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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

▶ Do not enter Social Security numbers on this form as it may be made public By law, the IRS generally cannot redact the information on the form

▶ Information about Form 990 and its instructions is at www.IRS.gov/form990

OMB No 1545-0047

2013

Open to Public Inspection

A For the 2013 calendar year, or tax year beginning 01-01-2013 , 2013, and ending 12-31-2013

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

C Name of organization
AUGUSTA HEALTH CARE INC DBA AUGUSTA HEALTH

Doing Business As
AUGUSTA HEALTH

Number and street (or P O box if mail is not delivered to street address) | Room/suite
PO BOX 1000

City or town, state or province, country, and ZIP or foreign postal code
FISHERSVILLE, VA 22939

D Employer identification number
54-1453954

E Telephone number
(540) 932-4685

G Gross receipts $ 279,356,193

F Name and address of principal officer
MARY MANNIX
PO BOX 1000
FISHERSVILLE,VA 22939

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

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

H(c) Group exemption number ▶

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

J Website: ▶ WWW AUGUSTAHEALTH COM

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

L Year of formation 1988

M State of legal domicile VA

Part I Summary

1 Briefly describe the organization's mission or most significant activities
PROVISION OF FULL SERVICE HEALTHCARE

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	14
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	10
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	**5**	2,423
6	Total number of volunteers (estimate if necessary)	**6**	372
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	3,379,329
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-575,769

Revenue

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	361,379	635,676
9	Program service revenue (Part VIII, line 2g)	261,280,314	261,205,503
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	29,627,189	14,500,109
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	2,997,088	2,542,789
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	294,265,970	278,884,077

Expenses

13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	515,528	314,250
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	108,296,116	107,455,500
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	123,556,368	120,219,132
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	232,368,012	227,988,882
19	Revenue less expenses Subtract line 18 from line 12	61,897,958	50,895,195

Net Assets or Fund Balances

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	462,555,518	530,311,493
21	Total liabilities (Part X, line 26)	71,066,672	62,006,683
22	Net assets or fund balances Subtract line 21 from line 20	391,488,846	468,304,810

Part II Signature Block

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

Sign Here

****** | 2014-11-03
Signature of officer | Date

ROBERT W RILEY CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
AMY BIBBY				P00445891

Firm's name ▶ DIXON HUGHES GOODMAN LLP | Firm's EIN ▶ 56-0747981

Firm's address ▶ 500 RIDGEFIELD COURT
ASHEVILLE, NC 28806 | Phone no (828) 254-2254

May the IRS discuss this return with the preparer shown above? (see instructions) ☑ Yes ☐ No

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III . . . . . ☑

1 Briefly describe the organization's mission

THE MISSION OF AUGUSTA HEALTH IS TO PROMOTE THE HEALTH AND WELL-BEING OF OUR COMMUNITY THROUGH ACCESS TO EXCELLENT CARE

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

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

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

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses $ 200,571,143 including grants of $ 314,250) (Revenue $ 257,990,447)

AUGUSTA HEALTH CARE, INC IS A 501(C)(3) ORGANIZATION DOING BUSINESS AS AUGUSTA HEALTH THE ORGANIZATION INCLUDES A MEDICAL CENTER WITH 255 LICENSED INPATIENT BEDS, AN EMERGENCY DEPARTMENT TREATING APPROXIMATELY 59,000 COMMUNITY MEMBERS PER YEAR, A STATE OF THE ART CANCER CENTER PROVIDING TAILOR-MADE COMPREHENSIVE CARE INCLUDING MEDICAL ONCOLOGY AND RADIATION ONCOLOGY, A HOME HEALTH AND HOSPICE PROGRAM SERVING PATIENTS WHO WISH TO REMAIN AT HOME DURING THEIR TREATMENT OR FINAL DAYS, A WOUND HEALING CLINIC PROVIDING A COMPREHENSIVE TREATMENT REGIMEN FOR CHRONIC NON-HEALING WOUNDS, AND A SKILLED NURSING UNIT PROVIDING COMPREHENSIVE REHABILITATION FOR PATIENTS RECOVERING FROM ORTHOPEDIC SURGERY THE CAMPUS OF AUGUSTA HEALTH IS DESIGNED TO PROVIDE NOT ONLY HOSPITAL SERVICES BUT COMMUNITY ORIENTED SERVICES THE CAMPUS INCLUDES THE HOSPITAL PROPER, A MAJOR FITNESS CENTER, AN EDUCATIONAL BUILDING THAT HOUSES AUGUSTA HEALTH EDUCATIONAL SERVICES, A BRANCH OF A LOCAL COMMUNITY COLLEGE, A COMMUNITY BUILDING WITH LARGE CONFERENCE ROOMS AVAILABLE TO OTHER COMMUNITY ORGANIZATIONS, AND A BEHAVIORAL HEALTH BUILDING FOR THE PROVISION OF OUTPATIENT PSYCHIATRIC AND SUBSTANCE ABUSE SERVICES THIS WIDE RANGE OF FACILITIES HELPS TO SUPPORT AUGUSTA HEALTH'S VISION OF PROVIDING THE COMMUNITY WITH A FULL CONTINUUM OF HEALTH AND COMMUNITY SERVICES AUGUSTA HEALTH'S NET COMMUNITY BENEFIT FOR 2013 IS ESTIMATED TO BE $11,795,578 THIS BENEFIT CAN BE CATEGORIZED AS FOLLOWS CHARITY - $ 7,730,289 COMMUNITY HEALTH SERVICES - 1,635,053 HEALTH PROFESSIONAL EDUCATION - 151,753 SUBSIDIZED HEALTH SERVICES - 1,988,534 CASH & IN-KIND CONTRIBUTIONS - 289,949

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

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

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses** ▶ 200,571,143

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	Yes	
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b	Yes	
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or other assistance to or for any foreign organization? *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 other assistance to or for foreign individuals? *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 or other assistance to any domestic organization or government on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? *If so, complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**	Yes	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**34**	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**	Yes	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V . . . . . ☐

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	267		
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	2,423		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a		Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No" to line 3b, provide an explanation in Schedule O* . . .	3b		Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a		Yes	
b	If "Yes," enter the name of the foreign country ▶ CJ 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 or note to any line in this Part VI . . . . . ☑

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	**1a**	14		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O				
b	Enter the number of voting members included in line 1a, above, who are independent	**1b**	10		
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**		Yes	
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**			No
6	Did the organization have members or stockholders?	**6**			No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**			No
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	**7b**			No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	**8a**		Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**		Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**			No

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

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

Section C. Disclosure

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

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

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

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

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization

▶ SARAH HASH-RODGERS 189 MEDICAL CENTER CIRCLE
FISHERSVILLE, VA 22939 (540) 932-4685

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

Check if Schedule O contains a response or note to any line 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) REV JOHN C PETERSON CHAIRMAN	1 00	X		X				0	0	0
(2) VICTOR M SANTOS VICE CHAIRMAN	1 00	X		X				0	0	0
(3) MARY N MANNIX PRESIDENT & CEO	38 00 2 00	X		X				659,709	0	86,230
(4) ANN D MCPHERSON SECRETARY	1 00 1 00	X		X				0	0	0
(5) WILLIAM L PFOST TREASURER	1 00 2 00	X		X				0	0	0
(6) E STUART CROW BOARD MEMBER	1 00 1 00	X						0	0	0
(7) JOHN B DAVIS BOARD MEMBER	1 00 1 00	X						0	0	0
(8) RICHARD P EVANS BOARD MEMBER	1 00	X						0	0	0
(9) WILLIAM FAULKENBERRY MD BOARD MEMBER	1 00	X						0	0	0
(10) ROBERT G KNOWLES BOARD MEMBER	1 00 1 00	X						0	0	0
(11) LAUREL L LANDES BOARD MEMBER	1 00	X						0	0	0
(12) JOHN O MARSH MD BOARD MEMBER	1 00 1 00	X						0	0	0
(13) BEVERLY S MORAN BOARD MEMBER	1 00 1 00	X						0	0	0
(14) JOSEPH L RANZINI MD BOARD MEMBER	1 00	X						0	0	0
(15) ARONA E RICHARD BOARD MEMBER	1 00	X						0	0	0
(16) ROBERT W RILEY CFO (BEGAN SEP)	39 00 1 00			X				91,468	0	9,740
(17) JOHN HEIDER CFO (UNTIL AUG)	40 00			X				332,322	0	25,658

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) FRED CASTELLO MD CHIEF MEDICAL OFFICER	40 00				X			379,009	0	45,626
(19) KATHLEEN HEATWOLE VP OF PLANNING AND DEVELOP	40 00				X			334,315	0	33,655
(20) KAREN C CLARK VP OF PROFESSIONAL SERVICE	40 00				X			199,232	0	27,916
(21) JAMES WILSON ASST VP FACILITIES	40 00				X			182,538	0	4,170
(22) LISA CLINE COO	40 00				X			356,476	0	40,260
(23) ROBERT MCWHIRT CNO	40 00				X			190,160	0	25,071
(24) BRUCE HALL CIO	40 00					X		212,236	0	9,495
(25) WILLIAM WESLEY ADAMS JR ADMINISTRATIVE DIR REVENUE CYCLE	40 00					X		168,953	0	1,415
(26) DOUGLAS HOLROYD DIRECTOR OF PHARMACY	40 00					X		150,001	0	12,210
(27) AIMEE KARNES ADMIN DIR CLINICAL INFORMATICS	40 00					X		149,945	0	8,160
(28) BRANDY HOELL DIR OF CASE MANAGEMENT AND PATIENT ACCESS	40 00					X		128,594	0	977

1b	**Sub-Total** . . . . . ▶			
c	**Total from continuation sheets to Part VII, Section A** . . . . ▶			
d	**Total (add lines 1b and 1c)** . . . . . ▶	3,534,958	0	330,583

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 ▶ 45

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
WHITING-TURNER CONTRACTING PO BOX 17596 BALTIMORE MD 21297	CONSTRUCTION SERVICES	6,532,187
SODEXO INC & AFFILIATES PO BOX 536922 ATLANTA GA 30353	FOOD SERVICES MANAGEMENT	2,451,711
KJELLSTROM & LEE 1607 OWNBY LN RICHMOND VA 23220	CONSTRUCTION SERVICES	2,081,942
CREDIT SOLUTIONS LLC PO BOX 24710 LEXINGTON KY 40505	CREDIT AND COLLECTION SERVICES	1,171,426
BLUE RIDGE PATHOLOGISTS 70 MEDICAL CENTER CIRCLE SUITE 309 FISHERVILLE VA 22939	RADIOLOGY READING	1,023,905

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 ▶ 42

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII . . . . . ☐

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a Federated campaigns	1a				
	b Membership dues	1b				
	c Fundraising events	1c				
	d Related organizations	1d				
	e Government grants (contributions)	1e				
	f All other contributions, gifts, grants, and similar amounts not included above	1f 635,676				
	g Noncash contributions included in lines 1a-1f $	500,000				
	h **Total.** Add lines 1a-1f		635,676			
Program Service Revenue		Business Code				
	2a NET PATIENT SERVICE REVENUE	621400	247,156,856	247,156,856		
	b DME	621400	5,139,024	4,916,279	222,745	
	c RETAIL PHARMACY	446110	4,456,612	2,705,079	1,751,533	
	d FITNESS CENTER	713940	2,085,557	844,779	1,240,778	
	e EHR INCENTIVE PAYMENT	900099	1,811,886	1,811,886		
	f All other program service revenue		555,568	555,568		
	g **Total.** Add lines 2a–2f		261,205,503			
	3 Investment income (including dividends, interest, and other similar amounts)		14,546,016			14,546,016
	4 Income from investment of tax-exempt bond proceeds					
	5 Royalties					
		(i) Real / (ii) Personal				
	6a Gross rents	1,087,059				
	b Less rental expenses	426,209				
	c Rental income or (loss)	660,850				
	d Net rental income or (loss)		660,850			660,850
		(i) Securities / (ii) Other				
	7a Gross amount from sales of assets other than inventory					
	b Less cost or other basis and sales expenses	45,907				
	c Gain or (loss)	-45,907				
	d Net gain or (loss)		-45,907			-45,907
Other Revenue	8a Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a				
	b Less direct expenses	b				
	c Net income or (loss) from fundraising events					
	9a Gross income from gaming activities See Part IV, line 19	a				
	b Less direct expenses	b				
	c Net income or (loss) from gaming activities					
	10a Gross sales of inventory, less returns and allowances	a				
	b Less cost of goods sold	b				
	c Net income or (loss) from sales of inventory					
	Miscellaneous Revenue	Business Code				
	11a CAFETERIA/VENDING	722210	1,066,336			1,066,336
	b AFFILIATED REVENUES	900099	648,884			648,884
	c TELEPHONE ANSWERING	900099	96,713		96,713	
	d All other revenue		70,006		67,560	2,446
	e **Total.** Add lines 11a–11d		1,881,939			
	12 **Total revenue.** See Instructions		278,884,077	257,990,447	3,379,329	16,878,625

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 or note to any line 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	314,250	314,250		
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	3,042,554		3,042,554	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	213,546	213,546		
7 Other salaries and wages	82,627,731	75,622,254	7,005,477	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	3,817,961	3,360,243	457,718	
9 Other employee benefits	11,603,341	10,279,348	1,323,993	
10 Payroll taxes	6,150,367	5,413,027	737,340	
11 Fees for services (non-employees)				
a Management	815,833		815,833	
b Legal	765,373		765,373	
c Accounting	130,746		130,746	
d Lobbying	12,219		12,219	
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)	26,067,857	18,519,078	7,548,779	
12 Advertising and promotion	1,291,113	823,721	467,392	
13 Office expenses	19,950,514	16,475,909	3,474,605	
14 Information technology	2,028,919	1,124,888	904,031	
15 Royalties . .				
16 Occupancy	4,756,264	4,756,264		
17 Travel	467,217	457,460	9,757	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	381,487	173,277	208,210	
20 Interest	1,047,654	1,047,654		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	14,380,073	14,380,073		
23 Insurance	1,210,954	1,210,954		
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a BAD DEBTS	16,289,742	16,289,742		
b COST OF DRUGS SOLD	14,249,302	14,249,302		
c MEDICAL SUPPLIES	13,780,878	13,780,878		
d COST OF FOOD	1,615,773	1,615,773		
e All other expenses	977,214	463,502	513,712	
25 **Total functional expenses.** Add lines 1 through 24e	227,988,882	200,571,143	27,417,739	0
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

Check if Schedule O contains a response or note to any line in this Part X . . . . . ☐

				(A) Beginning of year		(B) End of year
Assets	1	Cash–non-interest-bearing		44,312,217	1	24,167,996
	2	Savings and temporary cash investments			2	
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		22,939,101	4	30,225,772
	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		49,879	7	12,390
	8	Inventories for sale or use		4,893,080	8	5,131,782
	9	Prepaid expenses and deferred charges		1,606,780	9	1,618,124
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 301,016,591			
	b	Less accumulated depreciation	10b 175,689,374	117,961,337	10c	125,327,217
	11	Investments—publicly traded securities		219,259,677	11	267,173,544
	12	Investments—other securities See Part IV, line 11		19,889,919	12	22,241,235
	13	Investments—program-related See Part IV, line 11		30,282,816	13	41,927,673
	14	Intangible assets		553,097	14	297,444
	15	Other assets See Part IV, line 11		807,615	15	12,188,316
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		462,555,518	16	530,311,493
Liabilities	17	Accounts payable and accrued expenses		34,307,847	17	22,936,645
	18	Grants payable			18	
	19	Deferred revenue		139,677	19	150,711
	20	Tax-exempt bond liabilities		30,165,000	20	27,365,000
	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	475,000
	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		6,454,148	25	11,079,327
	26	**Total liabilities.** Add lines 17 through 25		71,066,672	26	62,006,683
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		387,445,713	27	466,952,816
	28	Temporarily restricted net assets		4,043,133	28	1,351,994
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		391,488,846	33	468,304,810
	34	Total liabilities and net assets/fund balances		462,555,518	34	530,311,493

Part XI Reconcilliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI . . . . . ☑

1	Total revenue (must equal Part VIII, column (A), line 12)	1	278,884,077
2	Total expenses (must equal Part IX, column (A), line 25)	2	227,988,882
3	Revenue less expenses Subtract line 2 from line 1	3	50,895,195
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	391,488,846
5	Net unrealized gains (losses) on investments	5	14,386,565
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	11,534,204
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	468,304,810

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII . . . . . ☑

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**
▶ **Information about Schedule A (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
AUGUSTA HEALTH CARE INC DBA AUGUSTA HEALTH

Employer identification number
54-1453954

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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 2013 (line 6, column (f) divided by line 11, column (f)) **14**

15 Public support percentage for 2012 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2013.** 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—2012.** 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—2013.** 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—2012.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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 2013 (line 8, column (f) divided by line 13, column (f))	15	
16	Public support percentage from 2012 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2013** (line 10c, column (f) divided by line 13, column (f))	17	
18	Investment income percentage from **2012** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2013.** 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—2012.** 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.** 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		
Return Reference	Explanation	

