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Part IIIStatement of Program Service Accomplishments

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

1

Briefly describe the organization’s mission

PART I, LINE I - ORGANIZATION'S ACCOMPLISHMENTS WITH A SIGNIFICANT ELDERLY POPULATION AND MOUNTAINOUS TERRAIN, TRAVEL OUTSIDE THE IMMEDIATE AREA CAN BE CHALLENGING, ESPECIALLY IN THE WINTER RURAL LIFE OFTEN INCLUDES HAZARDOUS OCCUPATIONS, WHICH IS CERTAINLY TRUE OF DICKENSON COUNTY DUE TO THE HIGH EMPLOYMENT RATES IN THE COAL MINING INDUSTRY GIVEN THESE FACTORS, RURAL HOSPITALS MUST REMAIN FLEXIBLE AND DIVERSE IN THEIR FACILITIES AND THE SERVICES THEY OFFER THE COMMUNITY MOUNTAIN STATES HEALTH ALLIANCE AND NORTON COMMUNITY HOSPITAL BELIEVE THAT SUPPORTING THE SERVICES OF DICKENSON COMMUNITY HOSPITAL (DCH) TO ASSIST RESIDENTS IN ATTAINING A HIGH LEVEL OF HEALTH CONTINUES TO BE A CORE VALUE OF OUR BUSINESS AND COMMUNITY SUPPORT DCH IS A FEDERALLY DESIGNATED CRITICAL ACCESS HOSPITAL THIS FACILITY IS LOCATED IN ONE OF THE POOREST REGIONS OF VIRGINIA IN ADDITION TO EMERGENCY, OUTPATIENT, AND RADIOLOGY SERVICES, THE HOSPITAL PROVIDES PULMONARY FUNCTION TESTING, CARDIAC ULTRASOUND AND

2

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

If “Yes,” describe these new services on Schedule O

Yes

No

3

Did the organization cease conducting, or make significant changes in how it conducts, any program services?

If “Yes,” describe these changes on Schedule O

Yes

No

4

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

4a

(Code) (Expenses \$ 1,476,467 including grants of \$) (Revenue \$ 2,021,363)

EMERGENCY SERVICES OUR FULLY STAFFED 24-HOUR EMERGENCY DEPARTMENT IS AVAILABLE FOR PATIENTS IN A LIFE THREATENING SITUATION WE CAN PROVIDE AIR MEDICAL TRANSPORTATION TO A LARGER REGIONAL HOSPITAL FOR ANY PATIENT NEEDING A HIGHER LEVEL OF CARE THERE WERE 7,036 ED VISITS DURING FY13 THE EXPENSES REFLECT ONLY THE DIRECT EXPENSES FOR THE EMERGENCY DEPARTMENT AND DO NOT INCLUDE ANY INDIRECT EXPENSES

4b

(Code) (Expenses \$ 517,689 including grants of \$) (Revenue \$ 1,592,846)

RADIOLOGY OUR HIGHLY TRAINED TECHNICIANS CAN ADMINISTER ON-SITE PROCEDURES AND TESTING FOR CT SCANS, GENERAL RADIOLOGY (X-RAY), ULTRASOUND, AND BONE DENSITY TESTING THE HOSPITAL PERFORMED 7,491 RADIOLOGY PROCEDURES DURING FY13 THE EXPENSES REFLECT ONLY THE DIRECT EXPENSES FOR THE RADIOLOGY DEPARTMENT AND DO NOT INCLUDE ANY INDIRECT EXPENSES

4c

(Code) (Expenses \$ 713,945 including grants of \$) (Revenue \$ 1,686,586)

LABORATORY OUR EXPERIENCED STAFF OFFER COMPLETE AND COMPREHENSIVE SERVICES INCLUDING EMERGENCY & OUTPATIENT SERVICES, STAT TESTING, COMPREHENSIVE CHEMISTRY STUDIES, OCCUPATIONAL DRUG TESTING, HIGH SENSITIVE COUMADIN MONITORING, MICROBIOLOGY TRANSFUSION SERVICES, AND MORE WE PROVIDE LAB SERVICES 24 HOURS A DAY, 7 DAYS A WEEK DURING FY13, 63,565 LAB TESTS WERE PROCESSED THE EXPENSES REFLECT ONLY THE DIRECT EXPENSES FOR THE LABORATORY DEPARTMENT AND DO NOT INCLUDE ANY INDIRECT EXPENSES

(Code) (Expenses \$ 2,810,669 including grants of \$ 50,100) (Revenue \$ 2,058,467)

THE VIRGINIA HEALTH QUALITY CENTER (VHQC), A NONPROFIT HEALTH QUALITY CONSULTING COMPANY, SELECTED WINNERS IN SIX CATEGORIES FOR THEIR CONTRIBUTIONS TO IMPROVING HEALTH CARE FOR PATIENTS IN VIRGINIA MOUNTAIN STATES HEALTH ALLIANCE'S VIRGINIA HOSPITALS, WHICH INCLUDE NORTON COMMUNITY HOSPITAL, EARNED THE HONOR FOR THEIR PATIENT-CENTERED CARE THE WINNERS WERE ANNOUNCED DURING QUALITYSYNC, VHQC'S ANNUAL LEARNING EVENT, HELD IN RICHMOND, AND WERE SELECTED FROM NEARLY 30 NOMINATIONS “MSHA'S VIRGINIA HOSPITALS DEVELOPED AN INNOVATIVE APPROACH TO BRINGING A PATIENT-CENTERED APPROACH TO ALL OF ITS FACILITIES”, THE VHQC STATED IN A NEWS RELEASE “BY ESTABLISHING 10 GUIDING PRINCIPLES AND INCORPORATING THEM INTO EACH HOSPITAL'S OPERATIONS, THIS ORGANIZATION HAS SIGNIFICANTLY IMPROVED PATIENT-PROVIDER RELATIONSHIPS, ENVIRONMENTS AND SERVICE DELIVERY” DCH OPENED ITS NEW SENIOR LIFE SOLUTIONS PROGRAM (SLS) IN EARLY FY13 THE SLS IS AN INTENSIVE OUTPATIENT PROGRAM THAT PROVIDES PSYCHIATRIC GROUP THERAPY FOR PATIENTS AGES 65 AND UP THE PROGRAM IS DESIGNED FOR PEOPLE STRUGGLING WITH DEPRESSION, ANXIETY, GRIEF, LOSS, AND TRANSITION IN LIFE AND HEALTH ISSUES MANY ARE GOING THROUGH A DIFFICULT TIME SUCH AS DEALING WITH THE LOSS OF A LOVED ONE, DIFFICULTY WITH HEALTH ISSUES, ADJUSTING TO THE TRANSITION FROM LIVING AT THEIR OWN HOME TO MOVING INTO AN ASSISTED LIVING FACILITY OR NURSING HOME AND OTHER ISSUES ASSOCIATED WITH AGING THE PATIENTS MEET THREE TIMES A WEEK FOR THREE ONE-HOUR SESSIONS, 9 HOURS PER WEEK OF THERAPY WHICH IS MUCH MORE THAN PATIENTS TYPICALLY RECEIVE IN OTHER OUTPATIENT THERAPY SETTINGS THE PROGRAM HAS BEEN SO SUCCESSFUL, A SECOND THERAPY GROUP TRACK WAS ADDED TO DOUBLE THE NUMBER OF PATIENTS SERVED THE SLS DIRECTOR AND STAFF CAN SEE THE TRANSFORMATION THE PROGRAM IS HAVING ON SENIORS PARTICIPATING IN THIS PROGRAM SINCE DCH IS LOCATED IN A RURAL AREA THIS NEW PROGRAM PROVIDES A NEEDED SERVICE TO THE COMMUNITY THAT WAS PREVIOUSLY LACKING

4d

Other program services (Describe in Schedule O)

(Expenses \$ 2,810,669 including grants of \$ 50,100) (Revenue \$ 2,058,467)





















4e

Total program service expenses ▶

5,518,770

Form 990 (2012)

Part IV Checklist of Required Schedules

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

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21	Yes	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25</i>	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a		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.	20	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.	2a	0
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	2b	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	No
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3b	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a	No
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a	No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b	No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c	
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?	6a	No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b	
7	Organizations that may receive deductible contributions under section 170(c).		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a	No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c	No
d	If "Yes," indicate the number of Forms 8282 filed during the year.	7d	
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e	No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f	No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h	
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8	
9	Sponsoring organizations maintaining donor advised funds.		
a	Did the organization make any taxable distributions under section 4966?	9a	
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b	
10	Section 501(c)(7) organizations. Enter		
a	Initiation fees and capital contributions included on Part VIII, line 12.	10a	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	10b	
11	Section 501(c)(12) organizations. Enter		
a	Gross income from members or shareholders.	11a	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	11b	
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b	
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.	13a	
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	13b	
c	Enter the amount of reserves on hand.	13c	
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a	No
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	14b	

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	10	
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
1b	Enter the number of voting members included in line 1a, above, who are independent	3	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	8a	Yes
8b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	VA
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> Other (explain in Schedule O)	
19	Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year	
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization	ROWENA BLACK 100 15TH STREET NW NORTON, VA (276) 439-1011

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

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

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

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) ANN FLEMING DIRECTOR	50 59 50	X						0	426,280	66,282
(2) JOHN DOYLE DIRECTOR	2 00 53 00	X						0	229,038	34,966
(3) ROBERT LEONARD TREASURER	50 2 00	X						0	21,054	0
(4) BUFORD STURGILL VICE-CHAIRMA	50 2 00	X						0	18,117	0
(5) JAMES MANICURE DIRECTOR	50 2 00	X						0	16,419	0
(6) JOHN WRIGHT DIRECTOR	50 2 00	X						0	15,636	0
(7) DONALD BAKER CHAIRMAN & S	50	X						0	0	0
(8) ROGER DEEL DIRECTOR	50	X						0	0	0
(9) VONDA BUCHANAN DIRECTOR	50	X						0	0	0
(10) LARRY YATES DIRECTOR	50	X						0	0	0
(11) MARK LEONARD CEO	6 00 49 00			X				0	238,735	42,885
(12) STEPHEN SAWYER CFO	6 00 49 00			X				0	132,632	20,060
(13) BERNIE SERGENT MD PHYSICIAN	40 00					X		0	280,019	17,213
(14) LURTON LYLE MD PHYSICIAN	40 00					X		0	117,841	13,501

Part VII

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)									1,495,771	194,907

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization: **1**

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation

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

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	35,400			
	e	Government grants (contributions)	1e	9,103			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f				
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f		44,503			
Program Service Revenue	2a	PATIENT SERVICES	Business Code 622110	6,422,554	6,422,554		
	b	WELLNESS PROGRAMS	622110	923,915	923,915		
	c						
	d						
	e						
	f	All other program service revenue					
	g	Total. Add lines 2a-2f		7,346,469			
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)	327	327		
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)				
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	OTHER REVENUE	900099	12,466	12,466			
b	MEDICAL RECORDS	900099	525			525	
c							
d	All other revenue						
e	Total. Add lines 11a-11d		12,991				
12	Total revenue. See Instructions		7,404,290	7,359,262		525	

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.	50,100	50,100		
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.	52,032		52,032	
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.	3,261,985	2,473,506	788,479	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	74,943	59,972	14,971	
9	Other employee benefits.	274,117	260,029	14,088	
10	Payroll taxes.	190,604	171,859	18,745	
11	Fees for services (non-employees):				
a	Management.	6,737		6,737	
b	Legal.	10,970		10,970	
c	Accounting.	15,277		15,277	
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).	1,176,765	1,176,765		
12	Advertising and promotion.	34,619	34,619		
13	Office expenses.	168,630	128,569	31,708	8,353
14	Information technology.	28,796	28,517	279	
15	Royalties.				
16	Occupancy.	183,389	109,015	74,374	
17	Travel.	24,281	18,286	5,245	750
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	6,670	6,420	250	
20	Interest.				
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	362,544	295,126	67,418	
23	Insurance.	12,687	229	12,458	
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O):				
a	MEDICAL SUPPLIES & DRUGS	478,152	478,152		
b	MANAGEMENT FEES	470,755		470,755	
c	REPAIRS & MAINTENANCE	211,200	208,725	2,475	
d	DUES & SUBSCRIPTIONS	21,399	7,734	13,665	
e	All other expenses	18,475	11,147	7,328	
25	Total functional expenses. Add lines 1 through 24e.	7,135,127	5,518,770	1,607,254	9,103
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		615,862	1	497,530	
	2	Savings and temporary cash investments			2		
	3	Pledges and grants receivable, net			3		
	4	Accounts receivable, net		1,112,572	4	1,123,612	
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5		
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6		
	7	Notes and loans receivable, net			7		
	8	Inventories for sale or use		75,763	8	72,476	
	9	Prepaid expenses and deferred charges		45,815	9	31,678	
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	4,138,310			
	b	Less accumulated depreciation	10b	2,358,984	1,723,281	10c	1,779,326
	11	Investments—publicly traded securities			11		
	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		357,407	15	500,828	
16	Total assets. Add lines 1 through 15 (must equal line 34)		3,930,700	16	4,005,450		
Liabilities	17	Accounts payable and accrued expenses		656,092	17	722,552	
	18	Grants payable			18		
	19	Deferred revenue			19		
	20	Tax-exempt bond liabilities			20		
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21		
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22		
	23	Secured mortgages and notes payable to unrelated third parties			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		553,086	25	438,483	
	26	Total liabilities. Add lines 17 through 25		1,209,178	26	1,161,035	
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		2,720,772	27	2,840,969	
	28	Temporarily restricted net assets		750	28	3,446	
	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		2,721,522	33	2,844,415	
	34	Total liabilities and net assets/fund balances		3,930,700	34	4,005,450	

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	7,404,290
2	Total expenses (must equal Part IX, column (A), line 25)	2	7,135,127
3	Revenue less expenses Subtract line 2 from line 1	3	269,163
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	2,721,522
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	-146,270
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	2,844,415

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.

