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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 07-01-2013, 2013, and ending 06-30-2014

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization COMMUNITY HOSPITAL ASSOCIATION OF MCCOOK Doing Business As Number and street (or P O box if mail is not delivered to street address) Room/suite 1301 EAST H STREET PO BOX 1328 City or town, state or province, country, and ZIP or foreign postal code MCCOOK, NE 69001	D Employer identification number 47-0533373 E Telephone number (308) 344-2650 G Gross receipts \$ 45,799,190
F Name and address of principal officer TROY BRUNTZ 434 SEMINOLE DRIVE MCCOOK, NE 69001		H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) H(c) Group exemption number
I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () (insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		
J Website: WWW CHMCCOOK ORG		
K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other		L Year of formation 1974 M State of legal domicile NE

Part I Summary

1	Briefly describe the organization's mission or most significant activities TO PROMOTE PUBLIC HEALTH			
2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets			
3	Number of voting members of the governing body (Part VI, line 1a)	3		9
4	Number of independent voting members of the governing body (Part VI, line 1b)	4		8
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	5		317
6	Total number of volunteers (estimate if necessary)	6		25
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a		1,118
b	Net unrelated business taxable income from Form 990-T, line 34	7b		0
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year		Current Year
	9 Program service revenue (Part VIII, line 2g)	3,824,993		793,314
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	38,782,067		44,246,729
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-96,848		195,074
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	1,052,539		525,825
		43,562,751		45,760,942
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	44,943		49,248
	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)	17,225,030		18,925,705
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0		0
	b Total fundraising expenses (Part IX, column (D), line 25) <input type="checkbox"/> 0			
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	20,746,793		23,005,025
18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	38,016,766		41,979,978	
19 Revenue less expenses Subtract line 18 from line 12	5,545,985		3,780,964	
Net Assets or Fund Balances		Beginning of Current Year		End of Year
	20 Total assets (Part X, line 16)	63,463,730		66,757,048
	21 Total liabilities (Part X, line 26)	32,234,057		31,722,362
22 Net assets or fund balances Subtract line 21 from line 20	31,229,673		35,034,686	

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	***** Signature of officer	2015-05-11 Date	
	TROY BRUNTZ CFO Type or print name and title		
Paid Preparer Use Only	Print/Type preparer's name BARBARA J FAJEN	Preparer's signature	Date
	Firm's name SEIM JOHNSON LLP	Check <input type="checkbox"/> if self-employed PTIN P00400874	
	Firm's address 18081 BURT STREET SUITE 200 OMAHA, NE 680224722	Firm's EIN 47-6097913 Phone no (402) 330-2660	

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
TO EXCEL AT PROVIDING FOR THE HEALTHCARE NEEDS OF OUR REGION THROUGH QUALITY, EFFICIENT AND PATIENT-CENTERED 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 \$ 34,483,910 including grants of \$ 49,248) (Revenue \$ 44,335,273)
CRITICAL ACCESS ACUTE CARE HOSPITAL PROVIDING INPATIENT AND OUTPATIENT CARE, DIAGNOSTIC, REHABILITATION, SURGICAL, NURSERY, VISITING MEDICAL SPECIALISTS, HOME HEALTH AND HOSPICE, TWO RURAL HEALTH CLINICS, AND HEALTH AND EDUCATION PROGRAMS

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 34,483,910

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)? <i>If "Yes," complete Schedule A</i>	Yes	
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)?	Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>		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? <i>If "Yes," complete Schedule C, Part II</i>	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? <i>If "Yes," complete Schedule C, Part III</i>		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? <i>If "Yes," complete Schedule D, Part I</i>		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? <i>If "Yes," complete Schedule D, Part II</i>		No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>		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? <i>If "Yes," complete Schedule D, Part IV</i>		No
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i>	Yes	
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? <i>If "Yes," complete Schedule D, Part VI</i>	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? <i>If "Yes," complete Schedule D, Part VII</i>		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? <i>If "Yes," complete Schedule D, Part VIII</i>		No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i>		No
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>	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)? <i>If "Yes," complete Schedule D, Part X</i>	Yes	
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i>		No
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i>	Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		No
14a Did the organization maintain an office, employees, or agents outside of the United States?		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? <i>If "Yes," complete Schedule F, Parts I and IV</i>		No
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? <i>If "Yes," complete Schedule F, Parts II and IV</i>		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? <i>If "Yes," complete Schedule F, Parts III and IV</i>		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? <i>If "Yes," complete Schedule G, Part I (see instructions)</i>		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? <i>If "Yes," complete Schedule G, Part II</i>		No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>		No
20a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>	Yes	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	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? <i>If "Yes," complete Schedule I, Parts I and II</i> <input checked="" type="checkbox"/>	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? <i>If "Yes," complete Schedule I, Parts I and III</i> <input checked="" type="checkbox"/>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i> <input checked="" type="checkbox"/>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i>	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i> <input checked="" type="checkbox"/>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i> <input checked="" type="checkbox"/>	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? <i>If so, complete Schedule L, Part II</i> <input checked="" type="checkbox"/>	26	Yes	
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i> <input checked="" type="checkbox"/>	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> <input checked="" type="checkbox"/>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> <input checked="" type="checkbox"/>	28b	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i> <input checked="" type="checkbox"/>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i> <input checked="" type="checkbox"/>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i> <input checked="" type="checkbox"/>	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> <input checked="" type="checkbox"/>	35b	Yes	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> <input checked="" type="checkbox"/>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i> <input checked="" type="checkbox"/>	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.		
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.		
1c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.		
2b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	Yes	
3b	If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O.	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)?		No
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		No
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
5c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		No
6b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
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?		No
7b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
7c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		No
7d	If "Yes," indicate the number of Forms 8282 filed during the year.		
7e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		No
7f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		No
7g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
7h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		
9	Sponsoring organizations maintaining donor advised funds.		
9a	Did the organization make any taxable distributions under section 4966?		
9b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter		
10a	Initiation fees and capital contributions included on Part VIII, line 12.		
10b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		
11	Section 501(c)(12) organizations. Enter		
11a	Gross income from members or shareholders.		
11b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		
12b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
13a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.		
13b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.		
13c	Enter the amount of reserves on hand.		
14a	Did the organization receive any payments for indoor tanning services during the tax year?		No
14b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		

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

Check if Schedule O contains a response or note to any line in this Part VI [X]

Section A. Governing Body and Management

Table with 3 columns: Question, Yes, No. Rows include: 1a (9), 1b (8), 2, 3, 4, 5, 6, 7a, 7b, 8a, 8b, 9.

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

Table with 3 columns: Question, Yes, No. Rows include: 10a, 10b, 11a, 11b, 12a, 12b, 12c, 13, 14, 15a, 15b, 16a, 16b.

Section C. Disclosure

- 17 List the States with which a copy of this Form 990 is required to be filed
18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c) (3)s only) available for public inspection
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

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) WAYNE WATKINS DVM CHAIRMAN	1 00 50	X		X				0	0	0
(2) MIKE EILER VICE CHAIRMAN	1 00 0 00	X		X				0	0	0
(3) DORIS FRIEHE TREASURER	1 00 0 00	X		X				0	0	0
(4) BRUCE BAIR SECRETARY	1 00 0 00	X		X				0	0	0
(5) KRISTI DAUM MEMBER	1 00 50	X						0	0	0
(6) JAMES O'DEA MEMBER THRU 12/31/13	1 00 50	X						0	0	0
(7) CONNIE OLSEN MEMBER	1 00 50	X						0	0	0
(8) ROSELYN REMINGTON MD MEMBER	1 00 0 00	X						0	0	0
(9) DAVE SMITH MEMBER	1 00 50	X						0	0	0
(10) TODD THIESZEN MEMBER	1 00 0 00	X						0	0	0
(11) JAMES ULRICH CEO & PRESIDENT	39 50 50			X				229,822	0	38,453
(12) TROY BRUNTZ CFO & VP OF FINANCE	40 00 0 00			X				161,270	0	13,963
(13) BRENDA KOPRIVA GENERAL SURGEON	40 00 0 00					X		320,466	0	39,432
(14) BRIAN SMITH DIRECTOR OF ANESTHESIA	40 00 0 00					X		293,924	0	42,063
(15) CHAD MILLER CRNA ANESTHESIA	40 00 0 00					X		249,592	0	8,542
(16) ANTHONY RODEWALD DIRECTOR OF PHARMACY	40 00 0 00					X		150,332	0	32,992
(17) KAREN KLILMENT THOMPSON VP OF ANCILLARY SERVICES	40 00 0 00					X		128,688	0	21,470

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	752,955				
	e	Government grants (contributions) 1e	38,979				
	f	All other contributions, gifts, grants, and similar amounts not included above 1f	1,380				
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f		793,314			
Program Service Revenue			Business Code				
	2a	MEDICARE/MEDICAID PAYMENTS	621400	22,016,041	22,016,041		
	b	PATIENT SERVICE REVENUE	621400	20,573,341	20,573,341		
	c	340B PAYMENT	621400	629,638	629,638		
	d	RECOVERY OF ACCOUNTS	621400	539,902	539,902		
	e	EHR INCENTIVE PAYMENT	621400	270,243	270,243		
	f	All other program service revenue		217,564	217,564		
	g	Total. Add lines 2a-2f		44,246,729			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		192,280		192,280	
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
	6a	Gross rents	(i) Real	(ii) Personal			
			261,126				
			b Less rental expenses	5,631			
			c Rental income or (loss)	255,495			
	d	Net rental income or (loss)		255,495		255,495	
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other			
				35,411			
			b Less cost or other basis and sales expenses	32,617			
			c Gain or (loss)	2,794			
	d	Net gain or (loss)		2,794		2,794	
	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/MEALS	900099	132,271			132,271	
b	HOUSEKEEPING INCOME	900099	58,205	58,205			
c	PURCHASE DISCOUNTS	621400	30,339	30,339			
d	All other revenue		49,515		1,118	48,397	
e	Total. Add lines 11a-11d		270,330				
12	Total revenue. See Instructions		45,760,942	44,335,273	1,118	631,237	

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	49,248	49,248		
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	443,509		443,509	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	34,985	34,985		
7	Other salaries and wages	13,866,130	11,059,299	2,806,831	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	878,025	702,762	175,263	
9	Other employee benefits	2,581,671	2,022,822	558,849	
10	Payroll taxes	1,121,385	877,329	244,056	
11	Fees for services (non-employees)				
a	Management				
b	Legal	28,910		28,910	
c	Accounting	94,767		94,767	
d	Lobbying				
e	Professional fundraising services. See Part IV, line 17				
f	Investment management fees				
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	5,612,288	4,293,995	1,318,293	
12	Advertising and promotion	181,111		181,111	
13	Office expenses	1,014,136	671,705	342,431	
14	Information technology				
15	Royalties				
16	Occupancy	957,469	807,537	149,932	
17	Travel	29,096	13,091	16,005	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	426,960	215,813	211,147	
20	Interest	1,361,358	1,213,537	147,821	
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	4,880,488	4,350,547	529,941	
23	Insurance	143,837	128,219	15,618	
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a	MEDICAL SUPPLIES	5,447,169	5,447,169		
b	PROVISION FOR BAD DEBTS	1,709,048	1,709,048		
c	COLLECTION EXPENSE	124,552	124,552		
d	MEMBERSHIPS & DUES	25,413	25,413		
e	All other expenses	968,423	736,839	231,584	
25	Total functional expenses. Add lines 1 through 24e	41,979,978	34,483,910	7,496,068	0
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

		(A)		(B)
		Beginning of year		End of year
Assets	1 Cash-non-interest-bearing	1,575	1	1,675
	2 Savings and temporary cash investments	13,864,502	2	14,899,810
	3 Pledges and grants receivable, net	2,232,751	3	0
	4 Accounts receivable, net	5,513,970	4	6,713,459
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L	159	5	446
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L		6	
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use	1,151,553	8	1,357,624
	9 Prepaid expenses and deferred charges	732,715	9	683,046
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 70,480,618		
	b Less accumulated depreciation	10b 29,195,576	39,492,382	10c 41,285,042
	11 Investments—publicly traded securities	112,222	11	1,462,169
	12 Investments—other securities See Part IV, line 11	222,863	12	231,163
	13 Investments—program-related See Part IV, line 11		13	
	14 Intangible assets		14	
	15 Other assets See Part IV, line 11	139,038	15	122,614
16 Total assets. Add lines 1 through 15 (must equal line 34)	63,463,730	16	66,757,048	
Liabilities	17 Accounts payable and accrued expenses	2,235,268	17	1,999,385
	18 Grants payable		18	
	19 Deferred revenue	112,222	19	176,606
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability Complete Part IV of Schedule D		21	
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties	29,395,704	23	29,420,744
	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	490,863	25	125,627
	26 Total liabilities. Add lines 17 through 25	32,234,057	26	31,722,362
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	29,038,813	27	35,034,686
	28 Temporarily restricted net assets	2,190,860	28	0
	29 Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
33 Total net assets or fund balances	31,229,673	33	35,034,686	
34 Total liabilities and net assets/fund balances	63,463,730	34	66,757,048	

Part XI Reconciliation 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	45,760,942
2	Total expenses (must equal Part IX, column (A), line 25)	2	41,979,978
3	Revenue less expenses Subtract line 2 from line 1	3	3,780,964
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	31,229,673
5	Net unrealized gains (losses) on investments	5	24,049
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	0
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	35,034,686

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

SCHEDULE A
(Form 990 or 990EZ)

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.

2013

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization

COMMUNITY HOSPITAL ASSOCIATION OF MCCOOK

Employer identification number

47-0533373

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?
(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?

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

(ii) A family member of a person described in (i) above?
(iii) A 35% controlled entity of a person described in (i) or (ii) above?
h Provide the following information about the supported organization(s)

(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 <input type="checkbox"/>						

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 <input type="checkbox"/>		
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 <input type="checkbox"/>		
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 <input type="checkbox"/>		
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 <input type="checkbox"/>		
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 <input type="checkbox"/>		

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 <input type="checkbox"/>						

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

SCHEDULE C (Form 990 or 990-EZ)

Political Campaign and Lobbying Activities

OMB No 1545-0047

2013

Open to Public Inspection

Department of the Treasury Internal Revenue Service

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.

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
COMMUNITY HOSPITAL ASSOCIATION OF MCCOOK

Employer identification number

47-0533373

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?
4a Was a correction made?
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?
5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments

Table with 5 columns: (a) Name, (b) Address, (c) EIN, (d) Amount paid from filing organization's funds, (e) Amount of political contributions received and promptly and directly delivered to a separate political organization.