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SCHEDULE C (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ Complete if the organization is described below. ▶ Attach to Form 990 or Form 990-EZ.
▶ See separate instructions. ▶ Information about Schedule C (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	Employer identification number
AUGUSTA HEALTH CARE INC DBA AUGUSTA HEALTH	54-1453954

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

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

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period — Calendar year (or fiscal year beginning in)	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

	For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.	(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		1,955
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		12,219
j	Total Add lines 1c through 1i			14,174
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

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

Return Reference	Explanation
PART II-B, LINE 1	THE HOSPITAL IS A MEMBER OF THE VIRGINIA HOSPITAL & HEALTHCARE ASSOCIATION (VHHA) THE VHHA ROUTINELY ENGAGES IN LOBBYING EFFORTS ON BEHALF OF ITS MEMBERSHIP BODY, AND A PORTION OF EACH MEMBER'S DUES ARE ALLOCATED TO THOSE LOBBYING EXPENDITURES THE PORTION OF THE HOSPITAL'S DUES ALLOCATED TO LOBBYING WAS $ 12,219 ADDITIONALLY, MEMBERS OF THE BOARD AND THE EXECUTIVE STAFF ATTENDED DINNER WITH SEVERAL LEGISLATORS TO DISCUSS ISSUES AFFECTING HEALTHCARE ACROSS VIRGINIA

Part IV Supplemental Information *(continued)*

Return Reference	Explanation

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions. ▶ Information about Schedule D (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
AUGUSTA HEALTH CARE INC DBA AUGUSTA HEALTH

Employer identification number
54-1453954

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Part VI Land, Buildings, and Equipment. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. 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		5,838,298		5,838,298
b Buildings		101,391,628	37,129,096	64,262,532
c Leasehold improvements		10,286,037	7,650,048	2,635,989
d Equipment		180,814,114	130,910,230	49,903,884
e Other		2,686,514		2,686,514
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				125,327,217

Part VII **Investments—Other Securities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

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

Part VIII **Investments—Program Related.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) INVESTMENT IN AMG	41,927,673	C
Total. *(Column (b) must equal Form 990, Part X, col (B) line 13)* ▶	41,927,673	

Part IX **Other Assets.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11d See Form 990, Part X, line 15

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

Part X **Other Liabilities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1 (a) Description of liability	(b) Book value
Federal income taxes	
OTHER LIABILITIES	10,927,669
UNAMORTIZED BOND DISCOUNTS	151,658
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	11,079,327

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

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements			1	288,633,282
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	14,386,565		
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	14,386,565
3	Subtract line **2e** from line **1**			3	274,246,717
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	4,637,360		
c	Add lines **4a** and **4b**			4c	4,637,360
5	Total revenue Add lines **3** and **4c.** (This must equal Form 990, Part I, line 12)			5	278,884,077

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return. Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

1	Total expenses and losses per audited financial statements			1	211,806,797
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIII)	2d			
e	Add lines **2a** through **2d**			2e	0
3	Subtract line **2e** from line **1**			3	211,806,797
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	16,182,086		
c	Add lines **4a** and **4b**			4c	16,182,086
5	Total expenses Add lines **3** and **4c.** (This must equal Form 990, Part I, line 18)			5	227,988,883

Part XIII Supplemental Information

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

Return Reference	Explanation
PART X, LINE 2	THE HOSPITAL, MEDICAL GROUP, AND FOUNDATION ARE EXEMPT FROM FEDERAL AND STATE INCOME TAXES ON INCOME DERIVED FROM ITS EXEMPT PURPOSE AS A NONPROFIT ORGANIZATION UNDER THE PROVISIONS OF SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE, ACCORDINGLY, THE ACCOMPANYING CONSOLIDATED FINANCIAL STATEMENTS DO NOT REFLECT A PROVISION OR LIABILITY FOR FEDERAL AND STATE INCOME TAX THE COMPANY HAS DETERMINED THAT IT DOES NOT HAVE ANY MATERIAL UNRECOGNIZED TAX BENEFITS OR OBLIGATIONS AS OF DECEMBER 31, 2013 FISCAL YEARS ENDING ON OR AFTER DECEMBER 31, 2010, REMAIN SUBJECT TO EXAMINATION BY FEDERAL AND STATE AUTHORITIES
PART XI, LINE 4B - OTHER ADJUSTMENTS	BAD DEBT NET WITH REVENUE 16,289,742 TEMPORARILY RESTRICTED CONTRIBUTIONS 352,723 CONTRIBUTIONS EXPENSE NET WITH REVENUE 314,250 CHANGE IN FUNDING OF PENSION PLAN -11,883,792 SHENANDOAH HOUSE REVENUES -217,616 SHENANDOAH HOUSE SUBSIDY -217,947
PART XII, LINE 4B - OTHER ADJUSTMENTS	BAD DEBT NET WITH REVENUE 16,289,742 ADMINISTRATIVE FEES 13,657 CONTRIBUTIONS EXPENSE NET WITH REVENUE 314,250 SHENANDOAH HOUSE EXPENSES -435,563

Part XIII Supplemental Information *(continued)*

Return Reference	Explanation

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SCHEDULE F (Form 990)

Department of the Treasury
Internal Revenue Service

Statement of Activities Outside the United States

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 14b, 15, or 16.

▶ Attach to Form 990. ▶ See separate instructions.

▶ Information about Schedule F (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
AUGUSTA HEALTH CARE INC DBA AUGUSTA HEALTH

Employer identification number
54-1453954

Part I **General Information on Activities Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 14b.

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

2 **For grantmakers.** Describe in Part V the organization's procedures for monitoring the use of its grants and other assistance outside the United States.

3 Activites per Region (The following Part I, line 3 table can be duplicated if additional space is needed)

	(a) Region	(b) Number of offices in the region	(c) Number of employees, agents, and independent contractors in region	(d) Activities conducted in region (by type) (e g , fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for and investments in region
(1)	CENTRAL AMERICA AND THE CARIBBEAN -	0	0	INVESTMENT IN CAPTIVE INSURANCE		2,180,929
(2)	CENTRAL AMERICA AND THE CARIBBEAN -	0	0	SELF INSURANCE PREMIUMS		896,225
(3)						
(4)						
(5)						
3a	Sub-total	0	0			3,077,154
b	Total from continuation sheets to Part I	0	0			0
c	**Totals** (add lines 3a and 3b)	0	0			3,077,154

Part II **Grants and Other Assistance to Organizations or Entities Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 15, for any recipient who received more than $5,000. Part II can be duplicated if additional space is needed.

1 **(a)** Name of organization	**(b)** IRS code section and EIN (if applicable)	**(c)** Region	**(d)** Purpose of grant	**(e)** Amount of cash grant	**(f)** Manner of cash disbursement	**(g)** Amount of non-cash assistance	**(h)** Description of non-cash assistance	**(i)** Method of valuation (book, FMV, appraisal, other)
(1)								
(2)								
(3)								
(4)								

2 Enter total number of recipient organizations listed above that are recognized as charities by the foreign country, recognized as tax-exempt by the IRS, or for which the grantee or counsel has provided a section 501(c)(3) equivalency letter . . . . ▶ _____

3 Enter total number of other organizations or entities . . . . . ▶

Part III **Grants and Other Assistance to Individuals Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 16. Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	(b) Region	(c) Number of recipients	(d) Amount of cash grant	(e) Manner of cash disbursement	(f) Amount of non-cash assistance	(g) Description of non-cash assistance	(h) Method of valuation (book, FMV, appraisal, other)
(1)							
(2)							
(3)							
(4)							
(5)							
(6)							
(7)							
(8)							
(9)							
(10)							
(11)							
(12)							
(13)							
(14)							
(15)							
(16)							
(17)							
(18)							

Part IV Foreign Forms

1	Was the organization a U S transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation (see Instructions for Form 926)*	☑ Yes	☐ No
2	Did the organization have an interest in a foreign trust during the tax year? *If "Yes," the organization may be required to file Form 3520, Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts, and/or Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner (see Instructions for Forms 3520 and 3520-A)*	☐ Yes	☑ No
3	Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with Respect to Certain Foreign Corporations. (see Instructions for Form 5471)*	☑ Yes	☐ No
4	Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see Instructions for Form 8621)*	☐ Yes	☑ No
5	Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with Respect to Certain Foreign Partnerships. (see Instructions for Form 8865)*	☐ Yes	☑ No
6	Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report (see Instructions for Form 5713).*	☐ Yes	☑ No

Additional Data

Software ID:
Software Version:
EIN: 54-1453954
Name: AUGUSTA HEALTH CARE INC DBA AUGUSTA HEALTH

Part V **Supplemental Information**

Provide the information required by Part I, line 2 (monitoring of funds); Part I, line 3, column (f) (accounting method; amounts of investments vs. expenditures per region); Part II, line 1 (accounting method); Part III (accounting method); and Part III, column (c) (estimated number of recipients), as applicable. Also complete this part to provide any additional information (see instructions).

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493315004244

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.
▶ Information about Schedule H (Form 990) and its instructions is at *www.irs.gov/form990.*

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
AUGUSTA HEALTH CARE INC DBA AUGUSTA HEALTH

Employer identification number
54-1453954

Part I Financial Assistance and Certain Other Community Benefits at Cost

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

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			7,730,289		7,730,289	3 650 %
b Medicaid (from Worksheet 3, column a)			16,821,558	13,097,682	3,723,876	1 760 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			24,551,847	13,097,682	11,454,165	5 410 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			1,635,053		1,635,053	0 770 %
f Health professions education (from Worksheet 5)			173,342	21,589	151,753	0 070 %
g Subsidized health services (from Worksheet 6)			7,928,401	5,939,867	1,988,534	0 940 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			289,949		289,949	0 140 %
j **Total.** Other Benefits			10,026,745	5,961,456	4,065,289	1 920 %
k **Total.** Add lines 7d and 7j			34,578,592	19,059,138	15,519,454	7 330 %

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

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing						
2	Economic development						
3	Community support	8	1,200	5,563		5,563	0 %
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building	6	340	5,830		5,830	0 %
7	Community health improvement advocacy	22	200	1,996		1,996	0 %
8	Workforce development	1	20	150		150	0 %
9	Other						
10	**Total**	37	1,760	13,539		13,539	

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2	4,921,375		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit	3	3,069,489		
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	74,632,559
6	Enter Medicare allowable costs of care relating to payments on line 5	6	77,272,020
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-2,639,461
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, primary website address, and state license number	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
	See Additional Data Table										

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group AUGUSTA HEALTH

If reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A) 1

			Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)				
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	**1**	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☑ A definition of the community served by the hospital facility			
b	☑ Demographics of the community			
c	☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☑ How data was obtained			
e	☑ The health needs of the community			
f	☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☑ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☑ The process for consulting with persons representing the community's interests			
i	☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☐ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 2013			
3	In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	**3**	Yes	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	**4**		No
5	Did the hospital facility make its CHNA report widely available to the public?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website (list url) WWW.AUGUSTAHEALTH.COM			
b	☐ Other website (list url)			
c	☑ Available upon request from the hospital facility			
d	☐ 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 as of the end of the tax year)			
a	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☑ Execution of the implementation strategy			
c	☐ Participation in the development of a community-wide plan			
d	☐ Participation in the execution of a community-wide plan			
e	☐ Inclusion of a community benefit section in operational plans			
f	☑ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☑ Prioritization of health needs in its community			
h	☑ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☑ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	**7**		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 *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 150 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 250 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☐ Asset level			
c ☑ Medical indigency			
d ☐ Insurance status			
e ☑ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Residency			
i ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted on the hospital facility's website			
b ☑ The policy was attached to billing invoices			
c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☑ The policy was posted in the hospital facility's admissions offices			
e ☑ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**15**	Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			
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 individual's eligibility under the facility's FAP?	**17**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			

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 individuals regarding the individuals' bills
- **d** ☐ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- **e** ☐ Other (describe in Section C)

Policy Relating to Emergency Medical Care

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

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

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

Part V Facility Information *(continued)*

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

Form and Line Reference	Explanation
AUGUSTA HEALTH	PART V, SECTION B, LINE 3 THE HOSPITAL FACILITY CONDUCTED FOCUS GROUPS AND ALSO HELD A COMMUNITY HEALTH SUMMIT
AUGUSTA HEALTH	PART V, SECTION B, LINE 6I AUGUSTA HEALTH FORMED A COMMITTEE UNDER THE BOARD OF DIRECTORS TO OVERSEE THE CHNA PROCESS, THE APPROVAL OF COMMUNITY BENEFIT PROGRAMS, AND AN ENDOWMENT OF $11 MILLION TO SUPPORT THESE PROGRAMS
AUGUSTA HEALTH	PART V, SECTION B, LINE 7 NO HOSPITAL CAN ADDRESS ALL OF THE HEALTH NEEDS PRESENT IN ITS COMMUNITY AUGUSTA HEALTH IS COMMITTED TO SERVING THE COMMUNITY BY ADHERING TO ITS MISSION, USING ITS SKILLS AND CAPABILITIES, AND REMAINING A STRONG ORGANIZATION SO THAT IT CAN CONTINUE TO PROVIDE A WIDE RANGE OF COMMUNITY BENEFITS THIS IMPLEMENTATION STRATEGY DOES NOT INCLUDE SPECIFIC PLANS TO ADDRESS THE FOLLOWING HEALTH PRIORITIES THAT WERE IDENTIFIED IN THE 2013 COMMUNITY HEALTH NEEDS ASSESSMENT HEALTH BEHAVIORS AND COMMUNITY HEALTH EDUCATION TAKE PERSONAL RESPONSIBILITY IN REGARD TO HEALTHY LIFESTYLE CHOICES (NUTRITION, PHYSICAL ACTIVITY) AUGUSTA WILL PROVIDE EDUCATIONAL OPPORTUNITIES REGARDING NUTRITION, PHYSICAL ACTIVITY, AND CHRONIC DISEASE MANAGEMENT HOWEVER, THE HOSPITAL WILL NOT MEET THE NEED FOR INCREASED PERSONAL RESPONSIBILITY DUE TO A LACK OF EVIDENCE-BASED INTERVENTIONS AND INSUFFICIENT RESOURCES TO MAKE A MEANINGFUL CHANGE IN THIS AREA ACCESS AND AFFORDABILITY AFFORDABLE HEALTH INSURANCE DIRECTLY OFFERING INSURANCE PRODUCTS IS BEYOND THE PURVIEW OF THE HOSPITAL OTHER RESOURCES IN THE COMMUNITY, INCLUDING THE HEALTH INSURANCE EXCHANGES IMPLEMENTED BY THE ACA ARE MEETING THIS NEED AUGUSTA WILL ENGAGE IN PROMOTION OF THE EXCHANGES AUGUSTA ALSO WILL CONTINUE TO PROVIDE ACCESS TO AFFORDABLE HEALTH CARE THROUGH ITS CHARITY CARE PROGRAM BEHAVIORAL HEALTH DEPRESSION, TEEN SUICIDE, SUBSTANCE ABUSE, ACCESS TO MENTAL HEALTH CARE AND SUBSTANCE ABUSE TREATMENT SERVICESSOCIOECONOMIC FACTORS LOW INCOME/POVERTY IN STAUNTON AND WAYNESBORO THE HOSPITAL DOES NOT HAVE THE EXPERTISE TO EFFECTIVELY IMPACT ECONOMIC DEVELOPMENT ISSUES

Part V Facility Information *(continued)*

Section D. 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

Provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II and Part III, lines 2, 3, 4, 8 and 9b

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs 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

Form and Line Reference	Explanation
PART I, LINE 7	FOR PURPOSES OF PART I, LINE 7(A) THE ORGANIZATION USED THE METHODS PROVIDED IN THE 2013 SCHEDULE H INSTRUCTIONS TO COMPUTE A COST-TO-CHARGES RATIO TO CONVERT CHARITY CARE WRITE-OFFS TO COST AMOUNTS REPORTED ON LINES 7(B) AND 7 (G) WERE DERIVED FROM THE ORGANIZATION'S INTERNAL COST ACCOUNTING SYSTEM
PART I, LINE 7G	INPATIENT AND OUTPATIENT BEHAVIORAL HEALTH SERVICES ACCOUNT FOR $1,236,425 OF THE NET COMMUNITY BENEFIT OF SUBSIDIZED SERVICES THESE SERVICES PROVIDE SHORT-TERM PSYCHIATRIC CARE FOR ADULTS AND GERIATRIC PATIENTS IN A SUPPORTIVE ENVIRONMENT WITH 24-HOUR NURSING CARE HOME HEALTH SERVICES PROVIDED BY THE ORGANIZATION CONTRIBUTED $752,109 IN NET COMMUNITY BENEFIT AUGUSTA HEALTH'S HOME HEALTH PROGRAM OFFERS SKILLED NURSING CARE, PHYSICAL THERAPY, OCCUPATIONAL THERAPY, SPEECH THERAPY, AND MEDICAL SOCIAL WORKERS

