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


















- 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.

[illegible][illegible]

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

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

Part IV

Checklist of Required Schedules (continued)

| | | | | |
|-----|--|-----|-----|----|
| 21 | Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i> | 21 | | No |
| 22 | Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i> | 22 | | No |
| 23 | Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i> | 23 | Yes | |
| 24a | Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25</i> | 24a | Yes | |
| b | Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? | 24b | | No |
| c | Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? | 24c | | No |
| d | Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? | 24d | | No |
| 25a | Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i> | 25a | | No |
| b | Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i> | 25b | | No |
| 26 | Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i> | 26 | | No |
| 27 | Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i> | 27 | | No |
| 28 | Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions) | | | |
| a | A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> | 28a | Yes | |
| b | A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> | 28b | Yes | |
| c | An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i> | 28c | Yes | |
| 29 | Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> | 29 | | No |
| 30 | Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> | 30 | | No |
| 31 | Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> | 31 | | No |
| 32 | Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i> | 32 | | No |
| 33 | Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i> | 33 | | No |
| 34 | Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i> | 34 | Yes | |
| 35a | Did the organization have a controlled entity within the meaning of section 512(b)(13)? | 35a | | 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)? <i>If "Yes," complete Schedule R, Part V, line 2</i> | 35b | | |
| 36 | Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> | 36 | | No |
| 37 | Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i> | 37 | | No |
| 38 | Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O | 38 | Yes | |

Part V

Statements Regarding Other IRS Filings and Tax Compliance

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

| | | Yes | No |
|-----|--|-----|----|
| 1a | Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable. | | |
| 1b | Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable. | | |
| 1c | Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? | 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. | | |
| 2b | 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). | Yes | |
| 3a | Did the organization have unrelated business gross income of \$1,000 or more during the year? | | No |
| 3b | If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O. | | |
| 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)? | | 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? | | No |
| 5b | Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? | | No |
| 5c | If "Yes," to line 5a or 5b, did the organization file Form 8886-T? | | |
| 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? | | No |
| 6b | If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? | | |
| 7 | Organizations that may receive deductible contributions under section 170(c). | | |
| 7a | 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? | | |
| 7b | If "Yes," did the organization notify the donor of the value of the goods or services provided? | | |
| 7c | Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? | | |
| 7d | If "Yes," indicate the number of Forms 8282 filed during the year. | | |
| 7e | Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? | | |
| 7f | Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? | | |
| 7g | If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required? | | |
| 7h | If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C? | | |
| 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? | | |
| 9 | Sponsoring organizations maintaining donor advised funds. | | |
| 9a | Did the organization make any taxable distributions under section 4966? | | |
| 9b | Did the organization make a distribution to a donor, donor advisor, or related person? | | |
| 10 | Section 501(c)(7) organizations. Enter: | | |
| 10a | Initiation fees and capital contributions included on Part VIII, line 12. | | |
| 10b | Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities. | | |
| 11 | Section 501(c)(12) organizations. Enter: | | |
| 11a | Gross income from members or shareholders. | | |
| 11b | Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them). | | |
| 12a | Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041? | | |
| 12b | If "Yes," enter the amount of tax-exempt interest received or accrued during the year. | | |
| 13 | Section 501(c)(29) qualified nonprofit health insurance issuers. | | |
| 13a | 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. | | |
| 13b | 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. | | |
| 13c | Enter the amount of reserves on hand. | | |
| 14a | Did the organization receive any payments for indoor tanning services during the tax year? | | No |
| 14b | If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O. | | |

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 | | |
| 1b | Enter the number of voting members included in line 1a, above, who are independent | | |
| 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? | | 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? | Yes | |
| 4 | Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? | | No |
| 5 | Did the organization become aware during the year of a significant diversion of the organization's assets? | | No |
| 6 | Did the organization have members or stockholders? | Yes | |
| 7a | Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body? | Yes | |
| 7b | Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? | | No |
| 8 | Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following | | |
| 8a | The governing body? | Yes | |
| 8b | Each committee with authority to act on behalf of the governing body? | 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 | | 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? | | No |
| 10b | If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes? | | |
| 11a | Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? | Yes | |
| 11b | Describe in Schedule O the process, if any, used by the organization to review this Form 990 | | |
| 12a | Did the organization have a written conflict of interest policy? If "No," go to line 13 | Yes | |
| 12b | Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? | Yes | |
| 12c | Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done | Yes | |
| 13 | Did the organization have a written whistleblower policy? | Yes | |
| 14 | Did the organization have a written document retention and destruction policy? | Yes | |
| 15 | Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision? | | |
| 15a | The organization's CEO, Executive Director, or top management official | | No |
| 15b | Other officers or key employees of the organization | | No |
| 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? | | No |
| 16b | If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements? | | |

Section C. Disclosure

| | |
|----|--|
| 17 | List the States with which a copy of this Form 990 is required to be filed |
| 18 | Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> Other (explain in Schedule O) |
| 19 | Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year |
| 20 | State the name, physical address, and telephone number of the person who possesses the books and records of the organization COMPANY OFFICIALS 910 WALLACE AVE LEITCHFIELD, KY (270) 259-9400 |

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) MIKE BOONE DIRECTOR | 1 00 | X | | | | | | 0 | 0 | 0 |
| (2) LINDA FRENCH DIRECTOR | 1 00 | X | | | | | | 0 | 0 | 0 |
| (3) BECKY MILLER DIRECTOR | 1 00 | X | | | | | | 0 | 0 | 0 |
| (4) RON TYRER DIRECTOR | 1 00 | X | | | | | | 0 | 0 | 0 |
| (5) L BRETT ABNEY OD DIRECTOR | 1 00 | X | | | | | | 0 | 0 | 0 |
| (6) LARRY PERKINS DIRECTOR | 1 00 | X | | | | | | 0 | 0 | 0 |
| (7) BARRY JOE CANNON DIRECTOR | 1 00 | X | | | | | | 0 | 0 | 0 |
| (8) TED ROGERS MD DIRECTOR | 1 00 | X | | | | | | 0 | 0 | 0 |
| (9) DARRELL MOLL DIRECTOR | 1 00 | X | | | | | | 0 | 0 | 0 |
| (10) TREVOR RAY DIRECTOR | 1 00 | X | | | | | | 0 | 0 | 0 |
| (11) SHELBY SHELMAN PHARMACIST | 40 00 | | | | | X | | 142,888 | 0 | 21,433 |
| (12) CATHERINE D CLEMONS CHIEF OPERAT | 40 00 | | | | | X | | 134,124 | 0 | 10,810 |
| (13) DAVID FULLER DIRECTOR OF | 40 00 | | | | | X | | 132,658 | 0 | 13,266 |
| (14) ANITA PLEACHER PHARMACIST | 40 00 | | | | | X | | 121,820 | 0 | 1,218 |
| (15) DAVID LOGSDON CHIEF NURSIN | 40 00 | | | | | X | | 118,549 | 0 | 10,811 |
| | | | | | | | | | | |
| | | | | | | | | | | |

Part VII

| | | | | | |
|-----------|--|---|---------|--|--------|
| 1b | Sub-Total | ▼ | | | |
| c | Total from continuation sheets to Part VII, Section A | ▼ | | | |
| d | Total (add lines 1b and 1c) | ▼ | 650,039 | | 57,538 |

\$100,000 of reportable compensation from the organization ➡ 7

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

Section B. Independent Contractors

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

| (A) Name and business address | (B) Description of services | (C) Compensation |
|--|--------------------------------|---------------------|
| ALLIANCE CORPORATION PO BOX 1480 GLASGOW KY 42142 | MANAGEMENT SERV | 843,354 |
| ALLIANT MANAGEMENT SERVICES PO BOX 35070 LOUISVILLE KY 40232 | FACILITY MGMT C | 639,144 |
| HOSPITAL CARE CONSULTANTS 17304 PRESTON ROAD SUITE 1400 DALLAS TX 75252 | MANAGEMENT SERV | 635,000 |
| KENTUCKY HOSPITAL INSURANCE PROGRAM 2501 NELSON MILLER PARKWAY LOUISVILLE KY 40223 | MANAGMENT SERVI | 526,350 |
| LABORATORY CORPORATION PO BOX 12140 BURLINGTON NC 27216 | PROFESSIONAL SE | 504,652 |

\$100,000 of compensation from the organization ➡ 22

Part VIII

Statement of Revenue

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

| | | | (A) | (B) | (C) | (D) |
|---|---|---|---|---|----------------------------------|--|
| | | | Total revenue | Related or exempt function revenue | Unrelated business revenue | Revenue excluded from tax under sections 512, 513, or 514 |
| Contributions, Gifts, Grants and Other Similar Amounts | 1a | Federated campaigns . . . | 1a | | | |
| | b | Membership dues | 1b | | | |
| | c | Fundraising events | 1c | | | |
| | d | Related organizations | 1d | | | |
| | e | Government grants (contributions) | 1e | | | |
| | f | All other contributions, gifts, grants, and similar amounts not included above | 1f | 19,912 | | |
| | g | Noncash contributions included in lines 1a-1f \$ | | 19,587 | | |
| | h | Total. Add lines 1a-1f | | 19,912 | | |
| Program Service Revenue | 2a | PATIENT SERVICES | Business Code | 40,925,190 | 40,925,190 | |
| | b | CAFETERIA REVENUE | | 163,358 | 163,358 | |
| | c | FITNESS CENTER & OTHER INCOME | | 30,458 | 30,458 | |
| | d | | | | | |
| | e | | | | | |
| | f | All other program service revenue | | | | |
| | g | Total. Add lines 2a-2f | | 41,119,006 | | |
| | Other Revenue | 3 | Investment income (including dividends, interest, and other similar amounts) | | 179,498 | |
| 4 | | Income from investment of tax-exempt bond proceeds . . | | | | |
| 5 | | Royalties | | | | |
| 6a | | Gross rents | (i) Real (ii) Personal | | | |
| b | | Less rental expenses | | | | |
| c | | Rental income or (loss) | | | | |
| d | | Net rental income or (loss) | | 213,770 | 213,770 | |
| 7a | | Gross amount from sales of assets other than inventory | (i) Securities (ii) Other | | | |
| b | | Less cost or other basis and sales expenses | | | | |
| c | | Gain or (loss) | | | | |
| d | | Net gain or (loss) | | | | |
| 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 | NONOPERATING GAIN(LOSS) | | 1,793,081 | 1,793,081 | | |
| b | TAX REVENUE | | 548,356 | 548,356 | | |
| c | MANAGEMENT FEES | | 224,635 | 224,635 | | |
| d | All other revenue | | -97,546 | -97,546 | | |
| e | Total. Add lines 11a-11d | | 2,468,526 | | | |
| 12 | Total revenue. See Instructions | | 44,000,712 | 43,801,302 | 179,498 | |

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. | | | | |
| 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. | | | | |
| 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. | 12,296,662 | 10,299,096 | 1,997,566 | |
| 8 | Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions). | | | | |
| 9 | Other employee benefits. | | | | |
| 10 | Payroll taxes. | | | | |
| 11 | Fees for services (non-employees): | | | | |
| a | Management. | | | | |
| b | Legal. | | | | |
| 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). | | | | |
| 12 | Advertising and promotion. | | | | |
| 13 | Office expenses. | | | | |
| 14 | Information technology. | | | | |
| 15 | Royalties. | | | | |
| 16 | Occupancy. | | | | |
| 17 | Travel. | | | | |
| 18 | Payments of travel or entertainment expenses for any federal, state, or local public officials. | | | | |
| 19 | Conferences, conventions, and meetings. | | | | |
| 20 | Interest. | 890,660 | | 890,660 | |
| 21 | Payments to affiliates. | | | | |
| 22 | Depreciation, depletion, and amortization. | 3,198,725 | 2,790,248 | 408,477 | |
| 23 | Insurance. | | | | |
| 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 | ADMINISTRATIVE & GENERAL | 8,847,726 | | 8,847,726 | |
| b | PHARMACY | 3,004,719 | 3,004,719 | | |
| c | PROVISION FOR BAD DEBTS | 1,785,373 | 1,785,373 | | |
| d | MATERIALS MANAGEMENT | 1,742,458 | 1,742,458 | | |
| e | All other expenses | 5,597,966 | 5,597,966 | | |
| 25 | Total functional expenses. Add lines 1 through 24e. | 37,364,289 | 25,219,860 | 12,144,429 | 0 |
| 26 | Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720). | | | | |

Part X

Balance Sheet

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

☐

| | | | | (A) | | (B) |
|-----------------------------|---|--|---------------|-------------------|-----|-------------|
| | | | | Beginning of year | | End of year |
| Assets | 1 | Cash—non-interest-bearing | | 13,201,960 | 1 | 13,510,428 |
| | 2 | Savings and temporary cash investments | | | 2 | |
| | 3 | Pledges and grants receivable, net | | | 3 | |
| | 4 | Accounts receivable, net | | 5,813,009 | 4 | 6,074,456 |
| | 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 | | 21,932,540 | 7 | 26,330,430 |
| | 8 | Inventories for sale or use | | 1,478,146 | 8 | 1,533,555 |
| | 9 | Prepaid expenses and deferred charges | | 427,803 | 9 | 359,430 |
| | 10a | Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D | 10a69,092,851 | | | |
| | b | Less accumulated depreciation | 10b29,200,319 | 39,357,346 | 10c | 39,892,532 |
| | 11 | Investments—publicly traded securities | | 2,132,422 | 11 | 2,131,113 |
| | 12 | Investments—other securities See Part IV, line 11 | | | 12 | |
| | 13 | Investments—program-related See Part IV, line 11 | | | 13 | |
| | 14 | Intangible assets | | | 14 | |
| | 15 | Other assets See Part IV, line 11 | | | 15 | |
| | 16 | Total assets. Add lines 1 through 15 (must equal line 34) | | 84,343,226 | 16 | 89,831,944 |
| Liabilities | 17 | Accounts payable and accrued expenses | | 3,667,957 | 17 | 3,815,550 |
| | 18 | Grants payable | | | 18 | |
| | 19 | Deferred revenue | | | 19 | |
| | 20 | Tax-exempt bond liabilities | | 16,295,479 | 20 | 15,299,875 |
| | 21 | Escrow or custodial account liability Complete Part IV of Schedule D | | | 21 | |
| | 22 | Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L | | | 22 | |
| | 23 | Secured mortgages and notes payable to unrelated third parties | | | 23 | |
| | 24 | Unsecured notes and loans payable to unrelated third parties | | | 24 | |
| | 25 | Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D | | 1,846,110 | 25 | 1,546,416 |
| | 26 | Total liabilities. Add lines 17 through 25 | | 21,809,546 | 26 | 20,661,841 |
| Net Assets or Fund Balances | Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34. | | | | | |
| | 27 | Unrestricted net assets | | 62,533,680 | 27 | 69,170,103 |
| | 28 | Temporarily restricted net assets | | | 28 | |
| | 29 | Permanently restricted net assets | | | 29 | |
| | Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34. | | | | | |
| | 30 | Capital stock or trust principal, or current funds | | | 30 | |
| | 31 | Paid-in or capital surplus, or land, building or equipment fund | | | 31 | |
| | 32 | Retained earnings, endowment, accumulated income, or other funds | | | 32 | |
| | 33 | Total net assets or fund balances | | 62,533,680 | 33 | 69,170,103 |
| | 34 | Total liabilities and net assets/fund balances | | 84,343,226 | 34 | 89,831,944 |

Part XI Reconciliation of Net Assets

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

| | | | |
|----|---|----|------------|
| 1 | Total revenue (must equal Part VIII, column (A), line 12) | 1 | 44,000,712 |
| 2 | Total expenses (must equal Part IX, column (A), line 25) | 2 | 37,364,289 |
| 3 | Revenue less expenses Subtract line 2 from line 1 | 3 | 6,636,423 |
| 4 | Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . . | 4 | 62,533,680 |
| 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 | |
| 10 | Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B)) | 10 | 69,170,103 |

Part XII Financial Statements and Reporting

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

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

SCHEDULE A
(Form 990 or 990EZ)

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.