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

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

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing organization's totals	(b) Affiliated group totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)														
b Total lobbying expenditures to influence a legislative body (direct lobbying)														
c Total lobbying expenditures (add lines 1a and 1b)														
d Other exempt purpose expenditures														
e Total exempt purpose expenditures (add lines 1c and 1d)														
f Lobbying nontaxable amount Enter the amount from the following table in both columns														
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 35%;">If the amount on line 1e, column (a) or (b) is:</th> <th style="width: 65%;">The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 1e</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000</td> </tr> </tbody> </table>	If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:													
Not over \$500,000	20% of the amount on line 1e													
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000													
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000													
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000													
Over \$17,000,000	\$1,000,000													
g Grassroots nontaxable amount (enter 25% of line 1f)														
h Subtract line 1g from line 1a If zero or less, enter -0-														
i Subtract line 1f from line 1c If zero or less, enter -0-														
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes <input type="checkbox"/> No												

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 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)		(b)
	Yes	No	Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a Volunteers?		No	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
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		2,598
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i Other activities?	Yes		5,478
j Total Add lines 1c through 1i			8,076
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	ITEM 1G - JIM ULRICH, CEO, TRAVELED TO DC AND LINCOLN TO ATTEND ADVOCACY EVENTS ITEM 1I - A PORTION OF DUES PAID TO THE NEBRASKA CHAMBER OF COMMERCE, AMERICAN HOSPITAL ASSOCIATION AND NEBRASKA HOSPITAL ASSOCIATION ARE USED FOR LOBBYING AND POLITICAL ACTIVITIES MANAGEMENT IS ACTIVE IN NEBRASKA HOSPITAL ASSOCIATION'S PAC, AHA'S ADVOCACY DAY, AND OTHER INDUSTRY FUNCTIONS

SCHEDULE D (Form 990)

Supplemental Financial Statements

OMB No 1545-0047

2013

Open to Public Inspection

Department of the Treasury Internal Revenue Service

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.

Name of the organization COMMUNITY HOSPITAL ASSOCIATION OF MCCOOK

Employer identification number 47-0533373

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.

Table with 2 columns: (a) Donor advised funds, (b) Funds and other accounts. Rows include total number at end of year, aggregate contributions, aggregate grants, aggregate value, and questions about donor advisement and grant fund usage.

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

Form for Part II Conservation Easements. Includes checkboxes for preservation purposes, a table for held easements at end of year (2a-2d), and questions about monitoring, expenses, and reporting.

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.

Form for Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Includes questions about reporting works of art and historical treasures, and a table for revenues and assets.

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

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	2,419,032	2,243,200	2,335,881	2,095,101	1,545,264
b Contributions	5,062	5,955	6,653	11,236	441,506
c Net investment earnings, gains, and losses	359,249	257,537	-30,823	408,161	165,360
d Grants or scholarships					
e Other expenditures for facilities and programs	113,871	70,128	54,809	142,894	45,171
f Administrative expenses	28,468	17,532	13,702	35,723	11,858
g End of year balance	2,641,004	2,419,032	2,243,200	2,335,881	2,095,101

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

- a** Board designated or quasi-endowment ▶ 42.030 %
 - b** Permanent endowment ▶ 57.970 %
 - c** Temporarily restricted endowment ▶ 0 %
- 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)	No
(ii) related organizations	Yes	

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

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		76,468		76,468
b Buildings		25,640,966	15,258,202	10,382,764
c Leasehold improvements				
d Equipment		43,195,451	13,937,374	29,258,077
e Other		1,567,733		1,567,733
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				41,285,042

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
Total. (Column (b) must equal Form 990, Part X, col (B) line 13)		

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	
ESTIMATED THIRD-PARTY PAYOR SETTLEMENTS	125,627
Total. (Column (b) must equal Form 990, Part X, col (B) line 25)	125,627

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

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

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

Part XIII Supplemental Information

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 V, LINE 4	THE ENDOWMENT FUNDS ARE HELD BY THE COMMUNITY HOSPITAL HEALTH FOUNDATION OF MCCOOK (A RELATED PARTY) AND ARE USED IN SUPPORT OF THE HOSPITAL'S PROGRAMS AND PROJECTS, INCLUDING PROPERTY AND EQUIPMENT PURCHASES, SCHOLARSHIPS, HOSPICE PROGRAMS, REHABILITATION SERVICES AND OTHERS
PART X, LINE 2	THE HOSPITAL AND FOUNDATION ARE NOT-FOR-PROFIT CORPORATIONS AS DESCRIBED IN SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE AND ARE EXEMPT FROM FEDERAL INCOME TAXES ON RELATED INCOME PURSUANT TO SECTION 501(A) OF THE CODE. THE INTERNAL REVENUE SERVICE HAS ESTABLISHED STANDARDS TO BE MET TO MAINTAIN TAX-EXEMPT STATUS IN GENERAL, SUCH STANDARDS REQUIRE THE HOSPITAL AND FOUNDATION TO MEET A COMMUNITY BENEFIT STANDARD AND COMPLY WITH VARIOUS LAWS AND REGULATIONS. RED WILLOW IS A FOR-PROFIT CORPORATION. RED WILLOW HAD \$1,003 AND \$9,778 OF TAXABLE INCOME, INCURRED AND PAID \$150 AND \$1,467 OF FEDERAL INCOME TAX, AND INCURRED AND PAID \$56 AND \$546 OF STATE INCOME TAX FOR THE FISCAL YEARS ENDING DECEMBER 31, 2013 AND 2012, RESPECTIVELY. AS OF JUNE 30, 2014, RED WILLOW HAD NO TAX LIABILITY. THE HOSPITAL, FOUNDATION AND RED WILLOW ACCOUNT FOR UNCERTAINTIES IN ACCOUNTING FOR INCOME TAX ASSETS AND LIABILITIES USING GUIDANCE INCLUDED IN FASB ASC 740, INCOME TAXES. THE HOSPITAL, FOUNDATION AND RED WILLOW RECOGNIZE THE EFFECT OF INCOME TAX POSITIONS ONLY IF THOSE POSITIONS ARE MORE LIKELY THAN NOT OF BEING SUSTAINED. AT JUNE 30, 2014 AND 2013, THE HOSPITAL, FOUNDATION AND RED WILLOW HAD NO UNCERTAIN TAX POSITIONS ACCRUED. THESE ENTITIES ARE NO LONGER SUBJECT TO INCOME TAX EXAMINATIONS FOR THE YEARS ENDED PRIOR TO JUNE 30, 2011.

SCHEDULE H (Form 990)

Hospitals

OMB No 1545-0047

2013

Open to Public Inspection

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.

Department of the Treasury Internal Revenue Service

Name of the organization COMMUNITY HOSPITAL ASSOCIATION OF MCCOOK

Employer identification number 47-0533373

Part I Financial Assistance and Certain Other Community Benefits at Cost

1a Did the organization have a financial assistance policy during the tax year? 1b If "Yes," was it a written policy? 2 If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy... 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... 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"?

7 Financial Assistance and Certain Other Community Benefits at Cost

Table with 7 columns: (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. Rows include Financial Assistance and Means-Tested Government Programs and Other Benefits.

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

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

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

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

Section B. Medicare

5 Enter total revenue received from Medicare (including DSH and IME)	5	18,348,314	
6 Enter Medicare allowable costs of care relating to payments on line 5	6	19,132,095	
7 Subtract line 6 from line 5. This is the surplus (or shortfall)	7	-783,781	
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: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other			

Section C. Collection Practices

9a Did the organization have a written debt collection policy during the tax year?	9a	Yes	
9b 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

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)
 COMMUNITY HOSPITAL ASSOCIATION OF MCCOOK

Name of hospital facility or facility reporting group _____

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 If "Yes," indicate what the CHNA report describes (check all that apply)	Yes	
a	<input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b	<input checked="" type="checkbox"/> Demographics of the community		
c	<input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d	<input checked="" type="checkbox"/> How data was obtained		
e	<input checked="" type="checkbox"/> The health needs of the community		
f	<input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	<input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	<input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i	<input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j	<input type="checkbox"/> Other (describe in Part VI)		
2	Indicate the tax year the hospital facility last conducted a CHNA <u>20 13</u>		
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	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		No
5	Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	Yes	
a	<input checked="" type="checkbox"/> Hospital facility's website (list url) <u>WWW.CHMCCOOK.ORG</u>		
b	<input type="checkbox"/> Other website (list url) _____		
c	<input checked="" type="checkbox"/> Available upon request from the hospital facility		
d	<input type="checkbox"/> Other (describe in Part VI)		
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)		
a	<input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b	<input checked="" type="checkbox"/> Execution of the implementation strategy		
c	<input type="checkbox"/> Participation in the development of a community-wide plan		
d	<input type="checkbox"/> Participation in the execution of a community-wide plan		
e	<input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f	<input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g	<input type="checkbox"/> Prioritization of health needs in its community		
h	<input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i	<input type="checkbox"/> Other (describe in Part VI)		
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs		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)?		No
8b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?		
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?	Yes	
10	Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>150 000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used	Yes	
11	Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u> </u> % If "No," explain in Part VI the criteria the hospital facility used		No
12	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)	Yes	
a	<input checked="" type="checkbox"/> Income level		
b	<input type="checkbox"/> Asset level		
c	<input checked="" type="checkbox"/> Medical indigency		
d	<input type="checkbox"/> Insurance status		
e	<input type="checkbox"/> Uninsured discount		
f	<input type="checkbox"/> Medicaid/Medicare		
g	<input type="checkbox"/> State regulation		
h	<input type="checkbox"/> Residency		
i	<input type="checkbox"/> Other (describe in Part VI)		
13	Explained the method for applying for financial assistance?	Yes	
14	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)	Yes	
a	<input checked="" type="checkbox"/> The policy was posted on the hospital facility's website		
b	<input type="checkbox"/> The policy was attached to billing invoices		
c	<input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d	<input type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e	<input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
f	<input checked="" type="checkbox"/> The policy was available upon request		
g	<input checked="" type="checkbox"/> Other (describe in Part VI)		

Billing and Collections		Yes	No
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?	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	<input type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other similar actions (describe in 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? If "Yes," check all actions in which the hospital facility or a third party engaged		No
a	<input type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other similar actions (describe in 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

19 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?

	Yes	No
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		No
22		No

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?

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?

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
See Additional Data Table	

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? 5

Name and address	Type of Facility (describe)
1 COMMUNITY HEALTHCARE & HOSPICE 407 WEST 5TH STREET MCCOOK, NE 69001	HOME HEALTH AND HOSPICE SERVICES
2 COMMUNITY HOSPITAL SLEEP LAB 801 WEST C STREET SUITE 3B MCCOOK, NE 69001	OUTPATIENT SLEEP SERVICES
3 CURTIS MEDICAL CENTER 302 EAST 6TH STREET CURTIS, NE 69025	RURAL HEALTH CLINIC-OUTPATIENT SERVICES
4 TRENTON MEDICAL CLINIC 406 EAST 1ST STREET TRENTON, NE 69044	RURAL HEALTH CLINIC-OUTPATIENT SERVICES
5 COMMUNITY HOSPITAL - OUTPATIENT SERVICES 104 NORTH 3RD STREET INDIANOLA, NE 69034	OUTPATIENT SERVICES
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 3C	CHARITY CARE IS GRANTED TO ALL INDIVIDUALS WHOSE HOUSEHOLD INCOME IS BELOW 150% OF THE FEDERAL POVERTY GUIDELINE AT THE 100% WRITE-OFF LEVEL DISCOUNTING OR 100% WRITE-OFF TO CHARITY CARE IS ALLOWED ABOVE 150% OF THE FEDERAL POVERTY GUIDELINE BASED ON AN ANALYSIS OF INDIVIDUAL NEED AND DETERMINATION OF THE PATIENT BEING MEDICALLY INDIGENT, THIS ANALYSIS INCLUDES FACTORS SUCH AS INCOME, ACCESSIBLE ASSETS, MEDICAL OR/AND OTHER DEBTS, THE LIKELIHOOD OF ONGOING MEDICAL CARE AND THE INDIVIDUAL'S OVERALL ABILITY TO PAY

Form and Line Reference	Explanation
PART I, LINE 6A	THE COMMUNITY BENEFIT REPORT IS PREPARED BY THE STAFF OF COMMUNITY HOSPITAL ASSOCIATION OF MCCOOK

Form and Line Reference	Explanation
PART I, LINE 7	THE ORGANIZATION USES A COST-TO-CHARGE RATIO METHODOLOGY DERIVED FROM WORKSHEET #2 OF THE FORM 990 INSTRUCTIONS

Form and Line Reference	Explanation
PART I, LN 7 COL(F)	THE BAD DEBT EXPENSE INCLUDED IN FORM 990, PART IX, LINE 25 BUT NOT INCLUDED IN SCHEDULE H, PART I, LINE 7, COLUMN (F) IS \$1,709,048

Form and Line Reference	Explanation
PART II, COMMUNITY BUILDING ACTIVITIES	COMMUNITY HOSPITAL SUPPORTS VARIOUS COMMUNITY BUILDING ACTIVITIES, PRIMARILY THROUGH MONETARY SUPPORT. EXAMPLES INCLUDE SUPPORT TO THE ECONOMIC DEVELOPMENT CORPORATION, THE LOCAL COMMUNITY COLLEGE AND INVEST NEBRASKA. THESE PROGRAMS DIRECTLY IMPACT THE HEALTH OF OUR COMMUNITY BY DEVELOPMENT OF EMPLOYMENT OPPORTUNITIES AND A MORE EMPLOYABLE WORKFORCE. MEMBERS OF OUR COMMUNITY WITH GOOD EMPLOYMENT HAVE ACCESS TO HEALTH INSURANCE AND ARE GENERALLY ABLE TO LIVE HEALTHIER LIVES.