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization DICKENSON COMMUNITY HOSPITAL	Employer identification number 77-0599553
--	--

Part I

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

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

- 1

☐

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

☐

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

☒

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

☐

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

☐

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

☐

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

☐

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

☐

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

☐

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

☐

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

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Non-functionally integrated
- e

☐

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

☐

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

☐

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

(i)

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

(ii)

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

(iii)

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

☐

Provide the following information about the supported organization(s)

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

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

Part II

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

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

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

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

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

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

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

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

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

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

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

Facts And Circumstances Test

Explanation

SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

2012

Open to Public Inspection

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

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

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

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

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

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

Name of the organization DICKENSON COMMUNITY HOSPITAL	Employer identification number 77-0599553
--	--

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

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

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

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

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

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

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

Part II-A

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

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

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

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

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

Part II-B

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?	Yes		239
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?		No	
j	Total. Add lines 1c through 1i.			239
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

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

		Yes	No
1	Were substantially all (90% or more) dues received nondeductible by members?	1	
2	Did the organization make only in-house lobbying expenditures of \$2,000 or less?	2	
3	Did the organization agree to carry over lobbying and political expenditures from the prior year?	3	

Part III-B

Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) and if either (a) BOTH Part III-A, lines 1 and 2, are answered "No" OR (b) Part III-A, line 3, is answered "Yes."

1	Dues, assessments and similar amounts from members	1	
2	Section 162(e) nondeductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).		
a	Current year	2a	
b	Carryover from last year	2b	
c	Total	2c	
3	Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
4	If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?	4	
5	Taxable amount of lobbying and political expenditures (see instructions)	5	

Part IV

Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, Part II-A (affiliated group list), Part II-A, line 2, and Part II-B, line 1. Also, complete this part for any additional information.

Identifier	Return Reference	Explanation
ADDITIONAL INFORMATION	SCHEDULE C, PART IV	DCH HAD LOBBYING EXPENSES OF 239 WHICH REPRESENTS THE PORTION OF VIRGINIA HOSPITAL & HEALTHCARE ASSOCIATION DUES ATTRIBUTABLE FOR DIRECT LOBBYING

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
DICKENSON COMMUNITY HOSPITAL

Employer identification number
77-0599553

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

d

☐ Loan or exchange programs

b

☐ Scholarly research

e

☐ Other

c

☐ Preservation for future generations

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			
b	Buildings	403,305	104,634	298,671
c	Leasehold improvements	557,291	389,439	167,852
d	Equipment	3,177,714	1,864,911	1,312,803
e	Other			
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				1,779,326

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

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

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

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

Part XIII Supplemental Information

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

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

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
DICKENSON COMMUNITY HOSPITAL

Employer identification number
77-0599553

Part I

Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No	
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year <input checked="" type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input checked="" type="checkbox"/> 200% <input type="checkbox"/> Other _____ % b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input checked="" type="checkbox"/> 400% <input type="checkbox"/> Other _____ % c If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care 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		No
b	If "Yes," did the organization make it available to the public?	5c		
	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)			48,720		48,720	0.680 %
b Medicaid (from Worksheet 3, column a)			1,272,824	764,766	508,058	7.120 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			1,321,544	764,766	556,778	7.800 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			18,861		18,861	0.260 %
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)			224,772	55,761	169,011	2.370 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			50,100		50,100	0.700 %
j Total Other Benefits			293,733	55,761	237,972	3.340 %
k Total. Add lines 7d and 7j			1,615,277	820,527	794,750	11.140 %

Part II

Community Building Activities

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

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

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

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

1

Yes

2

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

2

1,463,585

3

Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit.

3

1,024,510

4

Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.

Section B. Medicare

5

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

5

2,985,807

6

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

6

2,972,290

7

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

7

13,517

8

Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used.
☐ Cost accounting system ☐ Cost to charge ratio ☒ Other

Section C. Collection Practices

9a

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

9a

Yes

b

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

9b

Yes

Part IV

Management Companies and Joint Ventures

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

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

Part V

Facility Information

Section A. Hospital Facilities

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

Name, address, and primary website address

		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	DICKENSON COMMUNITY HOSPITAL PO BOX 1440 1 HOSPITAL DRIVE CLINTWOOD,VA 24228	X	X			X		X			

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

DICKENSON COMMUNITY HOSPITAL

Name of hospital facility or facility reporting group

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

1

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

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No		
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>200 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>400 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 type="checkbox"/> Medicaid/Medicare					
g <input type="checkbox"/> State regulation					
h <input type="checkbox"/> Other (describe in Part VI)					
13 Explained the method for applying for financial assistance?		13	Yes		
14 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	Yes		
a <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website					
b <input type="checkbox"/> The policy was attached to billing invoices					
c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms					
d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices					
e <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility					
f <input checked="" type="checkbox"/> The policy was available upon request					
g <input checked="" type="checkbox"/> Other (describe in Part VI)					
Billing and Collections					
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?		15	Yes		
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP					
a <input type="checkbox"/> Reporting to credit agency					
b <input type="checkbox"/> Lawsuits					
c <input type="checkbox"/> Liens on residences					
d <input type="checkbox"/> Body attachments					
e <input type="checkbox"/> Other similar actions (describe in Part VI)					
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?				17	No
If "Yes," check all actions in which the hospital facility or a third party engaged					
a <input type="checkbox"/> Reporting to credit agency					
b <input type="checkbox"/> Lawsuits					
c <input type="checkbox"/> Liens on residences					
d <input type="checkbox"/> Body attachments					
e <input type="checkbox"/> Other similar actions (describe in Part VI)					

Part V

Facility Information (continued)

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

☐

Notified individuals of the financial assistance policy on admission
- b

☐

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

☐

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

☐

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

☐

Other (describe in Part VI)

Policy Relating to Emergency Medical Care

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

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

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

Part V

Facility Information (continued)

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

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

Name and address	Type of Facility (describe)
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	

Part VI Supplemental Information

Complete this part to provide the following information

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

Identifier	ReturnReference	Explanation
RELATED ORGANIZATION INFORMATION	PART I LINE 6A	MOUNTAIN STATES HEALTH ALLIANCE PREPARED AND MADE PUBLIC A COMMUNITY BENEFIT REPORT TO INCLUDE INFORMATION FOR ALL OF THE HOSPITALS WITHIN THE HEALTH SYSTEM INCLUDING DCH
COSTING METHODOLOGY EXPLANATION	PART I LINE 7	A COST TO CHARGE RATIO WAS USED TO CALCULATE LINE 7 EXCEPT FOR LINE 7G UTILIZING THE SCHEDULE H APPLICABLE WORKSHEETS INCLUDING WORKSHEET 2 A RATIO OF PATIENT CARE COST TO GROSS PATIENT CHARGES LINE 7G USED DIRECT COSTS OF A SPECIFIC PROGRAM WE SUBTRACTED LINE 7G COLUMN C EXPENSE FROM WORKSHEET 2 LINE 4 SO THAT SUBSIDIZED HEALTH SERVICES COMMUNITY BENEFIT EXPENSE WOULD NOT BE DUPLICATED

Identifier	ReturnReference	Explanation
BAD DEBT EXPENSE EXPLANATION	PART III LINE 4	OUR VICE PRESIDENT OF PATIENT FINANCIAL SERVICES AND OUR CFO ESTIMATE THAT 70 OF TOTAL BAD DEBT EXPENSE WAS ASSUMED ATTRIBUTABLE TO PATIENTS LIKELY ELIGIBLE FOR FINANCIAL ASSISTANCE WE HAVE MANY INSTANCES DURING THE YEAR OF PATIENTS WITH LARGE ACCOUNT BALANCES AND NO HEALTH INSURANCE COVERAGE THAT WE ARE SURE WOULD QUALIFY FOR CHARITY CARE ALTHOUGH HOSPITAL TEAM MEMBERS ENCOURAGE THESE INDIVIDUALS TO COMPLETE OUR FINANCIAL ASSISTANCE APPLICATION MANY WILL NOT DO SO EVEN WHEN THESE INDIVIDUALS ARE TOLD WE FEEL SURE THEY DO QUALIFY FOR FULL OR PARTIAL ASSISTANCE THEY STILL REFUSE TO COMPLETE OUR FINANCIAL ASSISTANCE APPLICATION REGARDING LINE 3 IT IS IMPLAUSIBLE TO DETERMINE THE AMOUNT OF DCHS BAD DEBT ASSOCIATED WITH THOSE PATIENTS WHO MAY HAVE MET THE CRITERIA SET FORTH IN OUR FINANCIAL ASSISTANCE POLICY WITHOUT HAVING A COMPLETED FINANCIAL ASSESSMENT WE ARE UNABLE TO DETERMINE OUR PATIENTS FINANCIAL CIRCUMSTANCES UNLESS A COMPLETED FINANCIAL ASSESSMENT FORM IS VOLUNTARILY PROVIDED TO US WE CAN ASSERT THAT MORE THAN 97 OF OUR PATIENTS WHO HAVE PROVIDED COMPLETED FINANCIAL ASSESSMENT FORMS HAVE BEEN APPROVED FOR AT LEAST PARTIAL FINANCIAL ASSISTANCE THE FOOTNOTES TO THE AUDITED FINANCIAL STATEMENTS REPORT THE AMOUNT OF ESTIMATED UNCOLLECTIBLE SELF PAY AND EXPLAINS THAT UNCOLLECTIBLE PATIENT ACCOUNTS RECEIVABLE ESTIMATED RESERVES ARE BASED UPON PRIOR COLLECTION HISTORY FOR GROUPS OF RECEIVABLES KNOWN COLLECTION RISKS AND OTHER ENVIRONMENTAL FACTORS INCLUDING THE AGE OF THE RECEIVABLES
MEDICARE EXPLANATION	PART III LINE 8	MEDICARE ALLOWABLE COSTS WERE REPORTED USING DCHS FILED MEDICARE COST REPORT CR THE CR USES A COST TO CHARGE RATIO BASED ON A STEPDOWN ALLOCATION METHODOLOGY IN CARING FOR THE PATIENT THERE ARE SEVERAL SERVICES THAT ARE CONSIDERED NONALLOWABLE SUCH AS TRANSPORTATION OF A PATIENT COMFORT ITEMS TO INCLUDE A TELEVISION MAGAZINES OR A TELEPHONE ADDITIONAL NONALLOWABLE COSTS INCLUDE THE RECRUITMENT OF PHYSICIANS PHYSICIAN GUARANTEES AND A PORTION OF THE BAD DEBT 12 ASSOCIATED WITH THE CARE OF THE PATIENT MEDICARE LOSSES INCLUDING SOME NONALLOWABLE COSTS SHOULD BE COUNTED AS A COMMUNITY BENEFIT AS THIS IS THE COST OF CARE FOR SERVING THE AGING POPULATION WHILE DCH ESTIMATES A SMALL FY13 GAIN ASSOCIATED WITH MEDICARE WE REALIZE THAT WE ARE AN EXCEPTION DUE TO OUR SMALL SIZE AND THE FACT THAT OUR FACILITY FOCUSES ON OUTPATIENT CARE AND SERVES AS A CRITICAL ACCESS HOSPITAL OTHER HOSPITALS THAT PROVIDE SIGNIFICANT INPATIENT CARE TO A SICKER POPULATION OF PATIENTS PROVIDE A MUCH BROADER AND MORE EXPENSIVE LEVEL OF CARE AND THOSE HOSPITALS OFTEN HAVE SIGNIFICANT MEDICARE LOSSES

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

Identifier	ReturnReference	Explanation
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	PART VI	PART VI LINE 3 DCH PROVIDES COMMUNICATION OF FINANCIAL ASSISTANCE ON ITS WEBSITE AND ON POSTERS LOCATED IN PROMINENT AREAS OF THE HOSPITAL SUCH AS ADMITTING AND THE EMERGENCY DEPARTMENT PRINTED EDUCATIONAL MATERIALS INCLUDING FINANCIAL ASSISTANCE CONTACT INFORMATION ARE ALSO PROVIDED IN EACH PATIENTS PAPERWORK POSTERS AND REFERENCE MATERIALS ARE WRITTEN IN BOTH ENGLISH AND SPANISH ADMITTING STAFF ARE TRAINED TO EDUCATE PATIENTS ON DCHS FINANCIAL ASSISTANCE POLICY DCH ALSO HAS FINANCIAL COUNSELORS TO PROVIDE FURTHER INFORMATION AND ASSISTANCE TO DCH PATIENTS REGARDING DCHS FINANCIAL ASSISTANCE POLICY THESE COUNSELORS ALSO HELP UNINSURED PATIENTS DETERMINE SOURCES OF PAYMENT FOR MEDICAL BILLS AND HELP PATIENTS DETERMINE ELIGIBILITY FOR PROGRAMS SUCH AS MEDICAID IN ADDITION DCH CONTRACTS WITH THE COMPANY FIRSTSOURCE SOLUTIONS USA TO WORK WITH SELF-PAYING PATIENTS WHO HAVE LIMITED FINANCIAL RESOURCES FIRSTSOURCE SOLUTIONS USA DETERMINES A PATIENTS ELIGIBILITY IN MEDICAL COVERAGE OPTIONS AND ASSISTS WITH THEIR ENROLLMENT DCH BEARS THE COST FOR THE FIRSTSOURCE SOLUTIONS PROGRAM
COMMUNITY INFORMATION	PART VI	PART VI LINE 4 DCH IS LOCATED IN CLINTWOOD DICKENSON COUNTY WHICH IS IN RURAL SOUTHWEST VIRGINIA BOTH NORTHEAST TENNESSEE AND SOUTHWEST VIRGINIA SWVA ARE LOCATED WITHIN THE APPALACHIAN MOUNTAINS SPECIFICALLY THE BLUE RIDGE MOUNTAIN REGION AND TENNESSEE VALLEY SWVA IS CONSIDERED RURAL AND MUCH DIFFERENT THAN THE REST OF THE STATE SWVA HAS BEEN AND REMAINS A MAJOR COAL MINING REGION DICKENSON COUNTY IS A FEDERALLY DESIGNATED MEDICALLY UNDERSERVED AREA AND HAS A HIGH RATE OF INDIVIDUALS WHO ARE UNINSURED THE POPULATION OF DICKENSON COUNTY IS JUST UNDER 15700 AND ACCORDING TO THE US CENSUS BUREAU THE TOWN OF CLINTWOOD HAS A POPULATION OF 1414 THE LATEST CENSUS BUREAU DATA ESTIMATES THE MEDIAN AGE OF RESIDENTS OF DICKENSON COUNTY IS 43 WHICH IS OLDER THAN THE MEDIAN AGE OF 375 IN VIRGINIA THE BUREAU ESTIMATES DICKENSON COUNTY MEDIAN HOUSEHOLD INCOME AT 32622 COMPARED TO 61741 FOR THE STATE OF VIRGINIA 27 OF DICKENSON COUNTYS CHILDREN LIVE IN POVERTY COMPARED TO 16 STATEWIDE