OMB No 1545-0047

2012

Open to Public Inspection

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

Name of the organization
GRAYSON COUNTY HOSPITAL FOUNDATION

Employer identification number
61-0523298

Part I

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

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

- 1

☐

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

☐

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

☒

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

☐

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

☐

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

☐

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

☐

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

☐

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

☐

An organization that normally receives (1) more than 33¹/₃% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33¹/₃% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)
- 10

☐

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

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Non-functionally integrated
- e

☐

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

☐

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

☐

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

(i)

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

(ii)

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

(iii)

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

☐

Provide the following information about the supported organization(s)

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

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

Part II

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

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

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

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

Part IIISupport Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

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

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

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

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

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

| |
|------------------------------|
| Facts And Circumstances Test |
| |

| |
|-------------|
| Explanation |
| |
| |
| |
| |

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

OMB No 1545-0047

2012

Open to Public Inspection

| | |
|--|--|
| Name of the organization GRAYSON COUNTY HOSPITAL FOUNDATION | Employer identification number 61-0523298 |
|--|--|

Part I

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

| | | |
|---|--|------------------------------|
| | (a) Donor advised funds | (b) Funds and other accounts |
| 1 | Total number at end of year | |
| 2 | Aggregate contributions to (during year) | |
| 3 | Aggregate grants from (during year) | |
| 4 | Aggregate value at end of year | |
| 5 | Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? <div><input type="checkbox"/> Yes<input type="checkbox"/> No</div> | |
| 6 | Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? <div><input type="checkbox"/> Yes<input type="checkbox"/> No</div> | |

Part II

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

1

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

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

2

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

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

3

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

4

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

5

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

☐ Yes☐ No

6

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

7

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

8

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

☐ Yes☐ No

9

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

Part III

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

1a

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

b

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

(i)

Revenues included in Form 990, Part VIII, line 1

▶\$ _____

(ii)

Assets included in Form 990, Part X

▶\$ _____

2

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

a

Revenues included in Form 990, Part VIII, line 1

▶\$ _____

b

Assets included in Form 990, Part X

▶\$ _____

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

Cat No 52283D

Schedule D (Form 990) 2012

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

3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

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

5

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

☐ Yes

☐ No

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

1a

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

☐ Yes

☐ No

b

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

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

| | |
|----|--------|
| | Amount |
| 1c | |
| 1d | |
| 1e | |
| 1f | |

2a

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

☐ Yes

☐ No

b

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

☐

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

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

2

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

a

Board designated or quasi-endowment

b

Permanent endowment

c

Temporarily restricted endowment

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

3a

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

(i)

unrelated organizations

(ii)

related organizations

b

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

| | | |
|--------|-----|----|
| | Yes | No |
| 3a(i) | | |
| 3a(ii) | | |
| 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 | 1,063,992 | | 1,063,992 |
| b | Buildings | 44,618,861 | 14,569,323 | 30,049,538 |
| c | Leasehold improvements | | | |
| d | Equipment | 20,745,305 | 13,237,556 | 7,507,749 |
| e | Other | 2,664,693 | 1,393,440 | 1,271,253 |
| Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).) | | | | 39,892,532 |

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 | 39,044,739 |
| 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 | -4,867,634 |
| e | Add lines 2a through 2d | 2e | -4,867,634 |
| 3 | Subtract line 2e from line 1 | 3 | 43,912,373 |
| 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 | 88,339 |
| c | Add lines 4a and 4b | 4c | 88,339 |
| 5 | Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12) | 5 | 44,000,712 |

Part XII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

| | | | |
|---|---|----|------------|
| 1 | Total expenses and losses per audited financial statements | 1 | 37,275,950 |
| 2 | Amounts included on line 1 but not on Form 990, Part IX, line 25 | | |
| a | Donated services and use of facilities | 2a | |
| b | Prior year adjustments | 2b | |
| c | Other losses | 2c | |
| d | Other (Describe in Part XIII) | 2d | |
| e | Add lines 2a through 2d | 2e | |
| 3 | Subtract line 2e from line 1 | 3 | 37,275,950 |
| 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 | 88,339 |
| c | Add lines 4a and 4b | 4c | 88,339 |
| 5 | Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18) | 5 | 37,364,289 |

Part XIII

Supplemental Information

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

| Identifier | Return Reference | Explanation |
|--|---------------------------------------|---|
| LIABILITY UNDER FIN 48 FOOTNOTE | SCHEDULE D, PAGE 3, PART X | THE HOSPITAL IS A NOT-FOR-PROFIT CORPORATION AS DESCRIBED IN SECTION 501 (C)(3) OF THE INTERNAL REVENUE CODE AND IS EXEMPT FROM FEDERAL AND STATE INCOME TAXES ON RELATED INCOME PURSUANT TO SECTION 501 (A) OF THE CODE. ACCORDINGLY, NO PROVISION FOR INCOME TAXES HAS BEEN REFLECTED IN THE HOSPITAL'S FINANCIAL STATEMENTS. MANAGEMENT IS NOT AWARE OF ANY ACTIVITY WITHIN THE HOSPITAL DURING THE CURRENT OR PRIOR REPORTING PERIODS THAT WOULD JEOPARDIZE OR OTHERWISE CALL INTO QUESTION THE HOSPITAL'S COMPLIANCE WITH THE ABOVE INTERNAL REVENUE CODE SECTION. THE ORGANIZATION'S FEDERAL RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX (FORM 990) FOR FISCAL YEARS 2011, 2012 AND 2013 ARE SUBJECT TO EXAMINATION BY THE INTERNAL REVENUE SERVICE FOR THREE YEARS AFTER THEY WERE FILED. CURRENTLY, THE HOSPITAL HAS NO REPORTING REQUIREMENTS WITH ANY STATE OR LOCAL JURISDICTIONS. THE HOSPITAL HAS INVESTMENT INTEREST IN TWO COMPANIES. THE HOSPITAL BELIEVES THAT IT HAS APPROPRIATE SUPPORT FOR ANY TAX POSITIONS TAKEN, AND AS SUCH, DOES NOT HAVE ANY UNCERTAIN TAX POSITIONS THAT ARE MATERIAL TO THE FINANCIAL STATEMENTS. THE HOSPITAL'S POLICY FOR RECORDING ANY TAX RELATED INTEREST AND PENALTIES IS TO RECOGNIZE THESE ITEMS AS OPERATING EXPENSES, HOWEVER, NONE WERE INCURRED OR RECORDED DURING THE CURRENT OR PRIOR OPEN OPERATING PERIODS. |
| REVENUE AMOUNTS INCLUDED IN FINANCIALS - OTHER | SCHEDULE D, PAGE 4, PART XI, LINE 2D | OPERATING LOSS REPORTED UNDER ID 61-1269278 - 4,867,634 |
| REVENUE AMOUNTS INCLUDED ON RETURN - OTHER | SCHEDULE D, PAGE 4, PART XI, LINE 4B | VALUE OF DONATED ITEMS 19,587 DONATED SERVICES 68,752 |
| EXPENSE AMOUNTS INCLUDED ON RETURN - OTHER | SCHEDULE D, PAGE 4, PART XII, LINE 4B | DONATED SERVICES 68,752 USE OF DONATED ITEMS 19,587 |

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
GRAYSON COUNTY HOSPITAL FOUNDATION

Employer identification number
61-0523298

Part I

Financial Assistance and Certain Other Community Benefits at Cost

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

7

Financial Assistance and Certain Other Community Benefits at Cost

| Financial Assistance and Means-Tested Government Programs | (a) Number of activities or programs (optional) | (b) Persons served (optional) | (c) Total community benefit expense | (d) Direct offsetting revenue | (e) Net community benefit expense | (f) Percent of total expense |
|---|---|-------------------------------|-------------------------------------|-------------------------------|-----------------------------------|------------------------------|
| a Financial Assistance at cost (from Worksheet 1) | 1 | 824 | 327,054 | | 327,054 | 0 880 % |
| b Medicaid (from Worksheet 3, column a) | 1 | 17,702 | 2,991,118 | | 2,991,118 | 8 010 % |
| c Costs of other means-tested government programs (from Worksheet 3, column b) | 1 | 1,908 | 568,092 | | 568,092 | 1 520 % |
| d Total Financial Assistance and Means-Tested Government Programs | 3 | 20,434 | 3,886,264 | | 3,886,264 | 10 400 % |
| Other Benefits | | | | | | |
| e Community health improvement services and community benefit operations (from Worksheet 4) | 18 | 5,450 | 9,575 | 1,011 | 8,564 | 0 020 % |
| 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 | 18 | 5,450 | 9,575 | 1,011 | 8,564 | 0 020 % |
| k Total. Add lines 7d and 7j | 21 | 25,884 | 3,895,839 | 1,011 | 3,894,828 | 10 420 % |

Part IICommunity Building Activities

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

| | (a) Number of activities or programs (optional) | (b) Persons served (optional) | (c) Total community building expense | (d) Direct offsetting revenue | (e) Net community building expense | (f) Percent of total expense |
|--|---|-------------------------------|--------------------------------------|-------------------------------|------------------------------------|------------------------------|
| 1Physical improvements and housing | | | | | | |
| 2Economic development | 1 | | 25,000 | | 25,000 | 0.070 % |
| 3Community support | 2 | | 4,854 | | 4,854 | 0.010 % |
| 4Environmental improvements | | | | | | |
| 5Leadership development and training for community members | | | | | | |
| 6Coalition building | | | | | | |
| 7Community health improvement advocacy | 4 | | 2,138 | | 2,138 | 0.010 % |
| 8Workforce development | | | | | | |
| 9Other | | | | | | |
| 10Total | 7 | | 31,992 | | 31,992 | 0.090 % |

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?

1

No

2Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount.

2

1,777,519

3Enter 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

1,265,389

4Provide 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

5Enter total revenue received from Medicare (including DSH and IME).

5

15,549,360

6Enter Medicare allowable costs of care relating to payments on line 5.

6

15,018,407

7Subtract line 6 from line 5. This is the surplus (or shortfall).

7

530,953

8Describe 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

9aDid the organization have a written debt collection policy during the tax year?

9a

Yes

bIf "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI.

9b

Yes

Part IVManagement Companies and Joint Ventures

(owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

| (a) Name of entity | (b) Description of primary activity of entity | (c) Organization's profit % or stock ownership % | (d) Officers, directors, trustees, or key employees' profit % or stock ownership % | (e) Physicians' profit % or stock ownership % |
|-----------------------|---|--|--|---|
| 1TWIN LAKES MEDICAL F | MEDICAL PRACTICES | 100.000 % | | |
| 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 | GRAYSON COUNTY HOSPITAL FOUNDATION TWIN LAKES REGIONAL MEDICAL CENTER 910 WALLACE AVE LEITCHFIELD, KY 42754 | X | X | | | | | X | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
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| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |

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)

GRAYSON COUNTY HOSPITAL FOUNDATION

Name of hospital facility or facility reporting group

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

1

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

Part V

Facility Information (continued)

| Financial Assistance Policy | | Yes | No | | |
|---|--|-----------|-----|-----------|-----|
| 9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care? | | 9 | Yes | | |
| 10 Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>150 0%</u> If "No," explain in Part VI the criteria the hospital facility used | | 10 | Yes | | |
| 11 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>300 0%</u> If "No," explain in Part VI the criteria the hospital facility used | | 11 | Yes | | |
| 12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) | | 12 | Yes | | |
| a <input checked="" type="checkbox"/> Income level | | | | | |
| b <input checked="" type="checkbox"/> Asset level | | | | | |
| c <input checked="" type="checkbox"/> Medical indigency | | | | | |
| d <input checked="" type="checkbox"/> Insurance status | | | | | |
| e <input checked="" type="checkbox"/> Uninsured discount | | | | | |
| f <input checked="" type="checkbox"/> Medicaid/Medicare | | | | | |
| g <input checked="" type="checkbox"/> State regulation | | | | | |
| h <input type="checkbox"/> Other (describe in Part VI) | | | | | |
| 13 Explained the method for applying for financial assistance? | | 13 | Yes | | |
| 14 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) | | 14 | Yes | | |
| a <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website | | | | | |
| b <input checked="" type="checkbox"/> The policy was attached to billing invoices | | | | | |
| c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms | | | | | |
| d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices | | | | | |
| e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility | | | | | |
| f <input checked="" type="checkbox"/> The policy was available upon request | | | | | |
| g <input checked="" type="checkbox"/> Other (describe in Part VI) | | | | | |
| Billing and Collections | | | | | |
| 15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment? | | 15 | Yes | | |
| 16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP | | | | | |
| a <input checked="" type="checkbox"/> Reporting to credit agency | | | | | |
| b <input checked="" type="checkbox"/> Lawsuits | | | | | |
| c <input checked="" type="checkbox"/> Liens on residences | | | | | |
| d <input type="checkbox"/> Body attachments | | | | | |
| e <input type="checkbox"/> Other similar actions (describe in Part VI) | | | | | |
| 17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? | | | | 17 | Yes |
| If "Yes," check all actions in which the hospital facility or a third party engaged | | | | | |
| a <input checked="" type="checkbox"/> Reporting to credit agency | | | | | |
| b <input checked="" type="checkbox"/> Lawsuits | | | | | |
| c <input checked="" type="checkbox"/> Liens on residences | | | | | |
| d <input type="checkbox"/> Body attachments | | | | | |
| e <input type="checkbox"/> Other similar actions (describe in Part VI) | | | | | |

Part V

Facility Information (continued)

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

☒

Notified individuals of the financial assistance policy on admission
- b

☒

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

☒

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

☒

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

☐

Other (describe in Part VI)

Policy Relating to Emergency Medical Care

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

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

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

Part V

Facility Information (continued)

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

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

| Name and address | Type of Facility (describe) |
|------------------|-----------------------------|
| 1 | |
| 2 | |
| 3 | |
| 4 | |
| 5 | |
| 6 | |
| 7 | |
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| 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 |
|---|-----------------|---|
| OTHER TESTING METHODS FOR FREE OR DISCOUNTED CARE | PART I LINE 3C | TWIN LAKES REGIONAL MEDICAL CENTERS PATIENT FINANCIAL ASSISTANCE PROGRAM UTILIZES THE FEDERAL POVERTY GUIDELINES AND AN ASSET TEST CONSISTING OF RESIDENCE VEHICLES AND CASH INVESTMENTS TO DETERMINE ELIGIBILITY FOR FREE OR DISCOUNTED CARE |
| COSTING METHODOLOGY EXPLANATION | PART I LINE 7 | IN DETERMINING THE AMOUNTS FOR PART 1 LINE 7 COST ACCOUNTING WAS USED THE COSTTOCHARGE RATIO WAS DERIVED FROM WORKSHEET 2 RATIO OF PATIENT CARE COSTTOCHARGES |

| Identifier | ReturnReference | Explanation |
|----------------------------------|-----------------|---|
| COMMUNITY BUILDING ACTIVITIES | PART II | TWIN LAKES REGIONAL MEDICAL CENTER HAS AN ONGOING COMMITMENT TO ITS COMMUNITY DUE TO GRAYSON COUNTYS HIGH RATE OF JOBLESSNESS THE HOSPITAL DECIDED IT WAS IN THE COMMUNITYS BEST INTEREST TO SUPPORT LEITCHFIELDS INDUSTRIAL DEVELOPMENT |
| BAD DEBT EXPENSE EXPLANATION | PART III LINE 4 | THE TOTAL BAD DEBT EXPENSE AT COST REPRESENTS THE TOTAL AMOUNT EXPECTED TO BE COLLECTED BUT DEEMED UNCOLLECTIBLE BASED ON THE COMMUNITYS DEMOGRAPHICS INCOME LEVEL INDIVIDUAL ASSETS AND HEALTH COVERAGE 7119 WAS DETERMINED TO BE ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER THE HOSPITALS PATIENT FINANCIAL ASSISTANCE PROGRAM FINANCIAL STATEMENT FOOTNOTE DELINQUENT RECEIVABLES ARE WRITTEN OFF BASED ON INDIVIDUAL CREDIT EVALUATION AND SPECIFIC CIRCUMSTANCES OF THE PATIENT OR THIRDPARTY PAYOR IF THE HOSPITAL RECEIVES NO PAYMENT OR COMMUNICATION TO ARRANGE PAYMENT THE ACCOUNT IS SENT TO COLLECTION AND RECOGNIZED AS BAD DEBT AT THAT TIME |