Form and Line Reference	Explanation
PART III, LINE 2	IN EVALUATING THE COLLECTIBILITY OF ACCOUNTS RECEIVABLE, THE HOSPITAL ANALYZES ITS PAST HISTORY AND IDENTIFIES TRENDS FOR EACH OF ITS MAJOR PAYOR SOURCES OF REVENUE TO ESTIMATE THE APPROPRIATE ALLOWANCE FOR DOUBTFUL ACCOUNTS AND PROVISION FOR BAD DEBTS MANAGEMENT REGULARLY REVIEWS DATA ABOUT THESE MAJOR PAYOR SOURCES OF REVENUE IN EVALUATING THE SUFFICIENCY OF THE ALLOWANCE FOR DOUBTFUL ACCOUNTS FOR RECEIVABLES ASSOCIATED WITH SERVICES PROVIDED TO PATIENTS WHO HAVE THIRD-PARTY COVERAGE, THE HOSPITAL ANALYZES CONTRACTUALLY DUE AMOUNTS AND PROVIDES AN ALLOWANCE FOR DOUBTFUL ACCOUNTS AND A PROVISION FOR BAD DEBTS FOR THOSE ACCOUNTS OVER A CERTAIN AGE BASED ON DISCHARGE THAT MAKE THE REALIZATION OF AMOUNTS DUE UNLIKELY FOR RECEIVABLES ASSOCIATED WITH SELF-PAY PATIENTS (WHICH INCLUDES BOTH PATIENTS WITHOUT INSURANCE AND PATIENTS WITH DEDUCTIBLE AND COPAYMENT BALANCES DUE FOR WHICH THIRD-PARTY COVERAGE EXISTS FOR PART OF THE BILL), THE HOSPITAL RECORDS A SIGNIFICANT PROVISION FOR BAD DEBTS IN THE PERIOD OF SERVICE ON THE BASIS OF ITS PAST EXPERIENCE, WHICH INDICATES THAT MANY PATIENTS ARE UNABLE OR UNWILLING TO PAY THE PORTION OF THEIR BILL FOR WHICH THEY ARE FINANCIALLY RESPONSIBLE THE DIFFERENCE BETWEEN THE STANDARD RATES (OR THE DISCOUNTED RATES IF NEGOTIATED) AND THE AMOUNTS ACTUALLY COLLECTED AFTER ALL REASONABLE COLLECTION EFFORTS HAVE BEEN EXHAUSTED IS CHARGED OFF AGAINST THE ALLOWANCE FOR DOUBTFUL ACCOUNTS

Form and Line Reference	Explanation
PART III, LINE 3	LINE 3 WAS ESTIMATED USING BOTH QUANTITATIVE AND QUALITATIVE SOURCES THE QUANTITATIVE WAS AN ANALYTICAL ANALYSIS OF THE AMOUNT OF CHARITY CARE GIVEN BY COMMUNITY HOSPITAL COMPARED TO THE LOCAL DEMOGRAPHICS FOR POVERTY BASED ON US CENSUS DATA ONE OF THE ASSUMPTIONS MADE WAS THAT MOST INDIVIDUALS THAT WOULD HAVE QUALIFIED FOR CHARITY CARE BUT WOULD NOT APPLY ENDED UP AS BAD DEBT WRITE-OFFS OF THE HOSPITAL THIS ANALYSIS SHOWED THAT APPROXIMATELY 15% OF THE BAD DEBT EXPENSE WAS LIKELY TO HAVE CAME FROM INDIVIDUALS THAT WOULD HAVE QUALIFIED FOR CHARITY CARE HAD THEY APPLIED THE QUALITATIVE SOURCE WE EMPLOYED WAS TO ASK OUR STAFF THAT ROUTINELY HANDLE CHARITY CARE APPLICATIONS AND BAD DEBT DETERMINATIONS, WHAT PERCENTAGE, IN THEIR PROFESSIONAL OPINION, OF BAD DEBT WAS FROM INDIVIDUALS THAT WOULD HAVE LIKELY QUALIFIED FOR THE CHARITY CARE PROGRAM HAD THE PATIENT APPLIED FOR ASSISTANCE THE ESTIMATE WE RECEIVED WAS 15% OF ACCOUNTS TURNED OVER AS BAD DEBT, IN THEIR OPINION, LIKELY WOULD HAVE QUALIFIED FOR CHARITY ASSISTANCE HAD THE PATIENT BEEN COOPERATIVE IN THE PROCESS AND APPLIED FOR CHARITY CARE

Form and Line Reference	Explanation
PART III, LINE 4	<p>THE ORGANIZATION'S FINANCIAL STATEMENTS DO NOT CONTAIN A SPECIFIC FOOTNOTE DESCRIBING BAD DEBT. HOWEVER, THE FOLLOWING IS THE TEXT OF THE FOOTNOTES TITLED "PATIENT RECEIVABLES, NET," "NET PATIENT SERVICE REVENUE," AND "CHARITY CARE "PATIENT RECEIVABLES, NET THE HOSPITAL REPORTS PATIENT ACCOUNTS RECEIVABLE FOR SERVICES RENDERED AT NET REALIZABLE AMOUNTS FROM THIRD-PARTY PAYORS, PATIENTS AND OTHERS. ACCOUNTS RECEIVABLE ARE REDUCED BY AN ALLOWANCE FOR DOUBTFUL ACCOUNTS. IN EVALUATING THE COLLECTIBILITY OF ACCOUNTS RECEIVABLE, THE HOSPITAL ANALYZES ITS PAST HISTORY AND IDENTIFIES TRENDS FOR EACH OF ITS MAJOR PAYOR SOURCES OF REVENUE TO ESTIMATE THE APPROPRIATE ALLOWANCE FOR DOUBTFUL ACCOUNTS AND PROVISION FOR BAD DEBTS. MANAGEMENT REGULARLY REVIEWS DATA ABOUT THESE MAJOR PAYOR SOURCES OF REVENUE IN EVALUATING THE SUFFICIENCY OF THE ALLOWANCE FOR DOUBTFUL ACCOUNTS. FOR RECEIVABLES ASSOCIATED WITH SERVICES PROVIDED TO PATIENTS WHO HAVE THIRD-PARTY COVERAGE, THE HOSPITAL ANALYZES CONTRACTUALLY DUE AMOUNTS AND PROVIDES AN ALLOWANCE FOR DOUBTFUL ACCOUNTS AND A PROVISION FOR BAD DEBTS FOR THOSE ACCOUNTS OVER A CERTAIN AGE BASED ON DISCHARGE THAT MAKE THE REALIZATION OF AMOUNTS DUE UNLIKELY. FOR RECEIVABLES ASSOCIATED WITH SELF-PAY PATIENTS (WHICH INCLUDES BOTH PATIENTS WITHOUT INSURANCE AND PATIENTS WITH DEDUCTIBLE AND COPAYMENT BALANCES DUE FOR WHICH THIRD-PARTY COVERAGE EXISTS FOR PART OF THE BILL), THE HOSPITAL RECORDS A SIGNIFICANT PROVISION FOR BAD DEBTS IN THE PERIOD OF SERVICE ON THE BASIS OF ITS PAST EXPERIENCE, WHICH INDICATES THAT MANY PATIENTS ARE UNABLE OR UNWILLING TO PAY THE PORTION OF THEIR BILL FOR WHICH THEY ARE FINANCIALLY RESPONSIBLE. THE DIFFERENCE BETWEEN THE STANDARD RATES (OR THE DISCOUNTED RATES IF NEGOTIATED) AND THE AMOUNTS ACTUALLY COLLECTED AFTER ALL REASONABLE COLLECTION EFFORTS HAVE BEEN EXHAUSTED IS CHARGED OFF AGAINST THE ALLOWANCE FOR DOUBTFUL ACCOUNTS. NET PATIENT SERVICE REVENUE: THE HOSPITAL HAS AGREEMENTS WITH THIRD-PARTY PAYORS THAT PROVIDE FOR PAYMENTS TO THE HOSPITAL AT AMOUNTS DIFFERENT FROM ITS ESTABLISHED RATES. 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 HOSPITAL PROVIDES CARE TO PATIENTS WHO MEET CERTAIN CRITERIA UNDER ITS CHARITY CARE POLICY WITHOUT CHARGE OR AT AMOUNTS LESS THAN ITS ESTABLISHED RATES. BECAUSE THE HOSPITAL DOES NOT PURSUE COLLECTION OF AMOUNTS DETERMINED TO QUALIFY AS CHARITY CARE, THEY ARE NOT REPORTED AS REVENUE IN THE CONSOLIDATED STATEMENTS OF OPERATIONS. THE HOSPITAL IS DEDICATED TO PROVIDING COMPREHENSIVE HEALTH CARE SERVICES TO ALL SEGMENTS OF SOCIETY, INCLUDING THE AGED AND OTHERWISE ECONOMICALLY DISADVANTAGED. IN ADDITION, THE HOSPITAL PROVIDES A VARIETY OF COMMUNITY HEALTH SERVICES AT OR BELOW COST.</p>

Form and Line Reference	Explanation
PART III, LINE 8	THE SOURCE USED TO DETERMINE THE AMOUNT REPORTED ON LINE 6 WAS THE MEDICARE COST REPORT NO MEDICARE SHORTFALL IS TREATED AS COMMUNITY BENEFITS

Form and Line Reference	Explanation
PART III, LINE 9B	COMMUNITY HOSPITAL GRANTS 100% CHARITY CARE FOR PATIENTS KNOWN TO QUALIFY FOR FINANCIAL ASSISTANCE OUR CHARITY CARE POLICY IS SET AT 150% OF THE FEDERAL POVERTY GUIDELINE BASED FAMILY SIZE FOR PATIENTS THAT EXCEED THE INCOME THRESHHOLD OF THE CHARITY CARE POLICY, OUR MEDICALLY INDIGENT FINANCIAL ASSISTANCE IS AVAILABLE FOR PATIENTS THAT HAVE INCURRED CATASTROPHIC MEDICAL COSTS OR OTHER OBLIGATIONS (PRESENTLY OR ONGOING) THAT HAVE SUBSTANTIALLY REDUCED THEIR ABILITY TO PAY IN SUCH CASES, THE INDIVIDUAL OR GUARANTOR MAY BE DETERMINED BY THE HOSPITAL TO BE MEDICALLY INDIGENT AND MAY, AT THE HOSPITAL'S DISCRETION, BE ELIGIBLE FOR FINANCIAL ASSISTANCE IN THE FORM OF FREE OR DISCOUNTED LIABILITIES CERTAIN CLASSES OF PATIENTS ARE DEEMED TO HAVE QUALIFIED FOR CHARITY CARE WITHOUT AN APPLICATION ACCOUNTS THAT MAY QUALIFY FOR FINANCIAL ASSISTANCE WITHOUT A COMPLETED APPLICATION INCLUDE 1 MEDICAID SHARE OF COST PORTIONS 2 MEDICAID APPLICATIONS APPROVED FOR SUBSEQUENT CARE (NOT RETROACTIVE TO THE LIABILITY) 3 PATIENTS OR GUARANTORS WHO HAVE DECLARED BANKRUPTCY 4 PATIENTS OR GUARANTORS WHO ARE DECEASED WITH NO ESTATE IN PROBATE AND FOR WHOM NO ONE ELSE (SUCH AS A SPOUSE OR LEGAL GUARDIAN) IS LEGALLY RESPONSIBLE FOR THE LIABILITY 5 PATIENTS OR GUARANTORS DETERMINED TO BE HOMELESS

Form and Line Reference	Explanation
PART VI, LINE 2	COMMUNITY HOSPITAL HAS COMPLETED A COMMUNITY HEALTH NEEDS ASSESSMENT ACTION PLANS ARE IN PLACE TO ADDRESS SEVERAL OF THE IDENTIFIED NEEDS IN THE REPORT

Form and Line Reference	Explanation
PART VI, LINE 3	IDENTIFICATION OF PATIENTS WITH A POTENTIAL NEED FOR FINANCIAL ASSISTANCE WILL BE ACCOMPLISHED BY BOTH AN OPEN AND PUBLICIZED APPLICATION PROCESS AND A VARIETY OF SCREENING OPPORTUNITIES INCLUDING A ADMISSIONS/REGISTRATION PERSONNEL BASED UPON INFORMATION RECEIVED DURING THE REGISTRATION PROCESS B SOCIAL SERVICES PERSONNEL BASED UPON INFORMATION DURING THE INITIAL VISIT AND DISCHARGE PLANNING C NURSING STAFF BASED UPON INFORMATION RECEIVED DURING DISCUSSIONS WITH FAMILY AND/OR PATIENT D BUSINESS OFFICE PERSONNEL BASED UPON STATUS OF ACCOUNTS AND DISCUSSIONS WITH RESPONSIBLE PARTY E ACCOUNTS RECEIVABLE REPORTS HOSPITAL STAFF OR THE NOTIFIED PATIENT ADVOCATE WILL EDUCATE THE PATIENT OR GUARANTOR ABOUT THE FINANCIAL ASSISTANCE POLICY AND WILL PROVIDE THEM AN APPLICATION FOR FINANCIAL ASSISTANCE IF NECESSARY, THE PATIENT FINANCIAL COUNSELOR OR OTHER HOSPITAL STAFF MAY ASSIST THE PATIENT IN COMPLETING THE APPLICATION, HOWEVER, THE COMPLETION OF AN APPLICATION AND PROVIDING ALL NECESSARY SUPPORTING DOCUMENTATION IS THE PATIENT'S RESPONSIBILITY PATIENTS MAY ALSO REQUEST AN APPLICATION OR ADDITIONAL INFORMATION IN PERSON AT THE ADMISSIONS OFFICE OR BY CALLING OR WRITING THE PATIENT FINANCIAL COUNSELOR AND AN APPLICATION WILL BE MAILED

Form and Line Reference	Explanation
PART VI, LINE 4	COMMUNITY HOSPITAL SERVES A PRIMARY MARKET OF RED WILLOW COUNTY, WHICH IS LOCATED ON THE SOUTHERN BORDER OF NEBRASKA IT IS 717 SQUARE MILES AND HAS APPROXIMATELY 16 0 PEOPLE PER SQUARE MILE MCCOOK IS THE COUNTY SEAT COMMUNITY HOSPITAL ALSO SERVES A SECONDARY MARKET INCLUDING NORTHERN KANSAS AND SOUTHWEST NEBRASKA, WHICH CONSISTS OF FURNAS, NE, HITCHCOCK, NE, DECATUR, KS, CHEYENNE, KS, FRONTIER, NE, RAWLINS, KS AND HAYES, NE THE TOTAL ESTIMATED POPULATION FOR COMMUNITY HOSPITAL'S SERVICE AREA IS APPROXIMATELY 31,171 RED WILLOW COUNTY HAS A POPULATION OF APPROXIMATELY 11,032 THE GROUP OF COUNTIES WHICH MAKE UP THE SECONDARY MARKET FOR COMMUNITY HOSPITAL HAVE A POPULATION OF APPROXIMATELY 20,139 THE HOUSEHOLD INCOME AVERAGES FOR THESE AREAS ARE AS FOLLOWS 15 5% \$0 - 15K15 5% \$15K - 25K35% \$25K - 50K19% \$50K - 75K7 5% \$75K - 100K7% \$100K+

Form and Line Reference	Explanation
PART VI, LINE 5	COMMUNITY HOSPITAL IS THE LARGEST HOSPITAL WITHIN AN HOUR TRAVEL TIME FOR MOST OF THE COMMUNITY SERVED THE HOSPITAL PROVIDES THE PHYSICIANS OF MCCOOK A HOSPITAL IN WHICH TO PRACTICE MEDICINE WITHOUT THE HOSPITAL OUR PATIENTS WOULD HAVE EXTREMELY LONG DISTANCES TO TRAVEL FOR EVERYTHING FROM EMERGENCY TO ROUTINE CARE OUR HOSPITAL IS OVERSEEN BY A NON-COMPENSATED BOARD OF INDEPENDENT COMMUNITY MEMBERS ANY PROFITS FROM THE OPERATION OF THE HOSPITAL ARE REINVESTED BACK INTO THE FACILITIES, EQUIPMENT AND STAFF TO PROVIDE OUR COMMUNITY WITH CURRENT AND HIGH QUALITY MEDICAL SERVICES CLOSE TO HOME

Form and Line Reference	Explanation
PART VI, LINE 6	N/A

Form and Line Reference	Explanation
PART VI, LINE 7, REPORTS FILED WITH STATES	NE

Additional Data

Software ID:

Software Version:

EIN: 47-0533373

Name: COMMUNITY HOSPITAL ASSOCIATION OF MCCOOK

990 Schedule H, Supplemental Information

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
COMMUNITY HOSPITAL ASSOCIATION OF MCCOOK	
COMMUNITY HOSPITAL ASSOCIATION OF MCCOOK	PART V, SECTION B, LINE 7 THE HOSPITAL WAS NOT ABLE TO CURRENTLY ADDRESS TWO OF THE NEEDS IDENTIFIED IN THE 2013 CHNA, THE MENTAL HEALTH AND SUBSTANCE ABUSE COUNSELING NEEDS OF OUR COMMUNITY AND THE NEED FOR 24 HOUR IN-HOME CARE WHILE THE HOSPITAL CONTINUES TO WORK IN THE INDUSTRY TO FIND ECONOMICALLY FEASIBLE SOLUTIONS TO THESE COMPLEX NEEDS, WE WERE NOT ABLE TO FURNISH OR COORDINATE ADDITIONAL COMMUNITY RESOURCES TO BETTER MEET THESE NEEDS
COMMUNITY HOSPITAL ASSOCIATION OF MCCOOK	PART V, SECTION B, LINE 11 OUR MEDICALLY INDIGENT FINANCIAL ASSISTANCE IS AVAILABLE FOR PATIENTS THAT HAVE INCURRED CATASTROPHIC MEDICAL COSTS OR OTHER OBLIGATIONS (PRESENTLY OR ONGOING) THAT HAVE SUBSTANTIALLY REDUCED THEIR ABILITY TO PAY IN SUCH CASES, THE INDIVIDUAL OR GUARANTOR MAY BE DETERMINED BY THE HOSPITAL TO BE MEDICALLY INDIGENT AND MAY, AT THE HOSPITAL'S DISCRETION, BE ELIGIBLE FOR FINANCIAL ASSISTANCE IN THE FORM OF FREE OR DISCOUNTED LIABILITIES
COMMUNITY HOSPITAL ASSOCIATION OF MCCOOK	PART V, SECTION B, LINE 14G THE HOSPITAL PUBLICIZED THE FINANCIAL ASSISTANCE POLICY ON BILLING INVOICES, ON POSTERS IN THE ER AND WAITING ROOMS, AT THE ADMISSIONS DESKS, INCLUDING UPON ADMISSIONS WITH SUMMARY NOTICES OF THE POLICIES THE COMPLETE POLICY WAS AVAILABLE ON THE HOSPITAL'S WEBSITE AND UPON REQUEST THE HOSPITAL ALSO PUBLICIZED THE POLICY THROUGH REFERRALS BY CLINICAL, SOCIAL WORKERS, AND OTHER STAFF TO THE HOSPITALS FINANCIAL COUNSELORS
COMMUNITY HOSPITAL ASSOCIATION OF MCCOOK	PART V, SECTION B, LINE 20D THE HOSPITAL GRANTED 100% FREE CARE TO FAP ELIGIBLE INDIVIDUALS

**Schedule I
(Form 990)**

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

OMB No 1545-0047

2013

**Open to Public
Inspection**

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.**

Department of the Treasury
Internal Revenue Service

Name of the organization
COMMUNITY HOSPITAL ASSOCIATION OF MCCOOK

Employer identification number

47-0533373

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) COMMUNITY HOSPITAL HEALTH FOUNDATION 801 WEST C STREET MCCOOK, NE 69001	47-0693261	501(C)(3)	11,470				TO SUPPORT THE MISSION OF THE FOUNDATION
(2) MCCOOK COLLEGE FOUNDATION PO BOX 195 MCCOOK, NE 69001	47-6089800	501(C)(3)	20,000				TO SUPPORT THE CONSTRUCTION OF THE MCC EVENT CENTER AT THE COLLEGE
(3) NEBRASKA COMMUNITY FOUNDATION PO BOX 36 MCCOOK, NE 69001	47-0769903	501(C)(3)	5,000				TO SUPPORT COMMUNITY PROJECTS

- 2** Enter total number of section 501(c)(3) and government organizations listed in the line 1 table 3
- 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	GRANTS ARE MADE ONLY TO SELECTED CHARITABLE OR OTHER EXEMPT ORGANIZATIONS COMMUNITY HOSPITAL ASSOCIATION ENTERS INTO AGREEMENTS WITH GRANTEEES THAT GRANT FUNDS WILL BE RESTRICTED TO SPECIFIED EXEMPT PURPOSES

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2013

Open to Public Inspection

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.**

Department of the Treasury
Internal Revenue Service

Name of the organization
COMMUNITY HOSPITAL ASSOCIATION OF MCCOOK

Employer identification number

47-0533373

Part I Questions Regarding Compensation

- 1a** Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.
- | | |
|--|--|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> 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

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?

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

- | | |
|--|---|
| <input checked="" type="checkbox"/> Compensation committee | <input checked="" type="checkbox"/> Written employment contract |
| <input type="checkbox"/> Independent compensation consultant | <input checked="" type="checkbox"/> Compensation survey or study |
| <input type="checkbox"/> Form 990 of other organizations | <input checked="" type="checkbox"/> 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?
- b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?
- c** Participate in, or receive payment from, an equity-based compensation arrangement?
- If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III

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?
- b** Any related organization?
- 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?
- b** Any related organization?
- 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

8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III

9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
1b		
2		
4a		No
4b		No
4c		No
5a		No
5b		No
6a		No
6b		No
7		No
8		No
9		

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

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) JAMES ULRICH CEO & PRESIDENT	(i)	229,012	0	810	16,589	21,864	268,275	0
	(ii)	0	0	0	0	0	0	0
(2) TROY BRUNTZ CFO & VP OF FINANCE	(i)	160,791	0	479	11,467	2,496	175,233	0
	(ii)	0	0	0	0	0	0	0
(3) BRENDA KOPRIVA GENERAL SURGEON	(i)	320,014	0	452	17,850	21,582	359,898	0
	(ii)	0	0	0	0	0	0	0
(4) BRIAN SMITH DIRECTOR OF ANESTHESIA	(i)	293,438	0	486	17,850	24,213	335,987	0
	(ii)	0	0	0	0	0	0	0
(5) CHAD MILLER CRNA ANESTHESIA	(i)	249,020	0	572	8,542	0	258,134	0
	(ii)	0	0	0	0	0	0	0
(6) ANTHONY RODEWALD DIRECTOR OF PHARMACY	(i)	149,948	0	384	11,021	21,971	183,324	0
	(ii)	0	0	0	0	0	0	0
(7) KAREN KLILMENT THOMPSON VP OF ANCILLARY SERVICES	(i)	128,308	0	380	9,363	12,107	150,158	0
	(ii)	0	0	0	0	0	0	0

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
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Schedule L (Form 990 or 990-EZ)

Transactions with Interested Persons

OMB No 1545-0047

2013

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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.

Name of the organization COMMUNITY HOSPITAL ASSOCIATION OF MCCOOK

Employer identification number

47-0533373

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

Table with 4 columns: (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

Table with 10 columns: (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)

Part III Grants or Assistance Benefitting Interested Persons.

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

Table with 5 columns: (a) Name of interested person, (b) Relationship between interested person and the organization, (c) Amount of assistance, (d) Type of assistance, (e) Purpose of assistance

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) JESSICA JOHNSON	JESSICA JOHNSON IS THE DAUGHTER OF WAYNE WATKINS, BOARD MEMBER	34,985	JESSICA JOHNSON IS EMPLOYED BY THE HOSPITAL		No

Part V Supplemental Information

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

Return Reference	Explanation

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.

2013

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Name of the organization
COMMUNITY HOSPITAL ASSOCIATION OF MCCOOK

Employer identification number

47-0533373

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6	THE MEMBERS CONSIST OF ALL PERSONS WHO CONTRIBUTE TO THE BUILDING AND IMPROVEMENT FUND OF THE CORPORATION, AT ANY TIME DURING THE EXISTENCE OF THE CORPORATION, NOT LESS THAN THE SUM OF \$100

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7A	THE MEMBERS ELECT THE BOARD OF DIRECTORS AT THE ANNUAL MEETING EACH YEAR

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11	COMMUNITY HOSPITAL'S FORM 990, 990-T AND NEBRASKA INCOME TAX FORMS ARE PREPARED BY THE PUBLIC ACCOUNTING FIRM SEIM JOHNSON MANAGEMENT RECEIVES DRAFT COPIES OF THE COMPLETED FORMS FOR REVIEW AFTER HOSPITAL MANAGEMENT HAS REVIEWED THE RETURNS, COMPLETE COPIES ARE DISTRIBUTED TO ALL MEMBERS OF THE BOARD OF DIRECTORS OF THE COMMUNITY HOSPITAL ASSOCIATION AND THE RETURNS ARE APPROVED FOR FILING BY THE BUDGET & FINANCE COMMITTEE OF THE BOARD (A STANDING COMMITTEE WITH RESPONSIBILITY TO OVERSEE FINANCIAL, AUDIT, TAXATION AND BUDGET MATTERS OF THE HOSPITAL) BOARD COMMITTEE APPROVAL IS REQUIRED PRIOR TO SIGNATURE AND SUBMISSION OF THE RETURNS TO THE IRS AND STATE TAXING AUTHORITIES

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 12C	THE COMMUNITY HOSPITAL ASSOCIATION'S CODE OF CONDUCT REQUIRES ALL EMPLOYEES, CONTRACTORS, AND AGENTS TO REPORT ANY CONFLICTS OF INTEREST THAT ARISE. IN ADDITION, THE ASSOCIATION HAS A CONFLICT OF INTEREST POLICY APPLICABLE TO DIRECTORS, OFFICERS, MEMBERS OF COMMITTEES AND SUBCOMMITTEES WITH BOARD-DELEGATED POWERS, AND KEY EMPLOYEES THAT REQUIRES, AMONG OTHER THINGS, ALL APPLICABLE PERSONS DISCLOSE ANY RELATIONSHIPS THAT MAY CREATE A CONFLICT OF INTEREST AND ARE REQUIRED TO COMPLETE AN ANNUAL DISCLOSURE OF ALL SUCH RELATIONSHIPS. ALL SUCH RELATIONSHIPS ARE DISCLOSED TO THE ENTIRE BOARD AND SENIOR MANAGEMENT, AND ANY AND ALL CONFLICTS OR POTENTIAL CONFLICTS ARE MONITORED BY SENIOR MANAGEMENT AND THE ASSOCIATION'S COMPLIANCE FUNCTION.

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 15	<p>COMMUNITY HOSPITAL'S PROCESS FOR DETERMINING THE COMPENSATION OF THE CEO IS AS FOLLOWS THE EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS IS RESPONSIBLE FOR SETTING THE SALARY OF THE CEO ANNUALLY, THE COMMITTEE CONDUCTS A REVIEW OF THE CEO'S PERFORMANCE, ABILITIES, AND OVERALL EFFECTIVENESS THE COMMITTEE IS PRESENTED WITH SALARY AND COMPENSATION SURVEY DATA THAT IS COMPILED BY THE CEO AND THE HUMAN RESOURCE DEPARTMENT AND THE ACCURACY OF WHICH IS ATTESTED TO BY THE CFO MULTIPLE SOURCES OF SURVEY DATA ARE USED, INCLUDING INFORMATION FROM THE NEBRASKA AND IOWA HOSPITAL ASSOCIATIONS, WHICH IS BROKEN DOWN TO SIMILARLY QUALIFIED PERSONS IN COMPARABLE POSITIONS AT SIMILARLY SIZED AND SITUATED ORGANIZATIONS ALL SOURCE DOCUMENTATION IS GIVEN TO THE COMMITTEE AS WELL AS SUMMARIES PROVIDED FOR EASE OF REFERENCE THE EXECUTIVE COMMITTEE CONDUCTS THE PERFORMANCE REVIEW WITH THE CEO, THEN MEETS IN PRIVATE CHAMBERS TO DISCUSS THE REVIEW AND TO DELIBERATE ANY AND ALL CHANGES TO THE EMPLOYMENT AGREEMENT, INCLUDING COMPENSATION, AND GOALS FOR THE FOLLOWING YEAR CONTEMPORANEOUS RECORDS ARE KEPT OF ALL SURVEY AND COMPARABILITY DATA USED, AND THE RESULTS AND DECISIONS OF THE EXECUTIVE COMMITTEES MEETING ON COMPENSATION COMPENSATION OF EMPLOYEES BELOW THE ROLE OF CEO ARE DETERMINED THROUGH THE USE OF SURVEY INFORMATION OF SIMILARLY QUALIFIED PERSONS IN COMPARABLE POSITIONS AT SIMILARLY SIZED AND SITUATED ORGANIZATIONS THE CEO SETS THE COMPENSATION OF SENIOR MANAGEMENT BASED ON THOSE SURVEYS, TAKING IN CONSIDERATION PERFORMANCE AND EXPERIENCE OF EACH INDIVIDUAL COMPENSATION RANGES OF EMPLOYEES BELOW SENIOR MANAGEMENT ARE SET BY HUMAN RESOURCES BASED ON MARKET WAGE RATES FOR SIMILARLY QUALIFIED PERSONS IN COMPARABLE POSITIONS AT SIMILARLY SIZED AND SITUATED ORGANIZATIONS ALL EMPLOYEES HAVE AN ANNUAL REVIEW BY THEIR SUPERVISOR, WHICH DETERMINE WHERE IN THE SALARY RANGE AN EMPLOYEE WILL FALL ALL SALARY RANGES, INCLUDING THOSE OF SENIOR MANAGEMENT, ARE ULTIMATELY APPROVED BY THE BOARD OF DIRECTORS DURING THE APPROVAL OF THE ANNUAL OPERATING BUDGET</p>

Return Reference	Explanation
FORM 990, PART VI, SECTION C, LINE 19	COMMUNITY HOSPITAL MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, FORM 990 & 990-T (CURRENT AND PAST YEARS AS REQUIRED BY LAW) AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST. ANY INDIVIDUAL WHO WOULD LIKE A COPY OF ANY OF THE ABOVE MENTIONED DOCUMENTS MAY INSPECT THOSE DOCUMENTS IN PERSON AT THE HOSPITAL DURING NORMAL BUSINESS HOURS, OR REQUEST A COPY OF ANY OF THE ABOVE INFORMATION IN PERSON, BY PHONE, OR BY MAIL, AND WE WILL PROVIDE A COPY FREE OF CHARGE.

