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Part IV Checklist of Required Schedules

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

Part IV

Checklist of Required Schedules (continued)

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

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		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	133	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
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.	0	
2b If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).			
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).			
7a Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?			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? <b>Note.</b> 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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year . . . . .	15	
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
b	Enter the number of voting members included in line 1a, above, who are independent . . . . .	12	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? . . . . .	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . . . . .	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? . . . . .	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? . . . . .	5	No
6	Did the organization have members or stockholders? . . . . .	6	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body? . . . . .	7a	Yes
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? . . . . .	7b	Yes
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
a	The governing body? . . . . .	8a	Yes
b	Each committee with authority to act on behalf of the governing body? . . . . .	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O . . . . .	9	No

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed▶VA
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> Other (explain in Schedule O)
19	Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶JOHN L JETER 16000 JOHNSTON MEMORIAL DR ABINGDON,VA 24211 (276) 258-1000

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) DENNIS VONDERFECHT TRUSTEE	9 00 51 00	X						0	1,058,195	68,381
(2) ANN FLEMING TREASURER	13 00 47 00	X						0	753,909	73,411
(3) PAUL ARMSTRONG MD TRUSTEE	3 00 37 00	X						0	465,440	36,131
(4) JIM GARDNER MD TRUSTEE	13 00 27 00	X						0	227,657	26,193
(5) KATHY MITCHELL MD TRUSTEE	13 00	X						0	0	0
(6) MICHAEL SPIEGLER SECRETARY	10 00	X						0	0	0
(7) GARY PEACOCK TRUSTEE	8 00 5 00	X						0	0	0
(8) OTEY DUDLEY TRUSTEE	12 00	X						0	0	0
(9) HUGH FERGUSON CHAIR	13 00	X						0	0	0
(10) TOM FOWLKES TRUSTEE	6 00 4 50	X						0	0	0
(11) RACHEL FOWLKES EDD TRUSTEE	11 00	X						0	0	0
(12) JOANNE GILMER VICE-CHAIR	13 00 6 00	X						0	0	0
(13) KATHI LOWE TRUSTEE	7 00	X						0	0	0
(14) BILL HAYTER TRUSTEE	13 00	X						0	0	0
(15) BARBARA ALLEN TRUSTEE	4 00 7 00	X						0	0	0
(16) ERIC MILLER TRUSTEE	13 00	X						0	0	0
(17) SEAN MCMURRAY CEO	50 00 5 00			X				0	309,946	49,800



## Part VII

2	Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization			
			Yes	No
3	Did the organization list any <b>former</b> officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>	3		No
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>	4	Yes	
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>	5		No

**1** Complete this table for your five highest compensated independent contractors that received more than \$100,000 of

Form 990 (2013)

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	22,811				
	e	Government grants (contributions)	1e	64,674				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	13,623				
	g	Noncash contributions included in lines 1a-1f \$						
	h	Total. Add lines 1a-1f . . . . .			101,108			
Program Service Revenue	2a	PATIENT SERVICE REVENUE	Business Code 621110	116,952,245	116,952,245			
	b	WELLNESS PROGRAMS	621110	1,998,265	1,998,265			
	c	P/S PREMIER AND ISHN	621110	244,615	244,615			
	d	RENT TO EXEMPT AFFILIATES	621110	147,760			147,760	
	e	LABORATORY	621500	132,455		132,455		
	f	All other program service revenue		-6,091			-6,091	
	g	Total. Add lines 2a-2f . . . . .			119,469,249			
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) . . . . .		2,055,268			2,055,268
		4	Income from investment of tax-exempt bond proceeds . . . . .		3,038			3,038
5		Royalties . . . . .						
6a		Gross rents	(i) Real 697,046	(ii) Personal				106,435
		b	Less rental expenses	590,611				
		c	Rental income or (loss)	106,435				
		d	Net rental income or (loss) . . . . .					
7a		Gross amount from sales of assets other than inventory	(i) Securities 4,457,858	(ii) Other 647,218	5,105,076	621,274		4,483,802
		b	Less cost or other basis and sales expenses					
		c	Gain or (loss)	4,457,858				
		d	Net gain or (loss) . . . . .					
8a		Gross income from fundraising events (not including \$ of contributions reported on line 1c) See Part IV, line 18 . . . . .						
b		Less direct expenses . . . . .						
c		Net income or (loss) from fundraising events . . . . .						
9a		Gross income from gaming activities See Part IV, line 19 . . . . .						
b		Less direct expenses . . . . .						
c		Net income or (loss) from gaming activities . . . . .						
10a		Gross sales of inventory, less returns and allowances . . . . .						
		a						
		b	Less cost of goods sold . . . . .					
c	Net income or (loss) from sales of inventory . . . . .							
Miscellaneous Revenue		Business Code						
11a	CAFETERIA & VENDING	722210	636,413				636,413	
b	PREMIER IPO VENDOR INCENTIVE	900099	504,135				504,135	
c	MANAGEMENT FEES	561000	180,921				180,921	
d	All other revenue . . . . .		44,427				44,427	
e	Total. Add lines 11a-11d . . . . .			1,365,896				
12	Total revenue. See Instructions . . . . .			128,206,070	119,816,399	132,455	8,156,108	

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.	280,949	280,949		
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.	557,980		557,980	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).				
7	Other salaries and wages.	40,586,280	33,944,178	6,642,102	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	1,426,982	1,208,802	218,180	
9	Other employee benefits.	3,986,003	3,956,825	29,178	
10	Payroll taxes.	2,453,855	2,289,057	164,798	
11	Fees for services (non-employees):				
a	Management.	102,806		102,806	
b	Legal.	12,319		12,319	
c	Accounting.	116,514		116,514	
d	Lobbying.				
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.	231,721		231,721	
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	24,064,058	20,423,322	3,640,736	
12	Advertising and promotion.	275,887	8,559	267,328	
13	Office expenses.	1,220,779	975,994	244,785	
14	Information technology.	776,525	768,146	8,379	
15	Royalties.				
16	Occupancy.	2,318,275	1,658,692	659,583	
17	Travel.	222,743	189,463	33,280	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	43,874	41,855	2,019	
20	Interest.	560,130		560,130	
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	11,801,342	4,917,860	6,883,482	
23	Insurance.	997,468	21,963	975,505	
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O):				
a	MEDICAL SUPPLIES & DRUGS	18,374,666	18,374,666		
b	MANAGEMENT FEES TO PARENT	4,727,688		4,727,688	
c	REPAIRS AND MAINTENANCE	2,955,073	2,872,718	82,355	
d	ALL OTHER	785,810	470,367	315,443	
e	All other expenses	17,399		17,399	
25	<b>Total functional expenses.</b> Add lines 1 through 24e.	118,897,126	92,403,416	26,493,710	0
26	<b>Joint costs.</b> 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	<b>1</b>	Cash—non-interest-bearing . . . . .		11,763,287	<b>1</b>	11,263,537
	<b>2</b>	Savings and temporary cash investments . . . . .			<b>2</b>	
	<b>3</b>	Pledges and grants receivable, net . . . . .			<b>3</b>	
	<b>4</b>	Accounts receivable, net . . . . .		20,851,685	<b>4</b>	20,502,390
	<b>5</b>	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L . . . . .			<b>5</b>	
	<b>6</b>	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 . . . . .			<b>6</b>	
	<b>7</b>	Notes and loans receivable, net . . . . .		3,140,677	<b>7</b>	2,501,943
	<b>8</b>	Inventories for sale or use . . . . .		2,990,250	<b>8</b>	2,954,107
	<b>9</b>	Prepaid expenses and deferred charges . . . . .		875,233	<b>9</b>	851,748
	<b>10a</b>	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D . . . . .	<b>10a</b> 255,685,379			
	<b>b</b>	Less: accumulated depreciation . . . . .	<b>10b</b> 88,439,688	177,110,911	<b>10c</b>	167,245,691
	<b>11</b>	Investments—publicly traded securities . . . . .		105,055,305	<b>11</b>	130,127,592
	<b>12</b>	Investments—other securities. See Part IV, line 11 . . . . .			<b>12</b>	
	<b>13</b>	Investments—program-related. See Part IV, line 11 . . . . .			<b>13</b>	199,510
	<b>14</b>	Intangible assets . . . . .		35,200	<b>14</b>	35,200
	<b>15</b>	Other assets. See Part IV, line 11 . . . . .		1,491,766	<b>15</b>	
	<b>16</b>	<b>Total assets.</b> Add lines 1 through 15 (must equal line 34) . . . . .		323,314,314	<b>16</b>	335,681,718
Liabilities	<b>17</b>	Accounts payable and accrued expenses . . . . .		11,747,745	<b>17</b>	11,358,879
	<b>18</b>	Grants payable . . . . .			<b>18</b>	
	<b>19</b>	Deferred revenue . . . . .			<b>19</b>	2,084,434
	<b>20</b>	Tax-exempt bond liabilities . . . . .		40,701,627	<b>20</b>	38,218,067
	<b>21</b>	Escrow or custodial account liability. Complete Part IV of Schedule D . . . . .			<b>21</b>	
	<b>22</b>	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 . . . . .			<b>22</b>	
	<b>23</b>	Secured mortgages and notes payable to unrelated third parties . . . . .			<b>23</b>	
	<b>24</b>	Unsecured notes and loans payable to unrelated third parties . . . . .			<b>24</b>	
	<b>25</b>	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D . . . . .		1,470,511	<b>25</b>	2,610,375
	<b>26</b>	<b>Total liabilities.</b> Add lines 17 through 25 . . . . .		53,919,883	<b>26</b>	54,271,755
Net Assets or Fund Balances		<b>Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.</b>				
	<b>27</b>	Unrestricted net assets . . . . .		269,395,885	<b>27</b>	281,409,482
	<b>28</b>	Temporarily restricted net assets . . . . .		-1,454	<b>28</b>	481
	<b>29</b>	Permanently restricted net assets . . . . .			<b>29</b>	
		<b>Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.</b>				
	<b>30</b>	Capital stock or trust principal, or current funds . . . . .			<b>30</b>	
	<b>31</b>	Paid-in or capital surplus, or land, building or equipment fund . . . . .			<b>31</b>	
	<b>32</b>	Retained earnings, endowment, accumulated income, or other funds . . . . .			<b>32</b>	
	<b>33</b>	<b>Total net assets or fund balances . . . . .</b>		269,394,431	<b>33</b>	281,409,963
	<b>34</b>	<b>Total liabilities and net assets/fund balances . . . . .</b>		323,314,314	<b>34</b>	335,681,718