Form and Line Reference	Explanation
PART I, LN 7 COL(F)	TOTAL EXPENSES REPORTED ON FORM 990, PART IX, LINE 25 INCLUDES BAD DEBT IN THE AMOUNT OF $16,289,742 THIS AMOUNT FOR BAD DEBT HAS BEEN REMOVED FOR PURPOSES OF COMPUTING PERCENTAGE OF TOTAL EXPENSE ON SCHEDULE H, PART I, LINE 7, COL (F)
PART II, COMMUNITY BUILDING ACTIVITIES	IN PRIOR YEARS, THE PROGRAMS OF AHC COMMUNITY HEALTH FOUNDATION ADDRESSED THE COMMUNITY HEALTH AND WELLNESS NEEDS BEGINNING IN 2012, THESE PROGRAMS WERE TAKEN OVER BY THE HOSPITAL'S COMMUNITY BENEFIT COMMITTEE IN 2001, THE BOARD OF AUGUSTA HEALTH RECOGNIZED THAT NO ONE ORGANIZATION ALONE COULD IMPACT THE COMMUNITY AND IMPROVE COMMUNITY HEALTH TO ADDRESS THE WIDE RANGE OF NEEDS, AUGUSTA HEALTH'S BOARD CREATED THE AHC COMMUNITY HEALTH FOUNDATION, NOW THE COMMUNITY BENEFIT COMMITTEE THE HOSPITAL BOARD AND THE COMMUNITY BENEFIT COMMITTEE HAVE TAKEN A LEADERSHIP ROLE IN COORDINATING AND ORGANIZING COMMUNITY PARTNERSHIPS TO ADDRESS SYSTEMS THAT WILL LEAD TO A HEALTHIER COMMUNITY THE COMMUNITY HEALTH FORUM, THE AUGUSTA REGIONAL DENTAL CLINIC AND AUGUSTA REGIONAL FREE CLINIC, THE WORKING ON WELLNESS PROGRAM (WOW), FIT FOR LIFE AND MENTORING THE NEXT GENERATION ARE ALL PROGRAMS THAT THE FOUNDATION AND THE HOSPITAL HAVE SUPPORTED OR INITIATED TO HELP CREATE AND SUSTAIN A HEALTHY COMMUNITY SPECIFICALLY FOR 2011, SENIOR LEADERS OF THE ORGANIZATION PARTICIPATED IN THE GREATER AUGUSTA CHAMBER OF COMMERCE AND IN VARIOUS COMMUNITY SERVICE ORGANIZATION BOARDS AND COMMITTEES THE ORGANIZATION ALSO HELD A MEETING WITH SCHOOL SYSTEM REPRESENTATIVES TO DISCUSS THE WORKING ON WELLNESS PROGRAM (WOW) WHICH PROVIDES NUTRITIONAL EDUCATION TO ELEMENTARY SCHOOL CHILDREN THROUGHOUT THE COMMUNITY

Form and Line Reference	Explanation
PART III, LINE 4	EXCERPT FROM 2012 FINANCIAL AUDIT, NOTE 1 PATIENT ACCOUNTS RECEIVABLE "PATIENT RECEIVABLES ARE RECORDED AT ESTABLISHED BILLING RATES WHEN PATIENT SERVICES ARE RENDERED ALLOWANCE FOR DOUBTFUL ACCOUNTS AND CONTRACTUAL ADJUSTMENTS ARE RECORDED AS DEDUCTIONS FROM PATIENT ACCOUNTS RECEIVABLE TO REDUCE RECORDED AMOUNTS TO THEIR NET REALIZABLE VALUE CONTRACTUAL ADJUSTMENTS REPRESENT THE DIFFERENCE BETWEEN ESTABLISHED BILLING RATES AND AMOUNTS REIMBURSED THE COMPANY PROVIDES AN ALLOWANCE FOR DOUBTFUL ACCOUNTS FOR ESTIMATED LOSSES RESULTING FROM THE UNWILLINGNESS OR INABILITY OF PATIENTS TO MAKE PAYMENTS FOR SERVICES THE ALLOWANCE IS DETERMINED BY ANALYZING HISTORICAL DATA AND TRENDS PATIENT ACCOUNTS RECEIVABLE ARE CHARGED OFF AGAINST THE ALLOWANCE FOR DOUBTFUL ACCOUNTS WHEN MANAGEMENT DETERMINES THAT RECOVERY IS UNLIKELY AND THE COMPANY CEASES COLLECTION EFFORTS "THE BAD DEBT AMOUNT LISTED IN PART III SECTION A, NUMBER 2 WAS CALCULATED USING WORKSHEET A ON PAGE 4 OF THE 2013 SCHEDULE H INSTRUCTIONS THE PORTION OF BAD DEBT ATTRIBUTABLE TO PATIENTS ELIGIBLE FOR FINANCIAL ASSISTANCE IS BASED ON DISCHARGES IN 2013 PATIENTS THAT WERE CLASSIFIED AS "SP" WERE UN-INSURED AND THEREFORE CONSIDERED WITHOUT RESOURCES THEIR ACCOUNT STATUS WAS "BD" MEANING THAT THE ACCOUNT WAS CONSIDERED UNCOLLECTABLE AT THE TIME OF THE REPORT
PART III, LINE 9B	ONCE A PATIENT HAS BEEN DETERMINED TO BE ELIGIBLE FOR FINANCIAL ASSISTANCE, ALL COLLECTION EFFORTS CEASE FOR CURRENT AND PAST DUE BALANCES AND THE NECESSARY ADJUSTMENTS ARE TAKEN TO THE ACCOUNTS RECEIVABLE SHOULD THE PATIENT ONLY BE ELIGIBLE FOR A PORTION OF FINANCIAL ASSISTANCE (THROUGH OUR SLIDING SCALE), NO-INTEREST, LOW-PAYMENT, AND LONG TERM PAYMENT PLANS ARE AVAILABLE

Form and Line Reference	Explanation
PART VI, LINE 2	THE AUGUSTA HEALTH BOARD OF DIRECTORS RECOGNIZES THAT THE HEALTH OF THE COMMUNITY IS MULTI-FACETED AUGUSTA HEALTH PARTICIPATES WITH OVER 110 AGENCIES AND ORGANIZATIONS IN THE COMMUNITY HEALTH FORUM BY DONATING STAFF SUPPORT AND RESOURCES TO COORDINATE MEETINGS THE GOALS OF THE FORUM ARE TO DETERMINE THE NEEDS OF THE COMMUNITY, IDENTIFY GAPS AND DUPLICATION OF SERVICES AND COORDINATE EFFORTS AS WELL AS TO FACILITATE COMMUNICATION AND EDUCATION AMONG ALL FORUM PARTICIPANTS ABOUT COMMUNITY HEALTH NEEDS IN 2009, THE AUGUSTA HEALTH FOUNDATION IN CONJUNCTION WITH AUGUSTA HEALTH AND THE COMMNUNITY FORUM CONDUCTED A NEEDS ASSESSMENT WHICH IDENTIFIED MENTAL HEALTH AND CHRONIC DISEASE MANAGEMENT AS TWO PRIORITIES FOR THE AREA IN 2012 AND 2013, AUGUSTA HEALTH AND PARTNER ORGANIZATIONS DEVELOPED THIS MORE EXTENSIVE COMMUNITY HEALTH NEEDS ASSESSMENT PLANNING PROCESS THAT INCLUDED COMMUNITY SURVEYS, PHYSICIAN SURVEYS, FOCUS GROUPS WITH KEY COMMUNITY LEADERS AND TWO COMMUNITY SUMMITS WITH OVER 60 HEALTH AND COMMUNITY LEADERS PROVIDING INPUT THE LEADERSHIP OF AUGUSTA HEALTH AND THE COMMUNITY HEALTH FORUM SUPPORT JOINT PLANNING AND ASSESSMENT AND BELIEVE THESE CHNA'S HELP HEALTH CARE PROVIDERS BUILD STRONGER RELATIONSHIPS WITH THEIR COMMUNITIES IDENTIFY NEEDS AND DEDICATE FUNDING AND OTHER RESOURCES TOWARD PROGRAMS THAT CLEARLY BENEFIT LOCAL RESIDENTS AFTER CONSIDERATION OF ALL DATA SOURCES PRESENTED THE HEALTH PRIORITIES IDENTIFIED FOR AUGUSTA COUNTY WERE CHRONIC DISEASE MANAGEMENT, HEALTH BEHAVIORS AND COMMUNITY HEALTH EDUCATION, ACCESS AND AFFORDABILITY, BEHAVIORAL HEALTH, AND SOCIOECONOMIC FACTORS TO VIEW THE FULL COMMUNITY HEALTH NEEDS ASSESSMENT REPORT, GO TOHTTP //WWW AUGUSTAHEALTH COM/SITES/DEFAULT/FILES/COMMUNITY_OUTREACH/AH-CHNA-2013 PDF
PART VI, LINE 3	1) FINANCIAL ASSISTANCE APPLICATIONS ARE ATTACHED TO BILLING STATEMENTS 2) FINANCIAL ASSISTANCE APPLICATIONS, AND COMMUNICATION REGARDING THE HOSPITAL'S FINANCIAL ASSISTANCE PROGRAM IS AVAILABLE AT EACH REGISTRATION AREA AND IN THE EMERGENCY ROOM 3) FINANCIAL COUNSELORS ARE LOCATED IN KEY AREAS OF THE HOSPITAL AND DISCUSS FINANCIAL ASSISTANCE OPTIONS TO PATIENTS PRIOR TO TREATMENT 4) THE HOSPITAL IS CONTRACTED WITH A THIRD PARTY COMPANY TO SCREEN AND DETERMINE GOVERNMENT PROGRAM ELIGIBILITY FOR UN-INSURED AND UNDER-INSURED PATIENTS 5) FINANCIAL ASSISTANCE APPLICATIONS ARE MADE AVAILABLE ON THE HOSPITAL WEBSITE

Form and Line Reference	Explanation
PART VI, LINE 4	IN ORDER TO DEFINE THE BOUNDARIES OF THE COMMUNITY TO BE ASSESSED IN THE COMMUNITY HEALTH NEEDS ASSESSMENT PROCESS, AN EVALUATION WAS CONDUCTED TO DETERMINE THE EXTENT OF THE PRIMARY SERVICE AREA FOR AUGUSTA HEALTH AUGUSTA HEALTH IS LOCATED IN AUGUSTA COUNTY, VIRGINIA, A COUNTY THAT GEOGRAPHICALLY ENCOMPASSES THE INDEPENDENT CITIES OF STAUNTON AND WAYNESBORO THE AUGUSTA COUNTY, STAUNTON AND WAYNESBORO AREA COVERS OVER 970 SQUARE MILES AND IS THE SECOND LARGEST COUNTY IN VIRGINIA AUGUSTA HEALTH IS THE ONLY HOSPITAL IN THIS LARGE GEOGRAPHIC AREA, AND HAS RECEIVED DESIGNATIONS FROM CMS AS A SOLE COMMUNITY HOSPITAL AND A RURAL REFERRAL HOSPITAL THE POPULATION OF THE COMBINED SERVICE AREA IS APPROXIMATELY 120,000 A ZIP CODE ANALYSIS WAS CONDUCTED BASED ON CALENDAR YEAR 2012 TO DETERMINE PERCENTAGES OF INPATIENT ADMISSIONS BY ZIP CODE AS SEEN IN THE TABLE ON THE FOLLOWING PAGE, ZIP CODES FOR AUGUSTA COUNTY, STAUNTON, AND WAYNESBORO ACCOUNTED FOR 81 1% OF ALL ADMISSIONS TO AUGUSTA HEALTH IN ADDITION, MARKET SHARE DATA FOR THE AUGUSTA COUNTY, STAUNTON AND WAYNESBORO AREA PROVIDED BY TRUVEN, ONE OF THE LARGEST DATA ANALYTIC FIRMS IN THE COUNTRY, SHOW THAT APPROXIMATELY 70% OF ALL PATIENTS IN THESE ZIP CODES USE AUGUSTA HEALTH AS THEIR PRIMARY HEALTH CARE PROVIDER THE OTHER 20% OF ADMISSIONS TO AUGUSTA HEALTH COME PRIMARILY FROM SURROUNDING COUNTIES, INCLUDING ROCKBRIDGE COUNTY, BATH AND HIGHLAND COUNTIES, AND PORTIONS OF ROCKINGHAM, NELSON AND ALBEMARLE COUNTIES AS WELL AS TRAVELERS AND VISITORS FROM ACROSS THE COUNTRY IN VERY SMALL NUMBERS THERE ARE OTHER HOSPITALS IN ROCKBRIDGE COUNTY, BATH COUNTY, ROCKINGHAM COUNTY AND ALBEMARLE COUNTY, AND ALL OF THESE HOSPITALS HAVE INITIATED COMMUNITY HEALTH NEEDS ASSESSMENTS FOR THOSE AREAS IN WHICH THEY HAVE THE DOMINANT SHARE OF THE MARKET FOR THOSE COUNTIES FOR THESE REASONS, IT WAS DETERMINED THAT AUGUSTA COUNTY, INCLUSIVE OF THE CITIES OF STAUNTON AND WAYNESBORO ("AUGUSTA COUNTY, STAUNTON, WAYNESBORO AREA" OR "AUGUSTA COUNTY") MOST ACCURATELY DEFINED THE HOSPITAL'S COMMUNITY FOR THE COMMUNITY HEALTH NEEDS ASSESSMENT PROCESS
PART VI, LINE 5	AUGUSTA HEALTH RECEIVED THE FOLLOWING AWARDS IN 2013 AMERCIA'S 100 BEST HOSPITALS BY HEALTHGRADES, 100 GREAT COMMUNITY HOSPITALS BY BECKERS, COMMUNITY VALUE 100 HOSPITAL BY CLEVERLEY & ASSOCIATES QUALITY AWARDS RECEIVED IN 2013 WERE AMERICAN HEART ASSOCIATION'S MISSION LIFELINE BRONZE AWARD, AMERICAN STROKE ASSOCIATION GET WITH THE GUIDELINES, SILVER PERFORMANCE ACHIEVEMENT AWARD, ALSO IN 2013, AUGUSTA HEALTH EARNED OR MAINTAINED THE FOLLOWING ACCREDITATIONS AMERICAN ACADEMY OF SLEEP MEDICINE ACCREDITED CENTER, AMERICAN COLLEGE OF SURGEONS, COMMISSION ON CANCER FOR AN OUTSTANDING CANCER PROGRAM, THE JOINT COMMISSION PRIMARY STROKE CENTER CERTIFICATION, THE NATIONAL ACCREDITATION FOR BREAST CENTERS, NUCLEAR MEDICINE ACCREDITED FACILITY BY THE AMERICAN COLLEGE OF RADIOLOGY, RADIATION ONCOLOGY ACCREDITED FACILITY BY THE AMERICAN COLLEGE OF RADIOLOGY, AND SOCIETY OF CHEST PAIN CENTERS

Form and Line Reference	Explanation
PART VI, LINE 6	THE ORGANIZATION IS NOT PART OF AN AFFILIATED HEALTH CARE SYSTEM

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

▶ **Attach to Form 990**

▶ **Information about Schedule I (Form 990) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
AUGUSTA HEALTH CARE INC DBA AUGUSTA HEALTH

Employer identification number
54-1453954

Part I General Information on Grants and Assistance

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

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

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

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) AUGUSTA REGIONAL DENTAL CLINIC 342 MULE ACADEMY RD FISHERVILLE,VA 22939	20-2922988	501(C)(3)	20,000				OPERATIONAL SUPPORT - MULTI-YEAR GRANT
(2) AUGUSTA REGIONAL FREE CLINIC PO BOX 153 FISHERVILLE,VA 22939	54-1651896	501(C)(3)	20,000				OPERATIONAL SUPPORT - MULTI-YEAR GRANT
(3) BLUE RIDGE COMMUNITY COLLEGE PO BOX 80 WEYERS CAVE,VA 24486	54-1268283	501(C)(3)	30,000				FUNDS TO BE ALLOCATED TO THE NURSING PROGRAM
(4) BOYS & GIRLS CLUBS PO BOX 1121 WAYNESBORO,VA 22980	54-1848714	501(C)(3)	16,450				OPERATIONAL SUPPORT
(5) CENTRAL SHENANDOAH EMS COUNCIL PO BOX 256 FISHERVILLE,VA 22939	54-1906904	501(C)(3)	10,000				FUNDING FOR COMMUNITY TRAINING
(6) CROSSROADS TO BRAIN INJURY RECOVERY 601 UNVIERSITY BLVD STE 317 HARRISONBURG,VA 22807	20-4795567	501(C)(3)	6,000				OPERATIONAL SUPPORT
(7) HIGHLAND MEDICAL CENTER PO BOX 490 MONTEREY,VA 24465	54-1652356	501(C)(3)	5,000				OPERATIONAL SUPPORT
(8) ROCKBRIDGE AREA TRANSPORTATION PO BOX 1108 LEXINGTON,VA 244023152	04-3586915	501(C)(3)	8,662				OPERATIONAL SUPPORT
(9) VALLEY COMMUNITY SERVICES BOARD 110 W JOHNSON ST STAUNTON,VA 24401	54-1049477	501(C)(3)	20,000				OPERATIONAL SUPPORT - MULTI-YEAR GRANT
(10) VALLEY HOPE COUNSELING CENTER 20 STONERIDGE DR STE 202 WAYNESBORO,VA 22980	54-1956722	501(C)(3)	12,000				OPERATIONAL SUPPORT
(11) VALLEY MISSION 1513 W BEVERLY ST STAUNTON,VA 24401	54-0930419	501(C)(3)	15,000				OPERATIONAL SUPPORT
(12) VALLEY PROGRAM FOR THE AGINING PO BOX 817 WAYNESBORO,VA 229800603	54-0958526	501(C)(3)	10,000				OPERATIONAL SUPPORT