Return Reference	Explanation
FORM 990, PART IX, LINE 11G	<p>MISCELLANEOUS FEES FOR SERVICE PROGRAM SERVICE EXPENSES 1,652,430 MANAGEMENT AND GENERAL EXPENSES 680,734 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 2,333,164 EMERGENCY ROOM PHYSICIAN FEES PROGRAM SERVICE EXPENSES 1,078,006 MANAGEMENT AND GENERAL EXPENSES 0 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 1,078,006 LAB PATHOLOGIST FEES PROGRAM SERVICE EXPENSES 277,071 MANAGEMENT AND GENERAL EXPENSES 0 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 277,071 PT CONTRACT SERICES PROGRAM SERVICE EXPENSES 981,317 MANAGEMENT AND GENERAL EXPENSES 0 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 981,317 IS MAINTENANCE AGREEMENT PROGRAM SERVICE EXPENSES 0 MANAGEMENT AND GENERAL EXPENSES 637,559 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 637,559 NUCLEAR MED MOBILE SERVICES PROGRAM SERVICE EXPENSES 305,171 MANAGEMENT AND GENERAL EXPENSES 0 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 305,171</p>

Return Reference	Explanation
FORM 990, PART XII, LINE 2C	COMMUNITY HOSPITAL HAS A STANDING BOARD COMMITTEE, THE BUDGET AND FINANCE COMMITTEE, WHICH HAS THE AUTHORITY AND ASSUMES THE RESPONSIBILITY FOR THE SELECTION OF THE INDEPENDENT ACCOUNTING FIRM AND ALL RELATED OVERSIGHT, COMMUNICATION, AND REPORTING THIS COMMITTEE APPROVES ALL ENGAGEMENT LETTERS AND RECEIVES ALL BOARD DIRECTED COMMUNICATION FROM THE INDEPENDENT ACCOUNTING FIRM COPIES OF RECEIVED LETTERS/COMMUNICATIONS AND REPORTS ARE DISTRIBUTED TO ALL MEMBERS OF THE BOARD OF DIRECTORS IN ADDITION TO THE COMMITTEE MEMBERS WHILE THE MEMBERS OF THE COMMITTEE HAVE CHANGED, THE PROCESS DESCRIBED HAS NOT CHANGED FROM THE PREVIOUS YEAR

**SCHEDULE R
(Form 990)**

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2013

Open to Public Inspection

- ▶ 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.

Department of the Treasury
Internal Revenue Service

Name of the organization
COMMUNITY HOSPITAL ASSOCIATION OF MCCOOK

Employer identification number
47-0533373

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	No
(1) COMMUNITY HOSPITAL HEALTH FOUNDATION 801 WEST C STREET PO BOX 1328 MCCOOK, NE 69001 47-0693261	SUPPORTING ORGANIZATION PROVIDES FUNDRAISING FOR THE HOSPITAL	NE	501(C)(3)	LINE 11A, I	COMMUNITY HOSPITAL ASSOCIATION OF MCCOOK	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) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	

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
(1) RED WILLOW HOLDING COMPANY PO BOX 1328 MCCOOK, NE 69001 47-0628195	RENTAL REAL ESTATE - CLINIC BUILDING	NE	COMMUNITY HOSPITAL ASSOCIATION OF MCCOOK	C	50,353	146,329	100 000 %	Yes	

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

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

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

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

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

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

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

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

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

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

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) COMMUNITY HOSPITAL HEALTH FOUNDATION	C	752,955	CASH RECEIVED=FMV

Part VII Supplemental Information

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

Return Reference**Explanation**

The Community Hospital Association
McCook, Nebraska

**Consolidated Financial Statements
and Supplementary Information
June 30, 2014 and 2013**

Together with Independent Auditor's Report

The Community Hospital Association

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SEIM JOHNSON

Independent Auditor's Report

To the Board of Directors of
The Community Hospital Association
McCook, Nebraska

Report on the Financial Statements

We have audited the accompanying financial statements of The Community Hospital Association (the Hospital), which comprise the consolidated balance sheets as of June 30, 2014 and 2013, and the related consolidated statements of operations, change in net assets and cash flows for the years then ended, and the related notes to the financial statements

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Hospital as of June 30, 2014 and 2013 and the changes in its consolidated operations, changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America

Other Matters

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying supplementary statements (Exhibits 1 through 4) and accompanying schedule of expenditures of federal awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2014 on our consideration of the Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hospital's internal control over financial reporting and compliance.

SEIM JOHNSON, LLP

Omaha, Nebraska,
September 2, 2014

The Community Hospital Association

Consolidated Balance Sheets June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Current assets.		
Cash and cash equivalents	\$ 5,064,103	6,801,309
Short-term investments	48,330	94,268
Receivables -		
Patients, net of allowance for doubtful accounts of \$1,575,000 in 2014 and \$1,400,000 in 2013	6,339,237	4,738,822
Contributions	16,877	31,299
Grants	--	2,232,751
Other	350,259	182,218
Inventories	1,357,624	1,151,553
Prepaid expenses	683,046	732,715
Total current assets	<u>13,859,476</u>	<u>15,964,935</u>
Assets limited as to use	4,154,915	3,213,925
Investments	10,719,464	8,082,791
Property and equipment, net	41,367,683	39,566,519
Other assets, net	154,514	149,038
Total assets	<u>\$ 70,256,052</u>	<u>66,977,208</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Current portion of long-term debt	\$ 2,707,435	1,611,732
Accounts payable -		
Trade	613,204	596,588
Construction and equipment	24,490	373,245
Accrued salaries, vacation and benefits payable	1,188,220	1,147,542
Other accrued expenses	178,075	118,417
Estimated third-party payor settlements	125,627	490,863
Total current liabilities	<u>4,837,051</u>	<u>4,338,387</u>
Long-term debt, net of current portion	26,713,309	27,783,972
Deferred compensation	176,606	112,222
Total liabilities	<u>31,726,966</u>	<u>32,234,581</u>
Net assets		
Unrestricted	36,789,717	30,220,199
Temporarily restricted	208,475	2,996,596
Permanently restricted	1,530,894	1,525,832
Total net assets	<u>38,529,086</u>	<u>34,742,627</u>
Total liabilities and net assets	<u>\$ 70,256,052</u>	<u>66,977,208</u>

See notes to consolidated financial statements

The Community Hospital Association

Consolidated Statements of Operations For the Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
UNRESTRICTED REVENUE		
Net patient service revenue	\$ 42,589,382	37,952,842
Provision for bad debts	(1,169,146)	(842,608)
Net patient service revenue less provision for bad debts	41,420,236	37,110,234
Other operating revenue	1,689,674	1,072,585
Total unrestricted revenue	<u>43,109,910</u>	<u>38,182,819</u>
EXPENSES:		
Salaries and wages	14,278,229	13,041,212
Employee health and welfare	4,615,473	4,183,816
Supplies and other	15,065,589	13,953,822
Depreciation and amortization	4,892,964	4,030,822
Interest	1,361,358	1,342,375
Insurance	149,959	151,591
Grants to others	19,364	38,537
Total expenses	<u>40,382,936</u>	<u>36,742,175</u>
OPERATING INCOME	<u>2,726,974</u>	<u>1,440,644</u>
NONOPERATING GAINS, NET.		
Investment income, net	468,067	382,357
Unrestricted gifts, grants and bequests	143,225	128,015
Nonoperating gains, net	<u>611,292</u>	<u>510,372</u>
EXCESS OF REVENUE OVER EXPENSES	3,338,266	1,951,016
NET ASSETS RELEASED FROM RESTRICTIONS	3,021,875	927,039
NET CHANGE IN UNREALIZED GAINS AND LOSSES ON OTHER THAN TRADING SECURITIES	<u>209,377</u>	<u>145,152</u>
INCREASE IN UNRESTRICTED NET ASSETS	<u>\$ 6,569,518</u>	<u>3,023,207</u>

See notes to consolidated financial statements

The Community Hospital Association

Consolidated Statements of Changes in Net Assets For the Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
UNRESTRICTED NET ASSETS		
Operating income	\$ 2,726,974	1,440,644
Nonoperating gains, net	611,292	510,372
Net assets released from restrictions	3,021,875	927,039
Net change in unrealized gains and losses on other than trading securities	<u>209,377</u>	<u>145,152</u>
Increase in unrestricted net assets	<u>6,569,518</u>	<u>3,023,207</u>
TEMPORARILY RESTRICTED NET ASSETS		
Temporarily restricted contributions	233,754	3,640,433
Net assets released from restrictions	<u>(3,021,875)</u>	<u>(927,039)</u>
Increase (decrease) in temporarily restricted net assets	<u>(2,788,121)</u>	<u>2,713,394</u>
PERMANENTLY RESTRICTED NET ASSETS,		
Permanently restricted contributions	<u>5,062</u>	<u>5,955</u>
INCREASE IN NET ASSETS	3,786,459	5,742,556
NET ASSETS, beginning of year	<u>34,742,627</u>	<u>29,000,071</u>
NET ASSETS, end of year	<u>\$ 38,529,086</u>	<u>34,742,627</u>

See notes to consolidated financial statements

The Community Hospital Association

Consolidated Statements of Cash Flows For the Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from patients and third-party payors	\$ 39,454,585	39,094,050
Cash received from others	3,875,451	1,394,914
Cash paid for employee salaries and related benefits	(18,793,366)	(17,177,262)
Cash paid to suppliers	(15,355,334)	(14,631,230)
Interest paid	(1,361,358)	(1,342,375)
Investment income received	468,067	382,357
	<u>8,288,045</u>	<u>7,720,454</u>
Net cash provided by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposits to investments	(2,381,358)	(1,836,006)
Withdrawals from (deposits to) assets limited as to use, net	(876,606)	434,653
Additions to other assets	(21,900)	(6,802)
Purchase of property and equipment, net	(7,023,665)	(6,496,004)
	<u>(10,303,529)</u>	<u>(7,904,159)</u>
Net cash used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term debt and interim construction loan	1,823,369	4,536,661
Payments on long-term debt	(1,798,329)	(1,476,097)
Proceeds from restricted contributions	253,238	1,461,279
	<u>278,278</u>	<u>4,521,843</u>
Net cash provided by financing activities		
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,737,206)	4,338,138
CASH AND CASH EQUIVALENTS - beginning of year	<u>6,801,309</u>	<u>2,463,171</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 5,064,103</u>	<u>6,801,309</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION		
Capital asset additions acquired with capital lease obligations	<u>\$ --</u>	<u>350,000</u>

See notes to consolidated financial statements

The Community Hospital Association

Consolidated Statements of Cash Flows (Continued) For the Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Increase in net assets	\$ 3,786,459	5,742,556
Adjustments to reconcile the increase in net assets to net cash provided by operating activities -		
Restricted contributions	(238,816)	(1,413,637)
Depreciation and amortization expense	4,892,964	4,030,822
Net change in unrealized gains and losses on other than trading securities	(209,377)	(145,152)
Loss (gain) on disposal of property and equipment	(2,794)	260,923
(Increase) decrease in current assets -		
Receivables -		
Patient	(1,600,415)	147,845
Grant	2,232,751	(2,232,751)
Other	(168,041)	(28,072)
Inventories	(206,071)	202,818
Prepaid expenses	49,669	(10,232)
Estimated third-party payor settlements	--	1,345,108
Increase (decrease) in current liabilities -		
Accounts payable - trade	16,616	(718,403)
Accrued salaries, vacation, and benefits payable	40,678	135,693
Other accrued expenses	59,658	(87,927)
Estimated third-party payor settlements	(365,236)	490,863
Net cash provided by operating activities	\$ <u>8,288,045</u>	<u>7,720,454</u>

See notes to consolidated financial statements

The Community Hospital Association

Notes to Consolidated Financial Statements June 30, 2014 and 2013

(1) Organization and Summary of Significant Accounting Policies

The following is a summary of the organization and significant accounting policies of The Community Hospital Association (Hospital). These policies are in accordance with accounting principles generally accepted in the United States of America.

A Organization

The Hospital (a Nebraska corporation, not-for-profit) operates a 25-bed Critical Access Hospital. The Hospital also operates rural health clinics, home health, hospice and an orthopedic clinic. In addition, the Hospital is the sole corporate member of Community Hospital Health Foundation (Foundation) and the sole shareholder of Red Willow Medical Holding Company (Red Willow). The accompanying consolidated financial statements include the accounts of all three organizations. All intercompany transactions have been eliminated in the consolidation.

The Budget Reconciliation Act of 1997 (Act) contained many provisions impacting Medicare reimbursement for Health Services. The Act established the Medicare Rural Hospital Flexibility Program to assist states and rural communities to improve access to essential health care services through critical access hospitals and rural health networks.

During fiscal year 2006, the Hospital's Board of Directors approved the Hospital's plan to obtain Critical Access Hospital (CAH) designation. CAH's are acute care facilities that provide emergency, outpatient and short-term inpatient services. Medicare reimburses CAH's on a reasonable cost basis. The Hospital's application to become certified as a CAH was approved by Nebraska Health and Human Services and the certification was effective December 1, 2005.

The Foundation was established primarily for the benefit of the Hospital. All funds raised in excess of operating expenses will be disbursed to or be held for the benefit of the Hospital as required to comply with donor imposed restrictions.

Red Willow was acquired to maintain and make available its building facility for space to perform medical, clinical and/or administrative functions for the benefit of the Hospital and the people serviced by the Hospital and its medical staff.

B Industry Environment

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, reimbursements for patient services, and Medicare and Medicaid fraud and abuse. Government activity has increased with respect to investigations and allegations concerning possible violations of 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 previously billed.

Management believes that the Hospital is in compliance with applicable government laws and regulations as they apply to the areas of fraud and abuse. While no regulatory inquiries have been made which are expected to have a material effect on the Hospital's consolidated financial statements, compliance with laws and regulations is subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

As a result of recently enacted federal health care reform legislation, substantial changes are anticipated in the United States health care system. Such legislation includes numerous provisions affecting the delivery of health care services, the financing of health care costs, reimbursement of health care providers and the legal obligations of health insurers, providers and employers. These provisions are currently slated to take effect at specified times over approximately the next decade.

The Community Hospital Association

Notes to Consolidated Financial Statements June 30, 2014 and 2013

C Use of Estimates

The preparation of consolidated 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 and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

D Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less, excluding amounts whose use is limited by board designation or other arrangements under bond indenture agreements.

E Patient Receivables, Net

The Hospital reports patient accounts receivable for services rendered at net realizable amounts from third-party payors, patients and others. Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectibility of accounts receivable, the Hospital analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, the Hospital analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts for those accounts over a certain age based on discharge that make the realization of amounts due unlikely. For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Hospital records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

The Hospital also maintains a charity care policy as described in Note 1(N).

F Inventories

Inventories are stated at the lower of cost, determined by the first-in, first-out valuation method, or market.

G Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the accompanying consolidated balance sheets. The Hospital's securities have been classified as other than trading securities in the accompanying consolidated financial statements. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in excess of revenue over expenses unless the revenue or expense is restricted. Unrealized gains and losses on investments that are considered temporary are excluded from excess of revenue over expenses and are included as changes in unrestricted net assets unless the investments are trading securities. Periodically, the Hospital and consolidated entities review their investments to determine whether any unrealized losses are other-than-temporary. During 2014 and 2013, there were no investment declines that were determined to be other-than-temporary.

The Community Hospital Association

Notes to Consolidated Financial Statements June 30, 2014 and 2013

H Assets Limited as to Use

Under loan guarantee - These deposits are required by the Hospital's Farmers Home Administration, United States Department of Agriculture loan agreements. Proceeds from the sale of capital assets are restricted for loan repayments on future capital additions.

By board of directors - Periodically, the Hospital has set aside assets for future capital improvements and employee health insurance claims over which the Board retains control and may, at its discretion, subsequently use for other purposes.