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	128,206,070
2	Total expenses (must equal Part IX, column (A), line 25) . . . . .	2	118,897,126
3	Revenue less expenses Subtract line 2 from line 1 . . . . .	3	9,308,944
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . . . . .	4	269,394,431
5	Net unrealized gains (losses) on investments . . . . .	5	3,324,700
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	-618,112
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	281,409,963

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 checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	Yes	
2c	If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	Yes	
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		No
3b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits		

SCHEDULE A

(Form 990 or 990EZ)

Department of the  
Treasury  
Internal Revenue Service

Public Charity Status and Public Support

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

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

▶ Information about Schedule A (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization JOHNSTON MEMORIAL HOSPITAL INC	Employer identification number 54-0544705
--	--

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<sup>1</sup>/<sub>3</sub>% 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<sup>1</sup>/<sub>3</sub>% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2)**. (Complete Part III )
- 10

☐

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

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Non-functionally integrated

e

☐

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

f

☐

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

g

☐

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

(i)

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

(ii)

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

(iii)

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

h

☐

Provide the following information about the supported organization(s)

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

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

Part II

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

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4						

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV )						
11 Total support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here . . . . . ▶						

Section C. Computation of Public Support Percentage						
14 Public support percentage for 2013 (line 6, column (f) divided by line 11, column (f))		14				
15 Public support percentage for 2012 Schedule A, Part II, line 14		15				
16a 33 1/3% support test—2013. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization						▶
b 33 1/3% support test—2012. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization						▶
17a 10%-facts-and-circumstances test—2013. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization						▶
b 10%-facts-and-circumstances test—2012. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization						▶
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions						▶

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

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support (Subtract line 7c from line 6.)						

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ▶						

Section C. Computation of Public Support Percentage		
15 Public support percentage for 2013 (line 8, column (f) divided by line 13, column (f))	15	
16 Public support percentage from 2012 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2013 (line 10c, column (f) divided by line 13, column (f))	17	
18 Investment income percentage from 2012 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2013. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶		
b 33 1/3% support tests—2012. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶		
20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶		



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

Facts And Circumstances Test

Return Reference	Explanation	
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SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527  
▶ **Complete if the organization is described below. ▶ Attach to Form 990 or Form 990-EZ.**  
▶ **See separate instructions. ▶ Information about Schedule C (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

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

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

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

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

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

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

Name of the organization JOHNSTON MEMORIAL HOSPITAL INC	Employer identification number 54-0544705
--	--

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

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

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

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

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

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

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

Part II-A

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 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)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		7,051
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?		No	
j	Total. Add lines 1c through 1i.			7,051
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
SCHEDULE C, PART IV	PART II-B, LINE 1 PORTION OF DUES PAID TO VIRGINIA HOSPITAL AND HEALTHCARE ASSOCIATION THAT ARE ATTRIBUTABLE TO DIRECT LOBBYING

[illegible]

SCHEDULE D  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2013

Open to Public Inspection

<b>Name of the organization</b> JOHNSTON MEMORIAL HOSPITAL INC	<b>Employer identification number</b>  54-0544705
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Part I

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

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

Part II

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

1

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

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

2

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

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

3

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

4

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

5

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

☐ Yes ☐ No

6

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

7

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

8

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

☐ Yes ☐ No

9

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

Part III

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

1a

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

b

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

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

▶ \$ \_\_\_\_\_

(ii) Assets included in Form 990, Part X

▶ \$ \_\_\_\_\_

2

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

a

Revenues included in Form 990, Part VIII, line 1

▶ \$ \_\_\_\_\_

b

Assets included in Form 990, Part X

▶ \$ \_\_\_\_\_

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

Cat No 52283D

Schedule D (Form 990) 2013

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

- 3

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

☐ Public exhibition

d

☐ Loan or exchange programs

b

☐ Scholarly research

e

☐ Other

c

☐ Preservation for future generations
- 4

Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII
- 5

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

☐ Yes

☐ No

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

- 1a

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

☐ Yes

☐ No
- b

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

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	Amount
1c	
1d	
1e	
1f	
- 2a

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

☐ Yes

☐ No
- b

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

☐

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

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

- 2

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

Board designated or quasi-endowment
- b

Permanent endowment
- c

Temporarily restricted endowment

The percentages in lines 2a, 2b, and 2c should equal 100%
- 3a

Are there endowment funds not in the possession of the organization that are held and administered for the organization by
- (i) unrelated organizations . . . . .

3a(i)

Yes

No

(ii) related organizations . . . . .

3a(ii)

Yes

No

b

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

3b

Yes

No

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 . . . . .		6,414,992		6,414,992
b Buildings . . . . .		148,392,946	23,025,328	125,367,618
c Leasehold improvements . . . . .		6,087,656	1,521,441	4,566,215
d Equipment . . . . .		93,864,257	63,629,978	30,234,279
e Other . . . . .		925,528	262,941	662,587
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				167,245,691

Schedule D (Form 990) 2013





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
SCHEDULE D, PAGE 3, PART X	FOOTNOTES FROM JOHNSTON MEMORIAL HOSPITAL'S JUNE 30, 2014 CONSOLIDATED AUDITED FINANCIAL STATEMENTS INCLUDE THE FOLLOWING TEXT "THE HOSPITAL AND APP ARE CLASSIFIED AS ORGANIZATIONS EXEMPT FROM INCOME TAXES UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE. JMH ER IS ORGANIZED AS A LIMITED LIABILITY CORPORATION AND IS CONSIDERED A DISREGARDED ENTITY FOR TAX PURPOSES. AS SUCH, NO PROVISION FOR INCOME TAXES HAS BEEN MADE IN THE ACCOMPANYING CONSOLIDATED FINANCIAL STATEMENTS. AT JUNE 30, 2014, TAX RETURNS FOR FISCAL YEARS 2010 THROUGH 2013 ARE SUBJECT TO EXAMINATION BY THE INTERNAL REVENUE SERVICE. THE HOSPITAL HAS NO UNCERTAIN TAX POSITIONS AT JUNE 30, 2014 AND 2013. AS SUCH, NO INTEREST OR PENALTIES ARE RECOGNIZED IN THE CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS RELATED TO UNRECOGNIZED TAX BENEFITS."

[illegible]

SCHEDULE H  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Hospitals

► Complete if the organization answered "Yes" to Form 990, Part IV, question 20.  
► Attach to Form 990. ► See separate instructions.  
► Information about Schedule H (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
JOHNSTON MEMORIAL HOSPITAL INC

Employer identification number  
54-0544705

Part I

Financial Assistance and Certain Other Community Benefits at Cost

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

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1) . . . .			2,679,061		2,679,061	2 250 %
b Medicaid (from Worksheet 3, column a) . . . . .			18,385,487	14,633,630	3,751,857	3 160 %
c Costs of other means-tested government programs (from Worksheet 3, column b) . .						
d <b>Total</b> Financial Assistance and Means-Tested Government Programs . .			21,064,548	14,633,630	6,430,918	5 410 %
<b>Other Benefits</b>						
e Community health improvement services and community benefit operations (from Worksheet 4) . . . .			175,428		175,428	0 150 %
f Health professions education (from Worksheet 5) . . . .			898,097		898,097	0 760 %
g Subsidized health services (from Worksheet 6) . . . .			3,634,927	2,612,826	1,022,101	0 860 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			184,634		184,634	0 160 %
j <b>Total.</b> Other Benefits . . . .			4,893,086	2,612,826	2,280,260	1 920 %
k <b>Total.</b> Add lines 7d and 7j . .			25,957,634	17,246,456	8,711,178	7 330 %

**Part III**

**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
<b>1</b> Physical improvements and housing						
<b>2</b> Economic development			3,575		3,575	
<b>3</b> Community support						
<b>4</b> Environmental improvements						
<b>5</b> Leadership development and training for community members						
<b>6</b> Coalition building						
<b>7</b> Community health improvement advocacy						
<b>8</b> Workforce development						
<b>9</b> Other						
<b>10 Total</b>			3,575		3,575	

**Part III**

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

**Section A. Bad Debt Expense**

**1**

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

**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.

**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.

**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.

**1**

Yes

**2**

16,035,231

**3**

12,026,423

**9a**

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

**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.

**1**

Yes

**2**

16,035,231

**3**

12,026,423

**9a**

Yes

**9b**

Yes

**Section B. Medicare**

**5**

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

**6**

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

**7**

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

**8**

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

**5**

37,453,513

**6**

40,349,827

**7**

-2,896,314

**Section C. Collection Practices**

**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 %
<b>1</b>				
<b>2</b>				
<b>3</b>				
<b>4</b>				
<b>5</b>				
<b>6</b>				
<b>7</b>				
<b>8</b>				
<b>9</b>				
<b>10</b>				
<b>11</b>				
<b>12</b>				
<b>13</b>				

Schedule H (Form 990) 2013

Part V

Facility Information

Section A. Hospital Facilities

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

Name, address, primary website address, and state license number

		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
	See Additional Data Table										

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

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

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No		
<b>9</b> 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?		<b>9</b>	Yes		
<b>10</b> Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care <u>200 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		<b>10</b>	Yes		
<b>11</b> Used FPG to determine eligibility for providing <i>discounted</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		<b>11</b>	Yes		
<b>12</b> Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply)		<b>12</b>	Yes		
<b>a</b> <input checked="" type="checkbox"/> Income level					
<b>b</b> <input checked="" type="checkbox"/> Asset level					
<b>c</b> <input checked="" type="checkbox"/> Medical indigency					
<b>d</b> <input checked="" type="checkbox"/> Insurance status					
<b>e</b> <input checked="" type="checkbox"/> Uninsured discount					
<b>f</b> <input type="checkbox"/> Medicaid/Medicare					
<b>g</b> <input type="checkbox"/> State regulation					
<b>h</b> <input type="checkbox"/> Residency					
<b>i</b> <input type="checkbox"/> Other (describe in Part VI)					
<b>13</b> Explained the method for applying for financial assistance? . . . . .		<b>13</b>	Yes		
<b>14</b> 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)		<b>14</b>	Yes		
<b>a</b> <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website					
<b>b</b> <input type="checkbox"/> The policy was attached to billing invoices					
<b>c</b> <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms					
<b>d</b> <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices					
<b>e</b> <input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility					
<b>f</b> <input checked="" type="checkbox"/> The policy was available upon request					
<b>g</b> <input type="checkbox"/> Other (describe in Part VI)					
Billing and Collections					
<b>15</b> 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? . . . . .		<b>15</b>	Yes		
<b>16</b> 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					
<b>a</b> <input type="checkbox"/> Reporting to credit agency					
<b>b</b> <input type="checkbox"/> Lawsuits					
<b>c</b> <input type="checkbox"/> Liens on residences					
<b>d</b> <input type="checkbox"/> Body attachments					
<b>e</b> <input type="checkbox"/> Other similar actions (describe in Section C)					
<b>17</b> 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? . . . . .				<b>17</b>	No
If "Yes," check all actions in which the hospital facility or a third party engaged					
<b>a</b> <input type="checkbox"/> Reporting to credit agency					
<b>b</b> <input type="checkbox"/> Lawsuits					
<b>c</b> <input type="checkbox"/> Liens on residences					
<b>d</b> <input type="checkbox"/> Body attachments					
<b>e</b> <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