| Identifier | ReturnReference | Explanation |
|-------------------------------------|------------------|--|
| COLLECTION PRACTICES EXPLANATION | PART III LINE 9B | IF THE PATIENT DOES NOT HAVE ANY INSURANCE COVERAGE AND THE PATIENT DOES NOT QUALIFY FOR ANY TYPE OF FINANCIAL ASSISTANCE UNDER THE HOSPITALS FINANCIAL ASSISTANCE PROGRAM THEN THE ACCOUNT CAN BE CONSIDERED FOR BAD DEBT PLACEMENT FORTYFIVE DAYS AFTER THE PATIENT RECEIVED THEIR FIRST STATEMENT IF THERE HAS BEEN NO RESPONSE FROM THE PATIENT AFTER A PERIOD OF TIME HAS PASSED WITH NO RESOLUTION THE ACCOUNT WILL BE SENT TO OUR COLLECTION AGENCY |
| NEEDS ASSESSMENT | PART VI | TWIN LAKES REGIONAL MEDICAL CENTER ASSESSES THE COMMUNITYS HEALTH CARE NEEDS BY OBTAINING INFORMATION FROM A VARIETY OF SOURCES INCLUDING A COMMUNITY HEALTH NEEDS ASSESSMENT CONDUCTED BY TWIN LAKES REGIONAL MEDICAL CENTER B DEMOGRAPHIC DATABASES C LOCAL AND REGIONAL HEALTH DEPARTMENTS AND RELATED DATABASES D KENTUCKY HOSPITAL ASSOCIATION REPORTS AND DATABASES E MARKET ANALYSIS F FEEDBACK FROM PHYSICIANS AND EMPLOYEES AND OTHER INTERESTED COMMUNITY GROUPS G HOSPITALGENERATED REPORTS ON UTILIZATION OF SERVICES H BOARD OF DIRECTORS MADE UP OF LOCAL COUNTY RESIDENTS |

| Identifier | ReturnReference | Explanation |
|---|-----------------|---|
| PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE | PART VI | TWIN LAKES REGIONAL MEDICAL CENTER REACHES OUT TO EDUCATE PATIENTS ABOUT THEIR PATIENT FINANCIAL ASSISTANCE PROGRAM A BROCHURE IS AVAILABLE AT SEVERAL LOCATIONS THROUGHOUT THE HOSPITAL INCLUDING THE BUSINESS OFFICE AND REGISTRATION AREA A PDF VERSION OF THE BROCHURE IS POSTED ON THE HOSPITALS WEBSITE THE HOSPITAL RAN A FULL PAGE COLOR AD IN THE TWO LOCAL NEWSPAPERS IN JUNE 2013 THAT INCLUDED THE SAME INFORMATION PROMINENTLY DISPLAYED AT THE TIME OF REGISTRATION SELF-PAY PATIENTS ARE GIVEN A BROCHURE ON THE FINANCIAL ASSISTANCE PROGRAM IN ADDITION SELF-PAY PATIENTS ARE INFORMED OF FEDERAL STATE AND LOCAL GOVERNMENTAL ASSISTANCE PROGRAMS WITHIN 24 HOURS OF ADMISSION SELF-PAY PATIENTS ARE VISITED BY A FINANCIAL COUNSELOR AND INFORMED OF THE AVAILABLE PROGRAMS WHEN POSSIBLE OB PATIENTS ARE CONTACTED ONE WEEK IN ADVANCE AND NOTIFIED OF AVAILABLE PROGRAMS |
| COMMUNITY INFORMATION | PART VI | THE PRIMARY SERVICE AREA FOR TWIN LAKES REGIONAL MEDICAL CENTER IS GRAYSON COUNTY KY POPULATION 25500 LOCATED 75 MILES SOUTHWEST OF LOUISVILLE KY THE HOSPITALS SECONDARY SERVICE AREA INCLUDES PARTS OF 6 SURROUNDING COUNTIES THE ESTIMATED PERCENTAGE OF PEOPLE LIVING BELOW THE POVERTY LEVEL AS DETERMINED BY THE US CENSUS BUREAU 2009 IS 210 FOR GRAYSON COUNTY AND AN AVERAGE OF 209 FOR THE PRIMARY SERVICE AREA THE AREA IS MOSTLY RURAL WITH A HIGHER PERCENTAGE OF PERSONS OVER THE AGE OF 65 AND A SIGNIFICANTLY LOWER MEDIAN HOUSEHOLD INCOME THAN FOR ALL OF KENTUCKY THE AVERAGE UNEMPLOYMENT RATE IN GRAYSON COUNTY FOR CALENDAR YEAR 2011 WAS 12.3 |

| Identifier | ReturnReference | Explanation |
|--|-----------------|---|
| HEALTH OF COMMUNITY IN RELATION TO EXEMPT PURPOSE | PART VI | TWIN LAKES REGIONAL MEDICAL CENTER AND ITS EMPLOYEES HAVE A RICH HISTORY OF PLANNING ANDOR SPONSORING EVENTS DESIGNED TO EDUCATE THE COMMUNITY ON HEALTHY LIVING AND WELLNESS FACTORS EVENTS DURING FYE 2013 INCLUDED THE COMMUNITY BABY SHOWER THE TEDDY BEAR CLINIC HEART HEALTH EXPO MAKE A DIFFERENCE DAY PREPARED CHILDBIRTH AND BREAST FEEDING CLASSES AND HEALTH FAIRS AND SCREENINGS FOR THE COMMUNITY AND PRIVATE ORGANIZATIONS TWIN LAKES REGIONAL MEDICAL CENTER ADHERES TO THE FOLLOWING IRS EXEMPTION REQUIREMENTS A ACCEPT AND TREAT MEDICARE AND MEDICAID PATIENTS B EMERGENCY DEPARTMENT OPEN TO ALL EMERGENT CASES REGARDLESS OF ABILITY TO PAY C OPEN MEDICAL STAFF THAT ALLOWS CREDENTIALLED PHYSICIANS TO PRACTICE AT FACILITY D OPERATE UNDER COMMUNITY BOARDS CONTROL IT IS THE MISSION AND ONGOING GOAL OF THE LEADERSHIP AND EMPLOYEES OF TWIN LAKES REGIONAL MEDICAL CENTER TO DO THE BEST JOB POSSIBLE TREATING THE SICK AND INJURED ADDRESSING COMMUNITY WELLNESS NEEDS AND PROMOTING HEALTHY LIVING AT EVERY OPPORTUNITY THROUGH OUR MANY COMMUNITY BENEFIT ACTIVITIES OUR CHARITY CARE PROGRAM AND OUR ACCEPTANCE OF PATIENTS COVERED BY FEDERAL AND STATE PROGRAMS TLRMC MAKES A POSITIVE DIFFERENCE IN THE QUALITY OF LIFE IN THE COMMUNITIES WE SERVE |
| ADDITIONAL INFORMATION | PART VI | IN ADDITION TO PROVIDING THE COMMUNITY BENEFIT REPORT IN THE LOCAL PAPER TLRMC ALSO PARTICIPATES IN THE STATEWIDE COMMUNITY BENEFIT REPORT WITH KENTUCKY HOSPITAL ASSOCIATION THAT IS PRESENTED TO OUR COMMONWEALTH |

| Identifier | ReturnReference | Explanation |
|---|-----------------|---|
| GRAYSON COUNTY HOSPITAL FOUNDATION LINE NUMBER 1 PART V LINE 3 | PART V LINE 3 | IN CONDUCTING THE COMMUNITY HEALTH NEEDS ASSESSMENT TWIN LAKES REGIONAL MEDICAL CENTER DEVELOPED A SURVEY TO GATHER HEALTH INFORMATION AND OPINIONS OF GRAYSON COUNTY RESIDENTS 18 AND OVER THE SURVEY WAS CONDUCTED IN NOVEMBER AND DECEMBER 2012 USING AN ONLINE SURVEY TOOL AND BY DISTRIBUTING PRINTED COPIES IN VARIOUS LOCATIONS THROUGHOUT THE COMMUNITY REGISTRATION CLERKS AT THE HOSPITAL HANDED OUT THE SURVEY TO PATIENTS AND THE FAMILY MEMBERS OF PATIENTS THE ONLINE SURVEY WAS PROMOTED THROUGH NEWSPAPER ADVERTISEMENTS AND BUSINESS CARDS AT THE GRAYSON COUNTY PUBLIC LIBRARY WHICH HAS SEVERAL COMPUTERS WITH INTERNET ACCESS EMAILS WERE SENT TO GRAYSON COUNTY CHAMBER OF COMMERCE MEMBERS AND EMPLOYEES OF THE GRAYSON COUNTY SCHOOL SYSTEM AND THE HOSPITAL PRINTED COPIES WERE DELIVERED TO AN ASSISTED LIVING FACILITY A MULTISTORY SUBSIDIZED HOUSING BUILDING AND THE GRAYSON COUNTY HEALTH DEPARTMENT THE CHNA TEAM AT TWIN LAKES REGIONAL MEDICAL CENTER TABULATED THE RESULTS FROM THE SURVEYS AND SUPPLEMENTED THEM WITH HEALTH STATISTICS AND DEMOGRAPHIC INFORMATION TLRMC THEN INVITED REPRESENTATIVES FROM A VARIETY OF BACKGROUNDS TO A COMMUNITY FORUMFOCUS GROUP ON MARCH 7 2013 TO REVIEW THE SURVEY RESULTS AND PROVIDE RECOMMENDATIONS FOR THE HOSPITALS COMMUNITY BENEFIT FOCUS PROFESSIONS INVITED INCLUDED PHYSICIANS LOCAL GOVERNMENT LEADERS SCHOOL ADMINISTRATORS TEACHERS AND STAFF HEALTH DEPARTMENT PERSONNEL INDUSTRY AND MANUFACTURING REPRESENTATIVES OPTOMETRIST DENTIST HOSPITAL BOARD MEMBERS LAW ENFORCEMENT OFFICIAL COMMUNITY EDUCATION LEADER PUBLIC LIBRARY DIRECTOR AND HOSPITAL LEADERSHIP ONCE THE INFORMATION WAS PRESENTED THE GROUP WAS BROKEN UP INTO SMALLER GROUPS TO FACILITATE DISCUSSIONS EVERY MEMBER WAS ASKED TO RANK THEIR PRIORITIES WITHOUT CONCERN ABOUT THE PRACTICALITY OF THE HOSPITALS ABILITY TO IMPACT THE ISSUES BEING DISCUSSED THESE PRIORITIES WERE THEN PRESENTED TO THE LARGER GROUP |
| GRAYSON COUNTY HOSPITAL FOUNDATION LINE NUMBER 1 PART V LINE 5C | PART V LINE 5C | LOCAL NEWSPAPERS |

| Identifier | ReturnReference | Explanation |
|--|-----------------|---|
| GRAYSON COUNTY HOSPITAL FOUNDATION LINE NUMBER 1 PART V LINE 7 | PART V LINE 7 | THE FOLLOWING NEEDS WERE IDENTIFIED BUT NOT ADOPTED AS TOP PRIORITIES OF THE HOSPITAL AND THE REASONS WHY ALCOHOL AND/OR DRUG ABUSE BEING MET BY OTHER COMMUNITY GROUPS AND PARTNERSHIPS THE HOSPITAL IS ALREADY INVOLVED WITH TEEN PREGNANCY THE RATES IN GRAYSON COUNTY ARE DECREASING AND THIS DID NOT SEEM LIKE AN EFFECTIVE FOCUS FOR THE HOSPITAL LACK OF DENTAL CARE NOT AN AREA THE HOSPITAL CAN MAKE A SIGNIFICANT IMPACT ON PSYCHIATRIC/MENTAL HEALTH SERVICES SOME SERVICES ALREADY PROVIDED IN THE COMMUNITY AND THE HOSPITAL WOULD HAVE TO PUT SIGNIFICANT RESOURCES INTO MAKING A DIFFERENCE AT THE COST OF OTHER HIGHER PRIORITY NEEDS |
| GRAYSON COUNTY HOSPITAL FOUNDATION LINE NUMBER 1 PART V LINE 14G | PART V LINE 14G | THE POLICY WAS PROVIDED TO PATIENTS AT REGISTRATION |

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
GRAYSON COUNTY HOSPITAL FOUNDATION

Employer identification number
61-0523298

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

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

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

| (A) Name and Title | | (B) Breakdown of W-2 and/or 1099-MISC compensation | | | (C) Retirement and other deferred compensation | (D) Nontaxable benefits | (E) Total of columns (B)(i)-(D) | (F) Compensation reported as deferred in prior Form 990 |
|---------------------------------|-------------|--|-------------------------------------|-------------------------------------|--|-------------------------|---------------------------------|---|
| | | (i) Base compensation | (ii) Bonus & incentive compensation | (iii) Other reportable compensation | | | | |
| (1)SHELBY SHELMAN PHARMACIST | (i) (ii) | 142,888 | | | 21,433 | | 164,321 | |

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 |
|------------|------------------|-------------|
|------------|------------------|-------------|

Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
GRAYSON COUNTY HOSPITAL FOUNDATION

Employer identification number
61-0523298

Part I

Bond Issues

| | (a) Issuer name | (b) Issuer EIN | (c) CUSIP # | (d) Date issued | (e) Issue price | (f) Description of purpose | (g) Defeased | | (h) On behalf of issuer | | (i) Pool financing | |
|---|--|----------------|-------------|-----------------|-----------------|---|--------------|----|-------------------------|----|--------------------|----|
| | | | | | | | Yes | No | Yes | No | Yes | No |
| A | GRAYSON COUNTY PUBLIC HOSPITAL DIST GRAYSON COUNTY PUBLIC HOSPITAL DIST | 61-0523298 | 389681BU0 | 05-01-2004 | 1,975,000 | ACQUISITION OF 35 ACRES ADJACENT TO THE HOSPITAL AND PURCHASE OF CT SCANNER | | X | | X | | X |
| B | GRAYSON COUNTY PUBLIC HOSPITAL DIST GRAYSON COUNTY PUBLIC HOSPITAL DIST | 61-0523298 | 389681CF2 | 04-15-2007 | 5,930,000 | REFUND EXISTING 1978, 1993 & 1999 BONDS AND SURGERY DEPARTMENT RENOVATION | | X | | X | | X |
| C | GRAYSON COUNTY PUBLIC HOSPITAL DIST GRAYSON COUNTY PUBLIC HOSPITAL DIST | 61-0523298 | 218183ER8 | 12-09-2009 | 12,530,000 | FUND HOSPITAL EXPANSION PROJECT | | X | | X | | X |

Part II

Proceeds

| | | A | | B | | C | | D | |
|----|--|-----------|----|-----------|----|------------|----|-----|----|
| 1 | Amount of bonds retired | 1,743,796 | | 2,265,986 | | 1,125,343 | | | |
| 2 | Amount of bonds legally defeased | | | | | | | | |
| 3 | Total proceeds of issue | 1,913,590 | | 5,755,733 | | 12,110,840 | | | |
| 4 | Gross proceeds in reserve funds | 746,068 | | 2,212,841 | | 2,406,531 | | | |
| 5 | Capitalized interest from proceeds | | | | | | | | |
| 6 | Proceeds in refunding escrows | | | | | | | | |
| 7 | Issuance costs from proceeds | 43,750 | | 118,395 | | 207,813 | | | |
| 8 | Credit enhancement from proceeds | | | | | | | | |
| 9 | Working capital expenditures from proceeds | | | | | | | | |
| 10 | Capital expenditures from proceeds | 1,900,000 | | 502,730 | | 11,281,780 | | | |
| 11 | Other spent proceeds | | | | | | | | |
| 12 | Other unspent proceeds | | | | | | | | |
| 13 | Year of substantial completion | 2004 | | 2008 | | 2011 | | | |
| 14 | Were the bonds issued as part of a current refunding issue? | Yes | No | Yes | No | Yes | No | Yes | No |
| | | | X | | X | | X | | |
| 15 | Were the bonds issued as part of an advance refunding issue? | | X | X | | | X | | |
| 16 | Has the final allocation of proceeds been made? | X | | X | | X | | | |
| 17 | Does the organization maintain adequate books and records to support the final allocation of proceeds? | X | | X | | X | | | |

Part III

Private Business Use

| | | A | | B | | C | | D | |
|---|--|-----|----|-----|----|-----|----|-----|----|
| 1 | Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds? | Yes | No | Yes | No | Yes | No | Yes | No |
| | | | X | | X | | X | | |
| 2 | Are there any lease arrangements that may result in private business use of bond-financed property? | | X | | X | | X | | |

Part III

Private Business Use (Continued)

| | | A | | B | | C | | D | |
|----|--|-----|----|-----|----|-----|----|-----|----|
| | | Yes | No | Yes | No | Yes | No | Yes | No |
| 3a | Are there any management or service contracts that may result in private business use of bond-financed property? | | X | | X | | X | | |
| b | If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property? | | | | | | | | |
| c | Are there any research agreements that may result in private business use of bond-financed property? | | X | | X | | X | | |
| d | If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property? | | | | | | | | |
| 4 | Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government | | | | | | | | |
| 5 | Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government | | | | | | | | |
| 6 | Total of lines 4 and 5 | | | | | | | | |
| 7 | Does the bond issue meet the private security or payment test? | | X | | X | | X | | |
| 8a | Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued? | | X | | X | | X | | |
| b | If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of | | | | | | | | |
| c | If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2? | | X | | X | | X | | |
| 9 | Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2? | X | | X | | X | | | |