Identifier	ReturnReference	Explanation
HEALTH OF COMMUNITY IN RELATION TO EXEMPT PURPOSE	PART VI	PART VI LINE 5 DICKENSON COMMUNITY HOSPITAL IS A 25BED CRITICAL ACCESS HOSPITAL THE HOSPITAL PERFORMS LIMITED INPATIENT PROCEDURES IN AN EFFORT TO REDUCE OPERATING COSTS THE HOSPITAL IS A SUBSIDIARY OF NORTON COMMUNITY HOSPITAL INC WHO IS THE SOLE MEMBER OF DCH DCH IS DEDICATED TO OPERATING EFFICIENTLY SO THAT WASTE IS MINIMIZED DCHS LEADERSHIP REMAINS MINDFUL OF MANAGING THE HOSPITALS LIMITED RESOURCES SO THAT ADEQUATE FACILITIES AND EQUIPMENT ARE AVAILABLE FOR THE CARE OF OUR PATIENTS VARIOUS CHECKS AND BALANCES ARE ESTABLISHED TO ENSURE THAT EXPENDITURES FOR OPERATING EXPENSES AND CAPITAL COSTS ARE REASONABLE AND NECESSARY IN MOST YEARS DCH DOES NOT ENJOY NET OPERATING SURPLUSES AND RELIES ON SUBSIDIZATION FROM NORTON COMMUNITY HOSPITAL THE MAJORITY OF DCHS GOVERNING BODY IS COMPRISED OF PERSONS WHO RESIDE IN THE ORGANIZATIONS PRIMARY SERIVCE AREA ONLY TWO DIRECTORSANN FLEMING AND JOHN DOYLE EMPLOYEES OF MSHA LIVE OUTSIDE OF THE AREA PHYSICIANS THAT REQUEST PRIVILEGES WHO ARE QUALIFIED AND CREDENTIALED ARE EXTENDED PRIVILEGES BY DCH
AFFILIATED HEALTH CARE INFORMATION	PART VI	PART VI LINE 6 DCH IS A 25BED CRITICAL ACCESS HOSPITAL OPERATED UNDER THE DIRECTION OF A 12MEMBER BOARD OF DIRECTORS PRIMARILY COMPRISED OF LOCAL COMMUNITY RESIDENTS DCH IS ACCREDITED BY THE AMERICAN OSTEOPATHIC ASSOCIATION DCH IS OWNED BY NORTON COMMUNITY HOSPITAL NCH DCH HAS A LOAN AGREEMENT WITH NCH THAT PROVIDES FOR NCH TO ASSIST IN SUBSIDIZING DCHS OPERATING EXPENSES AS NEEDED NCH IS MAJORITY OWNED BY MOUNTAIN STATES HEALTH ALLIANCE MSHABASED IN JOHNSON CITY TENNESSEE MSHA IS INTEGRATED BOTH VERTICALLY AND HORIZONTALLY AND IS THE LARGEST REGIONAL HEALTHCARE SYSTEM WITH 13 HOSPITALS MSHA PROVIDES CARE TO PEOPLE IN 29 COUNTIES IN TENNESSEE VIRGINIA KENTUCKY AND NORTH CAROLINA DCH SERVES AS THE COUNTYS PRIMARY HEALTH SERVICE PROVIDER PATIENTS BENEFIT FROM DCHS AFFILIATION WITH A HEALTHCARE SYSTEM WHERE THEY CAN BE EFFICIENTLY MOVED ALONG AN INTEGRATED COMPREHENSIVE CONTINUUM OF CARE AS THEIR HEALTH STATUS DICTATES PATIENTS CAN BE MOVED TO THE SYSTEMS FLAGSHIP FACILITY JOHNSON CITY MEDICAL CENTER WHICH IS A TERTIARY CARE FACILITY PROVIDING ADVANCED TREATMENT OPTIONS DCH OPERATES A 24HOUR EMERGENCY DEPARTMENT TO TREAT PATIENTS IN LIFE THREATENING SITUATIONS FOR ANY PATIENT WHO NEEDS A HIGHER LEVEL OF CARE THAN DCH CAN PROVIDE AIR MEDICAL TRANSPORTATION IS AVAILABLE THROUGH WINGS AIR RESCUE WINGS III IS BASED IN JENKINS KENTUCKY AND CAN QUICKLY RESPOND AND HAVE ANY PATIENT TRANSPORTED TO NORTON COMUMUNITY HOSPITAL 7 MINUTES JOHNSON CITY MEDICAL CENTER 20 MINUTES AND OTHER REGIONAL HOSPITALS WHEN MINUTES COUNT

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

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

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

**Grants and Other Assistance to Organizations,
Governments and Individuals in the United States**
Complete if the organization answered "Yes," to Form 990, Part IV, line 21 or 22.
▶ Attach to Form 990

2012

Open to Public Inspection

Name of the organization
DICKENSON COMMUNITY HOSPITAL

77-0599553

Part I General Information on Grants and Assistance

- 1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? ☒ Yes ☐ No
- 2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II **Grants and Other Assistance to Governments and Organizations in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

[illegible]

- | | | | |
|----------|---|---|----------|
| 2 | Enter total number of section 501(c)(3) and government organizations listed in the line 1 table | ▶ | <u>1</u> |
| 3 | Enter total number of other organizations listed in the line 1 table | ▶ | |

Part III

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

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

Part IV Supplemental Information.		
Complete this part to provide the information required in Part I, line 2, Part III, column (b), and any other additional information		
Identifier	Return Reference	Explanation
ADDITIONAL INFORMATION	SCHEDULE I, PAGE 4, PART IV	SCHEDULE I, PART I, LINE 2 DICKENSON COMMUNITY HOSPITAL IS A SMALL, RURAL HOSPITAL WITH LIMITED FINANCIAL RESOURCES DURING FY13, THE HOSPITAL MADE ONE CHARITABLE DONATION TO ST MARY'S HEALTH WAGON, AN ORGANIZATION THAT PROVIDES QUALITY HEALTH CARE TO MEDICALLY UNDERSERVED PEOPLE IN THE MOUNTAINS OF SOUTHWEST VIRGINIA

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
DICKENSON COMMUNITY HOSPITAL

Employer identification number
77-0599553

Part I

Questions Regarding Compensation

	Yes	No
<div>1a</div> <div>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><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><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></div>		
<div>b</div> <div>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</div>	1b	
<div>2</div> <div>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?</div>	2	
<div>3</div> <div>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><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><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></div>		
<div>4</div> <div>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</div>		
<div>a</div> <div>Receive a severance payment or change-of-control payment?</div>	4a	No
<div>b</div> <div>Participate in, or receive payment from, a supplemental nonqualified retirement plan?</div>	4b	Yes
<div>c</div> <div>Participate in, or receive payment from, an equity-based compensation arrangement?</div>	4c	No
<div></div> <div>If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III</div>		
<div></div> <div>Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.</div>		
<div>5</div> <div>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</div>		
<div>a</div> <div>The organization?</div>	5a	No
<div>b</div> <div>Any related organization?</div>	5b	No
<div></div> <div>If "Yes," to line 5a or 5b, describe in Part III</div>		
<div>6</div> <div>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</div>		
<div>a</div> <div>The organization?</div>	6a	No
<div>b</div> <div>Any related organization?</div>	6b	No
<div></div> <div>If "Yes," to line 6a or 6b, describe in Part III</div>		
<div>7</div> <div>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</div>	7	No
<div>8</div> <div>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</div>	8	No
<div>9</div> <div>If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?</div>	9	

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

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1)ANN FLEMING DIRECTOR	(i) (ii)	351,697	51,836	22,747	48,425	17,857	492,562	
(2)JOHN DOYLE DIRECTOR	(i) (ii)	189,318	25,716	14,004	12,188	22,778	264,004	
(3)MARK LEONARD CEO	(i) (ii)	199,011	34,371	5,353	18,453	24,432	281,620	
(4)STEPHEN SAWYER CFO	(i) (ii)	128,321	1,500	2,811	4,003	16,057	152,692	
(5)BERNIE SERGENT MD PHYSICIAN	(i) (ii)	206,616	52,994	20,409	8,478	8,735	297,232	

Part IIISupplemental 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
SEVERANCE, NONQUALIFIED, AND EQUITY-BASED PAYMENTS	SCHEDULE J, PAGE 1, PART I, LINE 4	ANN FLEMING 0 35,925 0 MARK LEONARD 0 10,264 0
OTHER ADDITIONAL INFORMATION	SCHEDULE J, PART III	PART I, LINE 3 DCH'S CEO'S SALARY AND BENEFITS ARE SUBJECT TO THE MOUNTAIN STATES HEALTH ALLIANCE (MSHA) COMPENSATION COMMITTEE PROCESS, WHEREBY THE MSHA CEO RECOMMENDS THE SALARY AND IT IS REVIEWED AND APPROVED BY THE COMPENSATION COMMITTEE, BASED UPON MARKET DATA, MADE AVAILABLE BY THIRD PARTY CONSULTANTS THE COMPENSATION COMMITTEE HAS FINAL APPROVAL OF MSHA'S CEO RECOMMENDATIONS FOR PAY AND BENEFITS FOR THE DCH CEO WE USE AN OUTSIDE, INDEPENDENT CONSULTING FIRM TO PROVIDE CONSULTATION ON EXECUTIVE PAY AS WELL AS OUR EXECUTIVE PAY AT RISK PLAN PART I, LINE 4B ANN FLEMING AND MARK LEONARD PARTICIPATED IN A 457(F) RETIREMENT PLAN PROVIDED BY MOUNTAIN STATES HEALTH ALLIANCE (MSHA) THE 457(F)PLAN IS A NONQUALIFIED TAX-DEFERRED COMPENSATION PLAN AVAILABLE TO A SELECT GROUP OF KEY EXECUTIVES FOR THE INTENT OF SUPPORTING RETENTION AND TO OFFER A COMPETITIVE TOTAL RETIREMENT PROGRAM ACCOUNT BALANCES HAVE A "SUBSTANTIAL RISK OF FORFEITURE" IN ADDITION TO CREDITOR RISK, SUBSTANTIAL RISK OF FORFEITURE IS CREATED THROUGH DEFAULT RISK IF THE PARTICIPANT'S EMPLOYMENT WITH MSHA IS TERMINATED PRIOR TO AGE 65 HOWEVER, THE 457(F) PLAN CONTAINS A NON-COMPETE PROVISION THAT PROVIDES THE ACCOUNT BALANCE TO BE PAID IN A LUMP SUM AFTER THE EXECUTIVE SATISFIES THE TWO-YEAR NON-COMPETE PERIOD THIS PROVISION APPLIES TO EMPLOYER CONTRIBUTIONS IF THE EXECUTIVE HAS PROVIDED ELIGIBLE SERVICE FOR SIX OR MORE YEARS (ELIGIBLE SERVICE IS OFFICER SERVICE THAT PERMITTED THE EXECUTIVE TO PARTICIPATE IN THE PLAN) THE EXECUTIVE WILL RECEIVE THE ENTIRE ACCOUNT BALANCE IF HE/SHE BECOMES DISABLED, DIES OR IF THE EXECUTIVE TERMINATES FOR "GOOD REASON" OR IS INVOLUNTARILY TERMINATED WITHOUT "GOOD CAUSE" WITHIN A 24 MONTH PERIOD AFTER A CHANGE-OF-CONTROL OCCURS DISTRIBUTIONS FROM THIS PLAN ARE SUBJECT TO FEDERAL, STATE, AND LOCAL TAXES ON THE ENTIRE ACCOUNT BALANCE UPON DISTRIBUTION

Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization DICKENSON COMMUNITY HOSPITAL	Employer identification number 77-0599553
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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 IVBusiness 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) ROY R DEEL	FAMILY MEMBER	46,389	EMPLOYMENT		No
(2) JAMIE M FLEMING	FAMILY MEMBER	35,134	EMPLOYMENT		No

Part VSupplemental Information

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

Identifier	Return Reference	Explanation
ADDITIONAL INFORMATION	SCHEDULE L PART V	1A NAME OF PERSON ROY R DEEL 1B RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION FAMILY MEMBER OF ROGER DEEL DCH BOARD MEMBER 1D DESCRIPTION OF TRANSACTION ROGER DEEL DCH BOARD MEMBER IS A FAMILY MEMBER OF ROY DEEL AN EMPLOYEE OF NORTON COMMUNITY HOSPITAL 2A NAME OF PERSON JAMIE M FLEMING 2B RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION FAMILY MEMBER OF JAMES MANICURE DCH BOARD MEMBER 2D DESCRIPTION OF TRANSACTION JAMES MANICURE DCH BOARD MEMBER IS A FAMILY MEMBER OF JAMIE FLEMING AN EMPLOYEE OF NORTON COMMUNITY HOSPITAL