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

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

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



**Part V Facility Information** *(continued)*

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

[illegible]

**Part V**

**Facility Information** *(continued)*

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

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

Name and address	Type of Facility (describe)
<b>1</b> _____	
<b>2</b> _____	
<b>3</b> _____	
<b>4</b> _____	
<b>5</b> _____	
<b>6</b> _____	
<b>7</b> _____	
<b>8</b> _____	
<b>9</b> _____	
<b>10</b> _____	

**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 6A - RELATED ORGANIZATION INFORMATION	JMH DID NOT COMPLETE A COMMUNITY BENEFIT REPORT DURING FY14 WE ARE PREPARING A COMMUNITY BENEFIT REPORT IN FY15

Form and Line Reference	Explanation
PART I, LINE 7 - COSTING METHODOLOGY EXPLANATION	A COST TO CHARGE RATIO (WORKSHEET 2 "RATIO OF PATIENT CARE COST TO CHARGES") WAS USED TO CALCULATE LINE 7A FINANCIAL ASSISTANCE (CHARITY CARE) COST OUR COST ACCOUNTING SYSTEM PROVIDED MEDICAID/TNCARE LOSSES REPORTED ON LINE 7B LINE 7E COMMUNITY HEALTH IMPROVEMENT INCLUDES COSTS THAT ARE TAKEN FROM ACTUAL EXPENSE REPORTS, WITH NO ADDITIONAL OVERHEAD INCLUDED IN THE COST, AND ONE IN-KIND LEASE BASED ON FAIR MARKET VALUE LINE 7F HEALTH PROFESSIONS EDUCATION IS COMPRISED OF INTERNSHIPS WITH SCHOOLS AND UNIVERSITIES, ALLOWING THEIR HEALTH PROFESSION STUDENTS TO GET HANDS-ON TRAINING AT A HOSPITAL AS PART OF THEIR EDUCATION AND TRAINING OUR ORGANIZATIONAL DEVELOPMENT DEPARTMENT KEEPS DETAILED RECORDS ON HOURS SPENT ON THESE STUDENT ACTIVITIES, THE NUMBER OF STUDENTS THAT ROTATE THROUGH OUR HOSPITALS, ETC INFORMATION IS MAINTAINED FOR EACH HOSPITAL UNIT THAT PARTICIPATES WE ONLY INCLUDE LABOR COSTS AND WE ONLY ASSUME A PERCENTAGE OF OUR TEAM MEMBERS' TIME IS DEVOTED TO THESE STUDENTS FOR LINE 7G SUBSIDIZED HEALTH CARE SERVICES, WE USE OUR COST ACCOUNTING SYSTEM WE ARE CAREFUL TO ENSURE NO DOUBLE COUNTING OF COST (FOR EXAMPLE, WE DO NOT INCLUDE CHARITY AND MEDICAID/TNCARE ALREADY REPORTED ON LINES 7A AND 7B) ALTHOUGH WE HAVE MANY SERVICE LINES WITHIN OUR HOSPITALS THAT LOSE MONEY, WE DO NOT REPORT SURGERY OR OTHER SERVICES THAT HOSPITALS ARE REQUIRED BY STATE LICENSURE TO PROVIDE FOR THE SERVICE LINES WE DO REPORT, SUCH AS DIABETES AND WOUND CARE, WE USED OUR COST ACCOUNTING SYSTEM SINCE THESE HAVE STANDARD FINANCIAL REPORTS LINE 7I REPORTS CASH CONTRIBUTIONS AND OUR COST OF MEDICATIONS DONATED TO LOCAL NON-PROFIT RESCUE SQUADS

Form and Line Reference	Explanation
PART II - COMMUNITY BUILDING ACTIVITIES	JMH LEADERS SUPPORT AND ENCOURAGE ALL TEAM MEMBERS TO VOLUNTEER TIME, MONEY AND SKILLS TO COMMUNITY SERVICE PROJECTS AND CHARITABLE ORGANIZATIONS SENIOR LEADERS AND BOARD MEMBERS SET A POSITIVE EXAMPLE FOR JMH TEAM MEMBERS, SERVING VOLUNTARILY ON COMMITTEES AND MANAGING BOARDS OF LOCAL SERVICE AND NON-PROFIT ORGANIZATIONS MANY ALSO SERVE AS MEMBERS AND CONSULTANTS ON PROFESSIONAL COMMITTEES AND TASK FORCES THAT AFFECT REGIONAL DEVELOPMENT IN HEALTHCARE AND EDUCATION JMH, IN COLLABORATION WITH AREA HEALTH AGENCIES AND PROVIDERS, MAY OFFER ASSISTANCE WITH COORDINATION, ADVOCACY, OR CONTRIBUTE SUPPLIES TO SUPPORT GROUPS FOR THEIR PROGRAM ACTIVITIES THAT SERVE TO ASSIST SPECIAL POPULATIONS WITHIN OUR AREA MOST OF THESE ORGANIZATIONS WORK TO IMPROVE THE LIVES OF COMMUNITY MEMBERS THAT HAVE LIMITED, OR NO, FINANCIAL RESOURCES WE MADE DONATIONS TO A MOBILE FOOD DISTRIBUTING PROVIDER AND OTHER DONATIONS WERE MADE TO BROADER-BASED ORGANIZATIONS SUCH AS THE UNITED WAY

Form and Line Reference	Explanation
PART III, LINE 2 - BAD DEBT EXPENSE METHODOLOGY	SELF-PAY BALANCES INCLUDE ACCOUNTS AFTER PAYMENTS AND CONTRACTUAL ADJUSTMENTS (DISCOUNTS)HAVE BEEN POSTED FROM ALL THIRD-PARTY PAYERS - GENERALLY LEAVING THE PATIENT RESPONSIBLE FOR DEDUCTIBLES AND/OR CO- PAYMENTS OTHER SELF-PAY ACCOUNTS ARE FROM PATIENTS WITH NO INSURANCE OR THIRD-PARTY COVERAGE ALL PATIENTS WITH NO FORM OF THIRD-PARTY PAYER COVERAGE RECEIVE A 63% DISCOUNT, AS REQUIRED BY TENNESSEE LAW MSHA APPLIES TENNESSEE LAW TO OUR VIRGINIA HOSPITAL PATIENT ACCOUNTS AS WELL AFTER THE NORMAL COLLECTION PROCESS HAS INDICATED AN ACCOUNT IS UNCOLLECTIBLE, JMH WRITES THE ACCOUNT OFF TO BAD DEBT THE HOSPITAL'S OVERALL SELF-PAY ACCOUNTS RECEIVABLE BALANCE IS EVALUATED ON AN ONGOING BASIS TO GATHER HISTORICAL INFORMATION TO APPLY TO THE CURRENT BALANCE IN OTHER WORDS, THE HOSPITAL EVALUATES PAST COLLECTION HISTORY ON ACCOUNTS WRITTEN OFF TO BAD DEBT AND APPLIES THE HISTORICAL UNPAID RATE TO THE CURRENT SELF-PAY ACCOUNTS RECEIVABLE BALANCE

Form and Line Reference	Explanation
PART III, LINE 3 BAD DEBT EXPENSE, PATIENTS ELIGIBLE FOR ASSISTANCE	IT IS IMPLAUSIBLE TO DETERMINE THE AMOUNT OF JMH'S BAD DEBT ASSOCIATED WITH THOSE PATIENTS WHO MAY HAVE MET THE CRITERIA SET FORTH IN OUR FINANCIAL ASSISTANCE POLICY WITHOUT HAVING A COMPLETED FINANCIAL ASSESSMENT WE ARE UNABLE TO DETERMINE OUR PATIENTS' FINANCIAL CIRCUMSTANCES UNLESS A COMPLETED FINANCIAL ASSESSMENT FORM IS VOLUNTARILY PROVIDED TO US WE CAN ASSERT THAT MORE THAN 97% OF OUR PATIENTS WHO HAVE PROVIDED COMPLETED FINANCIAL ASSESSMENT FORMS HAVE BEEN APPROVED FOR AT LEAST PARTIAL FINANCIAL ASSISTANCE MSHA'S PATIENT FINANCIAL SERVICES MANAGEMENT ESTIMATES THAT 75% OF BAD DEBT EXPENSE IS ASSUMED ATTRIBUTABLE TO PATIENTS LIKELY ELIGIBLE FOR FINANCIAL ASSISTANCE WE HAVE MANY INSTANCES OF PATIENTS WITH LARGE ACCOUNT BALANCES AND NO HEALTH INSURANCE COVERAGE THAT WE ARE SURE WOULD QUALIFY FOR CHARITY CARE ALTHOUGH HOSPITAL TEAM MEMBERS ENCOURAGE THESE INDIVIDUALS TO COMPLETE OUR FINANCIAL ASSISTANCE APPLICATION, MANY WILL NOT DO SO EVEN WHEN THESE INDIVIDUALS ARE TOLD WE FEEL SURE THEY DO QUALIFY FOR FULL OR PARTIAL ASSISTANCE, THEY STILL REFUSE TO COMPLETE OUR FINANCIAL ASSISTANCE APPLICATION

Form and Line Reference	Explanation
BAD DEBT EXPENSE FOOTNOTE TO FINANCIAL STATEMENTS	THE TEXT OF JMH'S FINANCIAL STATEMENTS THAT DESCRIBES BAD DEBT EXPENSE APPEARS ON PAGE 10 IN OUR MOST RECENT AUDITED FINANCIAL STATEMENTS (ATTACHED)