Part IV

Arbitrage

| | | A | | B | | C | | D | |
|----|--|-----|----|-----|----|-----|----|-----|----|
| | | Yes | No | Yes | No | Yes | No | Yes | No |
| 1 | Has the issuer filed Form 8038-T? | | X | | X | | X | | |
| 2 | If "No" to line 1, did the following apply? | | | | | | | | |
| a | Rebate not due yet? | | X | | X | | X | | |
| b | Exception to rebate? | | X | | X | | X | | |
| c | No rebate due? | | X | | X | | X | | |
| | If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed | | | | | | | | |
| 3 | Is the bond issue a variable rate issue? | | X | | X | | X | | |
| 4a | Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue? | | X | | X | | X | | |
| b | Name of provider | | | | | | | | |
| c | Term of hedge | | | | | | | | |
| d | Was the hedge superintegrated? | | | | | | | | |
| e | Was a hedge terminated? | | | | | | | | |

Part IV

Arbitrage (Continued)

| | | A | | B | | C | | D | |
|----|---|-----|----|-----|----|-----|----|-----|----|
| | | Yes | No | Yes | No | Yes | No | Yes | No |
| 5a | Were gross proceeds invested in a guaranteed investment contract (GIC)? | | X | | X | | X | | |
| b | Name of provider | | | | | | | | |
| c | Term of GIC | | | | | | | | |
| d | Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied? | | | | | | | | |
| 6 | Were any gross proceeds invested beyond an available temporary period? | | X | | X | | X | | |
| 7 | Has the organization established written procedures to monitor the requirements of section 148? | | X | | X | | X | | |

Part V

Procedures To Undertake Corrective Action

| | | A | | B | | C | | D | |
|---|--|-----|----|-----|----|-----|----|-----|----|
| | | Yes | No | Yes | No | Yes | No | Yes | No |
| 1 | Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations? | | X | | | | | | |

Part VI

Supplemental Information. Complete this part to provide additional information for responses to questions on Schedule K (see instructions).

| Identifier | Return Reference | Explanation |
|---|------------------|--|
| DIFFERENCES IN ISSUE PRICE EXPLANATION | SCHEDULE K | GRAYSON COUNTY PUBLIC HOSPITAL DIST THE DIFFERENCE IS DUE TO A BOND DISCOUNT GRAYSON COUNTY PUBLIC HOSPITAL DIST THE DIFFERENCE IS DUE TO A BOND DISCOUNT GRAYSON COUNTY PUBLIC HOSPITAL DIST THE DIFFERENCE IS DUE TO A BOND DISCOUNT |

Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

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

OMB No 1545-0047
2012
Open to Public Inspection

Name of the organization
GRAYSON COUNTY HOSPITAL FOUNDATION

Employer identification number
61-0523298

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV Business Transactions Involving Interested Persons.

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

| (a) Name of interested person | (b) Relationship between interested person and the organization | (c) Amount of transaction | (d) Description of transaction | (e) Sharing of organization's revenues? | |
|-------------------------------------|---|---------------------------|--------------------------------|---|----|
| | | | | Yes | No |
| (1) ISAAC MILLER | SON OF DIRECTOR | 125,000 | PHYSICIAN ASSIST PRO | | No |
| (2) MIDWAY PHARMACY OF CLARKSON INC | DIRECTOR | 45,900 | RENT OF PHARMACY SPA | | No |
| (3) DR TED ROGERS | DIRECTOR | 12,472 | RENT OF OFFICE SPACE | | No |
| | | | | | |
| | | | | | |
| | | | | | |

Part V Supplemental Information

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

| Identifier | Return Reference | Explanation |
|------------------------|-------------------|---|
| ADDITIONAL INFORMATION | SCHEDULE L PART V | ISAAC MILLER IS THE SON OF DIRECTOR BECKY MILLER HE IS PARTICIPATING IN THE PHYSICIAN ASSISTANCE PROGRAM DIRECTOR TREVOR RAY IS A SHAREHOLDER IN MIDWAY PHARMACY OF CLARKSON INC MIDWAY PHARMACY OF CLARKSON INC RENTS SPACE FROM TWIN LAKES REGIONAL MEDICAL CENTER FOR TWO PHARMACY LOCATIONS DR TED ROGERS IS A DIRECTOR OF TWIN LAKES REGIONAL MEDICAL CENTER HIS MEDICAL PRACTICE RENTS OFFICE SPACE FROM TLRMC THE GRAYSON COUNTY HOSPITAL DISTRICT MAINTAINS ALL OF ITS BANK ACCOUNTS AT THE CECILIAN BANK LARRY PERKINS A DIRECTOR OF GRAYSON COUNTY HOSPITAL FOUNDATION INC IS EMPLOYED BY THE CECILIAN BANK THE CASH BALANCES HELD AT JUNE 30 2013 AND 2012 WERE 5501984 AND 5241645 RESPECTIVELY |

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
GRAYSON COUNTY HOSPITAL FOUNDATION**Employer identification number**

61-0523298

| Identifier | Return Reference | Explanation |
|---|----------------------------------|---|
| EXPLANATION ON VOLUNTEERS AND TYPES OF SERVICES OR BENEFITS | FORM 990, PAGE 1, PART I, LINE 6 | THE TWIN LAKES REGIONAL MEDICAL CENTER (TLRMC) HOSPITAL AUXILIARY EXISTS TO SUPPORT TLRMC IN MEETING THE HEALTH CARE NEEDS OF THE PEOPLE IT SERVES IN THE MOST CARING, COMPASSIONATE, AND EFFECTIVE MANNER POSSIBLE. THE VOLUNTEERS SUPPORT THE EMOTIONAL WELL-BEING OF THE PATIENTS UTILIZING THE HOSPITAL'S SERVICES. THEY PROVIDE A FRIENDLY, CARING AND HELPFUL ATMOSPHERE FOR PATIENTS AND THEIR FAMILIES, AND THE HOSPITAL STAFF DUTIES INCLUDE STAFFING THE INFORMATION DESK IN THE MAIN LOBBY, PROVIDING GENERAL HOSPITAL INFORMATION AND DIRECTIONS TO PATIENTS AND THE PUBLIC, PROVIDING ESCORTS WHEN NEEDED, AND DELIVERING FLOWERS TO PATIENTS. THEY MAKE SOCK MONKEYS AND OTHER STUFFED ANIMALS FOR CHILDREN COMING TO THE HOSPITAL. THE ANIMALS ARE GIVEN TO THE YOUNG PATIENTS AND THEIR FAMILIES AT NO CHARGE. THE VOLUNTEERS RAISE THE MONEY NEEDED TO PURCHASE ANY SUPPLIES AND DONATE MATERIALS IN ADDITION TO THEIR TIME AND TALENTS. THEY GIVE FLOWERS TO HOSPITALIZED PATIENTS ON CERTAIN HOLIDAYS AND MAKE "SANTA GOING HOME" OUTFITS FOR ALL BABIES BORN AT THE HOSPITAL IN DECEMBER. THE AUXILIARY HAS DONATED THOUSANDS OF DOLLARS IN EQUIPMENT TO THE HOSPITAL THROUGHOUT THE YEARS. |

| Identifier | Return Reference | Explanation |
|----------------------------------|-------------------------------------|--|
| FIRST ACCOMPLISHMENT DESCRIPTION | FORM 990, PAGE 2, PART III, LINE 4A | <p>ADDITIONAL CHARGES ARE WRITTEN OFF DUE TO ARRANGEMENTS WITH MEDICARE, MEDICAID, AND OTHER THIRD PARTIES THE TOTAL UNREIMBURSED CHARGES FORGONE IN FISCAL YEAR 2013 DUE TO CONTRACTUAL AGREEMENTS WITH PAYERS AMOUNTED TO 66,502,979 ALSO, 696,857 WAS PAID AS A "PROVIDER TAX" TO THE COMMONWEALTH OF KENTUCKY TO HELP DEFRAY THE COSTS OF COVERING INDIGENT PATIENTS UNDER A SPECIAL STATE PROGRAM WRITE-OFFS FROM PATIENTS "UNWILLING" TO PAY - I.E. BAD DEBTS - ACCOUNTED FOR 5,815,802 THE PRIMARY MISSION OF TWIN LAKES REGIONAL MEDICAL CENTER IS TO HEAL THE SICK, RELIEVE PAIN AND SUFFERING, AND IMPROVE THE QUALITY OF LIFE FOR THE PEOPLE WE SERVE TLRMC'S VISION IS TO BE RECOGNIZED BY THE PEOPLE WE SERVE AS THE PROVIDER OF CHOICE FOR THEIR HEALTH CARE NEEDS AND AS A LEADING FORCE FOR PROGRESSIVE CHANGE WITHIN OUR COMMUNITY TO ENHANCE QUALITY, THE HOSPITAL ACTIVELY OPERATES A PERFORMANCE IMPROVEMENT PROGRAM WHICH HELPS IDENTIFY BETTER PATIENT CARE AS WELL AS EFFICIENCIES IN OPERATIONS TO ENHANCE OUR COMMUNITY, TLRMC PROVES TO BE A DRIVING FORCE IN CHANGE BY EDUCATING THE COMMUNITY ON HEALTH & WELLNESS ISSUES AND BY RECOGNIZING COMMUNITY NEEDS AND WORKING TO FULFILL THOSE NEEDS THE HOSPITAL CARED FOR 2,741 INPATIENTS AND 92,751 OUTPATIENTS TO ASSIST THOSE PATIENTS WITH LIMITED RESOURCES, TLRMC ALSO OFFERS A PATIENT FINANCIAL ASSISTANCE PROGRAM THERE ARE SEVERAL OPTIONS FOR PATIENTS WHO ARE UNINSURED OR UNDERINSURED, AND TLRMC'S PATIENT FINANCIAL SERVICES DEPARTMENT EDUCATES THE PATIENTS OF THE DIFFERENT PROGRAMS THE HOSPITAL PROVIDED FREE MEETING SPACE TO SEVERAL GROUPS THROUGHOUT THE YEAR AND SEVERAL CLASSES WERE SPONSORED BY THE HOSPITAL THAT EDUCATED INTERESTED COMMUNITY RESIDENTS ON HEALTH & WELLNESS ISSUES THEY INCLUDE A C P R TO HEALTHCARE PROVIDERS AND TO THE COMMUNITY B GENERAL MEDICAL INFORMATION TO CHILDREN ("TEDDY BEAR" CLINICS) C PREPARED CHILDBIRTH AND BREAST FEEDING CLASSES D SUMMER WORK PROGRAM AVAILABLE FOR THOSE INTERESTED IN A HEALTHCARE CAREER E COUNTYWIDE BABY SHOWER - PROVIDES INFORMATION TO WOMEN WHO ARE PREGNANT OR WANT TO BECOME PREGNANT F SPONSORS THE AMERICAN RED CROSS BLOOD MOBILE TWO OR THREE TIMES EACH YEAR G PROVIDED HEALTH INFORMATION AT THE RELAY FOR LIFE H PARTICIPATED IN MAKE A DIFFERENCE DAY, WHICH INCLUDED A DRIVE-THRU FLU SHOT CLINIC I HEART HEALTH EXPO UPON REQUEST, THE HOSPITAL ALSO PARTICIPATES IN LOCAL EDUCATION BY PROVIDING HOSPITAL EMPLOYEES AS SPEAKERS FOR CLASSROOMS OR CIVIC ORGANIZATIONS SUCH AS THE FOLLOWING EXAMPLES J PARTICIPATED IN THE BEL CHEESE HEALTH FAIR K PARTICIPATED IN THE GCHS HEALTH FAIR L PARTICIPATED IN THE GCMS COUGAR ZONE M PARTICIPATED IN THE BIG BROTHERS & BIG SISTERS PROGRAM N PARTICIPATED IN THE HEAD START AND SAFETY RESOURCE FAIR O PARTICIPATED IN THE WILKEY CAREER NIGHT P PARTICIPATED IN READ ACROSS AMERICA Q PROVIDED SPEAKERS FOR MANY HEALTH FAIRS, SCHOOLS, AND COMMUNITY EVENTS IN ADDITION TO SERVING OUR LOCAL COMMUNITY NEEDS, TLRMC HAS ALSO TAKEN ON MEASURES TO IMPROVE AMERICA BY PARTICIPATING IN THE CODE GREEN - RECYCLING PROJECT, TLRMC HOPES TO REDUCE WASTE AND IMPROVE THE ENVIRONMENT TWIN LAKES REGIONAL MEDICAL CENTER'S BOARD OF DIRECTORS HAS PLEDGED TO BUY AMERICAN-MADE PRODUCTS WHEN WE CAN FIND A PRODUCT OF EQUAL OR GREATER QUALITY TLRMC ENCOURAGES OTHER COMPANIES AND INDIVIDUALS TO DO THE SAME</p> |

| Identifier | Return Reference | Explanation |
|----------------------|-----------------------------------|---|
| MANAGEMENT DELEGATED | FORM 990, PAGE 6, PART VI, LINE 3 | THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF THE HOSPITAL ARE EMPLOYED BY ALLIANT MANAGEMENT SERVICES AND ARE RESPONSIBLE FOR CONTROLLING MANAGEMENT DUTIES |

| Identifier | Return Reference | Explanation |
|------------------------------------|-----------------------------------|---|
| CLASSES OF MEMBERS OR STOCKHOLDERS | FORM 990, PAGE 6, PART VI, LINE 6 | THE ORGANIZATION HAS STOCKHOLDERS EACH SHARE OF STOCK IS VALUED AT 25 STOCKHOLDERS MUST BE AT LEAST 18 YEARS OLD AND A RESIDENT OF GRAYSON COUNTY, KENTUCKY |

| Identifier | Return Reference | Explanation |
|--------------------------------------|------------------------------------|---|
| ELECTION OF MEMBERS AND THEIR RIGHTS | FORM 990, PAGE 6, PART VI, LINE 7A | NINE MEMBERS OF THE BOARD OF DIRECTORS ARE ELECTED BY THE STOCKHOLDERS AND THE OTHER MEMBER IS THE PRESIDENT OF THE MEDICAL STAFF (WHOM IS VOTED ON BY THE MEDICAL STAFF) |

| Identifier | Return Reference | Explanation |
|--|-------------------------------------|---|
| ORGANIZATION'S PROCESS USED TO REVIEW FORM 990 | FORM 990, PAGE 6, PART VI, LINE 11B | THE FORM 990 IS SUBMITTED TO THE GOVERNING BOARD FOR REVIEW AND APPROVAL BEFORE IT IS FILED WITH THE INTERNAL REVENUE SERVICE |

| Identifier | Return Reference | Explanation |
|---------------------------------|-------------------------------------|---|
| ENFORCEMENT OF CONFLICTS POLICY | FORM 990, PAGE 6, PART VI, LINE 12C | CORPORATE COMPLIANCE REQUIRES EACH EMPLOYEE AND BOARD MEMBER TO UPDATE AND SIGN OFF ON A CONFLICT OF INTEREST POLICY ON AN ANNUAL BASIS |

| Identifier | Return Reference | Explanation |
|---|---------------------------------------|--|
| GOVERNING DOCUMENTS DISCLOSURE EXPLANATION | FORM 990, PAGE 6, PART VI, LINE 19 | GOVERNING DOCUMENTS ARE MADE AVAILABLE UPON REQUEST |

| Identifier | Return Reference | Explanation |
|----------------|-----------------------------|--|
| OTHER EXPENSES | FORM 990, PART IX, LINE 24E | LABORATORY 1,653,961 0 0 MEDICAL & SURGICAL 844,354 0 0 SURGERY 836,791 0 0 RADIOLOGY 513,760 0 0 WOUND CARE 419,304 0 0 EMERGENCY ROOM 318,927 0 0 NUCLEAR MEDICINE 163,773 0 0 SLEEP CENTER 144,356 0 0 MRI 123,906 0 0 RESPIRATORY THERAPY 114,995 0 0 CT SCANS 98,634 0 0 ANESTHESIOLOGY 95,635 0 0 OBSTETRICS 82,410 0 0 INTENSIVE CARE 71,568 0 0 PHYSICAL THERAPY 36,629 0 0 USE OF DONATED ITEMS 19,587 0 0 SPECIALTY CLINIC 19,068 0 0 INFUSION CENTER 16,336 0 0 CARDIAC 10,903 0 0 NET ASSETS RELEASED FROM 10,000 0 0 OCCUPATIONAL THERAPY 2,989 0 0 FITNESS CENTER 80 0 0 |

| Identifier | Return Reference | Explanation |
|-----------------------------------|---------------------------|--|
| RECONCILIATION OF CHANGES - OTHER | FORM 990, PART XI, LINE 9 | OPERATING LOSS REPORTED UNDER ID 61-1269278 -4,867,634 VALUE OF DONATED ITEMS -19,587 DONATED SERVICES -68,752 DONATED SERVICES 68,752 USE OF DONATED ITEMS 19,587 |

| Identifier | Return Reference | Explanation |
|---|---------------------------|---|
| OTHER CHANGES IN NET ASSETS EXPLANATION | FORM 990, PART XI, LINE 9 | THE DIFFERENCE REPORTED IS THE OPERATING LOSS REPORTED BY TWIN LAKES MEDICAL FOUNDATION, INC EIN 61-1269278 - THIS IS REFLECTED ON THE RECONCILIATION TO THE FINANCIAL STATEMENTS ON SCHEDULE D |