2012

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SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury

Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on

Form 990 or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

Name of the organization

DICKENSON COMMUNITY HOSPITAL

Employer identification number

77-0599553

Identifier	Return Reference	Explanation
ORGANIZATION'S MISSION	FORM 990 - ORGANIZATION'S MISSION	<p>PART I, LINE I - ORGANIZATION'S ACCOMPLISHMENTS WITH A SIGNIFICANT ELDERLY POPULATION AND MOUNTAINOUS TERRAIN, TRAVEL OUTSIDE THE IMMEDIATE AREA CAN BE CHALLENGING, ESPECIALLY IN THE WINTER RURAL LIFE OFTEN INCLUDES HAZARDOUS OCCUPATIONS, WHICH IS CERTAINLY TRUE OF DICKENSON COUNTY DUE TO THE HIGH EMPLOYMENT RATES IN THE COAL MINING INDUSTRY GIVEN THESE FACTORS, RURAL HOSPITALS MUST REMAIN FLEXIBLE AND DIVERSE IN THEIR FACILITIES AND THE SERVICES THEY OFFER THE COMMUNITY MOUNTAIN STATES HEALTH ALLIANCE AND NORTON COMMUNITY HOSPITAL BELIEVE THAT SUPPORTING THE SERVICES OF DICKENSON COMMUNITY HOSPITAL (DCH) TO ASSIST RESIDENTS IN ATTAINING A HIGH LEVEL OF HEALTH CONTINUES TO BE A CORE VALUE OF OUR BUSINESS AND COMMUNITY SUPPORT DCH IS A FEDERALLY DESIGNATED CRITICAL ACCESS HOSPITAL THIS FACILITY IS LOCATED IN ONE OF THE POOREST REGIONS OF VIRGINIA IN ADDITION TO EMERGENCY, OUTPATIENT, AND RADIOLOGY SERVICES, THE HOSPITAL PROVIDES PULMONARY FUNCTION TESTING, CARDIAC ULTRASOUND AND CT SCANNING SERVICES DCH PROVIDES LOCAL ACCESS TO DIAGNOSTIC SERVICES TO THE RESIDENTS OF THE AREA, WHO OTHERWISE WOULD HAVE TO DRIVE 45 MINUTES FOR HEALTH CARE SERVICES DCH HAS PARTNERED WITH THE COMPANY FIRSTSOURCE SOLUTIONS USA TO WORK WITH SELF-PAYING PATIENTS WHO HAVE LIMITED FINANCIAL RESOURCES DURING FY 13, FIRSTSOURCE REPRESENTATIVES WERE AVAILABLE TO DCH PATIENTS FIRSTSOURCE REPRESENTATIVES WERE ABLE TO DETERMINE GOVERNMENTAL MEDICAL ASSISTANCE (MEDICAID OR TENNCARE) ELIGIBILITY, AND TO HELP WITH THE APPLICATION PROCESS AND FOLLOW-UP ONCE A PERSON IS APPROVED FOR MEDICAID (OR TENNCARE) THROUGH THE PROGRAM OFFERED THROUGH DCH, THEY RETAIN COVERAGE FOR FUTURE MEDICAL CARE FIRSTSOURCE IS COMPENSATED BY DCH DURING FY 13, DCH'S COST FOR THIS PROGRAM WAS 18,861 DCH IS THE ONLY HOSPITAL IN DICKENSON COUNTY, VA PREVIOUSLY, HOSPITAL ADMISSIONS REQUIRED PATIENTS TO BE TRANSFERRED TO ANOTHER FACILITY OUTSIDE THE COUNTY WHICH CREATED AN INCONVENIENCE TO THE PATIENT AS WELL AS THEIR FAMILY AND, THERE ARE ADDITIONAL COSTS INCURRED WHEN A PATIENT IS ADMITTED TO A FACILITY OUTSIDE THE COUNTY BY KEEPING PATIENTS AT DCH, THE PATIENT IS CLOSER TO HOME AND FAMILY, AND BOTH TIME AND MONEY ARE SAVED BY BOTH THE PATIENT AND THE FAMILY PART III, LINE 1 - ORGANIZATION'S MISSION DICKENSON COMMUNITY HOSPITAL IS COMMITTED TO BRINGING LOVING CARE TO HEALTH CARE WE EXIST TO IDENTIFY AND RESPOND TO THE HEALTH CARE NEEDS OF INDIVIDUALS AND COMMUNITIES IN OUR REGION AND TO ASSIST THEM IN ATTAINING THEIR HIGHEST POSSIBLE LEVEL OF HEALTH</p>

Identifier	Return Reference	Explanation
ALL OTHER ACCOMPLISHMENT DESCRIPTION	FORM 990, PAGE 2, PART III, LINE 4D	<p>THE VIRGINIA HEALTH QUALITY CENTER (VHQC), A NONPROFIT HEALTH QUALITY CONSULTING COMPANY, SELECTED WINNERS IN SIX CATEGORIES FOR THEIR CONTRIBUTIONS TO IMPROVING HEALTH CARE FOR PATIENTS IN VIRGINIA MOUNTAIN STATES HEALTH ALLIANCE'S VIRGINIA HOSPITALS, WHICH INCLUDE NORTON COMMUNITY HOSPITAL, EARNED THE HONOR FOR THEIR PATIENT-CENTERED CARE. THE WINNERS WERE ANNOUNCED DURING QUALITY SYNC, VHQC'S ANNUAL LEARNING EVENT, HELD IN RICHMOND, AND WERE SELECTED FROM NEARLY 30 NOMINATIONS. "MSHA'S VIRGINIA HOSPITALS DEVELOPED AN INNOVATIVE APPROACH TO BRINGING A PATIENT-CENTERED APPROACH TO ALL OF ITS FACILITIES", THE VHQC STATED IN A NEWS RELEASE. "BY ESTABLISHING 10 GUIDING PRINCIPLES AND INCORPORATING THEM INTO EACH HOSPITAL'S OPERATIONS, THIS ORGANIZATION HAS SIGNIFICANTLY IMPROVED PATIENT-PROVIDER RELATIONSHIPS, ENVIRONMENTS AND SERVICE DELIVERY." DCH OPENED ITS NEW SENIOR LIFE SOLUTIONS PROGRAM (SLS) IN EARLY FY 13. THE SLS IS AN INTENSIVE OUTPATIENT PROGRAM THAT PROVIDES PSYCHIATRIC GROUP THERAPY FOR PATIENTS AGES 65 AND UP. THE PROGRAM IS DESIGNED FOR PEOPLE STRUGGLING WITH DEPRESSION, ANXIETY, GRIEF, LOSS, AND TRANSITION IN LIFE AND HEALTH ISSUES. MANY ARE GOING THROUGH A DIFFICULT TIME SUCH AS DEALING WITH THE LOSS OF A LOVED ONE, DIFFICULTY WITH HEALTH ISSUES, ADJUSTING TO THE TRANSITION FROM LIVING AT THEIR OWN HOME TO MOVING INTO AN ASSISTED LIVING FACILITY OR NURSING HOME AND OTHER ISSUES ASSOCIATED WITH AGING. THE PATIENTS MEET THREE TIMES A WEEK FOR THREE ONE-HOUR SESSIONS, 9 HOURS PER WEEK OF THERAPY WHICH IS MUCH MORE THAN PATIENTS TYPICALLY RECEIVE IN OTHER OUTPATIENT THERAPY SETTINGS. THE PROGRAM HAS BEEN SO SUCCESSFUL, A SECOND THERAPY GROUP TRACK WAS ADDED TO DOUBLE THE NUMBER OF PATIENTS SERVED. THE SLS DIRECTOR AND STAFF CAN SEE THE TRANSFORMATION THE PROGRAM IS HAVING ON SENIORS PARTICIPATING IN THIS PROGRAM. SINCE DCH IS LOCATED IN A RURAL AREA THIS NEW PROGRAM PROVIDES A NEEDED SERVICE TO THE COMMUNITY THAT WAS PREVIOUSLY LACKING.</p>

Identifier	Return Reference	Explanation
ADDITIONAL INFORMATION	FORM 990, PART V	LINE 2A W-2 EMPLOYEES DICKENSON COMMUNITY HOSPITAL (DCH) TEAM MEMBERS ARE PAID BY NORTON COMMUNITY HOSPITAL, SOLE MEMBER OF DCH, EXCEPT FOR THE CEO, CFO AND CNO WHO ARE PAID BY MOUNTAIN STATES HEALTH ALLIANCE. NORTON COMMUNITY HOSPITAL BILLS DCH FOR THE SALARY AND BENEFITS AND THE EXPENSE IS RECORDED ON DCH'S BOOKS. THE CEO AND CFO SALARY AND BENEFIT COSTS ARE ALLOCATED BETWEEN NCH AND DCH.

Identifier	Return Reference	Explanation
CLASSES OF MEMBERS OR STOCKHOLDERS	FORM 990, PAGE 6, PART VI, LINE 6	THE CORPORATION IS ORGANIZED AS A VIRGINIA NON-STOCK, NON-PROFIT CORPORATION

Identifier	Return Reference	Explanation
ELECTION OF MEMBERS AND THEIR RIGHTS	FORM 990, PAGE 6, PART VI, LINE 7A	THE BOARD OF DIRECTORS OF NORTON COMMUNITY HOSPITAL ANNUALLY ELECTS MEMBERS TO THE BOARD OF DIRECTORS FOR DICKENSON COMMUNITY HOSPITAL A REQUIREMENT OF AT LEAST (1) MEMBER IS TO BE FROM DICKENSON COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY NORTON COMMUNITY HOSPITAL IS THE SOLE OWNER OF DICKENSON COMMUNITY HOSPITAL MOUNTAIN STATES HEALTH ALLIANCE IS THE MAJORITY OWNER OF NORTON COMMUNITY HOSPITAL

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

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

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

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

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

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

Identifier	Return Reference	Explanation
OTHER FEES FOR SERVICES	FORM 990, PART IX, LINE 11G	HOSPITAL SUPPORTED CLINIC 1,176,765 0 0

Identifier	Return Reference	Explanation
OTHER CHANGES IN NET ASSETS EXPLANATION	FORM 990, PART XI, LINE 9	RESTRICTED CONTRIBUTIONS & GRANTS 2,696 ELIMINATION OF INTERCOMPANY REC/PAY -145,040 PENSION LIABILITY ADJUSTMENT -3,926 TOTAL TO FORM 990, PART XI, LINE 5 -146,270

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
DICKENSON COMMUNITY HOSPITAL

Employer identification number
77-0599553

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

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

Part III

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

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

Part IV

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

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

Part V

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

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

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

- a** Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties or **(iv)** rent from a controlled entity
- b** Gift, grant, or capital contribution to related organization(s)
- c** Gift, grant, or capital contribution from related organization(s)
- d** Loans or loan guarantees to or for related organization(s)
- e** Loans or loan guarantees by related organization(s)

- f** Dividends from related organization(s)
- g** Sale of assets to related organization(s)
- h** Purchase of assets from related organization(s)
- i** Exchange of assets with related organization(s)
- j** Lease of facilities, equipment, or other assets to related organization(s)

- k** Lease of facilities, equipment, or other assets from related organization(s)
- l** Performance of services or membership or fundraising solicitations for related organization(s)
- m** Performance of services or membership or fundraising solicitations by related organization(s)
- n** Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)
- o** Sharing of paid employees with related organization(s)

- p** Reimbursement paid to related organization(s) for expenses
- q** Reimbursement paid by related organization(s) for expenses

- r** Other transfer of cash or property to related organization(s)
- s** Other transfer of cash or property from related organization(s)

	Yes	No
1a		No
1b		No
1c		No
1d		No
1e		No
1f		No
1g		No
1h		No
1i		No
1j		No
1k		No
1l		No
1m		No
1n		No
1o	Yes	
1p	Yes	
1q		No
1r	Yes	
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

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: 77-0599553

Name: DICKENSON COMMUNITY HOSPITAL

Part VII

Supplemental Information

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end- of-year assets	(h) Disproprtionate allocations?		(i) Code V-UBI amount on Box 20 of K-1	(j) General or Managing Partner?		(k) Percentage ownership
							Yes	No		Yes	No	
INTEGRATED SOLUTIONS HEALTH NETWORK 400 N STATE OF FRANKLIN ROAD JOHNSON CITY, TN 37604 62-1711997	INVESTMENT	TN	NA					No			No	
EMMAUS COMMUNITY HEALTHCARE LLC 6070 HWY 11E PINEY FLATS, TN 37686 20-0577483	MED SERV	TN	NA					No			No	
MEDICAL SPECIALISTS OF JC LLC 2526 WESLEY STREET SUITE 2 JOHNSON CITY, TN 37601 27-2199037	MED SERV	TN	NA					No			No	
ANEWCARE COLLABORATIVE LLC 208 SUNSET DRIVE SUITE 403 JOHNSON CITY, TN 37604 45-3232366	ACO	TN	NA					No			No	
INTEGRATED SOLUTIONS HEALTH NETWORK 400 N STATE OF FRANKLIN ROAD JOHNSON CITY, TN 37604 62-1711997	INVESTMENT	TN	NA					No			No	
EMMAUS COMMUNITY HEALTHCARE LLC 6070 HWY 11E PINEY FLATS, TN 37686 20-0577483	MED SERV	TN	NA					No			No	
MEDICAL SPECIALISTS OF JC LLC 2526 WESLEY STREET SUITE 2 JOHNSON CITY, TN 37601 27-2199037	MED SERV	TN	NA					No			No	
ANEWCARE COLLABORATIVE LLC 208 SUNSET DRIVE SUITE 403 JOHNSON CITY, TN 37604 45-3232366	ACO	TN	NA					No			No	