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . . ▶ 12

3 Enter total number of other organizations listed in the line 1 table . . . . . ▶ 0

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.** Provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

Return Reference	Explanation
PART I, LINE 2	AUGUSTA HEALTH CONTRIBUTES TOWARD A STATE AND FEDERAL MATCHING GRANT TO VRTA CURRENTLY, AUGUSTA HEALTH SUBSIDIZES THE SHUTTLE OPERATION ALONG THE ROUTE 250 CORRIDOR BETWEEN WAYNESBORO AND STAUNTON THIS SERVICE IS VITAL TO THE RESIDENTS OF THE COMMUNITY, AS FOR SOME, THIS IS THEIR ONLY MODE OF TRANSPORTATION TO AND FROM THE AUGUSTA HEALTH CAMPUS

Additional Data

Software ID:
Software Version:
EIN: 54-1453954
Name: AUGUSTA HEALTH CARE INC DBA AUGUSTA HEALTH

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
AUGUSTA REGIONAL DENTAL CLINIC 342 MULE ACADEMY RD FISHERVILLE,VA 22939	20-2922988	501(C)(3)	20,000				OPERATIONAL SUPPORT - MULTI-YEAR GRANT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
AUGUSTA REGIONAL FREE CLINIC PO BOX 153 FISHERVILLE,VA 22939	54-1651896	501(C)(3)	20,000				OPERATIONAL SUPPORT - MULTI-YEAR GRANT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
BLUE RIDGE COMMUNITY COLLEGE PO BOX 80 WEYERS CAVE,VA 24486	54-1268283	501(C)(3)	30,000				FUNDS TO BE ALLOCATED TO THE NURSING PROGRAM

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
BOYS & GIRLS CLUBS PO BOX 1121 WAYNESBORO,VA 22980	54-1848714	501(C)(3)	16,450				OPERATIONAL SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
CENTRAL SHENANDOAH EMS COUNCIL PO BOX 256 FISHERVILLE,VA 22939	54-1906904	501(C)(3)	10,000				FUNDING FOR COMMUNITY TRAINING

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
CROSSROADS TO BRAIN INJURY RECOVERY 601 UNVIERSITY BLVD STE 317 HARRISONBURG,VA 22807	20-4795567	501(C)(3)	6,000				OPERATIONAL SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
HIGHLAND MEDICAL CENTER PO BOX 490 MONTEREY,VA 24465	54-1652356	501(C)(3)	5,000				OPERATIONAL SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
ROCKBRIDGE AREA TRANSPORTATION PO BOX 1108 LEXINGTON,VA 244023152	04-3586915	501(C)(3)	8,662				OPERATIONAL SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
VALLEY COMMUNITY SERVICES BOARD 110 W JOHNSON ST STAUNTON,VA 24401	54-1049477	501(C)(3)	20,000				OPERATIONAL SUPPORT - MULTI-YEAR GRANT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
VALLEY HOPE COUNSELING CENTER 20 STONERIDGE DR STE 202 WAYNESBORO,VA 22980	54-1956722	501(C)(3)	12,000				OPERATIONAL SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
VALLEY MISSION 1513 W BEVERLY ST STAUNTON,VA 24401	54-0930419	501(C)(3)	15,000				OPERATIONAL SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
VALLEY PROGRAM FOR THE AGINING PO BOX 817 WAYNESBORO,VA 229800603	54-0958526	501(C)(3)	10,000				OPERATIONAL SUPPORT

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, line 23.**
▶ **Attach to Form 990.** ▶ **See separate instructions.**
▶ **Information about Schedule J (Form 990) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
AUGUSTA HEALTH CARE INC DBA AUGUSTA HEALTH

Employer identification number
54-1453954

Part I Questions Regarding Compensation

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

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

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

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

(A) Name and Title	**(B)** Breakdown of W-2 and/or 1099-MISC compensation			**(C)** Retirement and other deferred compensation	**(D)** Nontaxable benefits	**(E)** Total of columns (B)(i)-(D)	**(F)** Compensation reported as deferred in prior Form 990
	(i) Base compensation	**(ii)** Bonus & incentive compensation	**(iii)** Other reportable compensation				
See Additional Data Table							

Part III Supplemental Information

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

Return Reference	Explanation
PART I, LINE 1A	ANNUALLY, AUGUSTA HEALTH HOLDS A LEADERSHIP RETREAT FOR BOARD MEMBERS, MEDICAL STAFF, AND SENIOR MANAGEMENT SPOUSES ARE INVITED TO ATTEND THE RETREAT AT THE EXPENSE OF THE ORGANIZATION THE VALUE PLACED ON THE HOTEL/MEALS FOR THE TWO DAY PERIOD IS $245 PER PERSON
PART I, LINES 4A-B	THE FOLLOWING INDIVIDUAL RECEIVED COMPENSATION FROM A SEVERANCE AGREEMENT JOHN HEIDER $ 42,000 THE FOLLOWING INDIVIDUALS PARTICIPATED IN A SUPPLEMENTAL NON-QUALIFIED RETIREMENT PLAN THE AMOUNTS ARE REPRESENTED IN PART II, COLUMN (C) MARY MANNIX $ 53,879 FRED CASTELLO 14,800 KATHLEEN HEATWOLE 9,760 LISA CLINE 11,934 KAREN CLARK 3,894
PART I, LINE 6	THE TOP EXECUTIVES OF AUGUSTA HEALTH WERE REQUIRED TO SET ANNUAL PERFORMANCE GOALS THAT ALIGNED WITH THE ORGANIZATION'S COMMITMENT TO PERFORMANCE EXCELLENCE THE GOALS WERE ESTABLISHED WITH FOCUS ON THE FOLLOWING SIX AREAS QUALITY, SERVICE, PEOPLE, COMMUNITY, GROWTH, AND FINANCE EACH GOAL WAS REQUIRED TO HAVE MEASURABLE OUTCOMES AND WAS REVIEWED AND APPROVED BY THE EXECUTIVE COMPENSATION COMMITTEE OF THE BOARD TO ENSURE THAT IT SUPPORTED THE ORGANIZATION'S QUEST FOR SERVICE AND OPERATIONAL EXCELLENCE WHILE NET EARNINGS WERE A CONSIDERATION IN THE AREA OF FINANCE, THE GOALS WERE ALSO CENTERED AROUND QUALITY, SERVICE, PEOPLE, COMMUNITY, AND GROWTH EACH EXECUTIVE'S GOALS WERE WEIGHTED ACROSS THE PILLAR GOALS BASED ON THEIR AREA OF RESPONBILITY WHEN AWARDING INCENTIVE COMPENSATION, THE EXECUTIVE COMPENSATION COMMITTEE OF THE BOARD REVIEWED THE YEAR-END ACCOMPLISHMENTS OF THE TOP EXECUTIVES AND AWARDED INCENTIVE COMPENSATION BASED ON THEIR ACTUAL PERFORMANCE AS COMPARED TO THE ESTABLISHED PERFORMANCE BENCHMARKS THESE AMOUNTS WERE PAID TO THE INDIVIDUALS FOR THE CURRENT REPORTING YEAR AND ACCRUED IN THE PREVIOUS YEAR THE AMOUNTS ARE AS FOLLOWS MARY MANNIX $130,200 FRED CASTELLO 41,728 JOHN HEIDER 55,524 KATHLEEN HEATWOLE 30,000 LISA CLINE 51,113 KAREN CLARK 35,600

Additional Data

Software ID:
Software Version:
EIN: 54-1453954
Name: AUGUSTA HEALTH CARE INC DBA AUGUSTA HEALTH

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
MARY N MANNIX PRESIDENT & CEO	(I) (II)	512,509 0	130,200 0	17,000 0	77,754 0	8,476 0	745,939 0	147,200 0
JOHN HEIDER CFO (UNTIL AUG)	(I) (II)	187,415 0	55,524 0	89,383 0	20,474 0	5,184 0	357,980 0	72,169 0
FRED CASTELLO MD CHIEF MEDICAL OFFICER	(I) (II)	307,036 0	41,728 0	30,245 0	38,675 0	6,951 0	424,635 0	58,956 0
KATHLEEN HEATWOLE VP OF PLANNING AND DEVELOP	(I) (II)	194,938 0	30,000 0	109,377 0	32,391 0	1,264 0	367,970 0	46,570 0
KAREN C CLARK VP OF PROFESSIONAL SERVICE	(I) (II)	150,544 0	35,600 0	13,088 0	26,089 0	1,827 0	227,148 0	48,688 0
JAMES WILSON ASST VP FACILITIES	(I) (II)	140,916 0	13,496 0	28,126 0	0 0	4,170 0	186,708 0	20,720 0
LISA CLINE COO	(I) (II)	288,998 0	51,113 0	16,365 0	35,809 0	4,451 0	396,736 0	67,478 0
ROBERT MCWHIRT CNO	(I) (II)	190,160 0	0 0	0 0	21,165 0	3,906 0	215,231 0	0 0
BRUCE HALL CIO	(I) (II)	196,876 0	15,360 0	0 0	4,941 0	4,554 0	221,731 0	15,360 0
WILLIAM WESLEY ADAMS JR ADMINISTRATIVE DIR REVENUE CYCLE	(I) (II)	154,415 0	14,538 0	0 0	0 0	1,415 0	170,368 0	14,538 0
DOUGLAS HOLROYD DIRECTOR OF PHARMACY	(I) (II)	140,556 0	9,445 0	0 0	3,944 0	8,266 0	162,211 0	9,445 0
AIMEE KARNES ADMIN DIR CLINICAL INFORMATICS	(I) (II)	138,635 0	11,310 0	0 0	3,852 0	4,308 0	158,105 0	11,310 0

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule K (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
AUGUSTA HEALTH CARE INC DBA AUGUSTA HEALTH

Employer identification number
54-1453954

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF AUGUSTA VA	54-1311681	05112MCP8	12-17-2003	33,510,000	CURRENT REFUNDING		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	6,145,000			
2	Amount of bonds legally defeased				
3	Total proceeds of issue	38,526,370			
4	Gross proceeds in reserve funds	5,156,477			
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrows				
7	Issuance costs from proceeds	374,087			
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds				
11	Other spent proceeds	33,483,180			
12	Other unspent proceeds				
13	Year of substantial completion	1994			

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X							
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?	X							
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?								
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?								
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶								
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶								
6	Total of lines 4 and 5								
7	Does the bond issue meet the private security or payment test?								
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?								
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of								
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1 141-12 and 1 145-2?								

Part IV Arbitrage

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

Part IV Arbitrage *(Continued)*

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

Part V Procedures To Undertake Corrective Action

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

Part VI Supplemental Information. Provide additional information for responses to questions on Schedule K (see instructions).

Return Reference	Explanation
DATE REBATE COMPUTATION PERFORMED	ISSUER NAME INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF AUGUSTA, VA DATE THE REBATE COMPUTATION WAS PERFORMED 08/31/2010
SCHEDULE K, PART I, DESCRIPTION OF PURPOSE	THE SERIES 2003 BONDS WERE ISSUED FOR THE PURPOSE OF 1) REFUNDING THE ISSUER'S PRIOR SERIES 1993 BONDS, 2) FUNDING A DEBT SERVICE RESERVE FUND FOR THE SERIES 2003 BONDS, AND 3) PAYING COST OF ISSUANCE EXPENSES
SCHEDULE K, PART II, LINE 11, OTHER SPENT PROCEEDS	THE AMOUNTS PRESENT ON PART II, LINE 11 REPRESENT AMOUNTS USED TO CURRENTLY REFUND BONDS ISSUED IN 1993
SCHEDULE K, PART III	THE SERIES 2003 BONDS WERE ISSUED ENTIRELY TO REFUND A PRIOR ISSUE DATED BEFORE JANUARY 1, 2003 AND WERE NOT USED TO ACQUIRE NEW PROPERTY, THEREFORE, SCHEDULE K, PART III IS NOT REQUIRED TO BE COMPLETED FOR THIS ISSUE

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

▶ Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.
▶ Information about Schedule L (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
AUGUSTA HEALTH CARE INC DBA AUGUSTA HEALTH

Employer identification number
54-1453954

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues? Yes	(e) Sharing of organization's revenues? No
(1) HEATHER SMITH	FAMILY RELATIONSHIP WITH BOARD MEMBER E STUART CROW	52,190	COMPENSATION AS EMPLOYEE OF AUGUSTA HEALTH CARE, INC		No
(2) BRENDA CASTELLO	FAMILY RELATIONSHIP WITH KEY EMPLOYEE FRED CASTELLO, MD	31,937	COMPENSATION AS EMPLOYEE OF AUGUSTA HEALTH CARE, INC		No
(3) JOANNE DAY	FAMILY RELATIONSHIP WITH BOARD MEMBER ANN MCPHERSON	71,830	COMPENSATION AS EMPLOYEE OF AUGUSTA HEALTH CARE, INC		No
(4) PATTI KANNEY	FAMILY RELATIONSHIP WITH BOARD MEMBER WILLIAM PFOST	57,589	COMPENSATION AS EMPLOYEE OF AUGUSTA MEDICAL GROUP, A RELATED ORGANIZATION THE BOARD OF DIRECTORS OF AUGUSTA HEALTH CARE, INC SETS THE COMPENSATION LEVELS FOR AUGUSTA MEDICAL GROUP THIS COST IS NOT REFLECTED IN AUGUSTA HEALTH CARE'S TOTAL EXPENSE		No

Part V Supplemental Information

Provide additional information for responses to questions on Schedule L (see instructions)

Return Reference	Explanation

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SCHEDULE M (Form 990)

Department of the Treasury
Internal Revenue Service

Noncash Contributions

▶Complete if the organizations answered "Yes" on Form 990, Part IV, lines 29 or 30.
▶ Attach to Form 990.
▶Information about Schedule M (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
AUGUSTA HEALTH CARE INC DBA AUGUSTA HEALTH

Employer identification number
54-1453954

Part I Types of Property

	(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining noncash contribution amounts
1 Art—Works of art				
2 Art—Historical treasures				
3 Art—Fractional interests				
4 Books and publications				
5 Clothing and household goods				
6 Cars and other vehicles				
7 Boats and planes				
8 Intellectual property				
9 Securities—Publicly traded				
10 Securities—Closely held stock				
11 Securities—Partnership, LLC, or trust interests				
12 Securities—Miscellaneous				
13 Qualified conservation contribution—Historic structures				
14 Qualified conservation contribution—Other				
15 Real estate—Residential				
16 Real estate—Commercial				
17 Real estate—Other				
18 Collectibles				
19 Food inventory				
20 Drugs and medical supplies				
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
25 Other ▶ (EQUIPMENT AND)	X	1	500,000	FMV
26 Other ▶( )				
27 Other ▶( )				
28 Other ▶ ( )				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement . . . **29**

		Yes	No
30a	During the year, did the organization receive by contribution any property reported in Part I, lines 1 through 28, that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period? **30a**		No
b	If "Yes," describe the arrangement in Part II		
31	Does the organization have a gift acceptance policy that requires the review of any non-standard contributions? **31**		No
32a	Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions? **32a**		No
b	If "Yes," describe in Part II		
33	If the organization did not report an amount in column (c) for a type of property for which column (a) is checked, describe in Part II		

Part II **Supplemental Information.** Provide the information required by Part I, lines 30b, 32b, and 33, and whether the organization is reporting in Part I, column (b), the number of contributions, the number of items received, or a combination of both. Also complete this part for any additional information.

