income	$ 7,621

Equity Method Investment

In 2008, the Hospital sold its home health care agency and retained 33% of the new agency, Boone Memorial Healthcare, LLC, valued at $49,000 in its initial investment To date, the home healthcare agency business has not been profitable The sale of the Hospital's remaining interest resulted in a gain of $243,475, which is recorded in the Statement of Operations as nonoperating revenue/gains

Note 5. Fair Value of Financial Instruments

The Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements

This Topic defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date This Topic also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value The Topic describes three levels of inputs that may be used to measure fair value

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date

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

Level 3: Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability

Fair Value Measurements

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

Investments and Assets Limited as to Use: Investment securities and assets limited as to use are recorded at fair value on a recurring basis Fair value measurement is based upon quoted prices, if available If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating Level 1 securities include those traded by dealers or brokers in active over-the-counter markets and money market funds

Assets and Liabilities at Fair Value on a Recurring Basis

The table below presents the recorded amount of assets and liabilities measured at fair value on a recurring basis at June 30, 2013

	Total at June 30, 2013	Fair Value Measurements Using Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	$ 584,853	$ 584,853	$ -	$ -
Stocks and equities	3,350	3,350	-	-
Mutual Funds	255,590	255,590	-	-
Insurance annuity contracts	722,149	722,149	-	-
Total	$ 1,565,942	$ 1,565,942	$ -	$ -

Assets and Liabilities Recorded at Fair Value on a Nonrecurring Basis

The Hospital has no assets or liabilities that are recorded at fair value on a nonrecurring basis

Note 6. Property and Equipment and New Facility Commitment

A summary of the components of property and equipment at June 30, 2013 follows

Land and land improvements	$ 304,777
Building	1,433,236
Fixed equipment	2,131,242
Equipment	4,546,480
Construction in progress	1,533,115
	9,948,850
Less accumulated depreciation and amortization	6,926,082
Property and equipment, net	$ 3,022,768

Capital lease assets included in property and equipment are as follows

Equipment	$ 2,651,143
Less accumulated amortization	2,138,287
	$ 512,856

As described in Note 18 the Hospital has obtained a certificate of need and preliminary approval for financing of a new facility

Note 7. Line of Credit

The Hospital has available a line of credit of $1,000,000 from a bank with variable interest at the bank's prime rate (3 25% at June 30, 2013) that is secured by the Hospital's accounts receivable and related cash collections The line of credit expires December 2013 Amount outstanding at June 30, 2013 was $0

Note 8. Long-Term Obligations

A summary of long-term obligations at June 30, 2013 follows

Capital lease obligation, 8 34%, monthly principal and interest payments of $3,867 through February 2014, secured by equipment	$ 46,477
Capital lease obligation, 8 34%, monthly principal and interest payments of $1,556 through February 2014, secured by equipment	17,468
Capital lease obligation, 5 25%, monthly principal and interest payments of $11,657 through January 2016, secured by equipment	329,632
Capital lease obligation, 7 02%, monthly principal and interest payments of $904 through February 2016, secured by equipment	26,320
	419,897
Less current maturities	198,958
	$ 220,939

Aggregate maturities of long-term obligations are as follows

	Capital Lease Obligations	
Year ending June 30,	Principal	Interest
2014	$ 198,958	16,049
2015	142,449	7,991
2016	78,490	1,409
Total	$ 419,897	25,449

Note 9. Lease Commitments

The following is a schedule of future minimum lease payments under non cancelable operating leases for clinic space as of June 30, 2013, that have initial or remaining lease terms in excess of one year

Year ending December 31,	
2014	$ 64,800
2015	64,800
2016	36,000
2017	21,000
	$ 186,600

Total rental expense in 2013 was approximately $43,800

Note 10. Estimated Third-party Payor Settlements

Estimated third-party payor settlements consist of amounts due from/(to) the Medicare and Medicaid programs for settlement of current and prior cost reports and payments due from/(to) the State of West Virginia under its disproportionate share program The estimated settlements by program at June 30, 2013 are as follows

Medicare	$ (523,020)
Medicaid	(30,000)
Medicaid disproportionate share program	306,768
	$ (246,252)

The State of West Virginia Disproportionate Share Hospital (DSH) State Plan was amended to provide for a settlement process among participating hospitals The amounts are subject to audit and retroactive adjustments for differences in the interim payments received and the actual cost of uncompensated care provided to uninsured patients The amounts received by the Hospital have been audited through June 30, 2010 For 2011 and future years settlement could result The laws and regulations governing the DSH settlement process are complex, involving statistical data from all participating hospitals, and subject to interpretation