Form and Line Reference	Explanation
PART III, LINE 8 - MEDICARE EXPLANATION	MEDICARE ALLOWABLE COSTS WERE REPORTED USING JMH'S FILED MEDICARE COST REPORT (C/R) THE C/R USES A COST TO CHARGE RATIO BASED ON A STEP-DOWN ALLOCATION METHODOLOGY IN CARING FOR THE PATIENT, THERE ARE SEVERAL SERVICES THAT ARE CONSIDERED NON-ALLOWABLE SUCH AS TRANSPORTATION OF A PATIENT, COMFORT ITEMS TO INCLUDE A TELEVISION, MAGAZINES, OR A TELEPHONE ADDITIONAL NON-ALLOWABLE COSTS INCLUDE THE RECRUITMENT OF PHYSICIANS, PHYSICIAN GUARANTEES AND A PORTION (ALMOST 16%) OF THE BAD DEBT ASSOCIATED WITH THE CARE OF THE PATIENT MEDICARE LOSSES, INCLUDING SOME NON-ALLOWABLE COSTS, SHOULD BE COUNTED AS A COMMUNITY BENEFIT AS THIS IS THE COST OF CARE FOR SERVING THE AGING POPULATION AS A NOT-FOR-PROFIT ORGANIZATION, WE EXIST TO IDENTIFY AND RESPOND TO THE HEALTH CARE NEEDS OF THE COMMUNITY AND THE INDIVIDUAL WHILE MAINTAINING A HIGH LEVEL OF HEALTH CARE SERVICES WITHOUT LOSSES SINCE LOSSES DO OCCUR THROUGH THE CMS SYSTEM OF REIMBURSEMENT, THESE LOSSES ARE A COST OF DOING BUSINESS FOR OUR COMMUNITY AND SHOULD BE CONSIDERED A COMMUNITY BENEFIT AS A PARTICIPATING PROVIDER IN THE MEDICARE PROGRAM, JMH IS REQUIRED TO PROVIDE THE FULL REGIMEN OF CARE FOR OUR MEDICARE POPULATION THERE ARE A NUMBER OF CARE REGIMENS THAT ARE COMPENSATED BY THE MEDICARE PROGRAM AT LEVELS BELOW OUR COST THEREFORE IT IS ONLY LOGICAL TO ALLOW JMH TO REPORT THESE UNCOMPENSATED SERVICES AS A COMMUNITY BENEFIT BY MAKING THIS CHANGE, NON-PROFIT PROVIDERS WILL BE ENCOURAGED TO SUSTAIN IMPORTANT CARE DELIVERY MODELS FOR OUR AGING POPULATION IN SPITE OF THE FACT IT IS SOMETIMES ECONOMICALLY INJURIOUS

Form and Line Reference	Explanation
PART III, LINE 9B - COLLECTION PRACTICES EXPLANATION	JMH HAS ESTABLISHED A STRONG COMMITMENT TO MEET THE MEDICAL NEEDS OF THE COMMUNITIES WE SERVE ALL REQUESTS FOR FINANCIAL ASSISTANCE ARE EVALUATED USING ESTABLISHED GENERAL GUIDELINES, WHILE ALLOWING FOR UNIQUE FINANCIAL CIRCUMSTANCES JOHNSTON MEMORIAL HOSPITAL RECOGNIZES ITS OBLIGATION TO PROVIDE QUALITY HEALTH CARE TO THOSE WHO ARE UNABLE TO PAY FINANCIAL ASSISTANCE ELIGIBILITY ENCOMPASSES A VARIETY OF PATIENTS, SUCH AS THOSE WITH MEDICAID ELIGIBILITY AFTER THE DATE OF SERVICE, PATIENTS THAT ARE DECEASED WITH NO ESTATE, MEDICAID ELIGIBLE ENCOUNTERS WHERE BENEFITS HAVE BEEN EXHAUSTED, ETC JMH CHARITY GUIDELINES ARE BASED ON THE NATIONAL POVERTY GUIDELINES HOWEVER, FINANCIAL ASSISTANCE IS NOT BASED SOLELY ON INCOME UNIQUE FINANCIAL CIRCUMSTANCES ARE CONSIDERED, WHICH CAN CHANGE THE CATEGORY OF ELIGIBILITY IN ADDITION, CHARITY DETERMINATION MAY BE RETROACTIVE FOR ALL DATES OF SERVICES WHEN A PATIENT REQUESTS FINANCIAL ASSISTANCE OR WHEN AN APPLICATION HAS BEEN RECEIVED, THE PATIENT ACCOUNT IS PLACED IN A HOLD STATUS TO PREVENT FURTHER COLLECTION ACTIVITIES UNTIL FINANCIAL ASSISTANCE ELGIBILITY IS DETERMINED

Form and Line Reference	Explanation
PART VI, LINE 2 - NEEDS ASSESSMENT	<p>MSHA INCLUDED AMERICA'S HEALTH RANKINGS (AHR) IN ITS ASSESSMENT IN ORDER TO BETTER DEFINE THE HEALTH CARE NEEDS OF THE COMMUNITIES IT SERVES VIRGINIA RANKED 21ST AND TENNESSEE RANKED 45TH, HOWEVER, IT SHOULD BE NOTED THAT SOUTHWEST VIRGINIA (WHERE MSHA FACILITIES ARE LOCATED) CLOSELY RESEMBLES THE HEALTH RANKINGS FOR TENNESSEE AMERICA'S HEALTH RANKINGS ARE BASED ON A SERIES OF MEASURES INCLUDING SEVERAL HEALTH OUTCOMES AND HEALTH FACTORS A SURVEY WAS GIVEN TO 67 INDIVIDUALS REPRESENTING THE NINE COUNTIES IN WHICH MSHA OWNS A FACILITY THESE INDIVIDUALS INCLUDED PHYSICIANS, PUBLIC HEALTH LEADERS, NON-PROFIT DIRECTORS, SCHOOL NURSES AND OFFICIALS, AND BUSINESS LEADERS A SURVEY WAS GIVEN TO EACH INDIVIDUAL SEEKING FEEDBACK REGARDING AVAILABLE RESOURCES IN EACH AREA, THE HEALTH STATUS, HEALTH PRIORITIES, AND SUGGESTIONS FOR IMPROVEMENT THE MAJORITY OF RESPONSES SUGGESTED FOCUSING ON EDUCATION IN ORDER TO PROMOTE HEALTHY HABITS OTHER RESPONSES INCLUDED MAKE PHYSICAL EDUCATION A REQUIREMENT AS PART OF SCHOOL CURRICULUM, IMPROVE NATURAL TRAILS AND WALKWAYS, INCREASE COMMUNITY SUPPORT FOR SMOKE-FREE AREAS, PARTNER WITH LOCAL FARMER'S MARKETS, SHARE HEALTH INFORMATION BETWEEN PHARMACIES, NETWORK WITH SMALL BUSINESSES AND NON-PROFITS IN ORDER TO AVOID DUPLICATING RESOURCES, AND PROVIDE EARLY SCREENINGS FOR THE UNINSURED OR UNDERINSURED OVERALL, THE COMMUNITY MEMBERS GAVE MSHA'S CORE SERVICE AREA A HEALTH STATUS RANKING OF 4 24 OUT OF 10 (1 BEING THE LOWEST, 10 BEING THE HIGHEST) ALSO, ALL 67 PARTICIPANTS AGREED THAT OBESITY, CANCER, HEART DISEASE AND DIABETES WERE THE TOP HEALTH PRIORITIES IN EACH COUNTY AHR REPORTS THAT BOTH VIRGINIA AND TENNESSEE SAW AN INCREASE IN DIABETES AND OBESITY WITHIN THE PAST TEN YEARS AHR REPORTS 24% OF WASHINGTON COUNTY'S CITIZEN'S SMOKE COMPARED TO 18% IN THE STATE OF VIRGINIA AND, 32% OF WASHINGTON COUNTY'S ADULTS ARE CONSIDERED OBESE MSHA HAS PARTNERED WITH SCHOOLS, NON-PROFIT AGENCIES AND OTHERS ON VARIOUS INITIATIVES TO ADDRESS HEALTH ISSUES, OBESITY IN PARTICULAR</p>

Form and Line Reference	Explanation
PART VI, LINE 3 - PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	JMH PROVIDES COMMUNICATION OF FINANCIAL ASSISTANCE ON ITS WEBSITE AND ON POSTERS LOCATED IN PROMINENT AREAS OF THE HOSPITAL SUCH AS ADMITTING AND THE EMERGENCY DEPARTMENT PRINTED EDUCATIONAL MATERIALS INCLUDING FINANCIAL ASSISTANCE CONTACT INFORMATION ARE ALSO PROVIDED IN EACH PATIENT'S PAPERWORK POSTERS AND REFERENCE MATERIALS ARE WRITTEN IN BOTH ENGLISH AND SPANISH ADMITTING STAFF ARE TRAINED TO EDUCATE PATIENTS ON JMH'S FINANCIAL ASSISTANCE POLICY JMH ALSO HAS FINANCIAL COUNSELORS TO PROVIDE FURTHER INFORMATION AND ASSISTANCE TO PATIENTS REGARDING JMH'S FINANCIAL ASSISTANCE POLICY THESE COUNSELORS ALSO HELP UNINSURED PATIENTS DETERMINE SOURCES OF PAYMENT FOR MEDICAL BILLS AND HELP PATIENTS DETERMINE ELIGIBILITY FOR PROGRAMS SUCH AS MEDICAID/TNCARE JMH HAS PARTNERED WITH THE COMPANY FIRSTSOURCE SOLUTIONS USA TO WORK WITH SELF-PAYING PATIENTS WHO HAVE LIMITED FINANCIAL RESOURCES DURING FY14, FIRSTSOURCE REPRESENTATIVES WERE AVAILABLE AT JMH TO ASSIST PATIENTS THE REPRESENTATIVES WERE ABLE TO DETERMINE GOVERNMENTAL MEDICAL ASSISTANCE (MEDICAID OR TENNCARE) ELIGIBILITY, AND TO HELP WITH THE APPLICATION PROCESS AND FOLLOW-UP ONCE A PERSON IS APPROVED FOR MEDICAID OR TENNCARE THROUGH THE PROGRAM OFFERED THROUGH JMH, THEY RETAIN COVERAGE FOR FUTURE MEDICAL CARE 636 PATIENTS WERE APPROVED FOR GOVERNMENTAL ASSISTANCE DURING THE YEAR FIRSTSOURCE IS COMPENSATED BY JMH DURING FY14, JMH'S COST FOR THIS PROGRAM WAS 88,193