Return Reference	Explanation

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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.
▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
AUGUSTA HEALTH CARE INC DBA AUGUSTA HEALTH

Employer identification number
54-1453954

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 1	THE EXECUTIVE COMMITTEE SHALL CONSIST OF THE CHAIR, THE VICE-CHAIR, THE PRESIDENT, THE SECRETARY, AND THE TREASURER AND TWO OTHER MEMBERS OF THE BOARD THE CHAIR OF THE BOARD SHALL BE THE CHAIR OF THE EXECUTIVE COMMITTEE IT SHALL BE THE DUTY OF THE EXECUTIVE COMMITTEE TO REVIEW AND ORGANIZE MATTERS TO BE CONSIDERED BY THE BOARD, TO DELIBERATE MATTERS OF A SIGNIFICANT STRATEGIC OR ADMINISTRATIVE NATURE, AND TO ADVISE THE BOARD AND ADMINISTRATION ON SUCH MATTERS THE EXECUTIVE COMMITTEE MAY ACT ON BEHALF OF THE BOARD BUT ONLY WHEN SPECIFICALLY AUTHORIZED BY THE BOARD TO DO SO THE EXECUTIVE COMMITTEE SHALL HANDLE ALL MATTERS RELATED TO EXECUTIVE COMPENSATION WHEN EXECUTIVE COMPENSATION MATTERS ARE BEING DELIBERATED, ANY COMMITTEE MEMBER WHO MAY BE DEEMED TO HAVE A DISQUALIFYING BUSINESS, PERSONAL OR PROFESSIONAL RELATIONSHIP WITH THE CORPORATION WILL BE EXCUSED, INCLUDING BUT NOT LIMITED TO THE PRESIDENT AND PRACTICING PHYSICIANS THE PRESIDENT MAY PRESENT INFORMATION, MAKE RECOMMENDATIONS AND ANSWER QUESTIONS ON MATTERS OF COMPENSATION BUT MAY NOT BE A VOTING MEMBER ON THESE MATTERS EXECUTIVE COMPENSATION MATTERS SHALL BE REVIEWED AT LEAST ANNUALLY TO EVALUATE THE PERFORMANCE OF THE PRESIDENT AND TO OVERSEE THE ADMINISTRATION OF THE EXECUTIVE COMPENSATION SYSTEM AND APPROVE COMPENSATION PROVIDED UNDER THAT SYSTEM ON BEHALF OF THE BOARD THE EXECUTIVE COMMITTEE SHALL ADMINISTER THE CORPORATE CONTRACT POLICY AS APPROVED BY THE BOARD AND, ON BEHALF OF THE BOARD THE COMMITTEE SHALL PROVIDE FOR REVIEW OF ALL CONTRACTS WITH PHYSICIANS AND CONTRACTS FOR TRANSACTIONS OUTSIDE THE NORMAL COURSE OF BUSINESS THE CONTRACTS SHALL BE REVIEWED TO ENSURE THE CONTRACTS MEET THE CORPORATION'S MISSION AND VALUES STANDARDS, AS WELL AS, ALL APPLICABLE LAWS AND REGULATIONS ANY EXECUTIVE COMMITTEE MEMBER WHO MAY HAVE A DISQUALIFYING BUSINESS, PERSONAL OR PROFESSIONAL RELATIONSHIP WITH THE CORPORATION OR ANY ENTITY WHICH HAS OR MAY HAVE A COMPETING INTEREST WITH THE CORPORATION WILL BE EXCUSED FROM DELIBERATING ON ANY MATTERS RELATED TO CORPORATE CONTRACT POLICY AND ADMINISTRATION

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 4	THE POSITION OF VICE PRESIDENT WAS REMOVED AS AN OFFICER

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11	THE DIRECTOR OF ACCOUNTING WILL MAKE COPIES OF THE FORM 990 AVAILABLE TO THE CFO AND CEO FOR REVIEW THE FINAL VERSION OF THE RETURN WILL BE POSTED ON THE ORGANIZATION'S INTERNAL WEBSITE WITH ACCESS RESTRICTED TO THE BOARD AND KEY ADMINISTRATIVE PERSONNEL FOR REVIEW ALL QUESTIONS WILL BE RESOLVED AND ANSWERED BY THE CEO, CFO OR DIRECTOR OF ACCOUNTING

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 12C	THE GOVERNANCE COMMITTEE IS CHARGED WITH REVIEWING THE CONFLICT OF INTEREST STATEMENTS EACH YEAR THE REVIEW IS CONDUCTED AFTER THE ANNUAL BOARD MEETING IN APRIL CONFLICT OF INTEREST REVIEWS OCCUR AT THE BEGINNING OF EACH BOARD AND COMMITTEE MEETING IN CONNECTION WITH ANY ACTUAL OR POSSIBLE CONFLICT OF INTEREST, AN INTERESTED PERSON MUST DISCLOSE THE EXISTENCE OF THE FINANCIAL INTEREST AND BE GIVEN THE OPPORTUNITY TO DISCLOSE ALL MATERIAL FACTS TO THE DIRECTORS AND MEMBERS OF THE COMMITTEES WITH BOARD DELEGATED POWERS CONSIDERING THE PROPOSED TRANSACTION OR ARRANGEMENT THOSE FOUND TO BE IN A CONFLICT OF INTEREST MUST ABSTAIN FROM VOTING AND MAY BE ASKED TO LEAVE THE MEETING DEPENDING ON THE TOPIC AND THEIR DEGREE OF CONFLICT

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 15	AUGUSTA HEALTH UTILIZES THE SERVICES OF INTEGRATED HEALTHCARE STRATEGIES, 901 MARQUETTE AVENUE SOUTH SUITE 2100 MINNEAPOLIS, MINNESOTA TO DETERMINE COMPETITIVE WAGE RANGES, VARIABLE COMPENSATION AND PREQUISITES FOR EXECUTIVE POSITIONS IT IS THE GOAL OF THE AUGUSTA HEALTH BOARD TO SATISFY THE FOLLOWING OBJECTIVES 1) COMPETITIVENESS THE PROCESS MUST PRODUCE COMPENSATION AND BENEFIT LEVELS THAT ENABLE THE BOARD TO ATTRACT AND RETAIN THE MANAGEMENT LEADERSHIP ESSENTIAL TO CARRYING OUT ITS MISSION 2) STRATEGIC ALIGNMENT THE PROCESS MUST ALIGN EXECUTIVE COMPENSATION WITH THE INSTITUTION'S STRATEGIC GOALS IT MUST REWARD MANAGEMENT FOR ACCOMPLISHING THESE GOALS 3) REGULATORY COMPLIANCE THE PROCESS MUST ASSURE THAT THE INSTITUTION MEETS ITS CHARITABLE PURPOSE OBLIGATIONS TO REMAIN TAX-EXEMPT AND THEREFORE WILL REVIEW AND APPROVE ALL FORMS OF EXECUTIVE COMPENSATION AND BENEFITS IN A MANNER NECESSARY TO QUALIFY FOR THE "REBUTTABLE PRESUMPTION OF REASONABLENESS" UNDER THE INTERMEDIATE SANCTIONS RULES OF SECTION 4958 OF THE IRC SO AS TO AVOID THE IMPOSITION OF INTERMEDIATE SANCTIONS IN THE FORM OF EXCISE TAXES PENALTIES ON ITS TRUSTEES AND EXECUTIVES 4) PUBLIC TRUST BOARD MEMBERS ARE INVESTED WITH A PUBLIC TRUST TO SHEPHERD INSTITUTIONAL ASSETS AS RESPONSIBLE FIDUCIARIES AND REPRESENTATIVES THEREFORE, THE PROCESS MUST ASSURE THAT COMPENSATION AND BENEFIT LEVELS ARE REASONABLE, NOT EXCESSIVE, AND DEFENSIBLE IF AND WHEN SUBJECTED TO PUBLIC SCRUTINY THE BASE SALARY BENCHMARKS USED ARE 50TH OR 60TH PERCENTILE OF SIMILAR POSITIONS IN PEER INSTITUTIONS FOR EXPERIENCED PROFESSIONALS SENIOR EXECUTIVES ARE ELIGIBLE FOR VARIABLE COMPENSATION THE TOTAL OF SALARY AND VARIABLE COMPENSATION WILL NOT BE MORE THAN THE 75TH PERCENTILE COMPENSATION, INDIVIDUAL PERFORMANCE AND COMPETITIVE DATA ARE REVIEWED ANNUALLY FOR ALL EXECUTIVE POSITIONS AS FOLLOWS CEO CNO VP OF SUPPORT SERVICES SR VP MEDICAL AFFAIRS VP MEDICAL ADMINISTRATION CFO VP HUMAN RESOURCES VP PLANNING AVP FACILITIES VP PROFESSIONAL SERVICES THE BOARD OF DIRECTORS RECEIVED A FULL REPORT FROM THE EXECUTIVE COMMITTEE ON THE FULL COMPENSATION PROGRAM AT AUGUSTA HEALTH IN AN EXECUTIVE SESSION OF THE BOARD CONFLICTED MEMBERS WERE EXCUSED FROM THE MEETING MATERIAL COVERED INCLUDED THE DESIGN OF THE COMPENSATION PROGRAM, AS WELL AS ACTUAL BASE SALARIES, MARKET BENCHMARK DATA, AND INCENTIVE COMPENSATION EARNED BY EACH EXECUTIVE ADDITIONALLY, PREREQUISITES SUCH AS THE SERP PROGRAM AND OTHER RELATED BENEFITS WERE REVIEWED WITH THE BOARD FOR THOSE MEMBERS WHO WERE NOT PRESENT FOR THIS MEETING AND REMAINED FREE OF CONFLICT OF INTEREST, THE CHAIRMAN OF THE BOARD PRESENTED THE SAME MATERIAL IN A SEPARATE SESSION

Return Reference	Explanation
FORM 990, PART VI, SECTION C, LINE 18	PHOTOCOPIES OF THE FORM 990 ARE AVAILABLE UPON REQUEST AT THE ORGANIZATION'S ACCOUNTING OFFICE. IN ADDITION, RECENT FILINGS OF THE FORM 990 ARE AVAILABLE ONLINE AT WWW GUIDESTAR ORG

Return Reference	Explanation
FORM 990, PART VI, SECTION C, LINE 19	COPIES OF THE ORGANIZATION'S GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND AUDITED FINANCIAL STATEMENTS ARE AVAILABLE UPON REQUEST AT THE ORGANIZATION'S ACCOUNTING OFFICE. PLEASE DIRECT ALL REQUESTS TO: AUGUSTA HEALTH CARE, INC. ATTN: DIRECTOR OF ACCOUNTING P.O. BOX 1000 FISHERSVILLE, VA 22939-1000

Return Reference	Explanation
FORM 990, PART VI, LINE 16B, JOINT VENTURES POLICY	WHILE THERE IS NOT A WRITTEN POLICY IN PLACE REFERENCING JOINT VENTURES SPECIFICALLY, THE BOARD PRIORITIZES COMPLIANCE ISSUES AND HAS TWO BOARD STANDING COMMITTEES THAT CONTINUOUSLY SURVEY THE HEALTH SYSTEM'S ACTIVITIES AS IT RELATES TO SAFE GUARDING THE ORGANIZATIONS TAX EXEMPT STATUS THE TWO COMMITTEES ARE THE COMPLIANCE COMMITTEE AND THE GOVERNANCE COMMITTEE ADDITIONALLY, CORPORATE COUNSEL FREQUENTLY ATTENDS BOARD MEETINGS AND EXECUTIVE COMMITTEE MEETINGS TO ASSURE ALL BUSINESS OF THE HEALTH SYSTEM IS CONDUCTED TO SAFE GUARD TAX EXEMPT STATUS EVIDENCE OF SUCH CAN BE FOUND IN MINUTES OF THE BOARD AND COMMITTEE MEETINGS

Return Reference	Explanation
FORM 990, PART IX, LINE 11G	PHYSICIAN FEES PROGRAM SERVICE EXPENSES 6,409,594 MANAGEMENT AND GENERAL EXPENSES 0 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 6,409,594 PURCHASED SERVICES PROGRAM SERVICE EXPENSES 6,900,803 MANAGEMENT AND GENERAL EXPENSES 3,378,336 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 10,279,139 MAINTENANCE CONTRACTS PROGRAM SERVICE EXPENSES 3,529,499 MANAGEMENT AND GENERAL EXPENSES 1,283,635 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 4,813,134 CONSULTANTS PROGRAM SERVICE EXPENSES 1,679,182 MANAGEMENT AND GENERAL EXPENSES 1,428,786 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 3,107,968 OTHER FEES PROGRAM SERVICE EXPENSES 0 MANAGEMENT AND GENERAL EXPENSES 1,458,022 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 1,458,022

Return Reference	Explanation
FORM 990, PART XI, LINE 9	SHENANDOAH HOUSE ACTIVITY -228,469 CHANGE IN FUNDED STATUS OF PENSION PLAN 11,883,792 TEMPORARILY RESTRICTED CONTRIBUTIONS -352,723 ADMINISTRATIVE FEES 13,657 SHENANDOAH HOUSE SUBSIDY 217,947

Return Reference	Explanation
FORM 990, PART XII, LINE 2C	THE PROCESS HAS NOT CHANGED FROM THE PRIOR YEAR

Return Reference	Explanation
STATEMENT PURSUANT TO SECTION 1 351-3(A)	AUGUSTA HEALTH CARE, INC TRANSFERRED CASH WITH AN AGGREGATE FAIR MARKET VALUE AND A BASIS OF $896,225 TO VIRGINIA SOLUTION SPC, LTD (FEIN 98-0507760) ON VARIOUS DATES THROUGHOUT THE YEAR DETAILS ARE AVAILABLE UPON REQUEST NO PRIVATE LETTER RULINGS WERE ISSUED BY THE INTERNAL REVENUE SERVICE IN CONNECTION WITH THE SECTION 351 EXCHANGE.

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule R (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
AUGUSTA HEALTH CARE INC DBA AUGUSTA HEALTH

Employer identification number
54-1453954

Part I Identification of Disregarded Entities Complete if the organization answered "Yes" on 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" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	(g) No
(1) AHC COMMUNITY HEALTH FOUNDATION PO BOX 1000 FISHERSVILLE, VA 22939 54-2042365	SUPPORTING ORGANIZATION	VA	501(C)(3)	LINE 11A, I	AUGUSTA HEALTH CARE INC	Yes	
(2) AUGUSTA MEDICAL GROUP PO BOX 1000 FISHERSVILLE, VA 22939 26-2559916	HEALTHCARE	VA	501(C)(3)	LINE 9	AUGUSTA HEALTH CARE INC	Yes	

Part III **Identification of Related Organizations Taxable as a Partnership** Complete if the organization answered "Yes" on 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) Disproprtionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	

Part IV **Identification of Related Organizations Taxable as a Corporation or Trust** Complete if the organization answered "Yes" on 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

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

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

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

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) AHC COMMUNITY HEALTH FOUNDATION	R	217,947	BOOK
(2) AUGUSTA MEDICAL GROUP	M	2,796,657	
(3) AUGUSTA MEDICAL GROUP	Q	41,927,673	INTERCO A/R
(4) AUGUSTA MEDICAL GROUP	A	552,342	

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

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

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

Part VII Supplemental Information

Provide additional information for responses to questions on Schedule R (see instructions)

Return Reference	Explanation

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493315004244

TY 2013 Earnings and Profits Other Adjustments Statement

Name: AUGUSTA HEALTH CARE INC DBA AUGUSTA HEALTH

EIN: 54-1453954

Description	Amount
RELATED PARTY PREMIUMS	-6,931,719
RELATED PARTY UNDERWRITING EXP	892,956

AUGUSTA HEALTH CARE, INC.
and AFFILIATES

Consolidated Financial Statements

Years Ended December 31, 2013 and 2012
with Independent Auditors' Report

Augusta HEALTH

DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

Officers

The Rev John C Peterson	Chairman
Victor M Santos	Vice Chairman
Mary N Mannix	President/CEO
Ann D McPherson	Secretary
William L Pfost	Treasurer

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Independent Auditors' Report

Board of Directors
Augusta Health Care, Inc and Affiliates
Fishersville, Virginia

We have audited the accompanying consolidated financial statements of Augusta Health Care, Inc and Affiliates (the "Company"), which comprise the consolidated balance sheets as of December 31, 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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

4710 Ox Road, Suite 200, Glen Allen, VA 23060 | T 804 287 0836 | F 804 287 1461 | dhgllp.com

Other Matters

Reports on Consolidating Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements of the Company as a whole The 2013 consolidating balance sheets, consolidating statements of operations, and consolidating changes in net assets on pages 29 through 31 are presented for purposes of additional analysis of the 2013 consolidated financial statements rather than to present the financial position and results of operations of the individual organizations and are not a required part of the consolidated financial statements These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements The 2013 consolidating 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

Dixon Hughes Goodman LLP

March 17, 2014
Richmond, Virginia

AUGUSTA HEALTH CARE, INC. and AFFILIATES

Consolidated Balance Sheets

December 31, 2013 and 2012

Assets	**2013**	**2012**
Current assets		
Cash	$ 25,074,290	$ 44,876,164
Current portion of assets whose use is limited	3,455,989	3,272,988
Patient accounts receivable, net of allowance for doubtful accounts of approximately $11,536,000 and $11,873,000 in 2013 and 2012, respectively	27,304,965	21,057,354
Other receivables	4,015,385	2,775,538
Inventories	5,159,572	4,910,969
Prepaid expenses	1,657,788	1,637,311
Total current assets	66,667,989	78,530,324
Assets whose use is limited - net of current portion	293,331,792	231,554,493
Property and equipment, net	126,093,120	118,831,029
Other assets	6,655,950	7,226,019
Total assets	$ 492,748,851	$ 436,141,865
Liabilities and Net Assets		
Current liabilities		
Current portion of long-term debt	$ 3,025,000	$ 2,800,000
Accounts payable	11,662,073	9,862,618
Accrued salaries and related expenses	11,823,701	12,938,667
Other accrued expenses	11,517,527	6,890,889
Total current liabilities	38,028,301	32,492,174
Long-term debt, less current portion	24,966,658	27,545,992
Accrued pension and other postretirement benefits	1,334,539	12,821,892
Total liabilities	64,329,498	72,860,058
Net assets		
Unrestricted	427,031,175	359,238,674
Temporarily restricted	1,388,178	4,043,133
Total net assets	428,419,353	363,281,807
Total liabilities and net assets	$ 492,748,851	$ 436,141,865