Note 11. Net Patient Service Revenue

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

- **Medicare:** The Hospital is a Critical Access Hospital and inpatient services and most outpatient services rendered to Medicare program beneficiaries are paid based on a cost reimbursement methodology at 101% of allowable cost Other outpatient services are paid based on fee schedules Those outpatient services subject to a cost-based reimbursement methodology were paid at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary

  The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and review thereof by the Medicare fiscal intermediary The appropriateness of the admission of Medicare program beneficiaries is subject to an independent review by a peer review organization

- **Medicaid:** Inpatient and most outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology (100% of cost) The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and review thereof by the state Medicaid office Other outpatient services are reimbursed based upon the lesser of the Hospital's charge or predetermined fee schedule amounts

- **Commercial Insurance Carriers:** The Hospital also entered into payment agreements with certain commercial insurance carriers The basis for payment to the Hospital under these agreements includes various discounts from established charges

- **West Virginia Health Care Authority:** The Legislature of the State of West Virginia has created the Health Care Authority to regulate the Hospital's gross patient revenue based on limitation orders compiled from rate schedules and budgets submitted by the Hospital on a periodic basis If a hospital's charges are held to be excessive or unreasonable, the Health Care Authority may require rebates to consumers or adjustments to subsequent year revenue limits Under current state regulations, Critical Access Hospitals are exempt from the rate setting process

Medicaid Provider Tax Disallowance

The Centers for Medicare and Medicaid Services (CMS) has recently directed some local intermediaries to disallow the cost of provider taxes claimed in cost reports Hospitals claimed the tax assessment as an allowable cost under the applicable regulations and the Provider Reimbursement Manual (PRM) sections Hospitals have relied upon the fact that CMS approved applicable State Plan Amendments relating to the Provider Tax Assessments The Hospital paid the provider tax and included it as an allowable expense The disallowance may be applied retroactively for several years and the impact could be significant, depending upon various factors No provision for any potential liability has been recorded by the Hospital Management and various associations representing affected hospitals plan to appeal the disallowance The ultimate outcome of the issue is unknown at this time

A summary of gross and net patient service revenue for all payors for the year ended June 30, 2013 follows

Gross patient revenue	$ 43,928,585
Less Provision for contractual adjustments under third-party reimbursement agreements	18,295,040
Provision for bad debts	5,502,902
Charity care (based on charges forgone)	373,530
Net patient service revenue	$ 19,757,113

The Hospital recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered For uninsured patients that do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy) On the basis of historical experience, a significant portion of the Hospital's uninsured patients will be unable or unwilling to pay for the services provided Thus the Hospital records a significant provision for bad debts related to uninsured patients in the period the services are provided Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized during the year ended June 30, 2013 from these major payor sources, is as follows

2013	Third-Party Payors	Self-Pay	Total All Payors
Patient service revenue (net of contractual allowances and discounts)	$ 21,240,607	$ 4,019,408	$ 25,260,015

Included in net patient service revenue is Medicaid disproportionate share revenues of approximately $1,164,000 for the year ended June 30, 2013 Starting February 1, 2004, the Hospital became eligible under West Virginia Medicaid regulations as a CAH, for full cost reimbursement of the cost of providing care to indigent patients Future receipt of these funds will be strictly dependent upon the continuation of applicable Federal and state laws and regulations

As disclosed in Note 10 to the accompanying financial statements, the Hospital has recorded assets and liabilities for cost report settlement amounts with Medicare and Medicaid The net patient service revenue for the year ended June 30, 2013, was increased by approximately $139,000, as a result of settlements at amounts different than originally estimated

Note 12. Pension Plan and Post-Retirement Benefits

The Hospital maintains a defined contribution 401(k) and profit sharing plan for all eligible employees Contributions are voluntary and are based on a percentage of participating employees' salaries in accordance with salary reduction agreements The Hospital matches all employee contributions at 50% of the employees' contribution, up to 5% of eligible salaries The Plan covers substantially all of the Hospital's employees after one year of service Contribution amounts are at the discretion of the Hospital The total expense related to this plan amounted to $85,275 for the year ended June 30, 2013

The Hospital maintains a non-qualified deferred compensation arrangement under Section 457 of the Internal Revenue Code for certain administrative personnel Pension expense related to the non-qualified plan amounted to $83,973 for the year ended June 30, 2013 Plan assets and related liabilities are reported in the balance sheet These amounts, which are comprised of contributions and earning thereon, totaled to $989,097 at June 30, 2013 Until paid to the participant, all amounts included in the plan remain the property of the Hospital, subject only to claims of general creditors