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

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

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

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

**NORTON COMMUNITY HOSPITAL
AND SUBSIDIARIES**

**Audited Consolidated Financial Statements
(and Supplemental Schedules)**

Years Ended June 30, 2013 and 2012



NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Audited Consolidated Financial Statements (and Supplemental Schedules)

Years Ended June 30, 2013 and 2012

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Norton Community Hospital:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Norton Community Hospital and subsidiaries, which comprise the consolidated balance sheets as of June 30, 2013 and 2012, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Other Matter

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

Forling Yeadly: Associate PC

Knoxville, Tennessee
October 31, 2013

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES***Consolidated Balance Sheets***

	<i>June 30,</i>	
	<i>2013</i>	<i>2012</i>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,779,468	\$ 1,511,525
Patient accounts receivable, less estimated allowances for uncollectible accounts of \$2,732,445 in 2013 and \$3,809,277 in 2012	9,123,953	9,079,196
Other receivables, net	606,983	406,390
Inventories and prepaid expenses	1,754,047	1,857,610
Due from Member and other affiliates, net	630,130	-
TOTAL CURRENT ASSETS	15,894,581	12,854,721
INVESTMENTS	32,093,594	34,219,751
PROPERTY, PLANT AND EQUIPMENT, net	44,418,153	36,741,964
OTHER ASSETS		
Deferred financing costs, net	365,269	185,070
Other long-term receivables	212,726	417,834
TOTAL OTHER ASSETS	577,995	602,904
TOTAL ASSETS	\$ 92,984,323	\$ 84,419,340

	<i>June 30,</i>	
	<i>2013</i>	<i>2012</i>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of long-term debt and capital lease obligations	\$ 174,329	\$ 212,550
Accounts payable and accrued expenses	4,998,712	7,691,702
Accrued salaries, compensated absences and amounts withheld	3,752,595	3,394,227
Estimated amounts due to third-party payers, net	494,690	1,125,860
Pension and post-retirement benefit liabilities	567,458	645,739
Due to Member and other affiliates, net	-	209,917
TOTAL CURRENT LIABILITIES	9,987,784	13,279,995
OTHER LIABILITIES		
Long-term debt and capital lease obligations, less current portion	21,064,051	11,453,225
Pension and post-retirement benefit liabilities, less current portion	7,402,973	6,468,219
Estimated professional liability and other	512,284	818,950
Deferred tax liability, net	75,044	64,442
TOTAL LIABILITIES	39,042,136	32,084,831
COMMITMENTS AND CONTINGENCIES - Note M		
NET ASSETS		
Unrestricted net assets	53,851,583	52,248,654
Temporarily restricted net assets	90,604	85,855
TOTAL NET ASSETS	53,942,187	52,334,509
TOTAL LIABILITIES AND NET ASSETS	\$ 92,984,323	\$ 84,419,340

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Consolidated Statements of Operations and Changes in Net Assets

	<i>Year Ended June 30,</i>	
	<i>2013</i>	<i>2012</i>
CHANGES IN UNRESTRICTED NET ASSETS:		
Revenue, gains and support:		
Patient service revenue, net of contractual adjustments and discounts	\$ 75,168,432	\$ 77,600,027
Provision for bad debts	(9,265,178)	(8,441,287)
Net patient service revenue	65,903,254	69,158,740
Net investment gain	1,713,456	428,480
Other revenue, gains and support, net	5,399,647	1,878,192
TOTAL REVENUE, GAINS AND SUPPORT	73,016,357	71,465,412
Expenses:		
Salaries and wages	31,216,796	31,704,486
Contract labor	455,347	692,945
Employee benefits	8,161,569	8,313,205
Fees - physician and other	7,823,310	6,877,480
Supplies	8,480,143	9,130,604
Utilities	1,267,642	1,220,245
Depreciation	4,588,711	3,336,718
Amortization	12,849	37,212
Corporate allocation	4,802,955	4,003,515
Interest and taxes	338,930	197,205
Other	3,921,978	4,475,436
TOTAL EXPENSES	71,070,230	69,989,051
EXCESS OF REVENUE, GAINS AND SUPPORT OVER EXPENSES AND LOSSES	1,946,127	1,476,361
Pension and postretirement liability adjustments	(343,198)	(2,234,243)
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	1,602,929	(757,882)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:		
Restricted contributions and grants	39,090	32,375
Net assets released from restrictions	(34,341)	(35,738)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	4,749	(3,363)
INCREASE (DECREASE) IN TOTAL NET ASSETS	1,607,678	(761,245)
NET ASSETS, BEGINNING OF YEAR	52,334,509	53,095,754
NET ASSETS, END OF YEAR	\$ 53,942,187	\$ 52,334,509

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES***Consolidated Statements of Cash Flows***

	<i>Year Ended June 30,</i>	
	<i>2013</i>	<i>2012</i>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 1,607,678	\$ (761,245)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Provision for depreciation and amortization	4,601,560	3,373,930
Estimated provision for bad debts	9,265,178	8,441,287
Restricted contributions	(39,090)	(32,375)
Change in pension and post-retirement benefit liabilities	343,198	2,234,243
Loss on early extinguishment of debt	-	587,162
Gain on postretirement plan curtailment	-	(518,509)
Deferred tax expense	10,602	-
Increase (decrease) in cash due to change in:		
Net patient accounts receivable	(9,309,935)	(9,753,739)
Other receivables, net	4,515	27,838
Inventories and prepaid expenses	103,563	428,964
Trading securities	2,342,570	4,758,597
Other assets	-	(61,811)
Accounts payable and accrued expenses	(1,132,125)	1,241,178
Accrued salaries, compensated absences and amounts withheld	358,368	180,996
Estimated amounts due to third-party payers, net	(631,170)	644,941
Due to/from Member and other affiliates, net	(1,110,897)	(353,265)
Other long-term liabilities	206,609	(47,220)
Total adjustments	5,012,946	11,152,217
NET CASH PROVIDED BY OPERATING ACTIVITIES	6,620,624	10,390,972
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(13,554,915)	(9,749,928)
Purchases of held-to-maturity securities, net	(216,413)	(433,866)
NET CASH USED IN INVESTING ACTIVITIES	(13,771,328)	(10,183,794)

	<i>Year Ended June 30,</i>	
	<i>2013</i>	<i>2012</i>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on long-term debt and capital lease obligations	(212,395)	(11,859,804)
Proceeds from long-term debt	9,785,000	11,663,856
Payments for debt costs of issuance	(193,048)	(146,454)
Payments required for early extinguishment of debt	-	(292,151)
Physician and student loan payments received, net	-	246,534
Restricted contributions received	39,090	32,375
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	9,418,647	(355,644)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,267,943	(148,466)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,511,525	1,659,991
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 3,779,468	\$ 1,511,525
SUPPLEMENTAL INFORMATION:		
Cash paid for interest	\$ 368,514	\$ 251,781
Cash paid for income taxes	\$ 34,750	\$ 57,000
NONCASH INVESTING TRANSACTIONS:		
Equipment purchased in accounts payable and accrued expenses	\$ 557,393	\$ 2,118,258
Held-to-maturity securities transferred to trading securities	\$ 11,368,245	\$ -
Property, plant and equipment transferred from Member and other affiliates	\$ 270,850	\$ -

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Years Ended June 30, 2013 and 2012

NOTE A--ORGANIZATION AND OPERATIONS

Norton Community Hospital (the Hospital) is a tax-exempt entity with operations located in the cities of Norton and Clintwood, Virginia. The Hospital's membership consists of Mountain States Health Alliance (the Alliance) and Community Healthcare Foundation (the Foundation), which maintain a 50.1% and 49.9% interest in the Hospital, respectively. The Hospital owns and operates a 129 bed acute care hospital and a home health agency. The Hospital is the sole member or sole shareholder of the following subsidiaries, which are included in the Hospital's consolidated financial statements:

- *Dickenson Community Hospital* (DCH) is a tax-exempt entity which operates a 25 bed critical access hospital in Clintwood, Virginia.
- *Norton Community Physician Services, LLC* (NCPS), formed November 1, 2008, is a limited liability corporation that consists of physician practices and pharmacies.
- *Community Physicians Services Corp* (CPSC) was a taxable corporation that consisted of physician practices and pharmacies. During 2009, NCPS was formed to perform substantially the same operations as CPSC. CPSC was dissolved in February 2012.
- *Community Home Care* (CHC) is a taxable corporation that provides home medical equipment.

During 2012, the Hospital became a member of the Mountain States Health Alliance Obligated Group (MSHA OG) as an obligated issuer under the terms of the Alliance's Amended and Restated Master Trust Indenture dated as of February 1, 2000.

NOTE B--SIGNIFICANT ACCOUNTING POLICIES

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

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

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2013 and 2012

NOTE B--SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Investments: The Hospital records investments in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 954-320, *Investments-Debt and Equity Securities* which allows not-for-profit organizations to report in a manner similar to business entities by identifying securities as held-to-maturity and to exclude the unrealized gains and losses on those securities from the Performance Indicator (as defined below). Assets limited as to use include assets held by a trustee under bond indenture agreements and designated assets set aside by the Hospital for future capital improvements, over which the Hospital retains control, and may at its discretion subsequently use for other purposes.

At June 30, 2012, investments in which the Hospital had the positive intent and ability to hold to maturity were accounted for in the held-to-maturity portfolio and consisted mainly of corporate bonds and municipal obligations, which are carried at amortized cost. On June 30, 2013, the Hospital determined that it no longer intended to hold its held-to-maturity portfolio to maturity and reclassified investments with an amortized cost of approximately \$11,369,000 into the trading designation. Previously unrecognized gains of approximately \$511,000 were recognized in 2013 in the Performance Indicator (as defined below) as a result of this reclassification. Substantially all other investments (including assets limited as to use) of the Hospital are classified as trading securities.

Prior to 2013, management annually evaluated the held-to-maturity investment portfolio and recognized any "other-than-temporary" losses as deductions from the Performance Indicator (described below). Management's evaluation considered the amount of decline in fair value, as well as the time period of any such decline. Management did not believe any investment in the held-to-maturity portfolio was other-than-temporarily impaired at June 30, 2012.

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

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

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2013 and 2012

NOTE B--SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Property, Plant and Equipment: Property, plant and equipment is stated on the basis of cost or, if donated, at the fair value at the date of gift. Depreciation is computed by the straight-line method based on the estimated useful life of the asset. Equipment held under capital lease obligations is amortized under the straight-line method over the shorter of the lease term or estimated useful life. Amortization of equipment held under a capital lease obligation is reported as part of depreciation expense in the accompanying Consolidated Statements of Operations and Changes in Net Assets. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. The amount capitalized is net of investment earnings on assets limited as to use derived from borrowings designated for capital assets. Renewals and betterments are capitalized and depreciated over their useful life, whereas costs of maintenance and repairs are expensed as incurred.

The Hospital reviews long-lived assets for impairment whenever circumstances and situations change indicating that the carrying value of these assets may not be recoverable. At June 30, 2013, management believes there are no such impairments, although it is reasonably possible management's estimate may change in the near term.

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

Estimated Professional Liability: Insurance liabilities include estimates for discounted reserves for reported and unreported professional liability claims based on historical data and actuarial assumptions.

Net Patient Service Revenue/Receivables: Net patient service revenue is reported on the accrual basis in the period in which services are provided at the estimated net realizable amounts, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined or additional information is obtained.

Patient accounts receivable are reported net of both an estimated allowance for uncollectible accounts and an estimated allowance for contractual adjustments. The contractual allowance represents the difference between established billing rates and estimated reimbursement from Medicare, Medicaid and other third-party payment programs. Current operations are charged with an estimated provision for bad debts based upon historical experience, known collection

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2013 and 2012

NOTE B--SIGNIFICANT ACCOUNTING POLICIES - Continued

risks and other environmental factors, including the age of the receivables. Additions to the allowance for uncollectible accounts result from the provision for bad debts. Patient accounts written off as uncollectible are deducted from the allowance for uncollectible accounts. The Hospital's policy does not require collateral or other security for patient accounts receivable and the Hospital routinely grants assignment of, or is otherwise entitled to receive, patient benefits payable under health insurance programs, plans or policies.

Charity Care: The Hospital accepts all patients regardless of their ability to pay. A patient is classified as a charity patient by reference to certain established policies of the Hospital and various guidelines outlined by the Federal Government. These policies define charity as those services for which no payment is anticipated and, as such, charges at established rates are not included in net patient service revenue. Charges foregone, based on established rates, totaled approximately \$3,600,000 and \$4,000,000 during 2013 and 2012, respectively. The estimated costs of providing those services totaled approximately \$665,000 and \$814,000 for the years ended June 30, 2013 and 2012, respectively. The estimated costs of providing charity care are based on a calculation which applies a ratio of costs to charges analysis with indirect costs allocated under a reasonable and systematic approach.

Electronic Health Record Incentives: The American Recovery and Reinvestment Act of 2009 (ARRA) provides for incentive payments under the Medicare and Medicaid programs for certain hospitals and physician practices that demonstrate meaningful use of certified electronic health record (EHR) technology. The incentive payments are calculated based upon estimated discharges, charity care and other input data and are predicated upon the Hospital's attainment of program and attestation criteria and are subject to regulatory audit. EHR incentive payments totaling approximately \$1,395,000 for Medicare and \$1,962,000 for Medicaid have been recognized by the Hospital during the year ended June 30, 2013, and recorded as part of other revenue, gains and support, net in the 2013 consolidated statement of operations and changes in net assets. The Hospital did not receive any EHR incentive payments in 2012.