The accompanying notes are an integral part of these consolidated financial statements

AUGUSTA HEALTH CARE, INC. and AFFILIATES

Consolidated Statements of Operations

For Years ended December 31, 2013 and 2012

	2013	2012
Unrestricted revenues, gains, and other support		
Net patient service revenue	$ 259,820,882	$ 259,395,395
Other operating revenue	3,561,099	4,226,172
Net assets released from restrictions used for operations	839,416	131,445
Total revenues, gains, and other support	264,221,397	263,753,012
Expenses		
Salaries and wages	107,886,510	102,570,847
Employee benefits	24,885,285	27,089,484
Physicians and related fees	7,539,868	7,320,618
Food, drugs, and supplies	45,277,953	53,356,670
Outside services and rentals	30,394,353	29,303,463
Utilities and telephone	3,538,387	3,553,051
Depreciation and amortization	14,871,589	13,980,998
Interest	1,047,654	1,117,525
General and administrative	5,206,656	4,527,279
Total expenses	240,648,255	242,819,935
Operating income	23,573,142	20,933,077
Nonoperating income		
Unrestricted contributions	500,900	48,701
Investment income	14,743,744	29,446,646
Rental revenue, net of expenses of approximately $426,000 and $434,000 in 2013 and 2012, respectively	236,762	361,035
Other	276,807	1,081,707
Net nonoperating income	15,758,213	30,938,089
Excess of revenues, gains, and other support over expenses	39,331,355	51,871,166
Other changes in unrestricted net assets		
Net unrealized gains (losses) on investments	14,386,565	(3,761,570)
Changes in funded status of pension plan	11,883,792	2,631,914
Net assets released from restrictions used for capital improvements	2,190,789	-
Increase in unrestricted net assets	$ 67,792,501	$ 50,741,510

The accompanying notes are an integral part of these consolidated financial statements

AUGUSTA HEALTH CARE, INC. and AFFILIATES

Consolidated Statements of Changes in Net Assets

For Years ended December 31, 2013 and 2012

	2013	2012
Unrestricted net assets		
Excess of revenues over expenses	$ 39,331,355	$ 51,871,166
Changes in net unrealized gains (losses) on investments	14,386,565	(3,761,570)
Changes in the funded status of the pension plan	11,883,792	2,631,914
Net assets released from restrictions used for capital improvements	2,190,789	-
Increase in unrestricted net assets	67,792,501	50,741,510
Temporarily restricted net assets		
Contributions	388,907	366,626
Investment income	-	423,645
Administrative fees	(13,657)	(193,757)
Change in net unrealized losses on investments	-	(145,527)
Net assets released from restrictions	(3,030,205)	(131,445)
(Decrease) increase in temporarily restricted net assets	(2,654,955)	319,542
Change in net assets	65,137,546	51,061,052
Net assets, beginning of year	363,281,807	312,220,755
Net assets, end of year	$ 428,419,353	$ 363,281,807

The accompanying notes are an integral part of these consolidated financial statements

AUGUSTA HEALTH CARE, INC. and AFFILIATES

Consolidated Statements of Cash Flows

For Years ended December 31, 2013 and 2012

	2013	2012
Operating activities		
Change in net assets	$ 65,137,546	$ 51,061,052
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Net realized and unrealized gains on investments	(27,735,573)	(23,670,171)
Net realized and unrealized losses on restricted investments	-	145,527
Change in funded status of the benefit plans	(11,883,792)	(2,631,914)
Net periodic pension benefit cost	1,146,440	3,114,954
Depreciation and amortization	14,871,589	13,980,998
Provision for bad debts	17,207,957	15,669,890
Equity earnings on investments in affiliates	(77,139)	(1,358,356)
Net loss (gain) on sale of property and equipment	57,926	(145,381)
Net changes in operating assets and liabilities		
Patient accounts receivable	(23,455,568)	(12,073,034)
Other receivables	(1,239,847)	(590,854)
Inventories	(248,603)	468,599
Prepaid expenses	(20,477)	(10,366)
Other	31,820	(235,125)
Accounts payable	675,437	(6,349,778)
Accrued salaries and related expenses	(1,114,966)	(777,256)
Other accrued expenses	4,626,638	3,560,975
Accrued pension and other postretirement benefits	(750,001)	(3,198,573)
Net cash provided by operating activities	37,229,387	36,961,187
Investing activities		
Purchases of property and equipment	(20,064,412)	(29,888,290)
Proceeds from sale of property and equipment	180,440	877,761
Dividends received	474,183	5,300,393
Net change in assets whose use is limited	(34,224,727)	(40,336)
Capital contributions in equity investments	(571,745)	(1,464,122)
Net cash used in investing activities	(54,206,261)	(25,214,594)
Financing activities		
Principal payments on long-term debt	(2,825,000)	(2,575,000)
Net (decrease) increase in cash and cash equivalents	(19,801,874)	9,171,593
Cash and cash equivalents, beginning of year	44,876,164	35,704,571
Cash and cash equivalents, end of year	$ 25,074,290	$ 44,876,164
Supplemental cash flow disclosure information		
Cash paid for interest	$ 1,089,653	$ 1,157,388
Property and equipment purchases included in accounts payable	$ 1,124,018	$ 2,739,596
Reduction in accounts payable to SSHS in lieu of dividend payment	$ -	$ 2,574,935

The accompanying notes are an integral part of these consolidated financial statements

NOTE 1. Description of Organization and Summary of Significant Accounting Policies

Organization and Affiliates

Augusta Health Care, Inc (the "Hospital"), located in Fishersville, Virginia, is a not-for-profit entity established to meet the health care needs of the citizens of Augusta County, Virginia, including the cities of Staunton and Waynesboro The Hospital provides inpatient, outpatient, emergency, and physician services through its acute care and specialty care facilities Admitting physicians are primarily practitioners in the local area

Augusta Medical Group, Inc (the "Medical Group"), an affiliate of the Hospital, is a Virginia non-stock corporation that is organized and operated to support the charitable purposes of the Hospital The Medical Group is comprised of community physician practices offering services in family medicine, internal medicine, convenient care clinics, urgent care clinics, and specialty practices

The AHC Community Health Foundation (the "Foundation") is a not-for-profit single member corporation with the purpose and mission of supporting the Hospital in making available appropriate hospital and medical care in the Hospital's service area The Foundation is operated exclusively for not-for-profit, charitable, scientific, and educational purposes

Principles of Consolidation

The accompanying consolidated financial statements include the financial statements of the Hospital, the Medical Group, and the Foundation (collectively, the "Company") and have been consolidated to provide a more meaningful presentation All significant intercompany accounts have been eliminated

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements Such estimates also affect the reported amounts of revenues and expenses during the reporting period Actual results could vary from the estimates and assumptions that were used Adjustments to estimates are recorded, as appropriate, in the periods in which they are determined

Cash

The Company's operating cash is placed with a high credit quality institution The funds are in excess of federally insured amounts as deposits and are swept, on a daily basis, into mutual funds that have U S Treasury and government agencies as underlying assets

NOTE 1. Description of Organization and Summary of Significant Accounting Policies (Continued)

Patient Accounts Receivable

Patient receivables are recorded at established billing rates when patient services are rendered Allowance for doubtful accounts and contractual adjustments are recorded as deductions from patient accounts receivable to reduce recorded amounts to their net realizable value Contractual adjustments represent the difference between established billing rates and amounts reimbursed The Company provides an allowance for doubtful accounts for estimated losses resulting from the unwillingness or inability of patients to make payments for services The allowance is determined by analyzing historical data and trends Patient accounts receivable are charged off against the allowance for doubtful accounts when management determines that recovery is unlikely and the Company ceases collection efforts

Inventories

Inventories consist primarily of drugs and medical supplies which are managed on a first-in, first-out basis and are stated at average cost

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets Investment income (including realized gains on investments, interest, and dividends) is included in the excess of revenues, gains, and other support over expenses unless the income is restricted by donor or law Unrealized gains and losses on investments are excluded from the excess of revenues, gains, and other support over expenses to the extent they are considered temporary Alternative investments are valued based on the net asset value and other financial information provided by management of each underlying investee fund Investments held by these funds are valued at prices which approximate fair value

Assets Whose Use Is Limited

Assets whose use is limited include assets set aside by the Board of Directors (the "Board") for future operations and capital improvements over which the Board retains control and may at its discretion subsequently use for other purposes, assets held by a trustee under a bond indenture agreement, and assets restricted by donors for special purposes Amounts required to meet current liabilities of the Company have been reclassified in the consolidated balance sheets as current assets

Investments in marketable debt and equity securities are carried at fair value The fair value of hedge funds are determined in good faith by external investment managers or other independent sources and reviewed by management Because these alternative investments are not readily marketable, their estimated value is subject to additional uncertainty and, therefore, value realized upon disposition may vary significantly from currently reported values

Investment securities are exposed to several risks, such as interest rate, currency, market, and credit risks Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, and such changes could materially affect the amounts reported in the Company's consolidated financial statements

NOTE 1. Description of Organization and Summary of Significant Accounting Policies (Continued)

Donor-Restricted Gifts

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

Property and Equipment

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

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

Unamortized Bond Issuance Costs

Costs incurred in connection with the issuance of long-term debt are deferred and amortized over the term of the related debt using the straight-line method Unamortized bond issuance costs are recorded in other assets in the consolidated balance sheets

Equity Method Investments

The equity method of accounting is used for investments in affiliates for which the Company has the ability to exercise significant influence over the operating and financial policies of the investee, but does not have a controlling financial interest via majority voting rights, sole corporate membership, or by other means The investments are carried at cost, adjusted for the Company's proportionate share of their undistributed earnings or losses Equity method investments are recorded in other assets in the consolidated balance sheets

NOTE 1. Description of Organization and Summary of Significant Accounting Policies (Continued)

Contributions

Unrestricted contributions are reported as a component of nonoperating income (loss) in the accompanying consolidated statement of operations Contributions restricted by donors are reported as additions to temporarily restricted net assets

Temporarily Restricted Net Assets

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

Mission Statement and Excess of Revenues, Gains, and Other Support over Expenses

The Company's mission is to promote the health and well-being of the community through access to excellent care Only those activities directly associated with the furtherance of this purpose are considered to be operating activities

The consolidated statements of operations includes excess of revenues, gains, and other support over expenses Changes in unrestricted net assets which are excluded from excess of revenues, gains, and other support over expenses, consistent with industry practice, include unrealized gains and losses on investments unless the investments are trading securities (except for other-than-temporary impairment losses), permanent transfers of assets to and from affiliates for other than goods and services, benefit plan adjustments, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets)

Net Patient Service Revenue

The Company has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments, under reimbursement agreements with third-party payors Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined

Charity Care

The Company 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 Company These policies define charity services as those services for which no payment is anticipated In assessing a patient's inability to pay, the Company utilizes the generally recognized poverty income levels but also includes certain cases where incurred charges are significant when compared to income Because the Company does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue, however, expenses incurred in providing these services are included in the Company's operating expenses

NOTE 1. Description of Organization and Summary of Significant Accounting Policies (Continued)

HITECH Incentive Funding for Meaningful Use of Electronic Health Records (EHR)

The Company recognizes revenues for incentives earned under the Medicare program in the period in which it is reasonably assured that it will comply with the applicable EHR meaningful use requirements Incentive revenues are recognized ratably over the applicable meaningful use demonstration period Incentive payments received under the Medicare program include a discharge-related portion, which is calculated by Centers for Medicare & Medicaid Services based on the Company's most recently filed cost report Such amounts are subject to adjustment at the time of settling the 12-month cost report for the Company's fiscal year that begins after the beginning of the payment year During 2013 and 2012, the Company determined it had achieved compliance with the meaningful use requirements under the Medicare program and, accordingly recognized other revenues of approximately $2,009,000 and $2,292,000, in the accompanying consolidated statements of operations for the years ended December 31, 2013 and 2012, respectively The Company's attestations regarding the meaningful use of EHR technology are subject to audit by the federal government or its designee Revisions to estimates are recorded in the period such revisions become known

Income Taxes

The Company is exempt from federal and state income taxes on income derived from its exempt purpose as a not-for-profit organization under the provisions of Section 501(c)(3) of the Internal Revenue Code, accordingly, the accompanying consolidated financial statements do not reflect a provision or liability for federal and state income tax The Company has determined that it does not have any material unrecognized tax benefits or obligations as of December 31, 2013 Fiscal years ending on or after December 31, 2010, remain subject to examination by federal and state authorities

Subsequent Events

The Company evaluated the effect subsequent events would have on the consolidated financial statements through March 17, 2014, which is the date the consolidated financial statements were available to be issued

NOTE 2. Net Patient Service Revenue

The Company has agreements with third-party payors that provide for reimbursement to the Company at amounts different from its established rates A summary of the payment arrangements with major third-party payors is as follows

Medicare

Inpatient acute care services, defined capital costs, and certain outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors Inpatient non-acute services and certain outpatient services, related to Medicare beneficiaries, are paid based on predetermined reimbursement methodologies The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary The Hospital's Medicare cost reports have been audited and final settled by the Medicare fiscal intermediary through December 31, 2009

NOTE 2. Net Patient Service Revenue (Continued)

Medicaid
Inpatient services rendered to Medicaid program beneficiaries are reimbursed under a diagnostic-related group ("DRG") Inpatient services are paid at a tentative rate with final adjustments to DRG reimbursement subsequent to year-end Outpatient services are reimbursed at a percentage of cost The Hospital is reimbursed for outpatient services at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary The Hospital's Medicaid cost reports have been final settled by the Medicaid fiscal intermediary through December 31, 2012

Anthem
Inpatient and outpatient services rendered to Anthem subscribers are reimbursed at prospectively determined rates The prospectively determined rates are not subject to retroactive adjustment

Other
The Company has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations Payments to the Company are based on fixed rate schedules and discounts from established charges

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation As a result, there is at least a possibility that recorded estimates could change by a material amount in the future Management believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing that would have a material effect on the Company's consolidated financial statements Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs

Revenue from the Medicare and Medicaid programs accounted for approximately 51% and 50% of the Hospital's net patient service revenue for the years ended December 31, 2013 and 2012, respectively

The composition of net patient service revenue for the years ended December 31 is summarized as follows

	2013	2012
Medicare and Medicaid programs	$ 131,896,519	$ 128,823,062
Other third-party payors	131,235,488	132,551,871
Self-pay	13,896,832	13,690,352
Patient service revenue (net of contractual allowances and discounts)	277,028,839	275,065,285
Provision for bad debts	(17,207,957)	(15,669,890)
Net patient service revenue	$ 259,820,882	$ 259,395,395

NOTE 3. Charity Care and Community Services

The Company also provides medical care without charge or at reduced costs to residents of its community through the provision of charity care Included in the Company's definition of charity care are (a) services provided at no charge to the uninsured or underinsured who meet certain income guidelines and (b) services provided to patients expressing a willingness to pay but who are determined to be unable to pay because of socio-economic factors In addition, the Company provides services to Medicaid beneficiaries at payments that do not cover costs

The amount of charges foregone for services and supplies furnished under the Company's charity care policy amounted to approximately $27,268,000 and $24,461,000 in 2013 and 2012, respectively The estimated costs of providing such services amounted to approximately $9,723,000 in 2013 and $9,670,000 in 2012 which are based on a calculation that applies a ratio of costs to gross charges to the gross uncompensated charges associated with providing charity to patients The ratio of cost to charges is calculated based on the Hospital's total expenses divided by gross patient service revenue

The Company provides a wide variety of benefits to the community including various community-based social service programs such as support of the free clinic, health screenings, trauma services, training for emergency service personnel, social service and support counseling for patients and families, pastoral care, crisis intervention, and transportation to and from the hospital campuses Additionally, a large number of health-related educational programs are provided for the benefit of the community, including health enhancements and wellness, classes on specific conditions, unreimbursed costs of medical education, telephone information services, and costs related to programs designed to improve the general standards of the health of the community

NOTE 4. Concentration of Credit Risk

The Company grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements The mix of accounts receivable from patients and third-party payors is as follows at December 31

	2013	2012
Medicare	41%	37%
Medicaid	10	9
Anthem	14	17
Other third-party payors	17	16
Patients (self-pay)	18	21
	100%	100%

NOTE 5. Assets Whose Use Is Limited

Assets whose use is limited are summarized as follows as of December 31

	2013	2012
Internally designated by the Board of Directors for capital acquisition and operations		
Cash and cash equivalents	$ 401,582	$ 560,259
Equities	171,955,798	121,575,775
Fixed income	71,234,421	66,486,136
Alternative strategies – hedge funds	18,079,972	15,567,804
Alternative strategies – other	29,235,280	22,084,302
	290,907,053	226,274,276
Externally restricted under temporary donor restriction		
Cash and cash equivalents	717,225	2,932,527
Equities	-	13,506
	717,225	2,946,033
Externally restricted under bond indenture agreement - held by trustee		
Cash and cash equivalents	1,475,481	1,477,577
Fixed income	3,688,022	4,129,595
	5,163,503	5,607,172
Total assets whose use is limited	296,787,781	234,827,481
Less portion required for current liabilities	(3,455,989)	(3,272,988)
Asset whose use is limited – net of current portion	$293,331,792	$231,554,493