In addition to the benefits described above, the Hospital will provide individual lifetime postretirement health care and other benefits in accordance with a key administrative staff employment agreement Expenses for postretirement benefits will be recognized as the retiree reports claims and will include a provision for estimated claims incurred but not yet reported to the Hospital There are currently no expenses or accruals recorded as of the year ended June 30, 2013

Note 13. Functional Expenses

The Hospital provides general health care services to residents within its geographic location Expenses related to providing these services are as follows

	2013
Health care services	$ 17,224,099
General and administrative	3,470,237
	$ 20,694,336

Note 14. Risk Management

Medical Malpractice Claims

The Hospital purchases professional and general liability insurance to cover medical malpractice claims There are known claims and incidents that may result in the assertion of additional claims, as well as claims from unknown incidents that may be asserted arising from services provided to patients The Hospital has employed independent actuaries to estimate the ultimate costs, if any, of the settlement of such claims Accrued malpractice losses have been discounted at three percent and in management's opinion provide an adequate reserve for loss contingencies

The Hospital is a member (0 07% ownership at June 30, 2013) of Community Hospital Alternative for Risk Transfer (CHART), which provides the Hospital the initial insurance protection and excess coverage under a claims-made policy CHART was formed as a reciprocal risk retention group, which is a form of a captive insurance company owned by its insureds (called "subscribers") domiciled in Vermont and approved to provide coverage in West Virginia The Hospital's equity interest in the group is $188,736 at June 30, 2013 and is recorded as an Other Asset in the accompanying balance sheet

Employee Health Insurance

The Hospital is partially self-insured with respect to employee health insurance claims To protect itself against extraordinary claims of its employees, the Hospital has purchased stop-loss insurance The Hospital's cost is limited to $50,000 per covered life The Hospital maintains a reserve fund for payment of employee health insurance claims which at June 30, 2013 was $370,810 and is included in the accompanying balance sheets as assets limited as to use Amounts payable under this plan at June 30, 2013, for actual claims and claims incurred but not reported, were approximately $212,000 at June 30, 2013 Total health insurance expense for the year ended June 30, 2013 was approximately $1,180,000

Note 15. Advertising Expense

The Hospital expenses costs for advertising as they are incurred Advertising costs included in expenses for 2013 were approximately $31,000

Note 16. Health Care Legislation and Regulation

The health care industry is subject to numerous laws and regulations of Federal, state and local governments Government activity has increased with respect to investigations and allegations concerning possible violations of various statutes and regulations by health care providers Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time Management believes that the Hospital is in compliance with fraud and abuse as well as other applicable government laws and regulations If the Hospital is found in violation of these laws, the Hospital could be subject to substantial monetary fines, civil and criminal penalties and exclusion from participation in the Medicare and Medicaid programs

Note 17. Electronic Health Records

The Health Information Technology for Economic and Clinical Health Act (HITECH Act) was enacted into law on February 17, 2009 as part of the American Recovery and Reinvestment Act (ARRA) The HITECH Act includes provisions designed to increase the use of Electronic Health Records (EHR) by both physicians and hospitals The Hospital is progressing towards compliance with the EHR meaningful use requirements of the HITECH Act and is expected to be in compliance with the meaningful use attestation requirements by March 31, 2014 The Hospital's compliance has required a significant investment including professional services focused on successfully designing and implementing EHR solutions along with costs associated with the hardware and software components of the project

The Hospital intends to apply for eligible Medicare funds after meeting the attestation requirements The Hospital has incurred and will continue to incur both capital expenditures and operating expenses in connection with the implementation of its EHR initiatives

Note 18. New Facility Construction

On September 24, 2005, the West Virginia Health Care Authority approved a certificate of need to the Hospital for the renovation and replacement of the Hospital's facilities The new facility will allow the Hospital to better serve their community and meet the demands of the Hospital's service area The project is currently in the planning and design phase The Hospital filed for 501(c)(3) status and received approval from the IRS on March 9, 2012 which will allow the Hospital to secure the financing for the project which is estimated to cost approximately $34,000,000 The Hospital has engaged an architect and a construction manager for the project but has not entered into any significant contingencies as of June 30, 2013 The Hospital anticipates finalizing its financing arrangements with the USDA for an approximate $32,000,000 loan in early 2014 The Hospital has incurred and capitalized expenditures of approximately $1,533,115 included in property and equipment on the balance sheet as of June 30, 2013 The majority of the cost incurred to date relates to land improvements, architectural design and deferred financing lost The projected completion date is estimated to be July 1, 2015