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

Excess of Revenue, Gains and Support Over Expenses and Losses: The Consolidated Statements of Operations and Changes in Net Assets include the caption *Excess of Revenue, Gains and Support Over Expenses and Losses* (the Performance Indicator). Changes in unrestricted net assets which are excluded from the Performance Indicator include pension and postretirement liability adjustments, assets contributed and used for capital and transfers of assets to and from affiliates, if any.

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2013 and 2012

NOTE B--SIGNIFICANT ACCOUNTING POLICIES - Continued

Income Taxes: The Hospital is classified as an organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, no provision for income taxes has been made in the accompanying consolidated financial statements for the Hospital. CHC is a taxable entity and accounts for income taxes in accordance with FASB ASC 740, *Income Taxes* (Note K). At June 30, 2013, tax returns for fiscal years 2010 through 2012 are subject to examination by the Internal Revenue Service.

The Hospital had no uncertain tax positions at June 30, 2013 and 2012. As such, no interest or penalties were recognized in the consolidated Statements of Operations and Changes in Net Assets related to unrecognized tax benefits.

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

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

Date of Management's Review: The Hospital has evaluated all events and transactions that occurred after June 30, 2013 through October 31, 2013, the date that the consolidated financial statements were available to be issued. During this period, management did not note any material recognizable subsequent events that required recognition or disclosure in the June 30, 2013 consolidated financial statements.

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

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2013 and 2012

NOTE C--INVESTMENTS

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

	<u>2013</u>	<u>2012</u>
Designated or restricted for:		
Under bond indenture agreement	\$ -	\$ 5,888
Capital improvements	14,064,103	17,591,361
	<u>\$ 14,064,103</u>	<u>\$ 17,597,249</u>

Trading securities and assets limited as to use are reported at estimated fair value (except for the held-to-maturity securities which are reported at amortized cost) and consist of the following at June 30:

	<u>2013</u>	<u>2012</u>
<u>Trading Securities:</u>		
Cash, cash equivalents and money market funds	\$ 421,103	\$ 39,824
Mutual funds	4,984,189	4,396,968
U.S. equity securities	559,834	519,782
Corporate bonds	10,412,211	10,090,933
Municipal obligations	1,064,217	1,033,768
Other	587,937	541,227
	18,029,491	16,622,502
Less: amounts classified as held-to-maturity	-	(11,151,832)
	<u>\$ 18,029,491</u>	<u>\$ 5,470,670</u>

Assets Limited as to Use:

Cash, cash equivalents and money market funds	\$ 4,926,295	\$ 3,646,558
Mortgaged backed securities	5,354,172	9,677,559
Corporate bonds	1,885,206	3,349,076
U.S. treasury and agency securities	1,898,430	924,056
	<u>\$ 14,064,103</u>	<u>\$ 17,597,249</u>

At June 30, 2012 the Hospital held debt securities and uninvested cash of \$11,151,832 in a held-to-maturity portfolio. Such securities had net unrealized gains of \$747,311 at June 30, 2012. No security within the held-to-maturity portfolio had been at an unrealized loss position for over one year as of June 30, 2012.

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2013 and 2012

NOTE C--INVESTMENTS - Continued

At June 30, 2013 and 2012, the Hospital held trading securities in certain investments structured as a limited liability company of approximately \$588,000 and \$541,000, respectively. The Hospital has elected the fair value option, pursuant to FASB ASC 825, for its investments in this limited partnership. The objective of this election was to report the entire portfolio on the same measurement basis, thereby eliminating the mixed-attribute approach and better reflecting the overall economic position and result of the investment portfolio. The fair value of these instruments is estimated by the fund manager based upon estimated market prices of the underlying assets.

Investment fees of approximately \$48,000 and \$56,000 were recognized during the years ended June 30, 2013 and 2012, respectively, and are deducted from interest and dividends in the accompanying Consolidated Statements of Operations and Changes in Net Assets.

Total net unrealized gains/(losses) related to trading securities and assets limited as to use as of June 30, 2013 and 2012 were approximately \$665,000 and (\$298,000), respectively.

The Hospital did not hold any trading securities which individually exceeded 10% of the trading security portfolio at June 30, 2013 or 2012.

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

	<i>2013</i>	<i>2012</i>
Interest and dividend income, net of fees	\$ 595,178	\$ 768,793
Net realized gains on the sale of investments	155,582	43,961
Change in net unrealized gains (losses) on investments	962,696	(384,274)
	<i>\$ 1,713,456</i>	<i>\$ 428,480</i>

NOTE D--PROPERTY, PLANT AND EQUIPMENT

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

	<i>2013</i>	<i>2012</i>
Land and land improvements	\$ 2,758,532	\$ 2,469,937
Buildings and leasehold improvements	38,848,345	31,428,136
Equipment	43,278,874	31,508,404
Equipment held under capital lease	1,318,248	1,318,248
	<i>86,203,999</i>	<i>66,724,725</i>

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2013 and 2012

NOTE D--PROPERTY, PLANT AND EQUIPMENT - Continued

	<i>2013</i>	<i>2012</i>
Less: Allowances for depreciation and amortization	(43,665,559)	(39,183,574)
	42,538,440	27,541,151
Construction in progress	1,879,713	9,200,813
	\$ 44,418,153	\$ 36,741,964

The net book value of equipment held under capital leases is \$2,425 and \$8,526 at June 30, 2013 and 2012, respectively.

Construction in progress as of June 30, 2013 consists of costs associated with improvements to the Hospital's information systems infrastructure and various facility renovations. As of June 30, 2013, the remaining commitments for these projects are approximately \$15,500,000.

NOTE E--LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS

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

<i>Description</i>	<i>Maturities</i>	<i>Rates</i>	<i>Outstanding Balance</i>	
			<i>2013</i>	<i>2012</i>
2012 Hospital Revenue Bonds	Uninsured term bonds, due July 1, 2043, subject to early redemption or tender	Variable, 0.06% at June 30, 2013	\$ 9,785,000	\$ -
2011 Hospital Revenue Bonds	Uninsured term bonds, due July 1, 2031, subject to early redemption or tender	Variable, 0.17% at June 30, 2013	11,453,380	11,663,856
Capital lease obligations secured by equipment	Monthly principal and interest payments maturing through 2012	Various	-	1,919
			21,238,380	11,665,775
	Less current portion		(174,329)	(212,550)
			\$ 21,064,051	\$ 11,453,225

Series 2012 Bonds: During 2013, the Alliance issued variable rate tax-exempt Hospital Revenue Bonds through the Industrial Development Authority of Wise County, Virginia totaling \$9,785,000 (Series 2012 Bonds) under the Mountain States Health Alliance Obligated Group (MSHA OG) which was allocated to the Hospital, a member of the MSHA OG, and used to fund certain capital improvements and equipment acquisitions. The Series 2012 Bonds obligation is included in the accompanying 2013 Consolidated Balance Sheet and its future principal maturities are included in the schedule below.

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2013 and 2012

NOTE E--LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS - Continued

Series 2011 Bonds: During 2012, the Alliance issued variable rate tax-exempt Hospital Revenue Bonds through the Industrial Development Authority of Smyth County, Virginia totaling \$49,875,000 (Series 2011 Bonds) under the MSHA OG, of which \$11,663,856 of the proceeds were allocated to the Hospital and used to refinance the Series 2001 Bonds, discussed below, and to fund certain capital improvements and equipment acquisitions. The Hospital's portion of the bond obligation is included in the accompanying Consolidated Balance Sheets and its future principal maturities are included in the schedule below.

Series 2001 Bonds: The Series 2001 Bonds were subject to mandatory sinking fund redemption on December 1, in each of the years 2012 through 2022 in amounts ranging from \$710,000 to \$1,340,000 at a redemption price of 100% of principal amount so redeemed. During 2012, the Hospital paid off the outstanding balance of the 2001 Bonds with proceeds received from the Series 2011 Bonds discussed above. The Hospital recognized a loss of \$587,162 on the early extinguishment of the Series 2001 Bonds which is included as part of other revenue, gains and support, net in the accompanying 2012 Consolidated Statement of Operations and Changes in Net Assets.

There are no specific covenants required by the Hospital regarding the Series 2012 Bonds and Series 2011 Bonds as such bonds were issued to the MSHA OG; however, management believes the MSHA OG is in compliance with all financial and operating covenants as of June 30, 2013.

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

The scheduled maturities and mandatory sinking fund payment of the long-term debt and capital lease obligations are as follows:

<i><u>Year Ending June 30,</u></i>	
2014	\$ 174,329
2015	192,195
2016	238,375
2017	249,920
2018	263,774
Thereafter	<u>20,119,787</u>
	<u><u>\$21,238,380</u></u>

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2013 and 2012

NOTE F--NET PATIENT SERVICE REVENUE

A reconciliation of the amount of services provided to patients at established rates to net patient service revenue as presented in the accompanying Consolidated Statements of Operations and Changes in Net Assets is as follows for the years ended June 30, 2013 and 2012:

	<i>2013</i>	<i>2012</i>
Inpatient service charges	\$ 83,913,338	\$ 88,197,465
Outpatient service charges	180,084,361	173,577,664
Gross patient service charges	263,997,699	261,775,129
Less:		
Estimated contractual adjustments and other discounts	185,215,510	180,169,423
Charity care	3,613,757	4,005,679
Provision for bad debts	9,265,178	8,441,287
	198,094,445	192,616,389
Net patient service revenue	\$ 65,903,254	\$ 69,158,740

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

	<i>2013</i>	<i>2012</i>
Third-party payers	\$ 67,555,015	\$ 66,406,438
Self-pay	7,613,417	11,193,589
Patient service revenue	\$ 75,168,432	\$ 77,600,027

Deductibles and copayments under third-party payment programs, which are included within the third-party payer amount above, are the patient's responsibility and the Hospital considers these amounts in its determination of the provision for bad debts based on prior collection experience. Accounts receivable are also reduced by an allowance for doubtful accounts. In evaluating the collectibility of accounts receivable, the Hospital analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payer sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, the Hospital analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary, for expected uncollectible deductibles and copayments or for payers who are known to be having financial difficulties that make the

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2013 and 2012

NOTE F--NET PATIENT SERVICE REVENUE - Continued

realization of amounts due unlikely. For receivables associated with self-pay patients, which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill, the Hospital records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible.

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

The Hospital's allowance for doubtful accounts totaled approximately \$2,732,000 and \$3,809,000 at June 30, 2013 and 2012, respectively. The allowance for doubtful accounts decreased from 30% of patient accounts receivable, net of contractual allowances, at June 30, 2012 to 23% of patient accounts receivable, net of contractual allowances, as of June 30, 2013 due to a decline in self-pay patient accounts as a result from a shift in payer mix servicing less self-pay patients. Write-offs, net of recoveries, for the years ending June 30, 2013 and 2012 were approximately \$10,300,000 and \$14,600,000, respectively, and relate primarily to self-pay patients. Write-offs of third-party accounts were not significant in the years ending June 30, 2013 and 2012. The Hospital has not experienced significant changes in write-off trends and has not changed its charity care policy for the year ended June 30, 2013. The provision for bad debts associated with the Hospital's ancillary service lines are not significant.

NOTE G--THIRD-PARTY REMIBURSEMENT

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

The Medicare program pays for inpatient and outpatient services provided by critical access hospitals on the basis of reasonable costs computed through the filing of the annual Medicare cost report. These payments are subject to various prescribed limitations and reductions.

The Virginia Medicaid program reimbursement for inpatient hospital services is also based on a prospective payment system using both a per case and per diem methodologies. Additional

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2013 and 2012

NOTE G--THIRD-PARTY REMIBURSEMENT - Continued

payments are made for the allowable costs of capital. Payments for outpatient services are based on Medicare cost reimbursement principles and settled through the filing of an annual Medicaid cost report.

Amounts earned under the contractual agreements with the Medicare and Medicaid programs are subject to review and final determination by fiscal intermediaries and other appropriate governmental authorities or their agents. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Management believes that adequate provision has been made for any adjustments which may result from such reviews. However, due to uncertainties in the estimation, it is at least reasonably possible that management's estimate will change in 2014, although the amount of any change cannot be estimated. During the years ended June 30, 2013 and 2012, net patient service revenue increased (decreased) by approximately \$205,000 and (\$541,000), respectively, relating to adjustments of prior years' estimates and final settlements of prior periods.

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

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

NOTE H--PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

Norton Community Hospital Retirement Plan: Effective January 1, 1975, the Hospital established the Norton Community Hospital Retirement Plan, a noncontributory defined benefit pension plan for employees covered by the terms of a collective bargaining agreement between the Hospital and union employees.

The plan provides benefits to retired, terminated and active employees and their beneficiaries based on earnings and years of credited service. Effective December 31, 2006, the plan was frozen to new participants. The funding policy is to contribute annually such amounts as are necessary to provide assets sufficient to meet the benefits to be paid to the plan's participants and to keep the plan actuarially sound.

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES***Notes to Consolidated Financial Statements - Continued******Years Ended June 30, 2013 and 2012*****NOTE H--PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS - Continued**

The following table presents a reconciliation of the beginning and ending balances of the plan's benefit obligations and fair value of plan assets and the funded status of the plan:

	<i>June 30,</i>	
	<i>2013</i>	<i>2012</i>
Change in benefit obligations		
Benefit obligations, beginning of period	\$ 10,778,193	\$ 10,106,079
Service cost	1,702	3,978
Interest cost	566,004	587,042
Actuarial loss	846,209	661,008
Benefits paid	(566,645)	(579,914)
Benefit obligations, end of period	<u>\$ 11,625,463</u>	<u>\$ 10,778,193</u>
Change in plan assets		
Fair value of plan assets, beginning of period	\$ 8,218,157	\$ 8,793,483
Actual return on plan assets	831,249	4,588
Employer contribution	115,000	-
Benefits paid	(566,645)	(579,914)
Fair value of plan assets, end of period	<u>\$ 8,597,761</u>	<u>\$ 8,218,157</u>
Funded status of the plan at end of period	<u>\$ 3,027,702</u>	<u>\$ 2,560,036</u>

The accumulated benefit obligation (ABO) of the plan was \$11,625,463 and \$10,778,193 at June 30, 2013 and 2012, respectively. In accordance with generally accepted accounting principles, the Hospital is required to recognize the funded status of the plan as an asset or liability and gains or losses and prior service costs or credits not yet recognized as pension expense as a change in unrestricted net assets.