Under Deferred Compensation Plan – See Note 15. Investments consist of mutual funds.

By donor – These funds have been restricted by donors for specific capital and operating items and endowment funds. As of June 30, 2014 and 2013, there was \$1,739,369 and \$2,331,568, respectively, which was limited as to use by donors (Note 10).

I Property and Equipment

Property and equipment acquisitions are recorded at cost. All acquisitions over \$5,000 are capitalized. Depreciation is provided over the estimated life of each class of depreciable asset and is computed using the straight-line method based upon useful lives set forth using the general guidelines from the American Hospital Association Guide for Estimated Useful Lives of Depreciable Hospital Assets.

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 revenue 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 into service.

J Other Assets

Other assets includes the Hospital's interest in joint ventures and unamortized deferred financing costs, relating to the Hospital's direct loans with the United States Department of Agriculture (Note 9), which are being amortized over the life of the notes on a straight-line basis. Amortization expense of \$16,424 in 2014 and \$14,636 in 2013 is included in the consolidated statements of operations.

K Net Assets

The consolidated financial statements report net assets and changes in net assets in three classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Unrestricted net assets – Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

The Community Hospital Association

Notes to Consolidated Financial Statements June 30, 2014 and 2013

Temporarily restricted net assets – Temporarily restricted net assets are resources that are limited by donor imposed stipulations for use for a particular purpose or in a particular future period. The organization's unspent contributions are classified in this class if the donor limited their use, as are the unspent appreciation of its donor-restricted endowment funds.

When a donor's stipulation is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the stipulation is reported in the consolidated financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets.

Permanently restricted net assets – Permanently restricted net assets are resources whose use by the organization is limited by donor-imposed stipulations that neither expire by being used in accordance with a donor's stipulation nor by the passage of time. The portion of the organization's donor-restricted endowment funds that must be maintained in perpetuity are classified in this net asset class.

L Endowment Funds

The Foundation follows the provisions of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Subtopic 958-205, for all Endowment Funds, including any changes required to net asset classification of donor-restricted endowment funds and the incremental disclosure requirements for all endowment funds (including both donor-restricted and board-designated endowment funds).

M Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. 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.

N Charity Care

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue in the consolidated statements of operations. Management's disclosure of charity care costs are described in Note 3.

The Hospital is dedicated to providing comprehensive health care services to all segments of society, including the aged and otherwise economically disadvantaged. In addition, the Hospital provides a variety of community health services at or below cost.

O Donor-Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received, which is then treated as cost. 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 as received are reflected as unrestricted contributions in the accompanying consolidated financial statements.

The Community Hospital Association

Notes to Consolidated Financial Statements June 30, 2014 and 2013

P Tax Exempt and Income Taxes

The Hospital and Foundation are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Internal Revenue Service has established standards to be met to maintain tax-exempt status. In general, such standards require the Hospital and Foundation to meet a community benefit standard and comply with various laws and regulations.

Red Willow is a for-profit corporation. Red Willow had \$1,003 and \$9,778 of taxable income, incurred and paid \$150 and \$1,467 of federal income tax, and incurred and paid \$56 and \$546 of state income tax for the fiscal years ending December 31, 2013 and 2012, respectively. As of June 30, 2014, Red Willow had no tax liability.

The Hospital, Foundation and Red Willow account for uncertainties in accounting for income tax assets and liabilities using guidance included in FASB ASC 740, *Income Taxes*. The Hospital, Foundation and Red Willow recognize the effect of income tax positions only if those positions are more likely than not of being sustained. At June 30, 2014 and 2013, the Hospital, Foundation and Red Willow had no uncertain tax positions accrued. These entities are no longer subject to income tax examinations for the years ended prior to June 30, 2011.

Q Fair Value of Financial Instruments

The carrying amounts of all financial instruments approximate estimated fair value. Cash and cash equivalents, receivables and payables are reasonable estimates of their fair values due to their short term nature. Investments, including assets limited as to use and deferred compensation liabilities, are stated at fair value as discussed in Note 4. The carrying value of long-term debt approximates fair value since the rates closely reflect current market rates.

R Performance Indicator

The consolidated statements of operations include the excess of revenue over expenses as the performance indicator. Changes in unrestricted net assets which are excluded from the performance indicator, consistent with industry practice, include the change in unrealized gains and losses on other than trading securities and net assets released from restrictions.

S Risk Management

The Hospital is exposed to various risks of loss from torts, theft of, and destruction of assets, business interruption, errors and omissions, employee injuries and illnesses, natural disasters, and medical malpractice. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

T Subsequent Events

The Hospital considered events occurring through September 2, 2014__ for recognition or disclosure in the consolidated financial statements as subsequent events. That date is the date the consolidated financial statements were issued.

The Community Hospital Association

Notes to Consolidated Financial Statements June 30, 2014 and 2013

(2) Net Patient Service Revenue

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

	June 30, 2014			
	<u>Commercial Payors</u>	<u>Government Payors</u>	<u>Self Pay</u>	<u>Total</u>
Gross patient service revenue	\$ 21,542,429	34,849,271	2,350,321	58,742,021
Less Contractual allowances	(1,834,927)	(12,634,092)	-	(14,469,019)
Less Charity care write-offs	(228,656)	(167,624)	(909,908)	(1,306,188)
Less Community outreach and discounts	(26,011)	(31,514)	(319,907)	(377,432)
Net patient service revenue	<u>19,452,835</u>	<u>22,016,041</u>	<u>1,120,506</u>	<u>42,589,382</u>
Provision for bad debts	<u>(257,212)</u>	<u>(184,717)</u>	<u>(727,217)</u>	<u>(1,169,146)</u>
Net patient service revenue less the provision for bad debts	<u>\$ 19,195,623</u>	<u>21,831,324</u>	<u>393,289</u>	<u>41,420,236</u>

	June 30, 2013			
	<u>Commercial Payors</u>	<u>Government Payors</u>	<u>Self Pay</u>	<u>Total</u>
Gross patient service revenue	\$ 18,935,089	31,363,653	2,215,280	52,514,022
Less Contractual allowances	(1,460,179)	(11,302,246)	-	(12,762,425)
Less Charity care write-offs	(97,146)	(99,691)	(1,219,242)	(1,416,079)
Less Community outreach and discounts	(7,868)	(41,017)	(333,791)	(382,676)
Net patient service revenue	<u>17,369,896</u>	<u>19,920,699</u>	<u>662,247</u>	<u>37,952,842</u>
Provision for bad debts	<u>(189,201)</u>	<u>(213,330)</u>	<u>(440,077)</u>	<u>(842,608)</u>
Net patient service revenue after the provision for bad debts	<u>\$ 17,180,695</u>	<u>19,707,369</u>	<u>222,170</u>	<u>37,110,234</u>

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

Medicare - All inpatient acute care services rendered to Medicare program beneficiaries in a Critical Access Hospital are paid based on Medicare defined costs of providing the services. Inpatient nonacute services, outpatient services and rural health clinic services related to Medicare beneficiaries are also paid based on a cost reimbursement methodology. 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 Administrative Contractor.

Homecare services are paid at prospectively determined rates per episode of care. Certain professional services provided to Medicare beneficiaries are paid on fee schedule amounts.

The Community Hospital Association

Notes to Consolidated Financial Statements June 30, 2014 and 2013

The Hospital's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Hospital. The Hospital's Medicare cost reports have been audited by the Medicare Administrative Contractor through June 30, 2012.

The "Budget Control Act of 2011" requires, among other things, mandatory across-the-board reductions in Federal spending, also known as sequestration. The "American Taxpayer Relief Act of 2012" postponed sequestration for two months. As required by law, President Obama issued a sequestration order on March 1, 2013. In general, Medicare claims with dates of service or dates of discharge on or after April 1, 2013, will incur a two percent reduction in Medicare payment.

Medicaid - Inpatient acute services and outpatient services rendered to Medicaid program beneficiaries in a Critical Access Hospital are paid based on Medicaid defined costs of providing the services. Effective July 1, 2012, Medicaid reimbursement paid to 99% of defined costs. Effective July 1, 2013, Medicaid changed reimbursement paid to 100% of defined costs. The Hospital is reimbursed for cost reimbursable items at tentative rates with final settlement determined after submission of annual cost reports by the Hospital.

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

The following illustrates the Hospital's gross patient service revenue at its established rates and revenue deductions by major third-party payors as of June 30, 2014 and 2013.

	<u>2014</u>	<u>2013</u>
Gross patient service revenue		
Inpatient services	\$ 14,462,142	12,995,763
Outpatient services	42,969,238	38,469,901
Home Health	746,794	524,229
Clinics -		
Curtis	221,210	197,872
Trenton	342,637	326,257
	<u>58,742,021</u>	<u>52,514,022</u>
Deductions from service revenue		
Medicare	11,545,666	10,082,002
Medicaid	1,088,426	1,220,244
Other payors	1,834,927	1,460,179
Charity care	1,683,620	1,798,755
	<u>16,842,639</u>	<u>14,561,180</u>
Net patient service revenue	<u>\$ 42,589,382</u>	<u>37,952,842</u>

Revenue from the Medicare and Medicaid programs (including Medicare Advantage and Medicaid Managed Care) accounted for approximately 45% and 5%, respectively, of the Hospital's net patient revenue for the year ended 2014, and 46% and 5%, respectively, of the Hospital's net patient revenue for the year ended 2013. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates may change by a material amount in the near term.

The Community Hospital Association

Notes to Consolidated Financial Statements June 30, 2014 and 2013

(3) Charity Care

In accordance with its mission objectives, the Hospital provides financial assistance to patients who lack financial resources to pay for the services they receive, and the Hospital recognizes the special concerns of individuals and households with limited financial resources or who are otherwise vulnerable within the community the Hospital services. Financial assistance is provided to patients with demonstrated inability to pay as contrasted with bad debt that results from an unwillingness to pay, thus, charity care does not include bad debt.

Included in the provision for contractual allowances is the value at standard charges of these services to patients who are unable to pay, which was \$1,306,188 and \$1,416,079 for the years ended June 30, 2014 and 2013, respectively. That amount is eliminated from net patient service revenues when it is determined they qualify under the Hospital's charity care policy. The estimated cost incurred by the Hospital to provide these services to patients who are unable to pay was approximately \$751,818 and \$895,754 for the years ended June 30, 2014 and 2013, respectively. The estimated cost of these charity care services was determined using a ratio of costs to gross charges and applying that ratio to the gross charges associated with providing care to charity patients for the period. Gross charges associated with providing care to charity patients includes only the related charges for those patients who are financially unable to pay and qualify under the Hospital's charity care policy and that do not otherwise qualify for reimbursement from a governmental program. During the years ended June 30, 2014 and 2013, the Hospital received \$73,982 and \$92,387, respectively, to help defray the costs of indigent care.

In addition, the Hospital provides services that are related to the Hospital's mission providing health care for all individuals in our community regardless of their ability to pay, but do not fall within the Charity Care policy. These services include community wellness fairs, Medicare Hardship determinations, discounts for individuals who do not meet the charity care guidelines for medical indigence, the Every Woman Matters program, and many others. The Hospital does receive various funds to help defray portions of the cost of care of these programs. The value at standard charges of these services which were not paid was \$377,432 and \$382,676 for the years ended June 30, 2014 and 2013, respectively, and the amount of those charges are eliminated to arrive at net patient service revenues.

(4) Fair Value Measurements

Fair Value Measurements

FASB ASC Topic 820 Subtopic 10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1	Inputs are quoted prices in active markets for identical assets or liabilities that the Hospital has the ability to access at the measurement date.
Level 2	Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly through either corroboration or observable market data.
Level 3	Inputs are unobservable for the asset or liability. Unobservable inputs reflect the entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk) developed based on the best information available in the circumstances.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The Community Hospital Association

Notes to Consolidated Financial Statements June 30, 2014 and 2013

The following methods and assumptions were used to estimate the fair value for each class of financial instrument measured at fair value

Cash and cash equivalents – Cash and cash equivalents are classified as Level 1 as these funds are valued using quoted market prices

Certificates of deposit – Investments in certificates of deposit are classified as Level 2 based on multiple sources of information, which may include market data and/or quoted market prices from either markets that are not active or are for the same or similar assets in active markets

Mutual funds – Mutual funds are classified as Level 1 as they are traded in an active market for which closing prices are readily available

Corporate bonds – Corporate bonds are classified as Level 2 based on multiple sources of information, which may include market data and/or quoted market prices from either markets that are not active or are for the same or similar assets in active markets

For the fiscal years ended June 30, 2014 and 2013, the application of valuation techniques applied to similar assets and liabilities has been consistent

The following tables present the balances of investment securities measured at fair value on a recurring basis at June 30, 2014 and 2013

Hospital

	June 30, 2014			
	Total	Level 1	Level 2	Level 3
Short-term and long-term investments -				
Certificates of deposit and accrued interest	\$ 9,202,328	--	9,202,328	--
Assets limited as to use -				
Under loan guarantee for debt service -				
Certificates of deposit and accrued interest	700,403	--	700,403	--
By board for employee health insurance claims -				
Cash and cash equivalents	33,350	33,350	--	--
By board for capital improvements -				
Cash and cash equivalents	219,624	219,624	--	--
Mutual funds - growth and income	370,797	370,797	--	--
Corporate bonds and notes	914,766	--	914,766	--
Under deferred compensation plan -				
Mutual funds - growth and income	176,606	176,606	--	--
	<u>\$ 11,617,874</u>	<u>800,377</u>	<u>10,817,497</u>	<u>--</u>

	June 30, 2013			
	Total	Level 1	Level 2	Level 3
Short-term and long-term investments -				
Certificates of deposit and accrued interest	\$ 7,372,592	--	7,372,592	--
Assets limited as to use -				
Under loan guarantee for debt service -				
Certificates of deposit and accrued interest	612,011	--	612,011	--
Under loan guarantee for future capital additions -				
Cash and cash equivalents	123,081	123,081	--	--
By board for employee health insurance claims -				
Cash and cash equivalents	35,043	35,043	--	--
Under deferred compensation plan -				
Mutual funds - growth and income	112,222	112,222	--	--
	<u>\$ 8,254,949</u>	<u>270,346</u>	<u>7,984,603</u>	<u>--</u>

The Community Hospital Association

Notes to Consolidated Financial Statements June 30, 2014 and 2013

Foundation

	June 30, 2014		
	Total	Level 1	Level 2
Cash and cash equivalents	\$ 82,847	82,847	--
Certificates of deposit and accrued interest	271,095	--	271,095
Mutual funds			
Commodities	73,198	73,198	--
Diversified emerging markets	78,833	78,833	--
Foreign large blend	117,126	117,126	--
Foreign large growth	155,871	155,871	--
Foreign large value	175,066	175,066	--
Foreign small growth	3,197	3,197	--
Global real estate	81,984	81,984	--
Global bond	2,866	2,866	--
High yield bond	121,781	121,781	--
Intermediate term bond	750,373	750,373	--
Large blend	277,836	277,836	--
Large growth	330,858	330,858	--
Large value	212,202	212,202	--
Mid cap growth	18,320	18,320	--
Mid cap value	150,183	150,183	--
Short term bond	10,492	10,492	--
Small growth	57,287	57,287	--
Small value	54,396	54,396	--
World bond	117,532	117,532	--
World stock	152,456	152,456	--
Corporate bonds - domestic	9,036	--	9,036
	<u>\$ 3,304,835</u>	<u>3,024,704</u>	<u>280,131</u>