Form and Line Reference	Explanation
PART VI, LINE 4 - COMMUNITY INFORMATION	JMH IS LOCATED IN ABINDGON, WASHINGTON COUNTY, WHICH IS IN RURAL SOUTHWEST VIRGINIA SOUTHWEST VIRGINIA(SWVA) IS LOCATED WITHIN THE APPALACHIAN MOUNTAINS, SPECIFICALLY THE BLUE RIDGE MOUNTAIN REGION SWVA IS CONSIDERED RURAL AND MUCH DIFFERENT THAN THE REST OF THE STATE SWVA HAS BEEN AND REMAINS A MAJOR COAL MINING REGION WASHINGTON COUNTY IS A FEDERALLY DESIGNATED MEDICALLY UNDERSERVED AREA AND HAS A HIGH RATE OF INDIVIDUALS WHO ARE UNINSURED THE POPULATION OF WASHINGTON COUNTY IS JUST OVER 54,804 AND ACCORDING TO THE U S CENSUS BUREAU THE TOWN OF ABINGDON HAS A POPULATION OF 8,186 THE LATEST CENSUS BUREAU DATA ESTIMATES THE MEDIAN AGE OF RESIDENTS OF WASHINGTON COUNTY IS 43 5 WHICH IS OLDER THAN THE MEDIAN AGE OF 37 5 IN VIRGINIA THE BUREAU ESTIMATES WASHINGTON COUNTY MEDIAN HOUSEHOLD INCOME AT 41,877, COMPARED TO 62,666 FOR THE STATE OF VIRGINIA, 21% OF WASHINGTON COUNTY'S CHILDREN LIVE IN POVERTY COMPARED TO 16% STATEWIDE

Form and Line Reference	Explanation
PART VI, LINE 5 - PROMOTION OF COMMUNITY HEALTH	JMH IS DEDICATED TO OPERATING EFFICIENTLY SO THAT WASTE IS MINIMIZED AND SURPLUSES MAY BE APPLIED TO MAINTAINING ADEQUATE FACILITIES AND EQUIPMENT FOR THE CARE OF OUR PATIENTS VARIOUS CHECKS AND BALANCES ARE ESTABLISHED TO ENSURE THAT EXPENDITURES FOR OPERATING EXPENSES AND CAPITAL COSTS ARE REASONABLE AND NECESSARY THE MAJORITY OF JMH'S GOVERNING BODY IS COMPRISED OF PERSONS WHO RESIDE IN THE ORGANIZATIONS PRIMARY SERVICE AREAS ONLY THREE DIRECTORS, DENNIS VONDERFECHT AND ANN FLEMING, EMPLOYEES OF MSHA, AND BARBARA ALLEN LIVE OUTSIDE THE AREA PHYSICIANS THAT REQUEST PRIVILEGES WHO ARE QUALIFIED AND CREDENTIALLED ARE EXTENDED PRIVILEGES BY JMH

Form and Line Reference	Explanation
PART VI, LINE 6 - AFFILIATED HEALTH CARE SYSTEM	JMH IS A 116-BED, ACUTE-CARE FACILITY OPERATED UNDER THE DIRECTION OF A 15-MEMBER BOARD OF DIRECTORS PRIMARILY COMPRISED OF LOCAL COMMUNITY RESIDENTS JMH IS MAJORITY OWNED BY MOUNTAIN STATES HEALTH ALLIANCE (MSHA) BASED IN JOHNSON CITY, TENNESSEE MSHA IS INTEGRATED BOTH VERTICALLY AND HORIZONTALLY AND IS THE LARGEST REGIONAL HEALTHCARE SYSTEM WITH 14 HOSPITALS MSHA PROVIDES CARE TO PEOPLE IN 29 COUNTIES IN TENNESSEE, VIRGINIA, KENTUCKY, AND NORTH CAROLINA JMH SERVES AS THE COUNTY'S PRIMARY HEALTH SERVICE PROVIDER PATIENTS BENEFIT FROM JMH'S AFFILIATION WITH A HEALTHCARE SYSTEM WHERE THEY CAN BE EFFICIENTLY MOVED ALONG AN INTEGRATED, COMPREHENSIVE CONTINUUM OF CARE AS THEIR HEALTH STATUS DICTATES PATIENTS CAN BE MOVED TO THE SYSTEM'S FLAGSHIP FACILITY, JOHNSON CITY MEDICAL CENTER, WHICH IS A TERTIARY CARE FACILITY PROVIDING ADVANCED TREATMENT OPTIONS

Form and Line Reference	Explanation
PART VI, LINE 7 - STATE FILING OF COMMUNITY BENEFIT REPORT	VIRGINIA





Additional Data

Software ID:  
Software Version:  
EIN: 54-0544705  
Name: JOHNSTON MEMORIAL HOSPITAL INC

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
FACILITY 1, JOHNSTON MEMORIAL HOSPITAL, INC - PART V, LINE 3	
FACILITY 1, JOHNSTON MEMORIAL HOSPITAL, INC - PART V, LINE 4	EACH HOSPITAL WITHIN THE MSHA SYSTEM COMPLETED A CHNA, FOR THOSE HOSPITALS THAT ARE LOCATED IN THE SAME COUNTY, ONLY ONE COMMUNITY GROUP WAS SURVEYED FOR INSTANCE, JOHNSON CITY MEDICAL CENTER AND FRANKLIN WOODS COMMUNITY HOSPITAL ARE BOTH LOCATED IN WASHINGTON COUNTY, TENNESSEE JMH'S CHNA WAS CONDUCTED WITH ALL MSHA HOSPITALS TO INCLUDE JOHNSON CITY MEDICAL CENTER, FRANKLIN WOODS COMMUNITY HOSPITAL, INDIAN PATH MEDICAL CENTER, SYCAMORE SHOALS HOSPITAL, JOHNSON COUNTY COMMUNITY HOSPITAL, RUSSELL COUNTY MEDICAL CENTER, SMYTH COUNTY COMMUNITY HOSPITAL, NORTON COMMUNITY HOSPITAL AND DICKENSON COMMUNITY HOSPITAL
FACILITY 1, JOHNSTON MEMORIAL HOSPITAL, INC - PART V, LINE 7	MSHA PUBLISHED ITS COMMUNITY HEALTH NEEDS ASSESSMENT ON JUNE 29, 2012 THE DATA INCLUDED WHAT WAS COLLECTED OVER THE COURSE OF 2011 AND 2012 AN IMPLEMENTATION PLAN WAS CREATED FOR EACH HOSPITAL, AND EACH HOSPITAL'S BOARD APPROVED THE IMPLEMENTATION PLAN DURING THE MONTHS OF MAY AND JUNE 2012 MSHA ANNUALLY TRACKS PROGRESS OF IMPLEMENTATION STRATEGIES FOR EACH HOSPITAL DUE TO LACK OF RESOURCES, SOME OF MSHA FACILITIES WERE UNABLE TO ADDRESS ISSUES THAT WERE IDENTIFIED
FACILITY 1, JOHNSTON MEMORIAL HOSPITAL, INC - PART V, LINE 20D	UNINSURED PATIENTS RECEIVE A 63% DISCOUNT, AND, BASED ON OTHER FACTORS SUCH AS INCOME OR MEDICAL INDIGENCY, MAY QUALIFY FOR AN ADDITIONAL DISCOUNT ALLOWABLE AMOUNTS FOR INSURED PATIENTS ARE BASED ON THE NEGOTIATED RATE WITH COMMERCIAL INSURANCE OR MEDICARE



Schedule I  
(Form 990)

Department of the Treasury  
Internal Revenue Service

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

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

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

OMB No 1545-0047

2013

Open to Public  
Inspection

Name of the organization  
JOHNSTON MEMORIAL HOSPITAL INC

Employer identification number  
54-0544705

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
See Additional Data Table							

2

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

9

3

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

**Part III**

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

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

**Part IV**

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

Return Reference	Explanation
SCHEDULE I, PAGE 1, PART I, LINE 2	FUNDING MAY BE PROVIDED TO LOCAL 501(C)(3) ORGANIZATIONS WHOSE FOCUS IS ON HEALTH AND EDUCATION FOR MANY YEARS, JMH HAS MADE DONATIONS OF MEDICATIONS TO AREA NON-PROFIT EMERGENCY MEDICAL SERVICE COMPANIES WE ARE PROVIDING ASSISTANCE TO A LOCAL COLLEGE TO HELP FUND AN INSTRUCTOR FOR ITS NURSING PROGRAM ADDITIONAL DONATIONS ARE MADE TO THE UNITED WAY, LOCAL SCHOOLS, AND THE LOCAL ARTS MOST DONATION REQUESTS ARE MADE THROUGH AN APPLICATION PROCESS WHERE THE APPLICANT DESCRIBES HOW THE MONEY WILL BE USED, HOW IT BENEFITS THE COMMUNITY, HOW OUR DONATION WILL CORRELATE WITH HEALTH NEEDS IDENTIFIED BY OUR COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA), AND THE AGREEMENT THAT THE DONEE WILL PROVIDE FOLLOW-UP OF HOW OUR DONATION WAS USED (WHO BENEFITED, ETC ) NOT ALL OF OUR DONATIONS ARE RESTRICTED TO OUR CHNA, BUT MANY ARE MSHA'S SOCIAL RESPONSIBILITY COMMITTEE REVIEWS MOST DONATION REQUESTS TO DETERMINE WHICH REQUESTS MSHA, INCLUDING JMH, WILL FUND THERE ARE MANY FACTORS THAT ARE CONSIDERED DURING THE REVIEW PROCESS BY THE COMMITTEE, SUCH AS OUR BUDGET CONSTRAINTS, IF THE APPLICANT HAS ALREADY RECEIVED A DONATION FROM A MSHA FACILITY, HOW THE REQUESTING ORGANIZATION FITS WITH OUR CNHA, ETC

Additional Data

Software ID:  
Software Version:  
EIN: 54-0544705  
Name: JOHNSTON MEMORIAL HOSPITAL INC

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
BARTER THEATRE PO BOX 867 ABINGDON,VA 24212	54-6000120	501C3	18,800				SPONSORSHIP

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
JOHN S BATTTLE HIGH SCHOOL 21264 BATTLE HILL DRIVE BRISTOL,VA 24202	54-1604035	501C3	16,296				FOOTBALL SCOREBOARD

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
JOHNSTON MEMORIAL HOSP AUXILIARY 16000 JOHNSTON MEMORIAL DRIVE ABINGDON,VA 24211	54-0917478	501C3	40,000				GENERAL SUPPORT



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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
MARCH OF DIMES PO BOX 799-2700 S ROAN ST 430 JOHNSON CITY, TN 37605	13-1846366	501C3	5,200				GENERAL SPONSORSHIP

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
SALTVILLE RESCUE SQUAD 126 BATTLEGROUND AVENUE SALTSVILLE, VA 24370	31-1638300	501C3		5,719			DRUG BOX REFILLS

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
VHCC EDUCATIONAL FOUNDATION PO BOX 828 ABINGDON,VA 24212	52-1225133	501C3	36,155				FUND NURSING PROGRAM

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
VIRGINIA HIGHLANDS COMM COLLEGE P O BOX 828 ABINGDON, VA 24212	54-1268289	501C3	128,914				FUND NURSING PROGRAM

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
WASHINGTON COUNTY PUBLIC SCHOOLS 812 THOMPSON DRIVE ABINGDON, VA 24210	54-6001671	501C3	7,250				SPONSORSHIP

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
WILLIAM KING MUSEUM PO BOX 2256 ABINGDON, VA 24210	54-1144120	501C3	10,000				SPONSORSHIP

Schedule J  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Compensation Information

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

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 23.  
▶ Attach to Form 990. ▶ See separate instructions.