Amounts recognized in the Consolidated Balance Sheets consist of the following:

	<i>June 30,</i>	
	<i>2013</i>	<i>2012</i>
Current liabilities	\$ 431,136	\$ 478,859
Noncurrent liabilities	2,596,566	2,081,177
	<u>\$ 3,027,702</u>	<u>\$ 2,560,036</u>

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2013 and 2012

NOTE H--PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS - Continued

Amounts recognized in unrestricted net assets consist of the following:

	<i>June 30,</i>	
	<i>2013</i>	<i>2012</i>
Unrecognized net actuarial loss	\$ 3,731,987	\$ 3,582,852
Unrecognized prior service cost obligation (asset)	37,020	34,378
	<u>\$ 3,769,007</u>	<u>\$ 3,617,230</u>

Net periodic pension cost and other amounts recognized in unrestricted net assets during the years ended June 30, 2013 and 2012 consist of the following:

	<i>2013</i>	<i>2012</i>
Net periodic pension cost		
Service cost	\$ 1,702	\$ 3,978
Interest cost	566,004	587,042
Expected return on plan assets	(600,168)	(637,764)
Amortization of prior service cost	(2,642)	(47,354)
Recognized net actuarial loss	452,421	336,869
Net periodic pension cost	<u>\$ 417,317</u>	<u>\$ 242,771</u>
Other changes in unrestricted net assets		
Net loss (gain)	\$ 601,556	\$ 1,294,184
Amortization of net gain	(452,421)	(336,868)
Amortization of prior service cost	2,642	47,354
Total recognized in unrestricted net assets	<u>\$ 151,777</u>	<u>\$ 1,004,670</u>
Total recognized in net periodic pension cost and unrestricted net assets	<u>\$ 569,094</u>	<u>\$ 1,247,441</u>

The estimated net loss and prior service cost asset that will be amortized from unrealized net assets into net periodic pension cost over the next fiscal year are \$336,869 and (\$47,354), respectively.

The actuarial assumptions used for the plan as of June 30, 2013 and 2012 are as follows:

	<i>2013</i>	<i>2012</i>
Discount rate	4.75%	5.44%
Expected return on plan assets	7.50%	7.50%

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2013 and 2012

NOTE H--PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS - Continued

During 2013, management adjusted assumptions related to the discount rate based on their evaluation of current and future circumstances.

The fair value of plan assets at June 30, 2013 and 2012, by asset category, are as follows:

	<i>Carrying Value</i>	<i>Quoted Prices in Active Markets (Level 1)</i>	<i>Significant Other Observable Inputs (Level 2)</i>	<i>Significant Unobservable Inputs (Level 3)</i>
June 30, 2013				
Cash and cash equivalents	\$ 134,855	\$ 134,855	\$ -	\$ -
Mutual Funds:				
Equity mutual funds	3,795,446	3,795,446	-	-
Fixed income mutual funds	3,184,616	3,184,616	-	-
Common Stocks:				
Materials	19,055	19,055	-	-
Consumer discretionary	69,918	69,918	-	-
Consumer staples	63,816	63,816	-	-
Healthcare	90,261	90,261	-	-
Energy	67,645	67,645	-	-
Financial	146,803	146,803	-	-
Industrial	68,232	68,232	-	-
Information technology	62,229	62,229	-	-
Telecommunication services	12,390	12,390	-	-
Utilities	12,222	12,222	-	-
Other	13,606	13,606	-	-
UBS Trumbull Real Estate Fund	856,667	-	-	856,667
	\$ 8,597,761	\$ 7,741,094	\$ -	\$ 856,667
June 30, 2012				
Cash and cash equivalents	\$ 157,574	\$ 157,574	\$ -	\$ -
Mutual Funds:				
Equity mutual funds	3,874,045	3,874,045	-	-
Fixed income mutual funds	2,770,257	2,770,257	-	-
Common Stocks:				
Materials	21,672	21,672	-	-
Consumer discretionary	48,748	48,748	-	-
Consumer staples	45,957	45,957	-	-
Healthcare	109,999	109,999	-	-
Energy	69,521	69,521	-	-
Financial	108,214	108,214	-	-
Industrial	37,125	37,125	-	-

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2013 and 2012

NOTE H--PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS - Continued

	<i>Carrying Value</i>	<i>Quoted Prices in Active Markets (Level 1)</i>	<i>Significant Other Observable Inputs (Level 2)</i>	<i>Significant Unobservable Inputs (Level 3)</i>
Information technology	69,547	69,547	-	-
Utilities	31,302	31,302	-	-
Other	11,272	11,272	-	-
UBS Trumbull Real Estate Fund	862,924	-	-	862,924
	\$ 8,218,157	\$ 7,355,233	\$ -	\$ 862,924

The following table sets forth a summary of changes in the fair value of the plan's Level 3 assets for the years ended June 30, 2013 and 2012:

	<i>2013</i>	<i>2012</i>
Balance, beginning of year	\$ 862,924	\$ 1,013,229
Total net realized and unrealized gains	29,547	50,910
Purchases, sales, issuances, and settlements, net	(35,804)	(201,215)
Balance, end of year	\$ 856,667	\$ 862,924

The Hospital's investment policy for this plan is to maintain a balance approximating 45% in domestic and international equity securities, 38% in fixed income securities and 17% in global allocation securities and other investments. The Hospital anticipates making a contribution of approximately \$260,000 to this plan during fiscal year 2014.

Estimated future benefit payments are expected to be paid as follows:

<i>Year Ending June 30,</i>	
2014	\$ 431,136
2015	422,110
2016	412,577
2017	402,512
2018	391,901
2019-2023	1,842,571

Other Postretirement Benefit Plan: The Hospital provides health and life insurance for current and retired employees under the collective bargaining agreement when the employee becomes

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2013 and 2012

NOTE H--PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS - Continued

eligible for these benefits by satisfying certain age and/or service requirements. Spouses of eligible retirees are eligible for healthcare benefits. All dependent benefits cease when the retiree dies. During 2012, the Hospital amended the plan to exclude all non-vested employees from future benefits, which resulted in the recognition of a curtailment gain totaling \$518,509 for the year ended June 30, 2012.

The following table presents a reconciliation of the beginning and ending balances of the plan's projected benefit obligation and the fair value of plan assets, and the funded status of the plan:

	<i>June 30,</i>	
	<i>2013</i>	<i>2012</i>
Change in benefit obligations		
Benefit obligations, beginning of period	\$ 4,553,922	\$ 3,761,672
Service cost	119,154	138,834
Interest cost	253,755	226,059
Actuarial loss	152,230	1,103,495
Plan curtailment	-	(518,509)
Other	38,369	-
Benefits paid	(174,701)	(157,629)
Benefit obligations, end of period	<u>\$ 4,942,729</u>	<u>\$ 4,553,922</u>
Change in plan assets		
Fair value of plan assets, beginning of period	\$ -	\$ -
Contributions of plan sponsor	136,332	157,629
Benefits paid	(136,332)	(157,629)
Fair value of plan assets, end of period	<u>\$ -</u>	<u>\$ -</u>
Funded status of the plan at end of period	<u>\$ 4,942,729</u>	<u>\$ 4,553,922</u>

Amounts recognized in the Consolidated Balance Sheets consist of the following:

	<i>June 30,</i>	
	<i>2013</i>	<i>2012</i>
Current liabilities	\$ 136,322	\$ 166,880
Noncurrent liabilities	4,806,407	4,387,042
	<u>\$ 4,942,729</u>	<u>\$ 4,553,922</u>

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2013 and 2012

NOTE H--PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS - Continued

Amounts recognized in unrestricted net assets consist of the following:

	<i>June 30,</i>	
	<i>2013</i>	<i>2012</i>
Unrecognized net gain	\$ (547,952)	\$ (739,373)

Net periodic postretirement benefit cost and other changes in plan assets and benefit obligations recognized in unrestricted net assets during the years ended June 30, 2013 and 2012 consist of the following:

	<i>2013</i>	<i>2012</i>
Net periodic postretirement benefit cost		
Service cost	\$ 119,154	\$ 138,837
Interest cost	253,755	226,059
Recognized net actuarial gain	(39,191)	(126,079)
Net periodic postretirement benefit cost	\$ 333,718	\$ 238,817
Other changes in unrestricted net assets		
Net loss	\$ 152,230	\$ 1,103,495
Amortization of net actuarial gain	39,191	126,079
Total recognized in unrestricted net assets	\$ 191,421	\$ 1,229,574
Total recognized in net periodic pension cost and unrestricted net assets	\$ 525,139	\$ 1,468,391

The estimated net gain and prior service cost that will be amortized from unrestricted net assets into net periodic benefit cost over the next fiscal year is \$26,712 and \$0, respectively. The Hospital expects to contribute approximately \$136,322 to the plan during fiscal year 2014.

The actuarial assumptions used for the plan as of June 30, 2013 and 2012 are as follows:

	<i>2013</i>	<i>2012</i>
Discount rate	4.75%	5.44%

During 2013, management adjusted assumptions related to the discount rate based on their evaluation of current and future circumstances.

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2013 and 2012

NOTE H--PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS - Continued

Estimated future benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

<u><i>Year Ending June 30,</i></u>	
2014	\$ 136,322
2015	145,906
2016	161,002
2017	167,465
2018	172,014
2019-2023	908,522

NOTE I--OTHER RETIREMENT PLANS

The Hospital sponsors a defined contribution plan for the benefit of its employees. The Hospital contributes 3% of eligible employee compensation annually. Additionally, the Hospital sponsors a separate defined contribution plan for the benefit of the employees under a collective bargaining agreement. The Hospital contributes 4% of eligible employee compensation annually, up to \$1,000, to this plan. Contribution expenses under the terms of these plans totaled approximately \$749,000 and \$743,000 during the years ended June 30, 2013 and 2012, respectively.

NOTE J--CONCENTRATIONS OF RISK

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

	<u><i>2013</i></u>	<u><i>2012</i></u>
Medicare	22%	24%
Medicaid	24%	19%
Commercial	46%	48%
Other third-party payers	0%	1%
Patients	8%	8%
	<u>100%</u>	<u>100%</u>

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2013 and 2012

NOTE J--CONCENTRATIONS OF RISK - Continued

Approximately 90% and 97% of the consolidated total revenue, gains and support were related to the provision of healthcare services for the years ended June 30, 2013 and 2012, respectively. Admitting physicians are primarily practitioners in the local area.

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

The Hospital is under two collective bargaining agreements with the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union which extend through February 2, 2014 and January 31, 2015, respectively, and cover certain employees of the Hospital and DCH. Approximately 38% of employees of the Hospital are covered under the collective bargaining agreements at June 30, 2013.

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

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

NOTE K--INCOME TAXES

CPSC and CHC account for income taxes under the provisions of FASB ASC 740, *Income Taxes*. Both CPSC and CHC file separate federal and state tax returns. CPSC was dissolved during 2012 and filed final federal and state tax returns for the period ending February 21, 2012. All net operating loss carryforwards expired with the filing of the final returns. NCPS is a single-member limited liability corporation and is considered a disregarded entity for federal and state income tax purposes.

Due to net operating losses, CPSC did not incur or pay income taxes for the period ended February 21, 2012. CHC paid income taxes of \$29,000 and \$5,750 for federal and state, respectively, for the year ending June 30, 2013. CHC paid income taxes of \$49,000 and \$8,000 for federal and state, respectively, for the year ended June 30, 2012.

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2013 and 2012

NOTE K--INCOME TAXES - Continued

CHC has a net deferred tax liability arising from depreciation as of June 30, 2013 and 2012 of \$75,044 and \$64,442, respectively. The components of income tax expense for the years ended June 30, 2013 and 2012 are as follows and included as part of interest and taxes in the accompanying Consolidated Statements of Operations and Changes in Net Assets:

	<u>2013</u>	<u>2012</u>
Current income tax expense	\$ 68,054	\$ 43,024
Deferred income tax expense	10,602	-
Income tax expense	<u>\$ 78,656</u>	<u>\$ 43,024</u>

The provisions for federal and state income taxes differ from the application of federal and state income tax rates to income before income tax expense due primarily to timing differences related to depreciation.

NOTE L--RELATED PARTY TRANSACTIONS

The Hospital had amounts due from Member and other affiliates totaling \$824,784 and \$165,781 at June 30, 2013 and 2012, respectively. The receivable amounts relate primarily to shared cost savings from participating in the Alliance's employee group health plan. At June 30, 2013 and 2012, the Hospital had amounts due to Member and other affiliates totaling \$194,654 and \$375,698, respectively. The payable amounts relate primarily to costs incurred by the Alliance or affiliates of the Alliance on behalf of the Hospital. Corporate allocation expense from the Alliance and recognized by the Hospital during the years ended June 30, 2013 and 2012 was approximately \$4,803,000 and \$4,004,000, respectively.

NOTE M--COMMITMENTS AND CONTINGENCIES

Malpractice and Workers' Compensation: The Hospital is covered under the Alliance's \$25,000,000 umbrella liability policy that attaches over the 2013 self-insurance limits of \$10,000,000 per claim and a \$15,000,000 annual aggregate retention. At June 30, 2013, the Hospital is involved in litigation relating to medical malpractice, workers' compensation and other claims arising in the ordinary course of business. There are also known incidents occurring through June 30, 2013 that may result in the assertion of additional claims, and other unreported claims may be asserted arising from services provided in the past. The Hospital has established an accrual of approximately \$493,000 and \$812,000 for incurred but unreported claims as of June 2013 and 2012, respectively, based on historical data and actuarial assumptions. The discount rate utilized was 5% at June 30, 2013 and 2012. Management estimates that none of the asserted claims will ultimately settle above the self-insurance retention levels and, accordingly, has not recognized any insurance recovery receivables at June 30, 2013.