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
GRAYSON COUNTY HOSPITAL FOUNDATION

Employer identification number
61-0523298

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

| (a) Name, address, and EIN (if applicable) of disregarded entity | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Total income | (e) End-of-year assets | (f) Direct controlling entity |
|---|-------------------------|--|---------------------|---------------------------|----------------------------------|
| | | | | | |
| | | | | | |
| | | | | | |
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Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Exempt Code section | (e) Public charity status (if section 501(c)(3)) | (f) Direct controlling entity | (g) Section 512(b)(13) controlled entity? | |
|---|-------------------------|--|----------------------------|---|---|--|----|
| | | | | | | Yes | No |
| (1) TWIN LAKES MEDICAL FOUNDATION INC 910 WALLACE AVE LEITCHFIELD, KY 42754 61-1269278 | MEDICAL PR | KY | 501C3 | 9 | GCHF GRAYSON COUNTY HOSPITAL FOUNDATION | | No |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

Part III

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

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Direct controlling entity | (e) Predominant income(related, unrelated, excluded from tax under sections 512- 514) | (f) Share of total income | (g) Share of end-of-year assets | (h) Disproportionate allocations? | | (i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065) | (j) General or managing partner? | | (k) Percentage ownership |
|---|----------------------------|---|--|--|---------------------------------|--|---|----|--|---|----|--------------------------------|
| | | | | | | | Yes | No | | Yes | No | |
| (1) TWIN LAKES HOME HEALTH AGENCY LLC 420 WEST PINHOOK SUITE A LAFAYETTE, LA 70503 27-1000828 | HOME HEALT | LA | N/A | RELATED | 353 | 80,624 | | No | | | No | 25 000 % |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
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Part IV

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

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Direct controlling entity | (e) Type of entity (C corp, S corp, or trust) | (f) Share of total income | (g) Share of end-of- year assets | (h) Percentage ownership | (i) Section 512 (b)(13) controlled entity? | |
|--|-------------------------|---|--|--|---------------------------------|---|--------------------------------|--|----|
| | | | | | | | | Yes | No |
| (1) WTK HOLDINGS INC 910 WALLACE AVE LEITCHFIELD, KY 42754 61-0608823 | HOLDING CO | KY | GCHF GRAYSON COUNTY HOSPITAL FOUNDATION | C CORP | 50,758 | 2,084,974 | 100 000 % | | No |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |

Part V

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

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

1

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

a

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

b

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

c

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

d

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

e

Loans or loan guarantees by related organization(s)

f

Dividends from related organization(s)

g

Sale of assets to related organization(s)

h

Purchase of assets from related organization(s)

i

Exchange of assets with related organization(s)

j

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

k

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

l

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

m

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

n

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

o

Sharing of paid employees with related organization(s)

p

Reimbursement paid to related organization(s) for expenses

q

Reimbursement paid by related organization(s) for expenses

r

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

s

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

Yes

No

1a

No

1b

No

1c

No

1d

Yes

1e

No

1f

No

1g

No

1h

No

1i

No

1j

Yes

1k

No

1l

Yes

1m

No

1n

No

1o

Yes

1p

No

1q

Yes

1r

No

1s

No

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

| (a) Name of other organization | (b) Transaction type (a-s) | (c) Amount involved | (d) Method of determining amount involved |
|---------------------------------------|----------------------------------|------------------------|--|
| (1) TWIN LAKES MEDICAL FOUNDATION INC | D | 4,397,890 | FAIR MARKET VALUE |
| (2) TWIN LAKES MEDICAL FOUNDATION INC | J | 285,657 | FAIR MARKET VALUE |
| (3) TWIN LAKES MEDICAL FOUNDATION INC | L | 224,635 | FAIR MARKET VALUE |
| (4) TWIN LAKES MEDICAL FOUNDATION INC | O | 13,250 | FAIR MARKET VALUE |
| (5) TWIN LAKES MEDICAL FOUNDATION INC | Q | 2,829,465 | FAIR MARKET VALUE |
| | | | |

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

[illegible]

Software ID:
Software Version:
EIN: 61-0523298
Name: GRAYSON COUNTY HOSPITAL FOUNDATION

Part VII Supplemental Information

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

| Identifier | Return Reference | Explanation | |
|------------|------------------|-------------|--|
|------------|------------------|-------------|--|

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Grayson County Hospital Foundation, Inc
d/b/a Twin Lakes Regional Medical Center

Independent Auditors' Report On Financial
Statements And Supplementary Information

For The Years Ended June 30, 2013 and 2012

**GRAYSON COUNTY HOSPITAL FOUNDATION, INC.
D/B/A TWIN LAKES REGIONAL MEDICAL CENTER
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FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

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Buckles, Travis, VanMeter & Hart, PLLC

Certified Public Accountants

DENNIS R. BUCKLES, CPA
BRAD K. TRAVIS, CPA/PFS
KAREN D. VANMETER, CPA
ROBIN G. HART, CPA

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Post Office Box 4069
Leitchfield, KY 42755-4069
Phone 270-259-5604
Fax 270-259-5603

INDEPENDENT AUDITORS' REPORT

Board of Directors
Grayson County Hospital Foundation, Inc
d/b/a Twin Lakes Regional Medical Center
Leitchfield, Kentucky

Report on the Financial Statements

We have audited the accompanying combined financial statements of the **Grayson County Hospital Foundation, Inc.** (a nonprofit organization) and affiliates as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, as listed in the table of contents.

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.

Auditors' Responsibility

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

Opinions

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

Other Matters

Our audits were conducted for the purpose of forming opinions on the financial statements as a whole. The supplementary information located on Schedules I through IV is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 29, 2013, on our consideration of Grayson County Hospital Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Grayson County Hospital Foundation, Inc.'s internal control over financial reporting and compliance.

Respectfully submitted,

Buckles, Travis, VanMeter & Hart

Buckles, Travis, VanMeter & Hart, PLLC
Certified Public Accountants
Leitchfield, Kentucky
October 29, 2013

**GRAYSON COUNTY HOSPITAL FOUNDATION, INC.
D/B/A TWIN LAKES REGIONAL MEDICAL CENTER
STATEMENTS OF FINANCIAL POSITION**

| | JUNE 30, | |
|---|----------------------|----------------------|
| | 2013 | 2012 |
| <u>ASSETS</u> | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 5,906,549 | \$ 5,861,660 |
| Assets whose use is limited – required for current liabilities | 3,829,928 | 3,719,406 |
| Patient accounts receivable less allowance for doubtful accounts: Hospital | 5,294,348 | 4,540,122 |
| Patient accounts receivable less allowance for doubtful accounts: Foundation | 650,949 | 1,183,634 |
| Accounts and notes receivable – other | 780,108 | 1,272,887 |
| Inventories | 1,617,384 | 1,551,028 |
| Prepaid expenses | 488,199 | 483,032 |
| TOTAL CURRENT ASSETS | 18,567,465 | 18,611,769 |
| ASSETS WHOSE USE IS LIMITED | | |
| Under indenture agreement – held by trustee | 5,501,983 | 5,241,645 |
| By board for capital improvements and insurance | 2,471,327 | 2,374,848 |
| Total assets whose use is limited | 7,973,310 | 7,616,493 |
| Less: Assets whose use is limited and are required for current liabilities | 3,829,928 | 3,719,406 |
| ASSETS WHOSE USE IS LIMITED | 4,143,382 | 3,897,087 |
| NET PROPERTY, PLANT AND EQUIPMENT | 40,807,678 | 40,441,879 |
| OTHER ASSETS | | |
| Other investments | 2,131,113 | 2,132,422 |
| TOTAL OTHER ASSETS | 2,131,113 | 2,132,422 |
| TOTAL ASSETS | \$ 65,649,638 | \$ 65,083,157 |

(CONTINUED)

| | JUNE 30, | |
|---|----------------------|----------------------|
| | 2013 | 2012 |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| CURRENT LIABILITIES | | |
| Accounts payable – trade | \$ 1,055,277 | \$ 865,323 |
| Accounts payable – intermediaries | 800,000 | 800,000 |
| Accrued payroll and related taxes/benefits | 1,667,951 | 1,729,361 |
| Accrued interest payable | 542,170 | 569,450 |
| Other accrued expenses | 88,371 | 86,771 |
| Current portion of long – term debt | 1,422,641 | 1,086,005 |
| Current portion of obligations under capital lease | 685,019 | 716,213 |
| TOTAL CURRENT LIABILITIES | 6,261,429 | 5,853,123 |
| LONG – TERM LIABILITIES | | |
| Long – term debt | 14,398,922 | 15,821,564 |
| Less: Bond discount and issue costs (net of amortization of \$377,461 and \$333,065, respectively) | (395,125) | (439,521) |
| Long – term portion of obligations under capital lease | 742,018 | 974,386 |
| TOTAL LONG – TERM LIABILITIES | 14,745,815 | 16,356,429 |
| TOTAL LIABILITIES | 21,007,244 | 22,209,552 |
| NET ASSETS | | |
| Unrestricted net assets | 44,642,394 | 42,873,605 |
| Temporarily restricted net assets | 0 | 0 |
| TOTAL NET ASSETS | 44,642,394 | 42,873,605 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 65,649,638 | \$ 65,083,157 |

Note: The accompanying notes to the financial statements are an integral part of this statement.

**GRAYSON COUNTY HOSPITAL FOUNDATION, INC.
D/B/A TWIN LAKES REGIONAL MEDICAL CENTER
STATEMENTS OF ACTIVITIES**

| | FOR THE YEARS ENDED JUNE 30, | |
|---|------------------------------|---------------------|
| | 2013 | 2012 |
| UNRESTRICTED REVENUES, GAINS AND OTHER SUPPORT | | |
| Patient service revenue less deductions | \$40,925,190 | \$40,611,456 |
| Provision for bad debts | (1,785,373) | (1,758,920) |
| Net patient service revenue less provision for bad debts | 39,139,817 | 38,852,536 |
| Other operating revenue | 373,314 | 354,872 |
| TOTAL UNRESTRICTED REVENUES, GAINS AND OTHER SUPPORT | 39,513,131 | 39,207,408 |
| OPERATING EXPENSES | | |
| Patient services | 20,614,652 | 19,175,309 |
| Administrative and general | 10,845,292 | 10,620,748 |
| Depreciation and amortization | 3,198,725 | 3,151,746 |
| Interest | 890,660 | 922,879 |
| TOTAL OPERATING EXPENSES | 35,549,329 | 33,870,682 |
| INCOME (LOSS) FROM OPERATIONS | 3,963,802 | 5,336,726 |
| NON-OPERATING GAINS (LOSSES) | (2,185,338) | (1,082,416) |
| EXCESS OF REVENUES OVER EXPENSES | 1,778,464 | 4,254,310 |
| NET ASSETS RELEASED FROM RESTRICTIONS USED FOR PURCHASE OF EQUIPMENT | (10,000) | 0 |
| CONTRIBUTION OF EQUIPMENT | 0 | 0 |
| CONTRIBUTIONS FROM SALE OF STOCK | 325 | 0 |
| INCREASE IN UNRESTRICTED NET ASSETS | <u>\$ 1,768,789</u> | <u>\$ 4,254,310</u> |

Note: The accompanying notes to the financial statements are an integral part of this statement

**GRAYSON COUNTY HOSPITAL FOUNDATION, INC.
D/B/A TWIN LAKES REGIONAL MEDICAL CENTER
STATEMENTS OF CHANGES IN NET ASSETS**

| | FOR THE YEARS ENDED JUNE 30, | |
|---|-----------------------------------|-----------------------------------|
| | <u>2013</u> | <u>2012</u> |
| UNRESTRICTED NET ASSETS | | |
| Excess of revenues over expenses | \$ 1,778,464 | \$ 4,254,310 |
| Net assets released from restrictions used for purchase of equipment | (10,000) | 0 |
| Contributions from sale of stock | <u>325</u> | <u>0</u> |
| INCREASE IN UNRESTRICTED NET ASSETS | 1,768,789 | 4,254,310 |
| TEMPORARILY RESTRICTED NET ASSETS | | |
| Contributions | 0 | 0 |
| Net assets released from restrictions | <u>0</u> | <u>0</u> |
| INCREASE IN TEMPORARILY RESTRICTED NET ASSETS | 0 | 0 |
| PERMANENTLY RESTRICTED NET ASSETS | <u>0</u> | <u>0</u> |
| INCREASE IN NET ASSETS | 1,768,789 | 4,254,310 |
| NET ASSETS – JULY 1, 2012 | <u>42,873,605</u> | <u>38,619,295</u> |
| NET ASSETS – JUNE 30, 2013 | <u><u>\$44,642,394</u></u> | <u><u>\$42,873,605</u></u> |

Note: The accompanying notes to the financial statements are an integral part of this statement

**GRAYSON COUNTY HOSPITAL FOUNDATION, INC.
D/B/A TWIN LAKES REGIONAL MEDICAL CENTER
STATEMENTS OF CASH FLOWS**

| | FOR THE YEARS ENDED | |
|---|---------------------|---------------------|
| | JUNE 30, | |
| | 2013 | 2012 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 1,768,789 | \$ 4,254,310 |
| Adjustments to reconcile change in net assets by operating activities | | |
| Depreciation and amortization | 3,879,253 | 3,731,268 |
| Sale of stock | (325) | 0 |
| (Gain) loss on sale of assets | 182,727 | 88,433 |
| Decrease (increase) in accounts receivable | 271,238 | (1,162,455) |
| Decrease (increase) in inventories | (66,356) | (55,148) |
| Decrease (increase) in prepaid expenses | (5,167) | 5,921 |
| Increase (decrease) in accounts payable – trade | 189,954 | (779,511) |
| Increase (decrease) in accrued interest payable | (27,280) | (26,316) |
| Increase (decrease) in accrued payroll and related taxes/benefits | (61,410) | 218,417 |
| Increase (decrease) in accounts payable – intermediaries | 0 | 0 |
| Increase (decrease) in other accrued expenses | 1,600 | (68,714) |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | 6,133,023 | 6,206,205 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of property, plant and equipment | (4,383,383) | (2,700,631) |
| Proceeds from sale of property, plant and equipment | 0 | 15,560 |
| Decrease (increase) in other investments | 1,309 | 8,324 |
| Net transfer (to) from reserved funds | (356,817) | 897,445 |
| NET CASH FLOWS FROM INVESTING ACTIVITIES | (4,738,891) | (1,779,302) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from long – term debt | 433,588 | 28,802 |
| Repayment of long – term debt | (1,783,356) | (1,733,611) |
| Proceeds from sale of stock | 325 | 0 |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | (1,349,243) | (1,704,809) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 44,889 | 2,722,094 |
| CASH AND CASH EQUIVALENTS AT JULY 1, 2012 | 5,861,660 | 3,139,566 |
| CASH AND CASH EQUIVALENTS AT JUNE 30, 2013 | <u>\$ 5,906,549</u> | <u>\$ 5,861,660</u> |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION | | |
| Cash paid during the year for: | | |
| Interest | \$ 917,940 | \$ 949,195 |
| Income taxes | <u>\$ 0</u> | <u>\$ 0</u> |
| Noncash investing and financing transactions: | | |
| Equipment under capital lease | \$ 433,588 | \$ 28,802 |
| Capital lease obligations incurred for equipment | <u>\$ 433,588</u> | <u>\$ 28,802</u> |

Note: The accompanying notes to the financial statements are an integral part of this statement.