	June 30, 2013		
	Total	Level 1	Level 2
Cash and cash equivalents	\$ 66,307	66,307	--
Certificates of deposit and accrued interest	331,534	--	331,534
Mutual funds			
Aggressive growth	60,235	60,235	--
Commodities	66,902	66,902	--
Diversified emerging markets	110,201	110,201	--
Foreign large blend	151,094	151,094	--
Foreign large growth	152,880	152,880	--
Foreign large value	5,061	5,061	--
Foreign small growth	69,477	69,477	--
Global real estate	2,669	2,669	--
Global bond	112,093	112,093	--
High yield bond	673,712	673,712	--
Intermediate term bond	260,526	260,526	--
Large blend	321,457	321,457	--
Large growth	213,977	213,977	--
Large value	21,217	21,217	--
Mid cap growth	144,531	144,531	--
Mid cap value	10,379	10,379	--
Small growth	51,961	51,961	--
Small value	55,371	55,371	--
World bond	102,388	102,388	--
World Stock	142,662	142,662	--
Corporate bonds - domestic	9,401	--	9,401
	<u>\$ 3,136,035</u>	<u>2,795,100</u>	<u>340,935</u>

The Community Hospital Association

Notes to Consolidated Financial Statements June 30, 2014 and 2013

(5) Investments

The Hospital's investment return for the year ended June 30, 2014 and 2013 is summarized as follows

	<u>2014</u>	<u>2013</u>
Interest income	\$ 192,280	164,075
Gain on joint ventures	1,513	2,636
457 Plan investment income	<u>24,049</u>	<u>--</u>
Total Hospital investment return, included in nonoperating gains	217,842	166,711
Adjust for eliminated intercompany (gain) loss	<u>(395)</u>	<u>(2,792)</u>
Total Hospital investment return	<u>\$ 217,447</u>	<u>163,919</u>

The Foundation's investment return for the year ended June 30, 2014 and 2013 is summarized as follows

	<u>2014</u>	<u>2013</u>
Interest and dividend income	\$ 137,782	81,209
Realized gain on sales of investments, net	112,838	137,229
Changes in net unrealized gains and losses on investments, net	<u>209,377</u>	<u>145,152</u>
Total Foundation investment return	<u>\$ 459,997</u>	<u>363,590</u>
Included in nonoperating gains	\$ 250,620	218,438
Reported separately as a change in net assets	<u>209,377</u>	<u>145,152</u>
Total Foundation investment return	<u>\$ 459,997</u>	<u>363,590</u>

In accordance with the Farmers Home Administration, United States Department of Agriculture loan resolution security agreements, the Hospital must make monthly deposits into reserve accounts up to a defined amount for each note payable. The funding deposits and requirements for June 30, 2014 and 2013 were as follows

	<u>2014</u>	<u>2013</u>
Certificates of deposit and accrued interest	\$ 700,403	612,011
Funding requirements	<u>661,570</u>	<u>607,982</u>
Deposits in excess of requirements	<u>\$ 38,833</u>	<u>4,029</u>

The Community Hospital Association

Notes to Consolidated Financial Statements June 30, 2014 and 2013

(6) Property and Equipment, Net

The following is a summary of the cost of property and equipment at June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Land and land improvements	\$ 1,605,118	1,318,577
Buildings	25,881,714	23,526,504
Equipment	43,246,224	38,634,864
Construction work-in-progress	<u>39,083</u>	<u>1,031,248</u>
	70,772,139	64,516,193
Less accumulated depreciation	<u>(29,404,456)</u>	<u>(24,949,674)</u>
Property and equipment, net	<u>\$ 41,367,683</u>	<u>39,566,519</u>

Depreciation expense of \$4,876,540 and \$4,016,186 in 2014 and 2013, respectively, is included in the accompanying consolidated statements of operations

The composition of construction work in process at June 30, 2014 and 2013 is as follows

	<u>2014</u>	<u>2013</u>
Oncology center	\$ --	772,022
Health information systems projects	--	259,226
Clinic repairs	<u>39,083</u>	<u>--</u>
	<u>\$ 39,083</u>	<u>1,031,248</u>

(7) Other Assets, Net

Other assets as of June 30, 2014 and 2013 are summarized as follows

	<u>2014</u>	<u>2013</u>
Investment in McCook Community Builders, LLC	\$ 11,118	10,000
Other	20,782	--
Deferred financing costs	<u>122,614</u>	<u>139,038</u>
	<u>\$ 154,514</u>	<u>149,038</u>

The Community Hospital Association

Notes to Consolidated Financial Statements June 30, 2014 and 2013

(8) Long-Term Debt

Long-term debt as of June 30, 2014 and 2013 consists of the following

	<u>2014</u>	<u>2013</u>
\$630,000, 5 125% mortgage note payable in monthly installments of \$4,203, including principal and interest, through February 2014 to the Farmers Home Administration, United States Department of Agriculture, secured by a mortgage on the Hospital's property and equipment	\$ --	25,441
\$895,000, 4 75% mortgage note payable in monthly installments of \$5,791, including principal and interest, through February 2020 to the Farmers Home Administration, United States Department of Agriculture, secured by the property and equipment of the Hospital	337,095	389,219
\$200,000, 4 75% mortgage note payable in monthly installments of \$1,294, including principal and interest, through February 2020 to the Farmers Home Administration, United States Department of Agriculture, secured by the property and equipment of the Hospital	75,348	86,994
\$2,458,000, 4 5% mortgage note payable in monthly installments of \$15,560, including principal and interest, through April 2023 to the Farmers Home Administration, United States Department of Agriculture, secured by the property and equipment of the Hospital	1,351,658	1,474,524
\$100,000, 4 5% mortgage note payable in monthly installments of \$633, including principal and interest, through April 2023 to the Farmers Home Administration, United States Department of Agriculture, secured by the property and equipment of the Hospital	54,996	59,994
\$4,200,000, 4 25% note payable to the United States Department of Agriculture, payable in monthly installments of \$18,606, beginning in October 2013, including principal and interest through September 2049 The note is secured by property of the Hospital	4,073,091	4,122,114
\$15,000,000, 3 95% note payable to Thayer County Bank, payable in monthly installments of \$219,642, including principal and interest through May 2019 The note is guaranteed by the United States Department of Agriculture and is secured by property of the Hospital	11,578,003	12,793,153
\$9,900,000, 3 75% note payable to the United States Department of Agriculture, payable in monthly installments of \$40,788, beginning in December, 2014, including principal and interest through November 2052 The note is secured by property of the Hospital	<u>9,707,178</u>	<u>9,830,090</u>
Balance forward	27,177,369	28,781,529

The Community Hospital Association

Notes to Consolidated Financial Statements June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Carry forward	27,177,369	28,781,529
\$2,174,067, 3.375% note payable to the United States Department of Agriculture, payable in monthly installments of \$11,310 beginning July 2014, including principal and interest through August 2037. The note is secured by property of the Hospital.	2,174,067	351,905
\$350,000, 4.00% capital lease payable in monthly installments of \$15,148.23, including principal and interest, through September 2014 to Siemens, secured by equipment under lease.	30,138	206,864
\$80,466, 1.99% capital lease payable in monthly installments of \$1,432, including principal and interest through November, 2016 to Phillips Medical Capital, secured by equipment under lease.	<u>39,170</u>	<u>55,406</u>
Total long-term debt	29,420,744	29,395,704
Less current portion	<u>2,707,435</u>	<u>1,611,732</u>
	<u>\$ 26,713,309</u>	<u>27,783,972</u>

The Hospital has established certain funds in accordance with the terms of the Farmers Home Administration, United States Department of Agriculture loan resolution security agreements. See Note 5 for further discussion of these funds.

The aggregate maturities of long-term debt during each of the next five years are as follows:

<u>Year Ending June 30,</u>	
2015	\$ 2,660,731
2016	2,766,067
2017	2,880,741
2018	2,997,547
2019	2,679,105
Thereafter	<u>15,367,245</u>
	<u>\$ 29,351,436</u>

The aggregate maturity of principal and related interest of capital leases during each of the next five years are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 46,704	783
2016	16,897	293
2017	<u>5,707</u>	<u>22</u>
	<u>\$ 69,308</u>	<u>1,098</u>

The Community Hospital Association

Notes to Consolidated Financial Statements June 30, 2014 and 2013

(9) Endowment

Foundation endowments consist of funds established to invest permanently restricted donations. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by Board of Directors to function as endowments and beneficial interest in trust assets, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted Nebraska Uniform Prudent Management of Institutional Funds Act (NUPMIFA) as requiring the preservation of the whole dollar value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Absent any donor-imposed restrictions, interest, dividends and net appreciation of donor-restricted endowment funds is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by NUPMIFA.

In accordance with NUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1 The duration and preservation of the fund
- 2 The purposes of the Foundation and the donor-restricted endowment fund
- 3 General economic conditions
- 4 The possible effect of inflation and deflation
- 5 The expected total return from income and the appreciation of investments
- 6 Other resources of the Foundation
- 7 The investment policies of the Foundation

Permanently restricted donor-restricted endowment funds were \$1,530,894 and \$1,525,832 at June 30, 2014 and 2013, respectively. Board designated endowment funds were \$1,110,110 and \$893,200 at June 30, 2014 and 2013, respectively.

The changes in endowment net assets for the years ended June 30, 2014 and 2013 are as follows:

2014	Unrestricted	Permanently Restricted	Total
Net assets, beginning of year	\$ 893,200	1,525,832	2,419,032
Investment return			
Investment income	106,052	--	106,052
Net realized gain	86,307	--	86,307
Net unrealized gain	166,890	--	166,890
Total investment return	<u>359,249</u>	<u>--</u>	<u>359,249</u>
Contributions	--	5,062	5,062
Transfers	<u>(142,339)</u>	<u>--</u>	<u>(142,339)</u>
	<u>(142,339)</u>	<u>5,062</u>	<u>(137,277)</u>
Net assets, end of year	<u>\$ 1,110,110</u>	<u>1,530,894</u>	<u>2,641,004</u>

The Community Hospital Association

Notes to Consolidated Financial Statements June 30, 2014 and 2013

<u>2013</u>	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net assets, beginning of year	\$ 723,323	1,519,877	2,243,200
Investment return			
Investment income	54,756	--	54,756
Net realized gain	84,910	--	84,910
Net unrealized gain	117,871	--	117,871
Total investment return	<u>257,537</u>	<u>--</u>	<u>257,537</u>
Contributions	--	5,955	5,955
Transfers	<u>(87,660)</u>	<u>--</u>	<u>(87,660)</u>
	<u>(87,660)</u>	<u>5,955</u>	<u>(81,705)</u>
Net assets, end of year	<u>\$ 893,200</u>	<u>1,525,832</u>	<u>2,419,032</u>

Return Objectives and Risk Parameters

The Foundation has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while complying with all donor-imposed restrictions. Under this policy, as approved by the Board, the endowment assets are invested in a manner that maximizes total returns over long periods of time primarily through capital appreciation. Endowment assets are invested in a combination of the following: Equities (50-80%), Fixed Income (15-50%), and Short-Term Investments (5-20%).

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved primarily through the purchase of securities of high quality.

Appropriation Policy and How the Investment Objectives Relate to Appropriation Policy

The Foundation preserves the whole dollar value of the original gift as of the gift date of donor-restricted endowments, absent explicit donor stipulations to the contrary. Interest, dividend and net appreciation of the donor-restricted endowment funds are deemed appropriated for expenditure when earned.

The Community Hospital Association

Notes to Consolidated Financial Statements June 30, 2014 and 2013

(10) Temporarily and Permanently Restricted Net Assets

Temporarily restricted contributions are available for the following purposes at June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Scholarship	\$ 62,683	69,191
Support of hospice program	59,437	44,164
Cancer campaign	26,175	582,325
Purchase of property and equipment	20,213	33,327
Emergency funds	11,475	7,768
Rehabilitation services	7,685	7,685
Curtis medical center	6,400	6,400
Pediatric room	3,917	3,988
Trenton medical center	887	887
Garden campaign	720	42,261
Other	8,883	15,508
Oncology center equipment	--	2,190,860
	<u>\$ 208,475</u>	<u>2,996,596</u>

Permanently restricted net assets listed below include endowment funds which are to be held in perpetuity the income which is expendable for the following

	<u>2014</u>	<u>2013</u>
Support of general operations	\$ 1,525,474	1,520,412
Support of hospice program	5,420	5,420
	<u>\$ 1,530,894</u>	<u>1,525,832</u>

(11) Other Operating Revenue

Other revenue for the years ended June 30, 2014 and 2013 is as follows

	<u>2014</u>	<u>2013</u>
340b drug program	\$ 629,638	222,307
Rental and housekeeping revenue	319,331	320,094
Electronic health records incentive payments	270,243	266,725
Out-source services	161,316	233,985
Cafeteria revenue	132,271	111,823
Grant revenue	38,979	16,818
Medical records transcript fees	8,397	9,807
Gain (loss) on disposal of property and equipment	2,794	(260,923)
Miscellaneous	126,705	151,949
	<u>\$ 1,689,674</u>	<u>1,072,585</u>

The Community Hospital Association

Notes to Consolidated Financial Statements June 30, 2014 and 2013

The Electronic Health Records Incentive Program, enacted as part of the *American Recovery and Reinvestment Act of 2009*, provides for one-time incentive payments under both the Medicare and Medicaid programs to eligible hospitals that demonstrate meaningful use of certified electronic health records technology (EHR). Critical access hospitals (CAHs) are eligible to receive incentive payments in the cost reporting period beginning in the federal fiscal year in which meaningful use criteria have been met. The Medicare incentive payment is for qualifying costs of the purchase of certified EHR technology multiplied by the Hospital's Medicare share fraction, which includes a 20% incentive. This payment is an acceleration of amounts that would have been received in future periods based on the reimbursable costs incurred, including depreciation. If meaningful use criteria are not met in future periods, the Hospital is subject to penalties that would reduce future payments for services. Payments under the Medicaid program are generally made for up to four years based upon a statutory formula, as determined by the state, which is approved by the Centers for Medicare and Medicaid Services. The final amount for any payment year under both programs is determined based upon an audit by the fiscal intermediary. Events could occur that would cause the final amounts to differ materially from the initial payments under the program.

For the years ended June 30, 2014 and 2013, the Hospital has elected to record \$117,443 and \$266,725, respectively, of the Medicare incentive payments as other operating revenue in the period earned, and defer the remaining amount of the incentive related to future Medicare reimbursement. In addition, the Nebraska Department of Health and Human Services provides EHR incentive payments that will be earned and received through various payments through 2015. A payment of \$152,800 was received during the year ended June 30, 2014 and recorded as other operating revenue.