▶ Information about Schedule J (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
JOHNSTON MEMORIAL HOSPITAL INC

Employer identification number  
54-0544705

Part I

Questions Regarding Compensation

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

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

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

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

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



Part III Supplemental Information

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

Return Reference	Explanation
SCHEDULE J, PAGE 1, PART I, LINE 4	ANN FLEMING 0 39,222 0 SEAN MCMURRAY 0 13,524 0 SAMUEL MELTON, M D 0 13,050 0
SCHEDULE J, PART III	PART I, LINE 3 SALARY AND BENEFITS FOR JMH'S CEO ARE SUBJECT TO THE MOUNTAIN STATES HEALTH ALLIANCE (MSHA) COMPENSATION COMMITTEE PROCESS, WHEREBY THE MSHA CEO RECOMMENDS THE SALARY AND IT IS REVIEWED AND APPROVED BY THE COMPENSATION COMMITTEE, BASED UPON MARKET DATA, MADE AVAILABLE BY THIRD PARTY CONSULTANTS. THE COMPENSATION COMMITTEE HAS FINAL APPROVAL OF MSHA'S CEO RECOMMENDATIONS FOR PAY AND BENEFITS FOR THE JMH CEO. WE USE AN OUTSIDE, INDEPENDENT CONSULTING FIRM TO PROVIDE CONSULTATION ON EXECUTIVE PAY AS WELL AS OUR EXECUTIVE PAY AT RISK PLAN. PART I, LINE 4B ANN FLEMING, SEAN MCMURRAY, AND SAMUEL MELTON PARTICIPATED IN A 457(F) RETIREMENT PLAN PROVIDED BY MOUNTAIN STATES HEALTH ALLIANCE (MSHA). THE 457(F) PLAN IS A NONQUALIFIED TAX-DEFERRED COMPENSATION PLAN AVAILABLE TO A SELECT GROUP OF KEY EXECUTIVES FOR THE INTENT OF SUPPORTING RETENTION AND TO OFFER A COMPETITIVE TOTAL RETIREMENT PROGRAM. ACCOUNT BALANCES HAVE A "SUBSTANTIAL RISK OF FORFEITURE." IN ADDITION TO CREDITOR RISK, SUBSTANTIAL RISK OF FORFEITURE IS CREATED THROUGH DEFAULT RISK IF THE PARTICIPANT'S EMPLOYMENT WITH MSHA IS TERMINATED PRIOR TO AGE 65. HOWEVER, THE 457(F) PLAN CONTAINS A NON-COMPETE PROVISION THAT PROVIDES THE ACCOUNT BALANCE TO BE PAID IN A LUMP SUM AFTER THE EXECUTIVE SATISFIES THE TWO-YEAR NON-COMPETE PERIOD. THIS PROVISION APPLIES TO EMPLOYER CONTRIBUTIONS IF THE EXECUTIVE HAS PROVIDED ELIGIBLE SERVICE FOR SIX OR MORE YEARS (ELIGIBLE SERVICE IS OFFICER SERVICE THAT PERMITTED THE EXECUTIVE TO PARTICIPATE IN THE PLAN). THE EXECUTIVE WILL RECEIVE THE ENTIRE ACCOUNT BALANCE IF HE/SHE BECOMES DISABLED, DIES OR IF THE EXECUTIVE TERMINATES FOR "GOOD REASON" OR IS INVOLUNTARILY TERMINATED WITHOUT "GOOD CAUSE" WITHIN A 24-MONTH PERIOD AFTER A CHANGE-OF-CONTROL OCCURS. DISTRIBUTIONS FROM THIS PLAN ARE SUBJECT TO FEDERAL, STATE, AND LOCAL TAXES ON THE ENTIRE ACCOUNT BALANCE UPON DISTRIBUTION.

Additional Data

Software ID:  
Software Version:  
EIN: 54-0544705  
Name: JOHNSTON MEMORIAL HOSPITAL INC

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
DENNIS VONDERFECHT TRUSTEE	(i) (ii)	780,241	236,094	41,860	40,000	28,381	1,126,576	
ANN FLEMING TREASURER	(i) (ii)	383,151	87,911	282,847	55,452	17,959	827,320	242,724
PAUL ARMSTRONG MD TRUSTEE	(i) (ii)	348,063	116,939	438	18,051	18,080	501,571	
JIM GARDNER MD TRUSTEE	(i) (ii)	174,206	52,888	563	9,255	16,938	253,850	
SEAN MCMURRAY CEO	(i) (ii)	266,258	38,619	5,069	28,438	21,362	359,746	
JOHN JETER CFO	(i) (ii)	149,322	3,930	278	5,473	18,101	177,104	
KELLY CARTER MD PHYSICIAN	(i) (ii)	262,640	23,472	55,756	11,840	20,506	374,214	
DAVID SIMMONS MD PHYSICIAN	(i) (ii)	255,033	23,619	51,750	10,701	19,992	361,095	
SAMUEL MELTON MD PHYSICIAN	(i) (ii)	269,189	45,509	3,200		12,982	330,880	
MATHEW DYE MD PHYSICIAN	(i) (ii)	223,744	20,019	64,906	12,094	21,976	342,739	
JACQUELYN EARLY MD PHYSICIAN	(i) (ii)	219,337	23,379	59,469	12,026	18,835	333,046	

Schedule K  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
JOHNSTON MEMORIAL HOSPITAL INC

Employer identification number  
54-0544705

Part I Bond Issues

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A 2011 HOSPITAL FACILITY INVEST BOND INDUSTRIAL DEV AUTHORITY OF SMYTH	54-1758381		11-16-2011	24,870,000	REFINANCE CANCER CTR		X		X		X

Part II Proceeds

		A		B		C		D	
1	Amount of bonds retired	3,535,000							
2	Amount of bonds legally defeased								
3	Total proceeds of issue	24,870,000							
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrows								
7	Issuance costs from proceeds	238,423							
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds								
11	Other spent proceeds	24,631,577							
12	Other unspent proceeds								
13	Year of substantial completion	2012							
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X							
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?	X							
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

Part III Private Business Use

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

Part III

Private Business Use (Continued)

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

Part IV

Arbitrage

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

Part IV

Arbitrage (Continued)

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

Part V

Procedures To Undertake Corrective Action

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

Part VI

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

Return Reference	Explanation
SCHEDULE K - PURPOSE OF ISSUE DESCRIPTION	2011 HOSPITAL FACILITY INVEST BOND (LINE A) REFINANCE OF CANCER TREATMENT CENTER AND REFINANCING OF SERIES 1998 BONDS PART III, LINES 8B & 8C A PORTION OF THE BONDS ISSUED IN 1998 THAT WAS REFUNDED WITH A PORTION OF THE REPORTED BOND ISSUE FINANCED HOSPITAL IMPROVEMENTS FOR A FACILITY THAT BECAME OUTMODDED AND OBSOLETE THE OBSOLETE FACILITY WAS SUBSEQUENTLY SOLD FOR A MINIMAL AMOUNT (LESS THAN 5% OF THE PROCEEDS OF THE BONDS) BASED ON THE AVAILABLE RECORDS, IT IS NOT POSSIBLE TO GIVE A PRECISE AMOUNT OF THE 1998 BOND PROCEEDS THAT WERE USED TO FINANCE THE PROPERTY THAT WAS DISPOSED BECAUSE THE AMOUNT OF PRIVATE PAYMENTS WAS LESS THAN THE PERMITTED THRESHOLD, NO REMEDIAL ACTION WAS REQUIRED PART IV, LINE 2C THE 2011 BOND ISSUE HAS NO ARBITRAGE REBATE DUE SO THERE HAS BEEN NO REBATE COMPUTATION PERFORMED

**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](http://www.irs.gov/form990).**

OMB No 1545-0047

**2013**

**Open to Public  
Inspection**

Name of the organization JOHNSTON MEMORIAL HOSPITAL INC	Employer identification number 54-0544705
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Return Reference	Explanation
FORM 990 - ORGANIZATION'S MISSION	JOHNSTON MEMORIAL HOSPITAL (JMH) IS COMMITTED TO BRINGING LOVING CARE TO HEALTH CARE. WE EXIST TO IDENTIFY AND RESPOND TO THE HEALTH CARE NEEDS OF INDIVIDUALS AND COMMUNITIES IN OUR REGION AND TO ASSIST THEM IN ATTAINING THEIR HIGHEST POSSIBLE LEVEL OF HEALTH