The following schedule summarizes investment income (loss) for the years ended December 31

	2013	2012
Included in other operating revenue		
Interest income	$ (12,777)	$ (26,650)
Included in nonoperating income		
Dividends and interest less fees	$ 1,394,736	$ 2,014,905
Net realized gains on sale of impaired securities	-	1,288,983
Net realized gains on sale of securities	13,349,008	26,142,758
Total investment income	$ 14,743,744	$ 29,446,646
Other changes in unrestricted net assets		
Net unrealized gains (losses) on investments	$ 14,386,565	$ (3,761,570)

NOTE 5. Assets Whose Use Is Limited (Continued)

Investments are carried at fair value The fair values of marketable equity and debt securities and other investments are based on quoted market prices Realized gains and losses on the sale of investments are determined based on the cost of the specific investment sold

Other-than-temporary does not mean a permanent impairment In addition, guidance requires certain disclosures about unrealized losses that have not been recognized as other-than-temporary impairments At December 31, 2013 and 2012, the Company recorded no losses for other-than-temporary declines in fair value of investments

NOTE 6. Fair Value of Financial Assets

Fair value as defined under generally accepted accounting principles is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date Generally accepted accounting principles establish a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value These tiers include

- Level 1 Observable inputs such as quoted prices in active markets
- Level 2 Inputs other than quoted prices in active markets that are either directly or indirectly observable
- Level 3 Unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement The Hospital's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels

Prices for certain money market funds, fixed income, mutual funds, equity securities, and managed futures that are readily available in the active markets in which those securities are traded and the resulting fair values are categorized as Level 1 Prices for certain common/collective trust funds, institutional limited (LLCs), and other alternative strategies are determined on a recurring basis based on inputs that are readily available in public markets or can be derived from information available in publicly quoted markets and are categorized as Level 2 Prices for certain hedge funds are determined on a recurring basis based on inputs that are readily available in public markets or can be derived from information available in publicly quoted markets and are categorized as Level 3

NOTE 6. Fair Value of Financial Assets (Continued)

The following tables set forth by level within the fair value hierarchy the Hospital's assets accounted for at fair value on a recurring basis as of December 31, 2013 and 2012 The fair value hierarchy for investments held in the Hospital's defined benefit plan is included in Note 10

	Assets at Fair Value at December 31, 2013			
	Level 1	Level 2	Level 3	Total
Money market funds	$ 1,825,605	$ -	$ -	$ 1,825,605
Fixed income				
Institutional limited (LLCs)	-	40,279,950	-	40,279,950
Mutual funds	27,314,565	-	-	27,314,565
Other fixed income	7,327,928	-	-	7,327,928
Alternative strategies				
Hedge funds	-	-	18,079,972	18,079,972
Institutional limited (LLCs)	-	5,175,666	-	5,175,666
Other	-	24,059,614	-	24,059,614
Equities				
Common/collective trust funds	-	7,764,187	-	7,764,187
Institutional limited (LLCs)	-	87,328,589	-	87,328,589
Exchange-traded funds	35,304,506	-	-	35,304,506
Mutual funds	35,499,309	-	-	35,499,309
US large CAP companies	6,059,207	-	-	6,059,207
Total assets	$ 113,331,120	$ 164,608,006	$ 18,079,972	$ 296,019,098

	Assets at Fair Value at December 31, 2012			
	Level 1	Level 2	Level 3	Total
Money market funds	$ 3,635,179	$ -	$ -	$ 3,635,179
Fixed income				
Institutional limited (LLCs)	-	37,930,988	-	37,930,988
Mutual funds	21,817,650	-	-	21,817,650
Other fixed income	10,867,093	-	-	10,867,093
Alternative strategies				
Hedge funds	-	-	15,567,804	15,567,804
Other	-	22,084,302	-	22,084,302
Equities				
Common/collective trust funds	-	6,526,436	-	6,526,436
Institutional limited (LLCs)	-	50,609,069	-	50,609,069
International companies	12,060,513	-	-	12,060,513
Mutual funds	28,101,458	-	-	28,101,458
Public limited company	-	11,333,509	-	11,333,509
Stocks	11,847,957	-	-	11,847,957
Technology	13,505	-	-	13,505
US large CAP companies	1,096,834	-	-	1,096,834
Total assets	$ 89,440,189	$ 128,484,304	$ 15,567,804	$ 233,492,297

NOTE 6. Fair Value of Financial Assets (Continued)

The Company has $768,683 and $1,335,184 of cash balances included in assets limited as to use as of December 31, 2013 and 2012, respectively, which is not required to be classified into a level as prescribed within the guidance

The determination of fair value above incorporates various factors required under the guidance These factors include not only the credit standing of the counterparties involved and the impact of credit enhancements but also the impact of the Hospital's nonperformance risk on its liabilities

A reconciliation of changes in beginning and ending balances for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31 is as follows

Fair value at December 31, 2011	$ 11,263,412
Purchases	3,882,822
Net unrealized gains	421,570
Fair value at December 31, 2012	15,567,804
Purchases	1,895,000
Sales	(350,228)
Net realized losses	(31,815)
Net unrealized gains	999,211
Fair value at December 31, 2013	$ 18,079,972

In relation to the above level 3 investment asset classes, the following information is presented regarding the nature of the investments and related commitments Information has been presented by tiers within the class according to lock-up periods The fair value of the investments in each of these classes has been estimated using the net asset value per share of the investments Redemption of these investments is restricted as indicated below

	Dollars Committed	Unfunded Commitments	Redemption Frequency	Lock-up Period
Hedge funds:				
	$ 5,000,000	$ -	60 days	n/a
	$ 5,400,000	$ -	60 days	n/a
	$ 4,445,273	$ -	Quarterly	n/a

This class includes multiple hedge funds investing in market neutral, multi-strategy, and macro-strategy funds The majority of the securities are directly traded in separately managed accounts via underlying funds

NOTE 7. Property and Equipment

A summary of property and equipment at December 31 follows

	Depreciable Lives	2013	2012
Land and land improvements	2 - 25 yrs	$ 14,581,143	$ 12,950,044
Buildings and improvements	5 - 40 yrs	102,937,602	82,593,865
Fixed building equipment	5 - 40 yrs	57,245,161	47,267,640
Fixed and moveable equipment	2 - 20 yrs	125,875,390	116,433,971
		300,639,296	259,245,520
Less accumulated depreciation		(177,232,690)	(164,228,494)
		123,406,606	95,017,026
Construction in progress		2,686,514	23,814,003
		$ 126,093,120	$ 118,831,029

All depreciation incurred is directly or indirectly in relation to the provision of health care services Depreciation expense was approximately $14,454,000 and $13,839,000 for 2013 and 2012, respectively The Company has active construction projects as of December 31, 2013 The projects include facility upgrades and renovations As of December 31, 2013, the Company has spent approximately $2,633,000 towards these upgrades and renovations with an estimated $7,292,000 in remaining committed funds

NOTE 8. Investment in Affiliates

Shenandoah Shared Hospital Services ("SSHS") is a cooperative hospital service organization consisting of voting and nonvoting members Prior to June 7, 2011, the Hospital was a 50% voting member and shared in earnings and losses of SSHS based on allocations made by its Board of Directors

Effective June 7, 2011, the Board of Directors of SSHS voted to liquidate SSHS due to changing conditions in the health care industry The terms of the plan of liquidation called for SSHS to transfer the majority of its operations, related equipment, and other operating assets to its voting members at the current book value in 2011 The value of these assets then reduced the equity of the respective members The Hospital's investment in SSHS was approximately $0 and $200,000 at December 31, 2013 and 2012, respectively, and is included in other assets in the consolidated balance sheet The Hospital received a final distribution during 2013 of $167,412

ValLiance Health, LLC ("ValLiance") was a regional alliance of independent, community-focused health care providers with similar missions and values relative to the Hospital Prior to July 14, 2011, the Hospital was a 33% voting member and shared in earnings and losses of ValLiance based on allocations made by its Board of Directors

NOTE 8. Investment in Affiliates (Continued)

Effective July 14, 2011, the Board of Directors of VaLiance voted to liquidate VaLiance due to the sale in March 2011 of the radiation oncology therapy business to the Hospital Under the terms of the agreement, VaLiance and the Hospital agreed to jointly submit to arbitration to determine the amount of money owed to VaLiance as a result of the termination of the Service Agreement The arbitration agreement was finalized in December 2012 As anticipated, the amount paid by the Hospital to VaLiance was approximately $2,500,000 This amount was paid to VaLiance and subsequently distributed in equal shares to the other owners The Hospital's investment in VaLiance was approximately $0 and $323,000 at December 31, 2013 and 2012, respectively, and is included in other assets in the consolidated balance sheet The Hospital received a final distribution during 2013 of $214,320

During 2012, the Company concluded that it has the ability to exercise significant influence over the operating and financial policies of Virginia Solutions, which is a captive insurance company Therefore, the Company has changed its accounting for this investment from the cost method to the equity method The carrying value of Virginia Solutions was approximately $2,181,000 and $1,483,000 at December 31, 2013 and 2012, respectively

NOTE 9. Long-Term Debt

Long-term debt consists of the following at December 31

	2013	2012
Revenue bond payable to the Industrial Development Authority of the County of Augusta, Virginia, who in 2003 issued tax-exempt Hospital Revenue Bonds, due in installments ranging from $2,800,000 in September 2013 to $4,025,000 in September 2021 Interest is payable semiannually at annual rates ranging from 4 00% to 4 75%	$ 27,365,000	$ 30,165,000
Noninterest bearing note payable to Sodexo Operations, LLC due in September 2018	475,000	-
	27,840,000	30,165,000
Unamortized premium	151,658	180,992
	27,991,658	30,345,992
Less current portion	(3,025,000)	(2,800,000)
Long-term debt, less current portion	$ 24,966,658	$ 27,545,992

Under the terms of the revenue bonds indentures, the Hospital is required to maintain certain deposits with a bond trustee Such deposits are included with assets whose use is limited in the consolidated balance sheets The indenture agreements contain restrictive covenants, the more significant of which place limits on the incurrence of additional borrowings and require that the Hospital satisfy certain measures of financial performance as long as the bonds are outstanding The Hospital is in compliance with the covenants at December 31, 2013

The fair value of the Hospital's long-term debt was approximately $29,675,000 and $33,358,000 as of December 31, 2013 and 2012, respectively

NOTE 9. Long-Term Debt (Continued)

The revenue bond indentures create a security interest in all gross receipts of the Hospital The security interest excludes gross receipts derived from certain properties Such exempt assets include certain real estate rental properties and 106 acres of the 126-acre tract of land adjacent to the site of the Hospital facilities

The maturities on long-term debt (including the current portion of long-term debt) are as follows

Year ending December 31,	Amount
2014	$ 3,025,000
2015	3,140,000
2016	3,265,000
2017	3,405,000
2018	3,525,000
Thereafter	11,480,000
	$ 27,840,000

NOTE 10. Benefit Plans

Pension
The Hospital sponsors a defined benefit pension plan (the "Plan") covering substantially all employees The Plan calls for benefits to be paid to eligible employees at retirement based on years of service and compensation rates during employment The Hospital's funding policy is to contribute amounts sufficient to meet the minimum funding requirements of the Employee Retirement Income Security Act of 1974 plus such additional amounts as the Hospital may determine to be appropriate from time to time During 2013 and 2012, the Hospital made contributions of approximately $750,000 and $3,200,000, respectively, to the Plan The Hospital anticipates making contributions of approximately $2,100,000 to the Plan in 2014

On January 1, 2008, the Hospital converted the Plan to a cash balance plan known as the Augusta Medical Center Account Balance Retirement Plan and amended the Plan effective December 31, 2009, to freeze all further benefit accruals under the Plan The cash balance plan provides for lump sum distributions that are anticipated to increase expected future benefit payments During 2013 and 2012, $4,036,636 and $5,059,316, respectively, was paid in lump sum distributions to plan participants and is included in total benefit payments for the year Because of the significance of the lump sum distributions paid in 2013 and 2012, a settlement loss of $1,217,788 and $2,019,980, respectively, was required to be recognized and is included in net periodic pension cost

Subsequent to year end, the Board voted to initiate the process to terminate the Plan

Other Post-Employment Benefits
The Hospital also provides health care and life insurance benefits for certain eligible active and retired employees and accrues the estimated costs for such benefits during the years that the employees render services to the Hospital During 2010, this plan was amended to only include participants that have attained the age of 60 and have accumulated 25 years of service as of January 31, 2010 The consolidated financial statements reflect the curtailment resulting from this change Curtailment accounting is required because of this amendment Adjustments included under the curtailment accounting include reductions to the projected benefit obligation and the immediate recognition of any outstanding prior service cost/credit bases established in the past

NOTE 10. Benefit Plans (Continued)

The following table summarizes the benefit obligations, the fair value of assets, and the funded status of the Plans for the years ended December 31

	2013			2012		
	Pension	Post-Employment	Total	Pension	Post-Employment	Total
Accumulated benefit obligation:	$ 81,179,900	$ 113,735	$ 81,293,635	$ 90,902,037	$ 161,822	$ 91,063,859
Change in projected benefit obligation:						
Projected benefit obligation at beginning of year	$ 90,902,037	$ 161,822	$ 91,063,859	$ 88,080,608	$ 224,622	$ 88,305,230
Interest cost	3,395,484	5,500	3,400,984	3,752,981	8,471	3,761,452
Participant contributions	-	55,431	55,431	-	55,370	55,370
Actuarial loss (gain)	(6,185,995)	(36,888)	(6,222,883)	6,864,489	(90,870)	6,773,619
Benefits paid	(6,931,626)	(72,130)	(7,003,756)	(7,796,041)	(35,771)	(7,831,812)
Projected benefit obligation at end of year	$ 81,179,900	$ 113,735	$ 81,293,635	$ 90,902,037	$ 161,822	$ 91,063,859
Change in plan assets:						
Fair value of plan assets at beginning of year	$ 78,241,967	$ -	$ 78,241,967	$ 72,767,805	$ -	$ 72,767,805
Actual return on plan assets	7,898,755	-	7,898,755	10,072,122	-	10,072,122
Employer contributions	750,000	16,699	766,699	3,198,081	(19,599)	3,178,482
Participant contributions	-	55,431	55,431	-	55,370	55,370
Benefits paid	(6,931,626)	(72,130)	(7,003,756)	(7,796,041)	(35,771)	(7,831,812)
Fair value of plan assets at end of year	$ 79,959,096	$ -	$ 79,959,096	$ 78,241,967	$ -	$ 78,241,967
Components of net periodic benefit cost:						
Interest cost	$ 3,395,484	$ 5,500	$ 3,400,984	$ 3,752,981	$ 8,471	$ 3,761,452
Expected return on plan assets	(6,158,606)	-	(6,158,606)	(5,725,522)	-	(5,725,522)
Recognized net losses (gains)	2,658,910	(29,301)	2,629,609	2,998,615	3,764	3,002,379
Settlement loss	1,217,788	-	1,217,788	2,019,980	-	2,019,980
Amortization of prior service cost	56,665	-	56,665	56,665	-	56,665
Net periodic benefit cost	$ 1,170,241	$ (23,801)	$ 1,146,440	$ 3,102,719	$ 12,235	$ 3,114,954
Amounts recognized in the balance sheets at December 31:						
Unfunded pension liability	$ (1,220,804)	$ (113,735)	$ (1,334,539)	$ (12,660,070)	$ (161,822)	$ (12,821,892)

NOTE 10. Benefit Plans (Continued)

Assumptions used in the determination of net periodic benefit cost are as follows

	Pension Benefits		Post-Employment Benefits	
	2013	2012	2013	2012
Discount rate	3 90	4 50	3 90	4 50
Expected return on plan assets	8 25	8 25	N/A	N/A
Rate of compensation increase	N/A	N/A	N/A	N/A

For other post-employment benefits measurement purposes, a 7 3% annual rate of increase in the per capita cost of covered health care benefits was assumed in 2013 The rate is assumed to decrease each year, ultimately, to a rate of 4 5% in 2028

The asset allocation for the Plan at the end of 2013 and 2012 and the target allocation for 2014 by asset category are as follows

	Target Allocation	Percentage of Plan Assets at Year-End	
	2014	2013	2012
Fixed income	54%	54%	30%
Equities	40	34	55
Alternative strategies	-	5	6
Real assets	6	7	9
Total	100%	100%	100%

The Hospital's policy is to move along a pre-determined glide-path based on the Plan's funded status by more closely matching assets and liabilities so as to reduce the level of risk to the Plan The assets will be reallocated periodically to meet the above target allocations The investment policy is reviewed periodically, under the advisement of a certified investment advisor, to determine if the policy should be changed