The following schedule shows the future recognition of deferred Medicare reimbursement, these amounts are included in estimated third party payor settlements on the balance sheet.

<u>Amounts Recognized in Fiscal Year</u>	<u>Deferred Revenue Recognition</u>
2015	\$ 203,936
2016	137,896
2017	70,361
2018	4,681
2019	<u>6,890</u>
Total	<u>\$ 423,764</u>

(12) Professional Liability Insurance

The Hospital carries a professional liability policy (including malpractice) which provides \$500,000 of coverage for injuries per occurrence and \$3,000,000 aggregate coverage. In addition, the Hospital carries a general liability policy which also provides \$1,000,000 per occurrence and \$3,000,000 aggregate coverage. The Hospital qualifies under the Nebraska Hospital Medical Liability Act (the Act). The Excess Liability Fund under the Act, on a claims-made basis, pays claims in excess of \$500,000 for losses up to \$1,750,000 per occurrence. The statute limits covered claims above \$1,750,000 and, in connection therewith, the Hospital carries an umbrella policy which also provides an additional \$3,000,000 of professional liability coverage per occurrence and aggregate coverage. These policies provide coverage on a claims-made basis covering only those claims which have occurred and are reported to the insurance company while the coverage is in force.

The Hospital could have exposure on possible incidents that have occurred for which claims will be made in the future, should professional liability insurance not be maintained, should coverage be limited and/or not available, or should the Act change.

The Community Hospital Association

Notes to Consolidated Financial Statements June 30, 2014 and 2013

Accounting principles generally accepted in the United States of America require a health care provider to recognize the ultimate costs of malpractice claims or similar contingent liabilities, which include costs associated with litigating or settling claims, when the incidents that give rise to the claims occur. The Hospital does evaluate all incidents and claims along with prior claim experience to determine if a liability is to be recognized. For the years ending June 30, 2014 and 2013, management determined no liability should be recognized for asserted or unasserted claims. Management is not aware of any such claim that would have a material adverse impact on the accompanying consolidated financial statements.

(13) Rental Income

The Hospital and Red Willow are the lessors of certain space under various two, three, five and ten-year noncancelable operating leases. Rental income is recorded monthly as earned in other revenue.

The following is a schedule by year of future minimum receipts under operating leases as of June 30, 2014, that have initial or remaining lease terms in excess of one year:

<u>Year</u>	<u>Amount</u>
2015	\$ 265,384
2016	<u>214,282</u>
	<u>\$ 479,666</u>

(14) Pension Plan

The Hospital has a noncontributory, defined contribution pension plan established under section 401(a) of the internal revenue code for substantially all full-time and eligible part-time employees. After a one year eligibility period, the Hospital contributes 7% of each employee's salary, up to statutory limits, into individual, self-directed accounts. Each employee is fully vested after three years of qualified employment. Employees of Community Hospital Health Foundation are also covered under this plan. Contributions totaled \$879,869 and \$809,321 for the years ended June 30, 2014 and 2013 respectively.

In addition, the Hospital has a contributory, defined contribution tax deferred annuity plan established under section 403(b) of the internal revenue code available to all employees. Contributions are voluntary and are allowed up to the statutory limits. All contributions are accounted for in individual, self-directed accounts which fully vest immediately.

Because of the types of plans, there are no actuarial assumptions used in determining costs nor can there be any actuarial gain or loss. Any gain or loss in pension fund investments is reflected in the participating employee's benefits. The value of the vested earned benefits can never exceed the assets of the fund since the benefits are determined by the value accumulated for each employee.

(15) 457(b) Deferred Compensation Plan

The Hospital also offers additional deferred compensation plans for its executive officers in accordance with Internal Revenue Code 457(b). The plan permits eligible employees to defer a portion of their salaries until future years. Employees may defer up to the maximum amount allowed by Section 457(b) of the Code into a separate investment account in which the executive has the right to direct the investment of the funds in accordance with investment guidelines established by the Hospital. The deferred compensation is not available to the employees until retirement, separation from employment, death, unforeseeable emergency or attaining age 65. The employer is the beneficial owner of all assets the employee places in the plan. The employee is fully vested in all amounts credited to his or her account.

The Community Hospital Association

Notes to Consolidated Financial Statements June 30, 2014 and 2013

The deferred compensation assets related to this plan in the amount of \$176,606 and \$112,222 as of June 30, 2014 and 2013, respectively, are included within the accompanying consolidated balance sheets as assets limited as to use. A liability of \$176,606 and \$112,222 as of June 30, 2014 and 2013, respectively, based on the fair value of the investments, has also been included within the accompanying consolidated balance sheets as deferred compensation liabilities.

(16) Concentrations of Credit Risk

The Hospital is located in McCook, Nebraska. The Hospital grants credits without collateral to its patients, most of who are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors was as follows:

	<u>2014</u>	<u>2013</u>
Medicare	34%	33%
Medicaid	5	4
Blue Cross	15	14
Other third-party payors	17	15
Private pay	29	34
	<u>100%</u>	<u>100%</u>

(17) Functional Expenses

The Hospital provides general health care services to residents within its geographic location. Expenses included in the consolidated statements of operations relate to the provision of these services.

The Community Hospital Association

Exhibit 1

Consolidating Balance Sheets
June 30, 2014

	Hospital	Foundation	Red Willow	Eliminations	Consolidated
ASSETS					
Current assets					
Cash and cash equivalents	\$ 4,745,780	165,533	152,790	--	5,064,103
Short-term investments	48,330	--	--	--	48,330
Receivables -					
Patients	6,339,237	--	--	--	6,339,237
Contributions	--	16,877	--	--	16,877
Affiliate	69,731	--	--	(69,731)	--
Other	304,937	45,322	--	--	350,259
Inventories	1,357,624	--	--	--	1,357,624
Prepaid expenses	683,046	--	--	--	683,046
Total current assets	<u>13,548,685</u>	<u>227,732</u>	<u>152,790</u>	<u>(69,731)</u>	<u>13,859,476</u>
Assets limited as to use	2,415,546	1,739,369	--	--	4,154,915
Investments	9,153,998	1,565,466	--	--	10,719,464
Property and equipment, net	41,285,042	--	82,641	--	41,367,683
Other assets, net	353,777	--	--	(199,263)	154,514
Total assets	<u>\$ 66,757,048</u>	<u>3,532,567</u>	<u>235,431</u>	<u>(268,994)</u>	<u>70,256,052</u>
LIABILITIES AND NET ASSETS					
Current liabilities					
Current portion of long-term debt	\$ 2,707,435	--	--	--	2,707,435
Accounts payable -					
Trade	608,600	38,167	36,168	(69,731)	613,204
Construction and equipment	24,490	--	--	--	24,490
Accrued salaries, vacation and benefits payable	1,188,220	--	--	--	1,188,220
Other accrued expenses	178,075	--	--	--	178,075
Estimated third-party payor settlements	125,627	--	--	--	125,627
Total current liabilities	<u>4,832,447</u>	<u>38,167</u>	<u>36,168</u>	<u>(69,731)</u>	<u>4,837,051</u>
Long-term debt, net of current portion	26,713,309	--	--	--	26,713,309
Deferred compensation	176,606	--	--	--	176,606
Total liabilities	<u>31,722,362</u>	<u>38,167</u>	<u>36,168</u>	<u>(69,731)</u>	<u>31,726,966</u>
Net assets					
Unrestricted	35,034,686	1,755,031	199,263	(199,263)	36,789,717
Temporarily restricted	--	208,475	--	--	208,475
Permanently restricted	--	1,530,894	--	--	1,530,894
Total net assets	<u>35,034,686</u>	<u>3,494,400</u>	<u>199,263</u>	<u>(199,263)</u>	<u>38,529,086</u>
Total liabilities and net assets	<u>\$ 66,757,048</u>	<u>3,532,567</u>	<u>235,431</u>	<u>(268,994)</u>	<u>70,256,052</u>

The Community Hospital Association

Exhibit 2

Consolidating Statements of Operations
For the Year Ended June 30, 2014

	Hospital	Foundation	Red Willow	Eliminations	Consolidated
UNRESTRICTED REVENUE					
Net patient service revenue	\$ 42,589,382	--	--	--	42,589,382
Provision for bad debts	(1,169,146)	--	--	--	(1,169,146)
Other operating revenue	1,689,160	--	49,700	(49,186)	1,689,674
Total unrestricted revenue	43,109,396	--	49,700	(49,186)	43,109,910
EXPENSES					
Salaries and wages	14,154,686	123,543	--	--	14,278,229
Employee health and welfare	4,566,940	48,533	--	--	4,615,473
Supplies and other	14,993,015	86,893	34,867	(49,186)	15,065,589
Depreciation and amortization	4,880,488	--	12,476	--	4,892,964
Interest	1,361,358	--	--	--	1,361,358
Insurance	147,997	--	1,962	--	149,959
Grants to affiliates and others	--	600,243	--	(580,879)	19,364
Total expenses	40,104,484	859,212	49,305	(630,065)	40,382,936
OPERATING INCOME (LOSS)	3,004,912	(859,212)	395	580,879	2,726,974
NONOPERATING GAINS, NET					
Investment income, net	217,842	250,620	--	(395)	468,067
Unrestricted gifts, grants and bequests	582,259	141,845	--	(580,879)	143,225
Nonoperating gains, net	800,101	392,465	--	(581,274)	611,292
EXCESS OF REVENUE OVER (UNDER) EXPENSES	3,805,013	(466,747)	395	(395)	3,338,266
NET ASSETS RELEASED FROM RESTRICTIONS	2,190,860	831,015	--	--	3,021,875
NET CHANGE IN UNREALIZED GAINS AND LOSSES ON OTHER THAN TRADING SECURITIES	--	209,377	--	--	209,377
INCREASE IN UNRESTRICTED NET ASSETS	\$ 5,995,873	573,645	395	(395)	6,569,518

Consolidating Statements of Changes in Net Assets
For the Year Ended June 30, 2014

	Hospital	Foundation	Red Willow	Eliminations	Consolidated
UNRESTRICTED NET ASSETS					
Operating income (loss)	\$ 3,004,912	(859,212)	395	580,879	2,726,974
Nonoperating gains, net	800,101	392,465	--	(581,274)	611,292
Net assets released from restrictions	2,190,860	831,015	--	--	3,021,875
Net change in unrealized gains and losses on other than trading securities	--	209,377	--	--	209,377
Increase in unrestricted net assets	<u>5,995,873</u>	<u>573,645</u>	<u>395</u>	<u>(395)</u>	<u>6,569,518</u>
TEMPORARILY RESTRICTED NET ASSETS					
Temporarily restricted contributions	--	233,754	--	--	233,754
Net assets released from restrictions	<u>(2,190,860)</u>	<u>(831,015)</u>	<u>--</u>	<u>--</u>	<u>(3,021,875)</u>
Decrease in temporarily restricted net assets	<u>(2,190,860)</u>	<u>(597,261)</u>	<u>--</u>	<u>--</u>	<u>(2,788,121)</u>
PERMANENTLY RESTRICTED NET ASSETS					
Permanently restricted contributions	<u>--</u>	<u>5,062</u>	<u>--</u>	<u>--</u>	<u>5,062</u>
INCREASE (DECREASE) IN NET ASSETS	3,805,013	(18,554)	395	(395)	3,786,459
NET ASSETS, beginning of year	<u>31,229,673</u>	<u>3,512,954</u>	<u>198,868</u>	<u>(198,868)</u>	<u>34,742,627</u>
NET ASSETS, end of year	<u><u>\$ 35,034,686</u></u>	<u><u>3,494,400</u></u>	<u><u>199,263</u></u>	<u><u>(199,263)</u></u>	<u><u>38,529,086</u></u>

Operating Highlights
For the Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Patient days -		
Adult and pediatric	2,420	2,399
Swing bed	1,034	1,080
Nursery	223	270
Discharges - Adult, pediatric and swing bed	1,002	913
Average length of stay - Adult, pediatric and swing bed	3 49 days	3 84 days
Percent occupancy - Adult, pediatric and swing bed	37 9%	38 1%
Full-time equivalent employees	238 56	231 26
Operations	2,075	1,831
X-Ray examinations	6,899	5,843
Ultrasound procedures	1,624	1,575
Nuclear medicine	394	392
CT scans	1,956	1,986
MRI	838	817
Deliveries	114	125
Physical therapy treatments	30,590	29,301
Occupational therapy treatments	1,607	1,933
Respiratory therapy treatments	8,495	7,540
Emergency room visits	4,291	4,144
Clinic registrations -		
Curtis	1,822	1,786
Trenton	2,011	2,039
Orthopedic	2,229	2,650
Specialty clinic	6,014	5,454
Home Health visits	2,544	3,425
Laboratory tests	62,758	61,265

The Community Hospital Association

Schedule of Expenditures of Federal Awards and Notes to Schedule June 30, 2014

Federal Grantor/Program Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Federal Expenditures
U S Department of Agriculture Rural Development Community Facilities Loan - Recovery Direct Loan	97-10	10 780	\$ 1,823,369
U S Department of Health and Human Services Health Resources and Services Administration Pass-Through Program From Nebraska Department of Health and Human Services Small Rural Hospital Improvement Program	H3HRH00017	93 301	8,527
			\$ 1,831,896

The accompanying notes are an integral part of this schedule

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Hospital under programs of the federal government for the year ended June 30, 2014. The information in this Schedule is presented in accordance with the requirements of the Office of Management and budget (OMB) Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the Hospital, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Hospital.

Note 2: Summary of Significant Accounting

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3: Loans and Loan Guarantees Outstanding

As of June 30, 2014, the Hospital had \$11,578,003 outstanding from loan guarantees and \$15,954,336 outstanding from loans issued under the Community Facilities Loans – Recovery Program of the United States Department of Agriculture Rural Development Office. Loans drawn on during the year are included in the federal expenditures as presented in the Schedule.

SEIM JOHNSON

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

To the Board of Directors of
The Community Hospital Association
McCook, Nebraska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Community Hospital Association (the Hospital), which comprise the consolidated statement of financial position as of June 30, 2014, and the related consolidated statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 2, 2014

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

SEIM JOHNSON, LLP

Omaha, Nebraska,
September 2, 2014

SEIM JOHNSON

Independent Auditor's Report on Compliance for Each Major Federal Program; and Report on Internal Control Over Compliance as Required by OMB Circular A-133

To the Board of Directors of
The Community Hospital Association
McCook, Nebraska

Report on Compliance for Each Major Federal Program

We have audited The Community Hospital Association's (the Hospital) compliance, with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on its major Federal program for the year ended June 30, 2014. The Hospital's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of the Hospital's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Hospital's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Hospital's compliance.

Opinion on Each Major Federal Program

In our opinion, the Hospital complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major Federal program for the year ended June 30, 2014.

Report on Internal Control Over Compliance

The management of the Hospital is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the Hospital's internal control over compliance with the type of requirements that could have a direct and material effect on a major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major Federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

SEIM JOHNSON, LLP

Omaha, Nebraska,
September 2, 2014