**GRAYSON COUNTY HOSPITAL FOUNDATION, INC.
D/B/A TWIN LAKES REGIONAL MEDICAL CENTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE 1 - DESCRIPTION OF SIGNIFICANT ACCOUNTING POLICIES

A Organization

Grayson County Hospital Foundation, Inc. (Hospital) is a not-for-profit acute care hospital. On November 19, 1991, the Hospital's Board approved the use of an assumed name, Twin Lakes Regional Medical Center. The Hospital is related to other not-for-profit organizations. Grayson County Hospital District (District) is a taxing authority of the Grayson County Fiscal Court and was formed to provide debt service to the Hospital. The District formed Grayson County Public Hospital District Corporation (Public Corporation) to act as a holding company for the financing and construction of a hospital facility. The Public Corporation holds title to the building. In addition, the Public Corporation is responsible for the 2004, 2007 and 2009 bond issues which financed expansion and equipment costs. The Public Corporation has entered into a capital lease for the property to the District. Since the Hospital for all practical purposes is the sole beneficiary of the District, the financial statements of the Hospital are presented on a consolidated basis with the District.

Another related entity is the Twin Lakes Medical Foundation, Inc. (Foundation). This entity is a separate not-for-profit entity organized for the recruitment and retention of qualified medical professionals in the Grayson County, Kentucky area. Its primary purpose is to provide management, support services and expertise that is often unavailable to sole practitioners in rural areas. Since the Hospital, for all practical purposes, is the sole beneficiary of the Foundation, the financial statements of the Hospital are presented on a consolidated basis with the Foundation. The entity provides the following services: family practice, orthopaedics, sports medicine, general surgery, otolaryngology, neurology, internal medicine, pediatrics, pulmonology, quick care, nephrology, obstetrics and gynecology.

B Principles of Consolidation

The consolidated financial statements include the accounts of the Hospital, District, Public Corporation and Foundation. All material inter-company accounts and transactions have been eliminated in consolidation.

C Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

D Charity Care

The Hospital provides care to patients who meet certain income criteria without charge or at amounts less than its established rates. The Hospital does not pursue collection of amounts determined to qualify as charity care.

The FASB issued ASU 2010-23, *Measuring Charity Care for Disclosure* (ASU 2010-23). The provisions of ASU 2010-23 are intended to reduce the diversity in how charity care is calculated and disclosed across healthcare entities that provide it. Charity care is required to be measured at cost, defined as the direct and indirect costs of providing the charity care. Funds received to offset or subsidize the cost of charity care provided, for example from gifts or grants restricted for charity care, should be separately disclosed. The cost of charity care provided was determined based on the application of a ratio of overall hospital costs to patient charges.

GRAYSON COUNTY HOSPITAL FOUNDATION, INC.
D/B/A TWIN LAKES REGIONAL MEDICAL CENTER
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2013 AND 2012

NOTE 1 – DESCRIPTION OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. 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.

F. Income Taxes

The Hospital as well as the Foundation are not-for-profit corporations as described in Section 501(c) (3) of the Internal Revenue Code and are exempt from federal and state income taxes on related income pursuant to Section 501(a) of the Code. Accordingly, no provision for income taxes has been reflected in the Hospital's financial statements.

Management is not aware of any activity within the Hospital or Foundation during the current or prior reporting periods that would jeopardize or otherwise call into question the Hospital or Foundation's compliance with the above Internal Revenue Code section. The Organization's federal Return of Organization Exempt from Income Tax (Form 990) for fiscal years 2011, 2012 and 2013 are subject to examination by the Internal Revenue Service for three years after they were filed. Currently, the Hospital and Foundation have no reporting requirements with any state or local tax jurisdictions.

The Hospital has investment interest in two companies as described in Note 8. The Hospital believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The Hospital and Foundation's policy for recording any tax related interest and penalties is to recognize these items as operating expenses; however, none were incurred or recorded during the current or prior open operating periods.

G. Investments and Investment Income

Donated investments are reported at fair value at the date of receipt, which is then treated as cost. Marketable equity securities included in investment portfolios are carried at the lower of aggregate cost (determined on an average-cost basis) or market at the balance sheet date. Other marketable securities are stated at cost, adjusted for impairments in value that are deemed to be other than temporary. The Hospital's investment in its Subsidiary is reported on the equity method of accounting that approximates the Hospital's equity in the underlying net book value of the Subsidiary.

Investment income on proceeds of borrowings that are held by a trustee, to the extent not capitalized, and investment income on deposited assets are reported as other revenue. Investment income from all other investments and investment income of endowment funds are reported as non-operating gains. Investment income and gains (losses) on investments of donor-restricted funds are added to (deducted from) the appropriate restricted fund balance.

GRAYSON COUNTY HOSPITAL FOUNDATION, INC.
D/B/A TWIN LAKES REGIONAL MEDICAL CENTER
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2013 AND 2012

NOTE 1 – DESCRIPTION OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H Assets Whose Use is Limited

Assets whose use is limited include: assets set aside by the Board of Directors for future plant expansion, future equipment needs, medical claims for self-insurance and potential future insurance deductibles over which the Board retains control and may at its discretion subsequently use for other purposes; and assets set aside to comply with mortgage bond covenants.

I Inventories

Supply inventories are stated at the lower of cost or market on the FIFO method. Inventory consists of medical, dietary, and office supplies.

J Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. 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 in the financial statements. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. The Hospital capitalizes property and equipment with an estimated life of three or more years.

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 explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

K Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Hospital has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Hospital in perpetuity.

L Excess of Revenues Over Expenses

The statement of activities includes excess of revenues over expenses. Changes in unrestricted net assets which are excluded from excess of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, permanent transfers of assets to and from affiliates for other than goods and services, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets). The statement of activities classifies all general hospital activities as operating and all other activities as non-operating.

GRAYSON COUNTY HOSPITAL FOUNDATION, INC.
D/B/A TWIN LAKES REGIONAL MEDICAL CENTER
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2013 AND 2012

NOTE 1 – DESCRIPTION OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Prepaid Expenses

The benefits from some amounts paid during the current year are not realized until future periods. In these instances, the amounts applying to future periods are set up as assets on the balance sheet and charged to expenses in the period in which they apply. A detailed listing of these prepaid expense items is listed below

| | 06/30/13 | 06/30/12 |
|---------------------|-------------------|-------------------|
| Maintenance expense | \$ 209,394 | \$ 254,250 |
| Insurance | 262,655 | 193,932 |
| Rent | 2,450 | 2,450 |
| Dues | 13,700 | 32,400 |
| | <u>\$ 488,199</u> | <u>\$ 483,032</u> |

N. Occupancy Expense of Hospital Facility

Prior to July 1, 1982, the occupancy expense of the building and related assets belonging to Grayson County Public Hospital District Corporation and Grayson County Hospital District were recorded by Grayson County Hospital Foundation, Inc. as rental expense.

This accounting method was changed for the year ended June 30, 1983. Under the present method these fixed assets, as well as the related cash, cash reserves and liabilities of the District have been recorded on the books of the Hospital.

O. Recording Third-Party Payor Allowances

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Major third-party payors include Medicare, Medicaid/Passport and Blue Cross as well as various commercial insurance carriers. Payment methods may be per discharge, at established rates or at discount from established rates depending on payor. The difference between charges and amounts received are recorded as contractual allowances.

P. Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with a maturity of three months or less, excluding amounts whose use is limited by board designation or other arrangements under trust agreements or with third-party payors.

Q. Bond Discount and Issue Costs

The bond discount and issue costs of the 2004, 2007, and 2009 bond issues are being amortized on the straight-line method over the life of the bonds.

GRAYSON COUNTY HOSPITAL FOUNDATION, INC.
D/B/A TWIN LAKES REGIONAL MEDICAL CENTER
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2013 AND 2012

NOTE 1 – DESCRIPTION OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R Patient Accounts Receivable

Patient accounts receivable are stated at net realizable amounts from patients, third-party payors and others for services rendered. The Hospital provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. The Hospital reserves all self pay accounts over 150 days.

Patient accounts receivable are ordinarily due twenty days after the issuance of the invoice. At the expiration of the twenty days, if no response is received from the patient, a final notice is generated. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the patient or third-party payor. If the Hospital receives no payment or communication to arrange payment the account is sent to collection and recognized as bad debt at that time. If at any time during this process the patient contacts the Hospital for payment arrangements their account is placed on contract for monthly payments. The Hospital does not assess finance or late charges on accounts receivable.

S Revenue Recognition – Property Taxes

Property taxes are levied on October 1st and are due and payable at that time. All unpaid taxes levied October 1st become delinquent January 1st of the following year.

Property tax revenues are recognized by the District when they become available. Available includes those property tax receivables expected to be collected within sixty days after year-end. Delinquent taxes are considered fully collectible and, therefore, no allowance for uncollectible taxes is provided.

The property taxes are collected by the Grayson County Sheriff and remitted to the District. Vehicle taxes are collected and remitted to the District by the County Clerk of Grayson County and are due and collected in the birth month of the vehicle's licensee.

The District does not place liens on property. At the end of April, the Sheriff's Office turns all delinquent taxes over to the County Clerk's Office. The delinquent taxes go against the land and should be paid when the property is sold.

T Nonexchange Transactions

The recognition of, respectively, assets, liabilities, and expenses/expenditures resulting from nonexchange transactions of the District are as follows:

- (1) Imposed nonexchange revenues -- Property taxes are assessed January 1 of each year. The District does not have an enforceable legal claim to the taxes until one year from that date. However, tax bills are mailed October of the year they are assessed and collected before the end of that fiscal year, therefore, the asset/revenue is recognized when it is received.

U Advertising Costs

The Hospital and Foundation use advertising to promote their services to the community. Advertising costs are expensed as incurred. Foundation advertising expense for the years ended June 30, 2013 and 2012 was \$46,274 and \$66,670, respectively. Hospital advertising expense for the years ended June 30, 2013 and 2012 was \$113,203 and \$104,631, respectively.

GRAYSON COUNTY HOSPITAL FOUNDATION, INC.
D/B/A TWIN LAKES REGIONAL MEDICAL CENTER
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2013 AND 2012

NOTE 1 – DESCRIPTION OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

V Donor-restricted Gifts

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

W. Impairment of Long-Lived Assets

The Hospital reviews its property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. For assets held and used, if the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of the asset, an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized for the years ended June 30, 2013 and 2012.

X EHR Incentive Payments

The American Recovery and Reinvestment Act of 2009 included provisions for implementing health information technology under the Health Information Technology for Economic and Clinical Health Act (HITECH). The provisions were designed to increase the use of electronic health record (EHR) technology and establish the requirements for a Medicare and Medicaid incentive payment program beginning in 2011 for eligible providers that adopt and meaningfully use certified EHR technology. Eligibility for annual Medicare incentive payments is dependent on providers demonstrating meaningful use of EHR technology in each period over a four-year period. Initial Medicaid payments are available to providers that adopt, implement, or upgrade certified EHR technology. Providers must demonstrate meaningful use of such technology in subsequent years to qualify for additional Medicaid incentive payments.

The Hospital and Foundation recognize HITECH incentive payments as grant revenue when it is reasonably assured that the meaningful use objectives have been achieved. The Hospital recognized incentive payments totaling \$1,789,465 and \$1,282,398 for the years ended June 30, 2013 and 2012 and the Foundation recognized incentive payments totaling \$85,000 and \$255,000 for the years ended June 30, 2013 and 2012 in the accompanying statements of activities. The Hospital and Foundation's compliance with the meaningful use criteria is subject to audit by the federal government.

Y Fair Value

SFAS 157, *Fair Value Measurements* (ASC Topic 820-10) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is determined based on 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 standard describes three levels of inputs that may be used to measure fair value which are as follows:

GRAYSON COUNTY HOSPITAL FOUNDATION, INC.
D/B/A TWIN LAKES REGIONAL MEDICAL CENTER
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2013 AND 2012

NOTE 1 – DESCRIPTION OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Y. Fair Value (Continued)

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

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

- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets. Level 3 assets include investments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

NOTE 2 – CHARITY CARE

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. The Hospital maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges forgone for services and supplies furnished under its charity care policy and equivalent service statistics. The following information measures the level of charity care provided during the years ended June 30, 2013 and 2012:

| | <u>06/30/13</u> | <u>06/30/12</u> |
|---|---------------------|---------------------|
| Charges forgone, based on established rates | <u>\$ 3,857,955</u> | <u>\$ 3,977,653</u> |
| Equivalent percentage of charity care patients to all patients served | <u>3.33%</u> | <u>3.60%</u> |

NOTE 3 – NET PATIENT SERVICE REVENUE

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

Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors.

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

**GRAYSON COUNTY HOSPITAL FOUNDATION, INC.
D/B/A TWIN LAKES REGIONAL MEDICAL CENTER
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2013 AND 2012**

NOTE 4 – CASH AND INVESTMENTS

At year end, the carrying amount of the Hospital's cash and investments was \$13,879,859. Of the total bank balance of \$14,840,278, \$1,762,633 was covered by Federal depository insurance and the remaining balance of \$13,077,645 was considered uncollateralized.

As of June 30, 2013, \$12,621,454 was pledged with securities held by the pledging banks' trust departments but not in the Hospital's name.

Custodial Credit Risk – This is the risk that in the event of failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Hospital does not have a custodial credit risk policy for investments.

Interest Rate Risk – This is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The Hospital does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE 5 – ACCOUNTS AND NOTES RECEIVABLE

Following is a summary of accounts and notes receivable balances and the related allowances:

| | <u>06/30/13</u> | <u>06/30/12</u> |
|---|---------------------|---------------------|
| Gross accounts and notes receivable | \$17,562,590 | \$16,011,209 |
| Less: Allowance for doubtful accounts & contractual adjustments | <u>10,837,185</u> | <u>9,014,566</u> |
| Net accounts and notes receivable | <u>\$ 6,725,405</u> | <u>\$ 6,996,643</u> |

NOTE 6 – PROPERTY, PLANT, AND EQUIPMENT

A summary of property, plant, and equipment at June 30, 2013 and 2012, follows:

| | <u>06/30/13</u> | <u>06/30/12</u> |
|-------------------------------------|---------------------|---------------------|
| Land and land improvements | \$ 1,807,498 | \$ 1,807,498 |
| Leasehold improvements | 4,817,131 | 5,027,549 |
| Medical office building | 10,861,703 | 10,644,676 |
| Hospital District assets | 33,248,724 | 33,326,420 |
| Major and minor moveable equipment | 16,014,156 | 15,183,580 |
| Medical Foundation equipment | <u>1,971,590</u> | <u>2,147,637</u> |
| | 68,720,802 | 68,137,360 |
| Less: Accumulated depreciation | <u>30,256,763</u> | <u>27,825,968</u> |
| | 38,464,039 | 40,311,392 |
| Construction in progress | <u>2,343,639</u> | <u>130,487</u> |
| PROPERTY, PLANT, AND EQUIPMENT, NET | <u>\$40,807,678</u> | <u>\$40,441,879</u> |

Depreciation expense for the years ended June 30, 2013 and 2012 amounted to approximately \$3,834,857 and \$3,687,680.

**GRAYSON COUNTY HOSPITAL FOUNDATION, INC.
D/B/A TWIN LAKES REGIONAL MEDICAL CENTER
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2013 AND 2012**

NOTE 7 - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

There were no temporarily or permanently restricted net assets at June 30, 2013 and 2012.

NOTE 8 - OTHER INVESTMENTS

Other investments include a 100% ownership interest in WTK Holdings, Inc. which was previously acquired by gift and a 25% ownership interest in Twin Lakes Home Health Agency, LLC. Both are being accounted for using the equity method of accounting. Other investments also include funds held with Charles Schwab.

NOTE 9 - CONCENTRATION OF CREDIT RISK

The Hospital is located in Leitchfield, Kentucky. 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 from patients and third-party payors was as follows.

| | June 30, | |
|--------------------------|-------------|-------------|
| | 2013 | 2012 |
| Medicare | 47% | 45% |
| Medicaid | 17% | 19% |
| Other third-party payors | 28% | 28% |
| Patients | 8% | 8% |
| | <u>100%</u> | <u>100%</u> |

The medical offices of the Foundation are located in Grayson County, Kentucky. The Foundation grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements.