The expected long-term rate of return for the Plan's total assets is based on the expected return of each of the above categories, weighted based on the median of the target allocation for each class Fixed income is expected to return 4% to 6% over the long-term, while common stocks are expected to return between 10% and 11%

As disclosed in Note 6, generally accepted accounting principles establish a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value Prices for common collective trusts are determined on a recurring basis based on inputs that are readily available in public markets or can be derived from information available in publicly quoted markets and are categorized as Level 2 Prices for certain hedge funds are determined on a recurring basis based on inputs that are readily available in public markets or can be derived from information available in publicly quoted markets and are categorized as Level 3

NOTE 10. Benefit Plans (Continued)

The following table sets forth by level the fair value hierarchy the Plan's financial assets accounted for at fair value as of December 31, 2013 and 2012 Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement The Hospital's assessment of the significance of a particular input to the fair value measurement for Plan assets requires judgment and may affect the valuation of fair value of Plan investments and their placement within the fair value hierarchy levels

	Assets at Fair Value at December 31, 2013			
	Level 1	Level 2	Level 3	Total
Common collective trust funds				
Equities	$ -	$ 31,587,011	$ -	$ 31,587,011
Fixed income	-	42,838,197	-	42,838,197
Alternative strategies				
Hedge funds	-	-	5,280,767	5,280,767
Total assets	$ -	$ 74,425,208	$ 5,280,767	$ 79,705,975

	Assets at Fair Value at December 31, 2012			
	Level 1	Level 2	Level 3	Total
Common collective trust funds				
Equities	$ -	$ 17,852,245	$ -	$ 17,852,245
Real estate	-	2,796,580	-	2,796,580
International	-	24,949,251	-	24,949,251
Fixed income	-	28,451,710	-	28,451,710
Commodities	-	3,910,541	-	3,910,541
Total assets	$ -	$ 77,960,327	$ -	$ 77,960,327

The above tables do not include cash and a receivable of $253,121 and $281,640 as of December 31, 2013 and 2012, respectively, which are included with the assets of the Plan

A reconciliation of changes in beginning and ending balances for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31 is as follows

Fair value at December 31, 2012	-
Transfers to Level 3	5,240,000
Net unrealized gains	40,767
Fair value at December 31, 2013	$ 5,280,767

NOTE 10. Benefit Plans (Continued)

In relation to the above level 3 investment asset classes, the following information is presented regarding the nature of the investments and related commitments. Information has been presented by tiers within the class according to lock-up periods. The fair value of the investments in each of these classes has been estimated using the net asset value per share of the investments. Redemption of these investments is restricted as indicated below:

	Dollars Committed	Unfunded Commitments	Redemption Frequency	Lock-up Period
Hedge funds:				
	$ 5,240,000	$ -	Quarterly	n/a

This class includes multiple hedge funds investing in market neutral, multi-strategy, and macro-strategy funds. The majority of the securities are directly traded in separately managed accounts via underlying funds.

The expected future benefit payments are as follows:

	Pension	Post-Employment
2014	$ 6,672,178	$ 51,878
2015	7,416,720	48,137
2016	6,059,860	20,547
2017	6,382,134	-
2018	6,115,961	-
2019-2023	29,203,191	-

The effect of a one-percentage point increase and decrease in the assumed health care cost trend rate on the service and interest cost components of net periodic postretirement benefit cost and accumulated postretirement benefit obligation for the year ended December 31, 2013, is as follows:

	1% Increase	1% Decrease
Service and interest cost	$ 70	$ (69)
Accumulated benefit obligation	1,829	(1,810)

Other Retirement Plans

In 1998, the Hospital established a defined contribution plan (the "401(k) Plan") covering substantially all employees. A participant may defer up to an annual maximum of the lesser of 75% of eligible compensation or $17,500 in 2013. The Hospital matches 50% of the first 5% of employee contributions. The Hospital may also make discretionary contributions as determined by the Board of Directors. The 401(k) Plan can be terminated at the discretion of the Board. If the 401(k) Plan is terminated, the Hospital will not be required to make any further contributions to the 401(k) Plan and participants will become 100% vested in their account balance. The 401(k) Plan expense recognized by the Hospital was approximately $1,186,000 and $1,144,000 in 2013 and 2012, respectively.

NOTE 10. Benefit Plans (Continued)

The Hospital has a 403(b) retirement plan whereby employees can contribute to the plan The Hospital does not make contributions to this plan

In 2010, the Hospital established a 401(a) plan whereby it will contribute 2% to 3% of annual salary for eligible employees based on years of service and age The Hospital contributed approximately $2,074,000 and $1,903,000 for the years ended December 31, 2013 and 2012, respectively

In 1997, the Hospital established a Supplemental Executive Retirement Plan ("SERP") for key executives, which was replaced in 2000 with an Executive Option Plan (the "Option Plan") The Option Plan provides for options to purchase specified marketable securities to be granted to key executives The options can be exercised at any time following the date which is 12 months after the date of grant, provided they are vested, and up to the date which is 15 years following the date of grant The effect of this change was to provide certain amounts based on prior service previously accrued over the employment life of those key executives In 2002, the Option Plan was frozen and replaced with the Augusta Health Care 457(b) and 457(f) plans The total amount of retirement benefit expense recognized in the consolidated statements of operations under the 457 plans for the years ended December 31, 2013 and 2012, was approximately $243,000 and $235,000, respectively

Health Insurance
Effective January 1, 2009, the Hospital became self-insured for amounts up to a specified level for health and medical benefits for its employees The estimated health and medical benefits liability is the total estimated amount to be paid for all known claims or incidents and a reserve for incurred but not reported claims The medical programs represented include medical, vision, stop loss, and prescription drug programs The Hospital paid approximately $10,758,000 and $11,295,000 in claims and expenses for the years ended December 31, 2013 and 2012, respectively As of December 31, 2013 and 2012, the Hospital had recorded a liability of approximately $1,087,000 and $1,656,000, respectively, related to claims incurred but not reported

NOTE 11. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at December 31

	2013	2012
Health care services		
Plant replacement	$ -	$ 2,190,789
Indigent care	268,221	705,668
Health education	174,480	138,432
Supplies and equipment	945,477	1,008,244
	$ 1,388,178	$ 4,043,133

NOTE 12. Functional Expenses

The Company provides general health care services to residents within its geographical location Expenses related to providing these services included in the consolidated statements of operations for the years ended December 31 are as follows

	2013	2012
Health care services	$ 207,368,886	$ 211,411,250
General and administrative	33,279,369	31,408,685
	$ 240,648,255	$ 242,819,935

NOTE 13. Commitments and Contingencies

Malpractice Insurance

Effective July 15, 2004, the Company placed its professional and general liability coverage with Virginia Solution SPC, Ltd , an offshore captive comprised of four area regional hospitals of which the Company is a member The policy with Virginia Solution SPC, Ltd includes full prior-acts coverage with a retroactive date of January 1, 1976, and provides $2,100,000 of coverage for each incident and an annual aggregate limit of $6,300,000 The Hospital's professional liability policy is on a claims-made basis The coverage under the existing policy extends to June 1, 2014 Under existing Virginia statutes, medical malpractice claims are capped at $2,100,000 Beginning July 1, 2012, the amount of the cap increases by $50,000 each year for 20 years until the cap reaches $3,000,000 The hospital's professional liability limits will increase commensurate with increases in the cap such that the primary coverage limit equals the cap limit in any given year There is also a policy that provides excess coverage in the amount of $15,000,000 that would respond in the event of a claim exceeding the $2,100,000 of primary coverage

The Company also carries other normal and customary insurance including commercial property, automobile liability, pollution liability, workers' compensation, employer's liability, fiduciary liability, cyber liability, and directors' and officers' liability, and indemnification coverage Company management is of the opinion that its financial position would not be materially affected by the ultimate costs related to unasserted claims at December 31, 2013

Lease Commitments

The Company has entered into noncancelable operating lease agreements for office space and equipment with initial lease terms in excess of one year The Company's future cash flows are not materially impacted by its ability to extend or renew agreements related to its operating lease agreements Future minimum lease rental payments are as follows

Year ending December 31,	Amount
2014	$ 973,375
2015	521,914
2016	341,337
2017	92,812
	$ 1,929,438

NOTE 13. Commitments and Contingencies (Continued)

Lease Commitments (Continued)

Many of the operating leases contain renewal provisions at the option of the Company, purchase options, escalation clauses, and provisions for payment by the Company of certain insurance, taxes, and maintenance costs Rental expense on all operating leases for the years ended December 31, 2013 and 2012, was approximately $575,000 and $604,000, respectively, and is reported as a component of outside services and rentals in the accompanying consolidated statements of operations and expenses

The Company leases office space to tenants under noncancelable operating leases, which renew annually Rental income on all operating leases for the years ended December 31, 2013 and 2012, was approximately $442,000 and $437,000, respectively, and is reported as a component of nonoperating income in the accompanying consolidated statements of operations Estimated rental income on the remaining terms of the leases are as follows

Year ending December 31,	Amount
2014	$ 457,527
2015	465,305
2016	473,215
2017	481,259
2018	489,441
	$ 2,366,747

Other Industry Risks

The health care 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 health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse Recently, government activity has increased with respect to investigations and allegations concerning possible violations and fraud and abuse statutes and regulations by health care providers Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services billed The Company believes it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing that would have a material impact on its financial position or results of operations

In recent years, legislative and regulatory changes have resulted in limitations on and, in some cases, reductions in levels of payments to health care providers for certain services under the Medicare program The Budget Control Act of 2011 (BCA) provides for deficit reduction These reductions will be in addition to the Health Reform Law, which provides for material reductions in the growth of Medicare program spending, including reductions in Medicare market basket updates and Medicare disproportionate share hospital (DSH) funding From time to time, CMS revises the reimbursement systems used to reimburse health care providers, which may include additional changes to the MS-DRG system and other payment systems These changes may result in reduced Medicare payments

NOTE 13. Commitments and Contingencies (Continued)

Other Industry Risks (Continued)

The Commonwealth of Virginia must operate with balanced budgets and since the Medicaid program is one of the state's largest programs, it is possible that Virginia will enact or consider enacting legislation designed to reduce its Medicaid expenditures

The 2010 Affordable Care Act requires states to at least maintain Medicaid eligibility standards established prior to the enactment of the law for adults until January 1, 2014, and for children until October 1, 2019 The Health Reform Law provides for significant expansions to the Medicaid program, but these changes are not required until 2014 In addition, the Health Reform Law will result in increased state legislative and regulatory changes in order for states to comply with new federal mandates, such as the requirement to establish exchanges, and to participate in grants and other incentive opportunities The Health Reform Law also provides for reductions to Medicaid DSH funding The Company is unable at this time to predict what impact these legislative and regulatory changes will have on its consolidated financial position, results of operations, or cash flows

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Augusta Health Care, Inc., and Affiliates

Consolidating Supplemental Schedules

December 31, 2013

AUGUSTA HEALTH CARE, INC and AFFILIATES

Consolidating Balance Sheets

December 31 2013

	Augusta Health Care	Augusta Medical Group	AHC Community Health Foundation	Eliminating Entries	Consolidated
Assets					
Current assets					
Cash	$ 24 167 996	$ 880 419	$ 25 875	$ -	$ 25 074 290
Current portion of assets whose use is limited	3 455 989	-	-	-	3 455 989
Patient accounts receivable net of allowance for doubtful accounts of approximately $11 536 000 in 2013	26 278 536	1 026 429	-	-	27 304 965
Other receivables	3 982 311	10 417	22 657	-	4 015 385
Inventories	5 131 782	27 790	-	-	5 159 572
Prepaid expenses	1 618 124	37 455	2 209	-	1 657 788
Due from related party	41 927 673	-	-	(41 927 673)	-
Total current assets	106 562 411	1 982 510	50 741	(41 927 673)	66 667 989
Assets whose use is limited - net of current portion	293 331 792	-	-	-	293 331 792
Property and equipment net	125 000 414	1 080 206	12 500	-	126 093 120
Other assets	6 655 950	-	-	-	6 655 950
Total assets	$ 531 550 567	$ 3 062 716	$ 63 241	$ (41 927 673)	$ 492 748 851
Liabilities and Net Assets					
Current liabilities					
Current portion of long-term debt	$ 3 025 000	$ -	$ -	$ -	$ 3 025 000
Accounts payable	10 193 729	1 467 668	676		11 662 073
Accrued salaries and related expenses	10 979 578	837 618	6 505	-	11 823 701
Other accrued expenses	11 509 369	8 158	-	-	11 517 527
Due to related party	-	41 752 292	175 381	(41 927 673)	-
Total current liabilities	35 707 676	44 065 736	182 562	(41 927 673)	38 028 301
Long-term debt less current portion	24 966 658	-	-	-	24 966 658
Accrued pension and other postretirement benefits	1 334 539	-	-	-	1 334 539
Total liabilities	62 008 873	44 065 736	182 562	(41 927 673)	64 329 498
Net assets					
Unrestricted	468 189 700	(41 003 020)	(155 505)	-	427 031 175
Temporarily restricted	1 351 994	-	36 184	-	1 388 178
Total net assets	469 541 694	(41 003 020)	(119 321)	-	428 419 353
Total liabilities and net assets	$ 531 550 567	$ 3 062 716	$ 63 241	$ (41 927 673)	$ 492 748 851

AUGUSTA HEALTH CARE, INC and AFFILIATES

Consolidating Statements of Operations

For the Year Ended December 31 2013

	Augusta Health Care	Augusta Medical Group	AHC Community Health Foundation	Eliminating Entries	Consolidated
Unrestricted revenues gains and other support					
Net patient service revenue	$ 242 712 580	$ 20 532 127	$ -	$ (3 423 825)	$ 259 820 882
Other operating revenue	3 154 681	631 802	30 271	(255 655)	3 561 099
Net assets released from restrictions used for operations	839 416	-	-	-	839 416
Total revenues gains and other support	246 706 677	21 163 929	30 271	(3 679 480)	264 221 397
Expenses					
Salaries and wages	86 294 051	21 463 193	129 266	-	107 886 510
Employee benefits	21 530 538	3 332 811	21 936	-	24 885 285
Physicians and related fees	7 337 458	3 881 890	-	(3 679 480)	7 539 868
Food drugs and supplies	44 490 061	782 272	5 620	-	45 277 953
Outside services and rentals	28 920 411	1 964 345	19 598	(510 001)	30 394 353
Utilities and telephone	3 450 681	97 670	-	(9 964)	3 538 387
Depreciation and amortization	14 525 005	200 522	2 500	143 562	14 871 589
Interest	1 047 654	-	-	-	1 047 654
General and administrative	4 210 938	998 826	6 856	(9 964)	5 206 656
Total expenses	211 806 797	32 721 529	185 776	(4 065 847)	240 648 255
Operating income (loss)	34 899 880	(11 557 600)	(155 505)	386 367	23 573 142
Other income (loss)					
Unrestricted contributions	500 900	-	-	-	500 900
Investment income	14 743 744	-	-	-	14 743 744
Rental revenue net of expenses of approximately $426 000 in 2013	623 129	-	-	(386 367)	236 762
Other	288 825	(12 018)	-	-	276 807
Net nonoperating income (loss)	16 156 598	(12 018)	-	(386 367)	15 758 213
Excess (deficit) of revenues over expenses	51 056 478	(11 569 618)	(155 505)	-	39 331 355
Other changes in unrestricted net assets					
Net unrealized gains on investments	14 386 565	-	-	-	14 386 565
Changes in funded status of pension plan	11 883 792				11 883 792
Net assets released from restrictions used for capital improvments	2 190 789	-	-	-	2 190 789
Increase (decrease) in unrestricted net assets	$ 79 517 624	$ (11 569 618)	$ (155 505)	$ -	$ 67 792 501

AUGUSTA HEALTH CARE, INC and AFFILIATES

Consolidating Statement of Changes in Net Assets

For the Year Ended December 31 2013

	Augusta Health Care	Augusta Medical Group	AHC Community Health Foundation	Eliminating Entries	Consolidated
Unrestricted net assets					
Excess (deficit) of revenues over expenses	$ 51 056 478	$ (11 569 618)	$ (155 505)	$ -	$ 39 331 355
Changes in net unrealized gains on investments	14 386 565	-	-	-	14 386 565
Changes in funded status of pension plan	11 883 792				11 883 792
Net assets released from restrictions used for capital improvments	2 190 789	-	-	-	2 190 789
Increase (decrease) in unrestricted net assets	79 517 624	(11 569 618)	(155 505)	-	67 792 501
Temporarily restricted net assets					
Contributions	352 723	-	36 184	-	388 907
Administrative fees	(13 657)	-	-	-	(13 657)
Net assets released from restrictions	(3 030 205)	-	-	-	(3 030 205)
(Decrease) increase in temporarily restricted net assets	(2 691 139)	-	36 184	-	(2 654 955)
Change in net assets	76 826 485	(11 569 618)	(119 321)	-	65 137 546
Net assets beginning of year	392 715 209	(29 433 402)	-	-	363 281 807
Net assets end of year	$ 469 541 694	$ (41 003 020)	$ (119 321)	$ -	$ 428 419 353