Return Reference	Explanation	
	FORM 990, PAGE 2, PART III, LINE 4A	<p>JMH OFFERS A FULL ARRAY OF MEDICAL SERVICES THROUGH HIGHLY TRAINED PHYSICIANS AND SUPPORT STAFF, PROUDLY SERVING SOUTHWEST VIRGINIA SINCE 1917. OUR GOAL IS TO BE A LEADER IN IMPROVING THE HEALTH AND QUALITY OF LIFE IN THE COMMUNITY, BY WORKING TOGETHER AS A TEAM DEDICATED TO EXCELLENCE. DURING FY 14, WE EXPERIENCED 7,109 ADMISSIONS, WITH ALMOST 24,000 PATIENT DAYS. THERE WERE AN ADDITIONAL 4,760 OBSERVATION DAYS. OUR OUTPATIENT VISITS WERE JUST UNDER 146,000. THERE WERE 39,161 VISITS TO OUR EMERGENCY DEPARTMENT, WITH 5,403 RESULTING IN AN INPATIENT STAY. ALMOST 6,900 SURGERIES WERE PERFORMED DURING THE YEAR AND WE DELIVERED 752 BABIES. DURING FY 14, JMH IMPLEMENTED AN ONLINE TOOL CALLED OWL (ONLINE WELLNESS LINK). OWL PROVIDES INPATIENTS WITH BETTER ACCESS TO THEIR HEALTH CARE INFORMATION SO THEY CAN VIEW A PORTION OF THEIR HEALTH RECORD ONLINE, INCLUDING - A CONTINUITY OF CARE DOCUMENT WHICH PROVIDES A SUMMARY OF THE HOSPITAL VISIT - CURRENT MEDICATIONS - ALLERGIES AND ADVERSE REACTIONS - PAST MEDICAL HISTORY - CERTAIN LABORATORY AND RADIOLOGY RESULTS. THE OWL PORTAL ALSO ALLOWS JMH CAREGIVERS TO EXCHANGE HEALTHCARE INFORMATION, WHICH HAS LED TO SAFER, MORE QUALITY-ORIENTED AND STREAMLINED CARE FOR OUR PATIENTS. JMH SIGNED A NON-PROFIT BLOOD CENTER TENANT TO A ONE YEAR LEASE FOR ONLY \$1. THE ANNUAL FAIR MARKET VALUE OF THE LEASE IS \$32,770. THE FMV FOR THE EIGHT MONTHS FALLING WITHIN FY 14 IS \$21,846. BLOOD ASSURANCE IS A NON-PROFIT FULL SERVICE REGIONAL BLOOD CENTER SERVING 51 COUNTIES AND MORE THAN 70 HEALTH CARE FACILITIES IN VIRGINIA, TENNESSEE, NORTH CAROLINA, ALABAMA, AND GEORGIA. THE MISSION OF BLOOD ASSURANCE IS TO PROVIDE A SAFE AND ADEQUATE SUPPLY OF BLOOD AND BLOOD COMPONENTS IN A COST EFFECTIVE MANNER TO EVERY AREA PATIENT IN NEED. JMH IS COMMITTED TO PROVIDING COMPREHENSIVE MEDICAL EDUCATION TO AID IN PATIENT RECOVERY AND DISEASE MANAGEMENT. WE OFFER MANY CLASSES AND SUPPORT GROUPS, SUCH AS CPR AND LIFE SAVING CLASSES, CARDIAC CARE, TOTAL JOINT, CANCER EDUCATION, PRENATAL PARENTING, AND, OTHERS. THE JMH CENTER FOR COMPREHENSIVE WOUND CARE IS ONE OF ONLY A FEW FACILITIES IN THE REGION THAT OFFERS HYPERBARIC OXYGEN THERAPY - THE DELIVERY OF OXYGEN AT LEVELS HIGHER THAN ATMOSPHERIC PRESSURE IN A CHAMBER SETTING THAT STIMULATES THE HEALING PROCESS. OUR TRAINED STAFF FOLLOW A TEAM APPROACH TO WOUND HEALING. AFTER AN INITIAL EVALUATION, EACH PATIENT RECEIVES A COMPREHENSIVE INDIVIDUALIZED PLAN DESIGNED TO HELP DIFFICULT-TO-HEAL WOUNDS. JMH STAFF STRIVE TO ADDRESS THE UNDERLYING CAUSE OF THE PROBLEM, CONTROL INFECTION, AND IMPROVE THE OVERALL HEALTH OF OUR PATIENTS. THE JMH DIABETES EDUCATION CENTER HAS ASSISTED PATIENTS IN DIABETES CARE SINCE 1999. DR. ANDREW RHINEHART, DIRECTOR OF THE CENTER, WAS AWARDED RECOGNITION, BY THE PRESTIGIOUS NATIONAL COMMITTEE FOR QUALITY ASSURANCE DIABETES RECOGNITION PROGRAM, A PRIVATE, NONPROFIT ORGANIZATION DEDICATED TO IMPROVING HEALTH CARE QUALITY. DR. RHINEHART IS BOARD-CERTIFIED IN ADVANCED DIABETES MANAGEMENT AND WAS THE FIRST PHYSICIAN IN THE U.S. TO GAIN THESE CREDENTIALS. HE BECAME ONE OF THE FIRST PHYSICIANS TO EARN DISTINCTION AS A CERTIFIED DIABETES TECHNOLOGY CLINICIAN, THE HIGHEST PROFESSIONAL CREDENTIAL THAT RECOGNIZES A PHYSICIAN AS AN EXPERT IN USING TECHNOLOGY TO MANAGE DIABETES. A STAFF OF CERTIFIED DIABETES EDUCATORS ASSIST HIM AT THE DIABETES CARE CENTER. MOUNTAIN STATES REHABILITATION AT JMH HAS BEEN AWARDED AN OUTCOMES EXCELLENCE CERTIFICATE FROM FOCUS ON THERAPEUTIC OUTCOMES, INC. (FOTO), A NATIONWIDE OUTCOMES DATABASE AND REPORTING SERVICE FOR HEALTHCARE PROVIDERS ACROSS THE COUNTRY TO RECOGNIZE EXCELLENCE IN PATIENT OUTCOMES SUSTAINED OVER TIME. NATIONALLY, ONLY ABOUT 12 PERCENT OF NEARLY 3,000 ELIGIBLE CLINICS RECEIVED THIS AWARD OVER THE LAST YEAR. JMH RANKS HIGH COMPARED TO OTHER CLINICS IN THE FOTO NETWORK WITH ITS PATIENTS ACHIEVING SIGNIFICANTLY HIGHER FUNCTIONAL IMPROVEMENTS, IN FEWER VISITS, AND WITH HIGHER PATIENT SATISFACTION. JMH HAS USED FOTO SINCE 2010 AS A WAY TO OBJECTIVELY TRACK PATIENTS' FUNCTIONAL OUTCOMES. PARTICIPATING IN THIS NATION-WIDE SYSTEM IS ANOTHER EXAMPLE OF JMH'S COMMITMENT TO PROVIDING EFFICIENT AND OUTSTANDING PATIENT CARE. FOTO HAS THE FIRST FUNCTIONAL HEALTH STATUS MEASURE APPROVED FOR PHYSICAL REHABILITATION BY THE U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES' LIST OF APPROVED QUALITY MEASURES IN NATIONAL QUALITY MEASURES CLEARINGHOUSE. THE HEAL (HEALTHY EATING ACTIVE LIVING) APPALACHIA PROGRAM, WHICH BATTLES CHILDHOOD OBESITY IN OUR REGION, WAS SELECTED AS A 2014 INDUCTEE INTO THE FIRST LADY OF VIRGINIA'S OPPORTUNITY HALL OF FAME. THIS HONOR RELATES TO HEAL APPALACHIA'S WORK IN SOUTHWEST VIRGINIA. HEAL APPALACHIA IS A COLLABORATIVE EFFORT OF MOUNTAIN STATES HEALTH ALLIANCE (MSHA) AND EAST TENNESSEE STATE UNIVERSITY. IT WAS CREATED TO BUILD MOMENTUM IN THE FIGHT AGAINST CHILDHOOD OBESITY IN SOUTHERN APPALACHIA. JMH SUPPORTS OTHER LOCAL NON-PROFIT ORGANIZATIONS THAT PROVIDE HEALTHCARE SERVICES TO OUR RESIDENTS. WE</p>