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2013 and 2012

NOTE M--COMMITMENTS AND CONTINGENCIES - Continued

The Hospital is not self-insured for workers' compensation claims and maintains workers' compensation insurance through commercial carriers with 2013 coverage limits of \$1,000,000 per accident or employee. Management has not identified any significant workers' compensation claims that will settle above deductible limits as of June 30, 2013 and, accordingly, has not recognized any insurance recovery receivables.

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

Operating Leases: The Hospital leases certain equipment and facilities under operating lease arrangements. For the years ended June 30, 2013 and 2012, the Hospital incurred approximately \$688,000 and \$843,000, respectively, in rent expense under these leasing arrangements. Future minimum lease payments under noncancellable operating leases with remaining lease terms in excess of one year for each of the next five years and in the aggregate are as follows:

<u>Year Ending June 30,</u>	
2014	\$ 60,000
2015	60,000
2016	60,000
2017	60,000
2018	60,000
Thereafter	10,000
	<u>\$ 310,000</u>

DCH leases its medical facility and grounds from the Dickenson County Industrial Development Authority. Total lease expense incurred during the years ended June 30, 2013 and 2012 and future minimum lease payments are included in the table and paragraph above. During the years ended June 30, 2013 and 2012, the Dickenson County Industrial Development Authority forgave facility lease payments totaling \$110,089 and \$140,089, respectively, which have been reflected as other operating revenue and other expenses in the accompanying Consolidated Statements of Operations and Changes in Net Assets. During 2012, the Dickenson County Industrial Development Authority amended the lease agreement to extend the term through August 2018, during which time DCH will pay \$5,000 each month.

Healthcare Industry: The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, Medicare fraud and abuse, and under

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2013 and 2012

NOTE M--COMMITMENTS AND CONTINGENCIES - Continued

provisions of the Health Insurance Portability and Accountability Act of 1996, patient records privacy and security. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers, such as the Medicare Recovery Audit Contractor program. Management does not believe the increase in government activity will have a material adverse impact on the consolidated financial statements. However, due to uncertainties in the estimation, it is at least reasonably possible that management's estimate will change in 2014, although the amount of any change cannot be estimated. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

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

NOTE N--OPERATING EXPENSES BY FUNCTIONAL CLASSIFICATION

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

NOTE O--FAIR VALUE MEASUREMENT

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

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

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2013 and 2012

NOTE O--FAIR VALUE MEASUREMENT - Continued

- Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following table sets forth, by level within the fair value hierarchy, the financial assets recorded at fair value on a recurring basis as of June 30, 2013 and 2012:

	<i>Carrying Value</i>	<i>Quoted Prices in Active Markets (Level 1)</i>	<i>Significant Other Observable Inputs (Level 2)</i>	<i>Significant Unobservable Inputs (Level 3)</i>
Assets Measured at Fair Value on a Recurring Basis at June 30, 2013				
Trading Securities:				
Money market funds and cash equivalents	\$ 421,101	\$ 421,101	\$ -	\$ -
Mutual funds:				
Equity mutual funds	3,495,137	3,495,137	-	-
Fixed income mutual funds	1,489,052	1,489,052	-	-
Corporate bonds	10,412,211	-	10,412,211	-
Municipal obligations	1,064,217	-	1,064,217	-
Common stocks:				
Materials	19,055	19,055	-	-
Consumer discretionary	65,530	65,530	-	-
Consumer staples	58,201	58,201	-	-
Health care	72,040	72,040	-	-
Energy	62,402	62,402	-	-
Financials	134,335	134,335	-	-
Industrials	57,872	57,872	-	-
Information technology	55,654	55,654	-	-
Telecommunication services	10,620	10,620	-	-
Utilities	12,222	12,222	-	-
Other	11,905	11,905	-	-
UBS Trumbull real estate fund	587,937	-	-	587,937

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2013 and 2012

NOTE O--FAIR VALUE MEASUREMENT - Continued

	Carrying Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets Limited as to Use:				
Money market funds and cash equivalents	4,926,295	4,926,295	-	-
Mortgaged backed securities	5,354,172	-	5,354,172	-
Corporate bonds	1,885,206	-	1,885,206	-
U.S. treasury and agency funds	1,898,430	-	1,898,430	-
	\$32,093,594	\$ 10,891,421	\$ 20,614,236	\$ 587,937

Assets Measured at Fair Value on a Recurring Basis at June 30, 2012

Trading Securities:

Money market funds and cash equivalents	\$ 12,693	\$ 12,693	\$ -	\$ -
Mutual funds:				
Equity mutual funds	3,143,600	3,143,600	-	-
Fixed income mutual funds	1,253,368	1,253,368	-	-
Common stocks:				
Materials	21,672	21,672	-	-
Consumer discretionary	46,776	46,776	-	-
Consumer staples	43,338	43,338	-	-
Health care	88,646	88,646	-	-
Energy	70,687	70,687	-	-
Financials	101,957	101,957	-	-
Industrials	37,125	37,125	-	-
Information technology	67,830	67,830	-	-
Utilities	33,297	33,297	-	-
Other	8,454	8,454	-	-
UBS Trumbull real estate fund	541,227	-	-	541,227

Assets Limited as to Use:

Money market funds and cash equivalents	3,646,558	3,646,558	-	-
Mortgaged backed securities	9,677,559	-	9,677,559	-
Corporate bonds	3,349,076	-	3,349,076	-
U.S. treasury and agency funds	924,056	-	924,056	-
	\$23,067,919	\$ 8,576,001	\$ 13,950,691	\$ 541,227

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

The following table sets forth a summary of changes in the fair value of the Hospital's Level 3 assets for the years ended June 30, 2013 and 2012:

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2013 and 2012

NOTE O--FAIR VALUE MEASUREMENT - Continued

	<i>2013</i>	<i>2012</i>
Balance, beginning of year	\$ 541,227	\$ 492,160
Total realized and unrealized gains recognized in the Performance Indicator, net	24,470	28,461
Interest	28,312	26,147
Fees	(6,072)	(5,541)
Balance, end of year	<u>\$ 587,937</u>	<u>\$ 541,227</u>

NOTE P--FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Other Long-Term Liabilities: It is not practical to estimate the fair market value of certain other long-term liabilities due to uncertainty of when these amounts may be paid. Estimates of reported and unreported professional liability claims and pension and post-retirement liabilities are discounted to approximate their estimated fair value. Other long-term liabilities are not discounted and are not significant.

Long-Term Debt and Capital Leases: The fair value of long-term debt is estimated based upon quotes obtained from brokers. For long-term debt with variable interest rates, the carrying value approximates fair value.

The Hospital's capital lease obligations were negotiated with various entities and are considered unique. It is not practical to estimate the fair value of these obligations under current conditions.

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

Supplemental Schedules

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Consolidating Balance Sheet

June 30, 2013

	Norton Community Hospital	Norton Community Physician Services	Community Homecare	Dickenson Community Hospital	Eliminations	Total
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	\$ 2,887,151	\$ 189,491	\$ 205,296	\$ 497,530	\$ -	\$ 3,779,468
Patient accounts receivable, less estimated allowances for uncollectible accounts of \$2,732,445		646,197	254,736	1,097,735	-	9,123,953
Other receivables, net	7,125,285	77,671	-	25,876	-	606,983
Inventories and prepaid expenses	503,436	346,933	20,467	104,155	-	1,754,047
Due from (to) Member and other affiliates, net	1,282,492	(238,853)	7,132	500,828	-	630,130
	361,023					
TOTAL CURRENT ASSETS	12,159,387	1,021,439	487,631	2,226,124	-	15,894,581
INVESTMENTS	32,093,594	-	-	-	-	32,093,594
PROPERTY, PLANT AND EQUIPMENT, net	40,407,166	1,956,078	275,583	1,779,326	-	44,418,153
OTHER ASSETS						
Deferred financing costs, net	365,269	-	-	-	-	365,269
Other long-term receivables	212,726	-	-	-	-	212,726
TOTAL ASSETS	\$ 85,238,142	\$ 2,977,517	\$ 763,214	\$ 4,005,450	\$ -	\$ 92,984,323

See Independent Auditor's Report.

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Consolidating Balance Sheet - Continued

June 30, 2013

	Norton Community Hospital	Norton Community Physician Services	Community Homecare	Dickenson Community Hospital	Eliminations	Total
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Current portion of long-term debt and capital lease obligations	\$ 174,329	\$ -	\$ -	\$ -	\$ -	174,329
Accounts payable and accrued expenses	3,752,741	675,338	69,434	501,199	-	4,998,712
Accrued salaries, compensated absences and amounts withheld	2,406,257	1,095,768	29,218	221,352	-	3,752,595
Estimated amounts due to third-party payors, net	275,126	-	-	219,564	-	494,690
Pension and post-retirement benefit liabilities	567,458	-	-	-	-	567,458
TOTAL CURRENT LIABILITIES	7,175,911	1,771,106	98,652	942,115	-	9,987,784
OTHER LIABILITIES						
Long-term debt and capital lease obligations, less current portion	21,064,051	-	-	-	-	21,064,051
Pension and post-retirement benefit liabilities, less current portion	7,245,691	-	-	157,282	-	7,402,973
Estimated professional liability and other	295,278	155,368	-	61,638	-	512,284
Deferred tax liability, net	-	-	75,044	-	-	75,044
TOTAL LIABILITIES	35,780,931	1,926,474	173,696	1,161,035	-	39,042,136
NET ASSETS						
Unrestricted net assets	49,370,053	1,051,043	589,518	2,840,969	-	53,851,583
Temporarily restricted net assets	87,158	-	-	3,446	-	90,604
TOTAL NET ASSETS	49,457,211	1,051,043	589,518	2,844,415	-	53,942,187
TOTAL LIABILITIES AND NET ASSETS	\$ 85,238,142	\$ 2,977,517	\$ 763,214	\$ 4,005,450	\$ -	\$ 92,984,323

See Independent Auditor's Report.

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Consolidating Statement of Operations and Changes in Net Assets

Year Ended June 30, 2013

	Norton Community Hospital	Norton Community Physician Services	Community Homecare	Dickenson Community Hospital	Eliminations	Total
CHANGES IN UNRESTRICTED NET ASSETS:						
Revenue, gains and support:						
Patient service revenue, net of contractual adjustments and discounts	\$ 56,802,504	\$ 10,479,791	\$ -	\$ 7,886,137	\$ -	\$ 75,168,432
Provision for bad debts	(7,216,621)	(584,972)	-	(1,463,585)	-	(9,265,178)
Net patient service revenue	49,585,883	9,894,819	-	6,422,552	-	65,903,254
Net investment gain	1,712,709	-	420	327	-	1,713,456
Other revenue, gains and support, net	3,555,690	1,640,877	858,845	850,679	(1,506,444)	5,399,647
TOTAL REVENUE, GAINS AND SUPPORT	54,854,282	11,535,696	859,265	7,273,558	(1,506,444)	73,016,357
Expenses:						
Salaries and wages	21,269,102	6,434,622	210,992	3,302,080	-	31,216,796
Contract labor	395,293	-	-	60,054	-	455,347
Employee benefits	6,289,693	1,221,565	98,710	551,601	-	8,161,569
Fees - physician and other	5,232,345	3,110,525	18,805	968,079	(1,506,444)	7,823,310
Supplies	5,565,575	2,248,688	141,291	524,589	-	8,480,143
Utilities	961,010	112,890	18,533	175,209	-	1,267,642
Depreciation	3,903,569	218,777	103,821	362,544	-	4,588,711
Amortization	12,849	-	-	-	-	12,849
Corporate allocation	2,738,254	1,593,946	-	470,755	-	4,802,955
Interest and taxes	315,302	(23,554)	47,182	-	-	338,930
Other	2,745,965	479,319	107,210	589,484	-	3,921,978
TOTAL EXPENSES	49,428,957	15,396,778	746,544	7,004,395	(1,506,444)	71,070,230
EXCESS (DEFICIT) OF REVENUE, GAINS AND SUPPORT OVER EXPENSES AND LOSSES	5,425,325	(3,861,082)	112,721	269,163	-	1,946,127
Pension and postretirement liability adjustments	(339,272)	-	-	(3,926)	-	(343,198)
Intercompany forgiveness	(4,413,476)	4,558,516	-	(145,040)	-	-
INCREASE IN UNRESTRICTED NET ASSETS	672,577	697,434	112,721	120,197	-	1,602,929

See Independent Auditor's Report.

NORTON COMMUNITY HOSPITAL AND SUBSIDIARIES

Consolidating Statement of Operations and Changes in Net Assets - Continued

Year Ended June 30, 2013

	<i>Norton Community Hospital</i>	<i>Norton Community Physician Services</i>	<i>Community Homecare</i>	<i>Dickenson Community Hospital</i>	<i>Eliminations</i>	<i>Total</i>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:						
Restricted contributions and grants	36,394	-	-	2,696	-	39,090
Net assets released from restrictions	(34,341)	-	-	-	-	(34,341)
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	2,053	-	-	2,696	-	4,749
INCREASE IN TOTAL NET ASSETS	674,630	697,434	112,721	122,893	-	1,607,678
NET ASSETS, BEGINNING OF YEAR	48,782,581	353,609	476,797	2,721,522	-	52,334,509
NET ASSETS, END OF YEAR	\$ 49,457,211	\$ 1,051,043	\$ 589,518	\$ 2,844,415	\$ -	\$ 53,942,187

See Independent Auditor's Report.