NOTE 10 - NOTE RECEIVABLE

Notes receivable represent funds advanced to physicians and allied health professionals to assist with educational loan repayments. Notes receivable are reported at their outstanding principal balances. Management considers all notes receivable to be fully collectible and no allowance for doubtful accounts is considered necessary.

**GRAYSON COUNTY HOSPITAL FOUNDATION, INC.
D/B/A TWIN LAKES REGIONAL MEDICAL CENTER
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2013 AND 2012**

NOTE 11 – LONG-TERM DEBT

| <u>Payee and Terms</u> | <u>June 30, 2013</u> | | <u>June 30, 2012</u> | |
|---|----------------------------|------------------------------|----------------------------|------------------------------|
| | <u>Current Portion</u> | <u>Long-term Portion</u> | <u>Current Portion</u> | <u>Long-term Portion</u> |
| Note payable to Siemens. Principal and interest due monthly with interest at 8%. Secured by inventory | \$ 47,641 | \$ 78,922 | \$ 46,005 | \$ 126,564 |
| 2004 Tax-Exempt Revenue Bond, issued by Hilliard-Lyons with Cecilian Bank as paying agent. Principal due annually with variable interest (from 3.5% to 5.2%) payable semi-annually secured by land, building and equipment. | 235,000 | 0 | 235,000 | 235,000 |
| 2007 Tax-Exempt Revenue Bond, issued by Hilliard-Lyons with Cecilian Bank as paying agent. Principal due annually with variable interest (from 3.75% to 4.5%) payable semi-annually secured by Hospital property as well as additions and improvements. | 715,000 | 3,030,000 | 390,000 | 3,745,000 |
| 2009 Tax-Exempt Revenue Bond, issued by Hilliard-Lyons with Cecilian Bank as paying agent. Principal due annually with variable interest (from 3.125% to 6.5%) payable semi-annually secured by Hospital property as well as additions and improvements | 425,000 | 11,290,000 | 415,000 | 11,715,000 |
| TOTALS | <u>\$1,422,641</u> | <u>\$14,398,922</u> | <u>\$1,086,005</u> | <u>\$15,821,564</u> |

Under the terms of the mortgage deed of trust for the bonds, the Hospital is required to maintain certain deposits with a trustee. Such deposits are included with other assets whose use is limited described as held by trustee

Scheduled principal repayments on long-term debt are as follows.

| | |
|---------------------------|----------------------|
| Year ending June 30, 2014 | \$ 1,422,641 |
| 2015 | 1,364,336 |
| 2016 | 1,394,586 |
| 2017 | 1,410,000 |
| 2018 | 1,300,000 |
| 2019-2023 | 3,300,000 |
| 2024-2028 | 3,895,000 |
| 2029-2030 | 1,735,000 |
| | <u>\$ 15,821,563</u> |

**GRAYSON COUNTY HOSPITAL FOUNDATION, INC.
D/B/A TWIN LAKES REGIONAL MEDICAL CENTER
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2013 AND 2012**

NOTE 12 – LEASES

As discussed in Note 1-A, the financial statements include the activity of the District. The District has leased the hospital property from the Public Corporation with the amount of rent equal to the amount required to be accumulated in sinking funds and debt service and depreciation reserves. The District has an exclusive option to renew this lease yearly until the bonds are retired. The District may also purchase the property at any time for the remaining outstanding balance of the bonds payable, constituting a bargain purchase option and thus requiring capital lease treatment.

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the minimum lease payments as of June 30, 2013. The total minimum lease payments represent the total sinking fund requirement of the 2004, 2007 and 2009 bond issues

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------------------------|----------------------|---------------------|----------------------|
| Year ending June 30, 2014 | \$ 1,375,000 | \$ 759,607 | \$ 2,134,607 |
| 2015 | 1,315,000 | 705,511 | 2,020,511 |
| 2016 | 1,365,000 | 650,139 | 2,015,139 |
| 2017 | 1,410,000 | 591,882 | 2,001,882 |
| 2018 | 1,300,000 | 530,884 | 1,830,884 |
| 2019-2023 | 3,300,000 | 2,055,803 | 5,355,803 |
| 2024-2028 | 3,895,000 | 1,136,897 | 5,031,897 |
| 2029-2030 | 1,735,000 | 144,479 | 1,879,479 |
| Total minimum lease payments | <u>\$ 15,695,000</u> | <u>\$ 6,575,202</u> | <u>\$ 22,270,202</u> |

The District has, in turn, leased the facility to the Hospital. This lease period is annual and renews itself automatically unless the District elects not to renew. From the standpoint of the District, this is an operating lease. Payments by the Hospital to the District are accounted for as rental income.

Since the financial statements present a consolidation of the Hospital and the District, the effect of this operating lease has been reversed.

The Hospital is lessee in various leases. Following is a description of all other leases except those involving a month-to-month rental.

The Hospital has leased operating equipment from leasing institutions. The leases are considered to be capital leases with the equipment recorded as fixed assets of the Hospital and related lease obligations included with liabilities. Monthly payments are allocated between interest expense and a reduction of lease obligations. Depreciation is recorded over the assets useful life.

The following is a schedule of minimum capital lease payments for the Hospital

| | <u>Interest</u> | <u>Principal</u> |
|---------------------------|-------------------|---------------------|
| Year ending June 30, 2014 | \$ 55,499 | \$ 677,835 |
| 2015 | 25,369 | 415,099 |
| 2016 | 13,588 | 126,744 |
| 2017 | 7,026 | 133,297 |
| 2018 | 972 | 66,878 |
| | <u>\$ 102,454</u> | <u>\$ 1,419,853</u> |

**GRAYSON COUNTY HOSPITAL FOUNDATION, INC.
D/B/A TWIN LAKES REGIONAL MEDICAL CENTER
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2013 AND 2012**

NOTE 12 – LEASES (CONTINUED)

The Foundation has leased equipment from leasing institutions. The leases are considered to be capital leases with the equipment recorded as a fixed asset of the Foundation and related lease obligations included with liabilities. Monthly payments are allocated between interest expense and a reduction of lease obligations. Depreciation is recorded over the useful life of the asset.

The following is a schedule of minimum capital lease payments for the Foundation.

| | <u>Interest</u> | <u>Principal</u> |
|---------------------------|-----------------|------------------|
| Year ending June 30, 2014 | \$ 920 | \$ 7,184 |
| | <u>\$ 920</u> | <u>\$ 7,184</u> |

Property and equipment included the following property under capital lease:

| | <u>2013</u> | <u>2012</u> |
|--------------------------------|------------------|------------------|
| Capital equipment | \$ 32,400 | \$ 32,400 |
| Less: Accumulated depreciation | 20,636 | 16,007 |
| | <u>\$ 11,764</u> | <u>\$ 16,393</u> |

NOTE 13 – COMMITMENTS AND CONTINGENCIES

A Operating leases

The Hospital leases various equipment under operating leases expiring at various dates through 2014.

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

| | |
|---------------------------|------------------|
| Year ending June 30, 2014 | \$ 15,847 |
| Total | <u>\$ 15,847</u> |

The Medical Foundation leases various facilities under operating leases expiring at various dates. Total rental expense in 2013 and 2012 for all operating leases was \$393,492 and \$387,588, respectively. This includes operating leases entered into between the Hospital and the Foundation.

The following is a schedule of future minimum rental payments required under the above operating leases as of June 30, 2013.

| | |
|---------------------------|---------------------|
| Year ending June 30, 2014 | \$ 356,785 |
| 2015 | 359,785 |
| 2016 | 341,185 |
| 2017 | 339,385 |
| 2018 | 339,385 |
| Total | <u>\$ 1,736,525</u> |

**GRAYSON COUNTY HOSPITAL FOUNDATION, INC.
D/B/A TWIN LAKES REGIONAL MEDICAL CENTER
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2013 AND 2012**

NOTE 14 – PENSION PLANS

The Hospital provides a defined contribution retirement plan covering substantially all of its employees. The contributions are two-fold. Profit sharing is funded at the discretion of management. The amount funded generally is within 0% – 4%. The prior year received 1% and the current year was 0%. Additionally, the Hospital matches 50% of employee contributions up to 8% participant savings. The Hospital matched up to 2% for the prior year and 1% for the current year. The employer contribution for the prior year was \$271,183 and \$(61,038) for the current year.

The Foundation provides a separate defined contribution retirement plan covering substantially all of its employees. The contributions are two-fold. Profit sharing will be funded at the discretion of management. The Foundation matched 100% of the first 1% of employee contributions and 50% of the next 6% of employee contributions for the first 15 months of this two year period of time. The Foundation did not match employee contributions for the remaining nine months. At the discretion of management, the Foundation did not contribute to profit sharing for either year. The total contributions for the years ended June 30, 2013 and 2012 were \$97,055 and \$108,083, respectively.

NOTE 15 – SELF-FUNDED HEALTH PLAN

The employees of the Foundation are covered under the Hospital's health plan. The Hospital's health plan is the Twin Lakes Regional Medical Center Employee Health Care Plan, which is administered by Anthem Blue Cross and Blue Shield. The Hospital has reinsurance at a specific stop loss level of \$100,000 per employee. Under this self-funded plan, the Hospital maintains a reserve account called Health Insurance claims.

NOTE 16 – OTHER RELATED PARTY TRANSACTIONS

In the normal course of business, because of a variety of services available, the Hospital purchases services from other related parties. A summary of those services for the years ended June 30, 2013 and 2012 follows:

| <u>Provider</u> | <u>Type of Service</u> | <u>AMOUNT</u> | |
|-----------------------------|--|-----------------|-----------------|
| | | <u>06/30/13</u> | <u>06/30/12</u> |
| Alliant Purchasing, LLC | Participation fee for American Healthcare Systems Purchasing Group | \$ 7,800 | \$ 7,800 |
| Becky Miller, Director | Son participates in the physician assistance program. | 125,000 | 125,000 |
| Dr. John Evans, Director | Physician employee of practice which has rental of office space | N/A | 9,471 |
| Darrell Moll, Director | Landscape services | N/A | 162 |
| Dr. Steven Thomas, Director | Rental of office space | N/A | 6,483 |
| Dr. Ted Rogers, Director | Rental of office space | 12,472 | N/A |
| Trevor Ray, Director | Director of Midway Pharmacy | 45,900 | N/A |

**GRAYSON COUNTY HOSPITAL FOUNDATION, INC.
D/B/A TWIN LAKES REGIONAL MEDICAL CENTER
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2013 AND 2012**

NOTE 16 – OTHER RELATED PARTY TRANSACTIONS (CONTINUED)

The following transactions were incurred with the Medical Foundation

| <u>TYPE OF SERVICE</u> | <u>06/30/13</u> | <u>06/30/12</u> |
|--------------------------------------|-----------------|-----------------|
| Management fee | \$ 224,635 | \$ 186,472 |
| Employee benefits | 567,404 | 508,799 |
| Rental of office space for practices | 285,657 | 284,223 |
| Worker's compensation payments | 22,690 | 43,231 |
| Operating loan | 4,397,890 | 4,100,000 |
| Medical & office supplies | 2,239,371 | 262,935 |
| Rental of employees: | | |
| From TLMP | 0 | 1,180 |
| To TLMP | 13,250 | 20,837 |

The District maintains all of its bank accounts at The Cecilian Bank. Larry Perkins, a Director of Grayson County Hospital Foundation, Inc., is employed by The Cecilian Bank. The cash balances held at June 30, 2013 and 2012 were \$5,501,984 and \$5,241,645, respectively.

NOTE 17 – OTHER RISKS OF LOSS

Other risks of loss are handled by purchase of commercial insurance. These areas include employee dishonesty, malpractice, director's and officer's coverage, boiler and machinery coverage (including business interruption), commercial property, umbrella liability and workers' compensation coverage. Coverage is reviewed for adequacy by management and agents on an annual basis.

NOTE 18 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Hospital in estimating the fair value of its financial instruments:

Cash and cash equivalents - The carrying amount reported in the statement of financial position for cash and cash equivalents approximates its fair value.

Investments - Fair values, which are the amounts reported in the statement of financial position, are based on quoted market prices, if available, or estimated using quoted market prices for similar securities.

Assets limited as to use - These assets consist primarily of cash and cash equivalents. The carrying amount reported in the statement of financial position is fair value.

Accounts payable and accrued expenses - The carrying amount reported in the statement of financial position for accounts payable and accrued expenses approximates its fair value.

Estimated third-party payor settlements - The carrying amount reported in the statement of financial position for estimated third-party payor settlements approximates its fair value.

Long-term debt - Fair values of the Hospital's revenue notes and other debt are based on current traded value.

**GRAYSON COUNTY HOSPITAL FOUNDATION, INC.
D/B/A TWIN LAKES REGIONAL MEDICAL CENTER
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2013 AND 2012**

NOTE 18 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The carrying amounts and fair values of the Hospital's financial instruments at June 30, 2013 and 2012 are as follows (in thousands)

| | 2013 | | 2012 | |
|--|--------------------|---------------|--------------------|---------------|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Cash and cash equivalents | \$ 5,907 | \$ 5,907 | \$ 5,862 | \$ 5,862 |
| Assets limited as to use | 8,515 | 8,515 | 8,186 | 8,186 |
| Short-term investments limited as to use | 542 | 542 | 569 | 569 |
| Accounts payable and accrued expenses | 3,354 | 3,354 | 3,251 | 3,251 |
| Estimated third-party payor settlements | 800 | 800 | 800 | 800 |
| Long-term debt | 15,822 | 15,822 | 16,908 | 16,908 |

NOTE 19 – NEW ACCOUNTING STANDARDS

For 2013, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. This change was incorporated in the District's 2013 financial statements, however, there was no effect on beginning net position/fund balance.

NOTE 20 – SUBSEQUENT EVENT

Dr. Sandhya Pajuja has joined Twin Lakes Family Care and Eye Center in September 2013.

Grayson County Hospital Foundation, Inc.'s management has evaluated and considered the need to disclose subsequent events through October 29, 2013, which represents the date that these financial statements were available to be issued. Subsequent events past this date, as they pertain to fiscal year ended June 30, 2013, have not been evaluated by management.

NOTE 21 – FUNCTIONAL EXPENSES

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

| | 2013 | 2012 |
|----------------------------|----------------------|----------------------|
| Health care services | \$ 24,704,037 | \$ 23,249,934 |
| General and administrative | 10,845,292 | 10,620,748 |
| | <u>\$ 35,549,329</u> | <u>\$ 33,870,682</u> |

NOTE 22 – DIRECTORS AND OFFICERS COVERAGE

The directors and officers are covered by the insurance policy of the Hospital.

GRAYSON COUNTY HOSPITAL FOUNDATION, INC.
D/B/A TWIN LAKES REGIONAL MEDICAL CENTER
NOTES TO THE FINANCIAL STATEMENTS – CONCLUDED
JUNE 30, 2013 AND 2012

NOTE 23 – FIDELITY BOND

The treasurer of the District has been bonded in the amount of \$250,000.

NOTE 24 – NEW ACCOUNTING PRONOUNCEMENT

The FASB issued ASU 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities* (ASU 2011-07). ASU 2011-07 requires healthcare entities that recognize significant amounts of patient service revenue at the time of service, even though they do not assess the patient's ability to pay, to present the provision for bad debts related to patient service revenue as a deduction from patient service revenue on the statement of activities. In addition, enhanced disclosure about the entity's policies for recognizing revenue and assessing bad debts, including disclosures of patient service revenue (net of contractual allowances and discounts) as well as qualitative and quantitative information about changes in the allowance for doubtful accounts, is required. The Hospital adopted this guidance as of and for the year ended June 30, 2013, with retrospective application to all periods presented.

SUPPLEMENTARY INFORMATION

**GRAYSON COUNTY HOSPITAL FOUNDATION, INC.
D/B/A TWIN LAKES REGIONAL MEDICAL CENTER
SCHEDULE I – PATIENT SERVICE REVENUE AND
DEDUCTIONS FROM PATIENT SERVICE REVENUE**

| | FOR THE YEARS ENDED JUNE 30 | |
|--|-----------------------------|-----------------------|
| | 2013 | 2012 |
| PATIENT SERVICE REVENUE | | |
| Medical/surgical | \$ 9,028,225 | \$ 8,664,525 |
| Obstetrics | 844,306 | 797,532 |
| Nursery | 704,520 | 604,224 |
| Surgery | 11,834,495 | 9,826,235 |
| Labor/delivery room | 449,700 | 423,400 |
| Anesthesia | 2,550,743 | 2,118,767 |
| Recovery room | 1,374,005 | 1,224,000 |
| Radiology | 4,811,330 | 5,228,335 |
| Nuclear medicine | 2,265,109 | 2,721,975 |
| Laboratory | 15,705,573 | 14,082,804 |
| Cardiac | 1,523,648 | 1,696,678 |
| Respiratory therapy | 3,439,482 | 3,676,288 |
| Specialty clinic | 303,591 | 347,150 |
| Infusion center | 291,882 | 119,685 |
| Sleep center | 557,285 | 606,720 |
| Intensive care | 1,591,525 | 1,602,175 |
| Materials management | 4,621,948 | 3,574,174 |
| Pharmacy | 20,402,510 | 19,968,678 |
| Emergency room | 9,432,785 | 9,050,161 |
| Physical therapy | 2,355,887 | 2,275,181 |
| Fitness center | 140,560 | 102,096 |
| Occupational therapy | 413,442 | 347,172 |
| Ultrasound | 3,098,294 | 3,291,243 |
| C.T. scans | 10,307,786 | 11,400,138 |
| MRI | 4,683,265 | 4,751,191 |
| Intravenous therapy | 650,935 | 628,003 |
| Observation | 1,120,527 | 1,018,467 |
| Speech therapy | 9,195 | 3,682 |
| Wound care | 1,500,740 | 317,369 |
| Dietary | 117 | 312 |
| Loss: Contra-revenue for charity care related services | (6,984,800) | (6,632,546) |
| TOTAL PATIENT SERVICE REVENUE | \$ 109,028,610 | \$ 103,835,814 |

(CONTINUED)

GRAYSON COUNTY HOSPITAL FOUNDATION, INC.
D/B/A TWIN LAKES REGIONAL MEDICAL CENTER
SCHEDULE I – PATIENT SERVICE REVENUE AND
DEDUCTIONS FROM PATIENT SERVICE REVENUE – CONCLUDED

| | FOR THE YEARS ENDED JUNE 30, | |
|---|---------------------------------|--------------|
| | 2013 | 2012 |
| TOTAL DEDUCTIONS FROM PATIENT SERVICE REVENUE | \$69,888,793 | \$64,983,278 |
| NET PATIENT SERVICE REVENUE | \$39,139,817 | \$38,852,536 |

Note: The accompanying notes to the financial statements are an integral part of this statement.

**GRAYSON COUNTY HOSPITAL FOUNDATION, INC.
D/B/A TWIN LAKES REGIONAL MEDICAL CENTER
SCHEDULE II – OTHER OPERATING REVENUE**

| | FOR THE YEARS ENDED | |
|--------------------------------------|---------------------|-------------------|
| | JUNE 30, | |
| | 2013 | 2012 |
| OTHER OPERATING REVENUE | | |
| Cafeteria income | \$ 163,358 | \$ 171,908 |
| Fitness center fee income | 20,467 | 24,636 |
| Interest and dividend income | 179,498 | 147,981 |
| Other income | 9,991 | 10,347 |
| TOTAL OTHER OPERATING REVENUE | <u>\$ 373,314</u> | <u>\$ 354,872</u> |

Note The accompanying notes to the financial statements are an integral part of this statement

**GRAYSON COUNTY HOSPITAL FOUNDATION, INC.
D/B/A TWIN LAKES REGIONAL MEDICAL CENTER
SCHEDULE III – OPERATING EXPENSES**

| | FOR THE YEARS ENDED | |
|-----------------------------------|---------------------|------------------|
| | JUNE 30, | |
| | 2013 | 2012 |
| PATIENT SERVICES | | |
| MEDICAL AND SURGICAL | | |
| Salaries and wages | \$ 2,272,508 | \$2,094,344 |
| Supplies and expense | 844,354 | 872,163 |
| TOTAL MEDICAL AND SURGICAL | <u>3,116,862</u> | <u>2,966,507</u> |
| OBSTETRICS | | |
| Salaries and wages | 672,247 | 662,173 |
| Supplies and expense | 82,410 | 76,613 |
| TOTAL OBSTETRICS | <u>754,657</u> | <u>738,786</u> |
| SPECIALTY CLINIC | | |
| Salaries and wages | 173,967 | 183,982 |
| Supplies and expense | 19,068 | 24,062 |
| TOTAL SPECIALTY CLINIC | <u>193,035</u> | <u>208,044</u> |
| INFUSION CENTER | | |
| Salaries and wages | 70,003 | 70,291 |
| Supplies and expense | 16,336 | 10,410 |
| TOTAL INFUSION CENTER | <u>86,339</u> | <u>80,701</u> |
| SLEEP CENTER | | |
| Salaries and wages | 5,870 | 6,776 |
| Supplies and expense | 144,356 | 177,401 |
| TOTAL SLEEP CENTER | <u>150,226</u> | <u>184,177</u> |
| SURGERY | | |
| Salaries and wages | 1,411,799 | 1,318,553 |
| Supplies and expense | 751,425 | 689,161 |
| Maintenance and supplies | 85,366 | 57,563 |
| TOTAL SURGERY | <u>2,248,590</u> | <u>2,065,277</u> |
| ANESTHESIOLOGY | | |
| Supplies and expense | 95,635 | 100,505 |
| TOTAL ANESTHESIOLOGY | <u>95,635</u> | <u>100,505</u> |
| INTENSIVE CARE | | |
| Salaries and wages | 679,140 | 666,116 |
| Supplies and expense | 71,568 | 69,036 |
| TOTAL INTENSIVE CARE | <u>750,708</u> | <u>735,152</u> |
| NUCLEAR MEDICINE | | |
| Salaries and wages | 74,061 | 74,146 |
| Supplies and expense | 163,773 | 213,586 |
| NUCLEAR MEDICINE | <u>237,834</u> | <u>287,732</u> |

(CONTINUED)

**GRAYSON COUNTY HOSPITAL FOUNDATION, INC.
D/B/A TWIN LAKES REGIONAL MEDICAL CENTER
SCHEDULE III – OPERATING EXPENSES – CONTINUED**

| | FOR THE YEARS ENDED JUNE 30, | |
|-------------------------------------|---------------------------------|------------------|
| | 2013 | 2012 |
| PATIENT SERVICES – CONTINUED | | |
| CT SCANS | | |
| Supplies, lease and expense | \$ 1,869 | \$ 173 |
| Maintenance and repairs | 96,765 | 0 |
| TOTAL CT SCANS | <u>98,634</u> | <u>173</u> |
| LABORATORY | | |
| Salaries and wages | 901,119 | 849,693 |
| Supplies and expense | 760,926 | 771,950 |
| Blood bank supplies and expense | 263,945 | 241,496 |
| Outside fees | 582,186 | 499,346 |
| Professional fees | 14,804 | 12,816 |
| Purchased maintenance | 32,100 | 23,314 |
| TOTAL LABORATORY | <u>2,555,080</u> | <u>2,398,615</u> |
| CARDIAC | | |
| Salaries and wages | 128,489 | 128,504 |
| Supplies and expense | 10,903 | 14,028 |
| TOTAL CARDIAC | <u>139,392</u> | <u>142,532</u> |
| RESPIRATORY THERAPY | | |
| Salaries and wages | 460,834 | 442,775 |
| Supplies and expense | 114,995 | 101,459 |
| TOTAL RESPIRATORY THERAPY | <u>575,829</u> | <u>544,234</u> |
| WOUND CARE | | |
| Salaries and wages | 71,210 | 26,921 |
| Contracted services | 340,732 | 94,224 |
| Supplies and expense | 78,572 | 47,290 |
| TOTAL WOUND CARE | <u>490,514</u> | <u>168,435</u> |
| RADIOLOGY | | |
| Salaries and wages | 899,818 | 894,164 |
| Contracted services | 0 | 32,148 |
| Supplies and expense | 305,422 | 284,851 |
| Maintenance and repairs | 208,338 | 144,293 |
| TOTAL RADIOLOGY | <u>1,413,578</u> | <u>1,355,456</u> |
| MRI | | |
| Maintenance and repairs | 121,411 | 446 |
| Supplies and expense | 2,463 | 3,456 |
| TOTAL MRI | <u>123,906</u> | <u>3,902</u> |

(CONTINUED)

**GRAYSON COUNTY HOSPITAL FOUNDATION, INC.
D/B/A TWIN LAKES REGIONAL MEDICAL CENTER
SCHEDULE III – OPERATING EXPENSES – CONTINUED**

| | FOR THE YEARS ENDED JUNE 30, | |
|-------------------------------------|---------------------------------|---------------------|
| | 2013 | 2012 |
| PATIENT SERVICES – CONTINUED | | |
| MATERIALS MANAGEMENT | | |
| Salaries and wages | \$ 126,829 | \$ 121,461 |
| Cost of supplies sold to patients | 1,723,323 | 1,398,331 |
| Supplies and expense | 19,135 | 13,764 |
| TOTAL MATERIALS MANAGEMENT | <u>1,869,287</u> | <u>1,533,556</u> |
| SPEECH THERAPY | | |
| Salaries and wages | 11,281 | 742 |
| Contracted services | 0 | 3,965 |
| Supplies and expense | 0 | 22 |
| TOTAL SPEECH THERAPY | <u>11,281</u> | <u>4,729</u> |
| PHYSICAL THERAPY | | |
| Salaries and wages | 503,984 | 486,616 |
| Supplies and expense | 36,629 | 41,121 |
| TOTAL PHYSICAL THERAPY | <u>540,613</u> | <u>527,737</u> |
| FITNESS CENTER | | |
| Salaries and wages | 10,595 | 10,953 |
| Supplies and expense | 80 | 28 |
| TOTAL FITNESS CENTER | <u>10,675</u> | <u>10,981</u> |
| OCCUPATIONAL THERAPY | | |
| Salaries and wages | 141,639 | 126,049 |
| Supplies and expense | 2,989 | 4,579 |
| TOTAL OCCUPATIONAL THERAPY | <u>144,628</u> | <u>130,628</u> |
| PHARMACY | | |
| Salaries and wages | 513,316 | 541,278 |
| Contracted services | 141,159 | 144,352 |
| Supplies and expense | 101,452 | 96,740 |
| Cost of drugs sold to patients | 2,762,108 | 2,697,316 |
| TOTAL PHARMACY | <u>3,518,035</u> | <u>3,479,686</u> |
| EMERGENCY ROOM | | |
| Salaries and wages | 1,170,387 | 1,182,374 |
| Physician Contract | 150,052 | 149,760 |
| Supplies and expense | 168,875 | 175,630 |
| TOTAL EMERGENCY ROOM | <u>1,489,314</u> | <u>1,507,764</u> |
| TOTAL PATIENT SERVICES | <u>\$20,614,652</u> | <u>\$19,175,309</u> |

(CONTINUED)

**GRAYSON COUNTY HOSPITAL FOUNDATION, INC.
D/B/A TWIN LAKES REGIONAL MEDICAL CENTER
SCHEDULE III – OPERATING EXPENSES – CONTINUED**

| | FOR THE YEARS ENDED | |
|---|----------------------|----------------------|
| | JUNE 30, | |
| | 2013 | 2012 |
| ADMINISTRATIVE AND GENERAL | | |
| Housekeeping salaries and wages | \$ 338,599 | \$ 338,739 |
| Housekeeping supplies and expense | 97,584 | 97,441 |
| Outside laundry service | 119,541 | 156,922 |
| Plant operations salaries and wages | 238,051 | 238,160 |
| Plant operations supplies and expense | 329,111 | 322,937 |
| Utilities | 659,812 | 643,776 |
| Dietary salaries and wages | 328,974 | 331,083 |
| Dietary outside services | 12,386 | 15,996 |
| Dietary supplies and expense | 57,037 | 56,069 |
| Dietary food | 320,050 | 315,192 |
| Medical records salaries and wages | 207,324 | 204,085 |
| Medical records professional fees | 119,075 | 147,881 |
| Medical records supplies and expense | 9,644 | 11,863 |
| Nursing administration | 133,827 | 124,414 |
| Nursing education | 77,614 | 79,201 |
| Case management | 273,746 | 243,812 |
| Administrative salaries and wages | 480,170 | 451,846 |
| Administrative supplies and expense | 66,108 | 51,387 |
| Business office salaries and wages | 300,590 | 292,072 |
| Business office supplies and expense | 60,359 | 58,516 |
| Fiscal services salaries and wages | 103,858 | 96,126 |
| Fiscal services supplies and expense | 6,977 | 7,318 |
| Registration | 270,968 | 267,064 |
| Coding expense | 145,717 | 141,661 |
| Communications expense | 22,325 | 29,325 |
| Discharge expense | 0 | 536 |
| Insurance and bonding | 757,496 | 588,428 |
| Employee benefits | 1,532,673 | 1,728,793 |
| Payroll taxes | 976,273 | 949,271 |
| Recruitment | 348,517 | 282,769 |
| Guaranteed payments to physicians | 288,830 | 240,373 |
| Dues and subscriptions | 32,089 | 26,774 |
| Professional services | 1,019,654 | 1,022,837 |
| Outside collection fees and expense | 173,756 | 218,449 |
| Public relations | 171,973 | 152,157 |
| Postage | 40,694 | 32,992 |
| Information systems | 608,119 | 620,649 |
| Travel and seminars | 26,527 | 18,097 |
| Taxes and licenses | 9,049 | 7,017 |
| Miscellaneous | 20,165 | 8,720 |
| TOTAL ADMINISTRATIVE AND GENERAL | \$ 10,845,292 | \$ 10,620,718 |

(CONTINUED)

**GRAYSON COUNTY HOSPITAL FOUNDATION, INC.
D/B/A TWIN LAKES REGIONAL MEDICAL CENTER
SCHEDULE III – OPERATING EXPENSES – CONCLUDED**

| | FOR THE YEARS ENDED | |
|--|---------------------|--------------------|
| | JUNE 30, | |
| | 2013 | 2012 |
| DEPRECIATION AND AMORTIZATION | | |
| Depreciation – land improvements | \$ 63,078 | \$ 116,912 |
| Depreciation – corp and district property | 1,251,012 | 1,214,053 |
| Depreciation – major moveable equipment | 1,601,912 | 1,555,513 |
| Depreciation – leasehold improvements | 238,327 | 221,680 |
| Bond amortization | 44,396 | 43,588 |
| Subtotal | 3,198,725 | 3,151,746 |
| Depreciation deducted in “net rental of medical office building” | 338,505 | 333,741 |
| TOTAL DEPRECIATION AND AMORTIZATION | \$ 3,537,230 | \$3,485,487 |
| INTEREST EXPENSE | \$ 890,660 | \$ 922,879 |

Note. The accompanying notes to the financial statements are an integral part of this statement.

**GRAYSON COUNTY HOSPITAL FOUNDATION, INC.
D/B/A TWIN LAKES REGIONAL MEDICAL CENTER
SCHEDULE IV – NON-OPERATING GAINS (LOSSES)**

| | FOR THE YEARS ENDED | |
|---|-----------------------|-----------------------|
| | JUNE 30, | |
| | 2013 | 2012 |
| NON-OPERATING GAINS (LOSSES) | | |
| Tax revenue | \$ 548,356 | \$ 517,308 |
| Income from subsidiary WTK Holdings, Inc. | 731 | (4,787) |
| Net rental of medical office building | (71,887) | (72,066) |
| Gain (loss) on disposal of equipment | (97,546) | (88,433) |
| Net Foundation practices | (4,357,342) | (2,789,851) |
| Other non-operating | 1,792,350 | 1,355,413 |
| TOTAL NON-OPERATING GAINS (LOSSES) | <u>\$ (2,185,338)</u> | <u>\$ (1,082,416)</u> |

Note. The accompanying notes to the financial statements are an integral part of this statement.

**INDEPENDENT AUDITORS' REPORT
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Directors
Grayson County Hospital Foundation, Inc.
d/b/a Twin Lakes Regional Medical Center
Leitchfield, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of Grayson County Hospital Foundation, Inc., a nonprofit organization, as of and for the year ended June 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated October 29, 2013.

Internal Control Over Financial Reporting

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

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

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

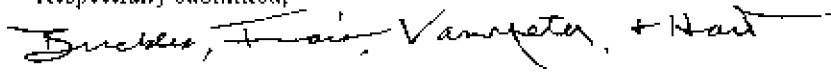
Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



Buckles, Travis, VanMeter & Hart, PLLC

Certified Public Accountants

Leitchfield, Kentucky

October 29, 2013