Return Reference	Explanation
	<p>FORM 990, PAGE 2, PART III, LINE 4A</p> <p>DONATE MEDICATIONS AND SUPPLIES TO AREA RESCUE SQUADS AND FIRE DEPARTMENTS THESE DRUG AND SUPPLY DONATIONS EXCEEDED 13,000 IN FY 14 WE PROVIDED FINANCIAL ASSISTANCE TO A LOCAL COLLEGE FOR ITS NURSING PROGRAM DURING FY 14, WE CONTRIBUTED OVER 75,000 TO THE PROGRAM MANY OTHER DONATIONS WERE MADE TO SUPPORT OUR SCHOOLS, MARCH OF DIMES, ETC WITH HEALTHCARE INSURANCE COVERAGE CHANGING RAPIDLY , PATIENT PAYMENT RESPONSIBILITY IS INCREASING AT A RATE OF 5 TO 6 PERCENT EACH YEAR MOUNTAIN STATES INTRODUCED A NEW PAYMENT OPTION LAST YEAR THAT OFFERS MORE FLEXIBILITY TO OUR PATIENTS - THE ABILITY TO SPREAD PAYMENTS OVER A 36-MONTH PERIOD WITH NO INTEREST CHARGED OF COURSE, FOR PATIENTS THAT ARE UNABLE TO PAY THEIR ACCOUNT BALANCES, PATIENT REPRESENTATIVES ARE AVAILABLE TO DISCUSS FINANCIAL ASSISTANCE PROGRAMS JMH HAS PARTNERED WITH THE COMPANY FIRSTSOURCE SOLUTIONS USA TO WORK WITH SELF-PAYING PATIENTS WHO HAVE LIMITED FINANCIAL RESOURCES DURING FY 14, FIRSTSOURCE REPRESENTATIVES WERE AVAILABLE AT JMH TO ASSIST PATIENTS THE REPRESENTATIVES WERE ABLE TO DETERMINE GOVERNMENTAL MEDICAL ASSISTANCE (MEDICAID OR TENNCARE) ELIGIBILITY, AND TO HELP WITH THE APPLICATION PROCESS AND FOLLOW-UP ONCE A PERSON IS APPROVED FOR MEDICAID OR TENNCARE THROUGH THE PROGRAM OFFERED THROUGH JMH, THEY RETAIN COVERAGE FOR FUTURE MEDICAL CARE 636 PATIENTS WERE APPROVED FOR GOVERNMENTAL ASSISTANCE DURING THE YEAR FIRSTSOURCE IS COMPENSATED BY JMH DURING FY 14, JMH'S COST FOR THIS PROGRAM WAS 88,193 DURING FY 14, JMH'S BOARD OF DIRECTORS VOTED TO PARTNER WITH THE EDWARD VIA COLLEGE OF OSTEOPATHIC MEDICINE (VCOM) TO ESTABLISH A RESIDENCY PROGRAM IN ABINGDON THE AGREEMENT IS EXPECTED TO PLACE UP TO NINE RESIDENTS AT JMH IN THE FIRST YEAR, WITH THE NUMBER POTENTIALLY INCREASING DURING THE INITIAL FIVE YEARS OF THE PROGRAM VCOM WILL PROVIDE SUPPORT PERSONNEL AND OTHER RESOURCES DURING THE FIVE-YEAR START-UP PHASE JMH BELIEVES PRIMARY CARE PHYSICIANS ARE PARTICULARLY NEEDED IN THE REGION, ESPECIALLY WITH THE INFLUX OF NEW PATIENTS EXPECTED TO COME AS MORE PEOPLE OBTAIN HEALTH INSURANCE UNDER THE AFFORDABLE CARE ACT VCOM SPECIALIZES IN TRAINING PHYSICIANS FOR PRIMARY CARE, HOSPITAL OFFICIALS BELIEVE THE PARTNERSHIP IS A NATURAL FIT JMH SERVES AS A CLINICAL TRAINING HOSPITAL FOR HEALTH PROFESSIONAL EDUCATION STUDENTS WE HAVE DEDICATED STAFF THAT WORK WITH REGIONAL COLLEGES AND UNIVERSITIES TO COORDINATE THE PLACEMENT OF HEALTHCARE PROFESSIONAL STUDENTS AS PART OF THEIR EDUCATIONAL CURRICULUM IN ADDITION TO CLINICAL TRAINING, THE HEALTHCARE STUDENTS ENTERING OUR SYSTEM ARE REQUIRED TO HAVE ORIENTATION AND COMPUTER TRAINING PARTICIPANTS RECEIVING CLINICAL EXPERIENCE AT JMH DURING FY 14 INCLUDED 349 NURSING STUDENTS FROM VARIOUS COLLEGES, UNIVERSITIES AND PROGRAMS THIS NURSING CLINICAL EXPERIENCE REQUIRED EXTENSIVE JMH NURSING STAFF INVOLVEMENT THE CLINICAL SETTING AND HANDS-ON INSTRUCTION COST JMH 724,962 JMH PROVIDED A CLINICAL SETTING FOR ANOTHER 174 STUDENTS TRAINING IN HEALTH-RELATED PROGRAMS SUCH AS RADIOLOGY, PHARMACY, PHYSICAL THERAPY, EMT/PARAMEDIC AND OTHER ALLIED-HEALTH DISCIPLINES THESE ADDITIONAL CLINICAL STUDENTS COST JMH 173,134 BASED ON COMMUNITY NEEDS, JMH INCURRED EXPENSE OF 311,375 TO RECRUIT PHYSICIANS INTO OUR COMMUNITY PHYSICIANS ARE RECRUITED TO REPLACE PHYSICIANS THAT RETIRE OR LEAVE THE AREA ALL PHYSICIAN RECRUITMENT ACTIVITIES ARE BASED ON DOCUMENTED COMMUNITY NEED MSHA'S VALUE OPTIMIZATION SYSTEM (VOS) GOAL IS TO ACCELERATE ACHIEVEMENT OF PATIENT CENTERED CARE TO MEET THE PATIENT'S EXPECTATIONS OF HIGH QUALITY, HIGH SATISFACTION AND EFFICIENT CARE DURING FY 14, A VOS RAPID IMPROVEMENT EVENT TEAM DEVELOPED STANDARD WORK PROCESSES TO IMPROVE PATIENT FLOW AT JMH AND TO REDUCE THE AVERAGE LENGTH OF STAY BY 5% THE TEAM CREATED A VISUAL MANAGEMENT TOOL OF THE ESTIMATED DISCHARGE DATE FOR PATIENT CARE CLINICIANS IN ORDER TO IDENTIFY BARRIERS TO DISCHARGING PATIENTS IN A TIMELY MANNER AND HELP STAFF FOCUS ON REDUCING LENGTH OF STAY</p>



Return Reference	Explanation
FORM 990, PART V	LINE 2A W-2 EMPLOYEES JOHNSTON MEMORIAL HOSPITAL (JMH) TEAM MEMBERS ARE PAID BY MOUNTAIN STATES HEALTH ALLIANCE (MSHA) JMH REIMBURSES MSHA FOR ALL SALARY AND BENEFITS AND THE EXPENSE IS RECORDED ON JMH'S BOOKS

Return Reference	Explanation
FORM 990, PAGE 6, PART VI, LINE 6	THE CORPORATION IS ORGANIZED AS A VIRGINIA NON-STOCK, NON-PROFIT CORPORATION WITH TWO MEMBERS MOUNTAIN STATES HEALTH ALLIANCE, WHICH MAINTAINS A 50 1% INTEREST AND JOHNSTON MEMORIAL HEALTHCARE FOUNDATION, WHICH MAINTAINS A 49 9% INTEREST

Return Reference	Explanation
FORM 990, PAGE 6, PART VI, LINE 7A	THERE ARE TWO CLASSES OF MEMBERS, AND EACH CLASS IS ENTITLED TO ELECT A SPECIFIED NUMBER OF DIRECTORS TO THE BOARD THE MOUNTAIN STATES HEALTH ALLIANCE CLASS IS ELECTED BY THE MSHA BOARD OF DIRECTORS AND THE JOHNSTON MEMORIAL HOSPITAL CLASS IS ELECTED BY THE JOHNSTON MEMORIAL HEALTHCARE FOUNDATION'S BOARD OF DIRECTORS NEITHER SIDE CAN VETO AN APPOINTMENT

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

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

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

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

Return Reference	Explanation
FORM 990, PAGE 6, PART VI, LINE 15B	SIMILAR TO THE CEO'S COMPENSATION, OTHER SENIOR EXECUTIVES RECEIVE COMPENSATION AND BENEFITS THAT COMPLY WITH MSHA'S SALARY POLICY. COMPENSATION FOR EACH OF THEM IS SET AT A MARKET PERCENTILE SPECIFIC TO HIS/HER POSITION.



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

Return Reference	Explanation
FORM 990, PART IX, LINE 11G	HOSPITAL BASED PROVIDERS 5,095,262 0 0 HOSPITAL SUPPORTED CLINICS 7,108,164 0 0 PHYSICIAN FEES 5,781,157 0 0 COLLECTION SERVICE FEES 0 817,885 0 JANITORIAL & LINEN FEES 0 683,095 0 DIALYSIS SERVICES 210,044 0 0 HYPERBARIC SERVICES 151,160 0 0 SLEEP DIAGNOSTICS SERVICES 360,203 0 0 NUC MED /ONCOLOGY /RADIOLOGY 253,496 0 0 LABORATORY TESTS 611,225 0 0 AMBULATORY SURGERY CENTER 273,964 0 0 ENGINEERING SERVICES 0 214,981 0 DIETARY 0 1,213,399 0 TRANSCRIPTION & CODING 0 611,402 0 OTHER FEES 578,647 99,974 0

Return Reference	Explanation
FORM 990, PART XI, LINE 9	ELIMINATION OF INTERCOMPANY REC/PAY -353,185 P/S INCOME NOT ON BOOKS -238,524 P/S INTEREST INCOME NOT ON BOOKS -2,413 P/S CAPITAL GAIN NOT ON BOOKS -25,944 P/S CHARITABLE CONTRIBUTIONS NOT ON BOOKS 19 CHANGES IN TEMPORARILY RESTRICTED NET ASSETS 1,935 TOTAL TO FORM 990, PART XI, LINE 9 -618,112

SCHEDULE R  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
JOHNSTON MEMORIAL HOSPITAL INC

Employer identification number  
54-0544705

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
(1) JMH EMERGENCY PHYSICIANS LLC 16000 JOHNSTON MEMORIAL DRIVE ABINGDON, VA 24211 45-4786385	MED SERV	VA	3,578,213	1,105,906	JMH

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
See Additional Data Table							

Part III

Identification of Related Organizations Taxable as a Partnership

Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) INTEGRATED SOLUTIONS HEALTH NETWORK  509 MED TECH PARKWAY SUITE 100 JOHNSON CITY, TN 37604 62-1711997	INVESTMENT	TN	NA	EXCLUDED	643			No			No	
(2) EMMAUS COMMUNITY HEALTHCARE PLLC  6070 HWY 11E PINEY FLATS, TN 37686 20-0577483	MED SERV	TN	NA	EXCLUDED				No			No	
(3) MEDICAL SPECIALISTS OF JC LLC  2528 WESLEY STREET SUITE 2 JOHNSON CITY, TN 37601 27-2199037	MED SERV	TN	NA	EXCLUDED				No			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
See Additional Data Table									

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

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

1s

Yes

Yes

Yes

Yes

Yes

Yes

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) APPALACHIAN PHYSICIAN PARTNERS	B	353,185	
(2) APPALACHIAN PHYSICIAN PARTNERS	J	775,542	

Schedule R (Form 990) 2013

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

[illegible]

Part VII

Supplemental Information

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

Return Reference	Explanation
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Additional Data

Software ID:

Software Version:

EIN: 54-0544705

Name: JOHNSTON MEMORIAL HOSPITAL INC

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(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) JOHNSTON MEMORIAL HEALTHCARE FND  16000 JOHNSTON MEMORIAL DRIVE ABINGDON, VA 24211 26-2870970	SUPPORT	VA	501C3	11B	NA		No
(1) ABINGDON PHYSICIAN PARTNERS  16000 JOHNSTON MEMORIAL DRIVE ABINGDON, VA 24211 20-5485346	MED SERV	VA	501C3	11A	JMH		No
(2) MOUNTAIN STATES HEALTH ALLIANCE  400 N STATE OF FRANKLIN ROAD JOHNSON CITY, TN 37604 62-0476282	HOSPITAL	TN	501C3	3	NA		No
(3) MOUNTAIN STATES FOUNDATION  2335 KNOB CREEK ROAD SUITE 101 JOHNSON CITY, TN 37604 58-1418862	FUNDRAISER	TN	501C3	11A	MSHA		No
(4) APPALACHIAN EMERGENCY PHYSICIANS  1021 W OAKLAND AVENUE SUITE 207 JOHNSON CITY, TN 37604 80-0592504	MED SERV	VA	501C3	11A	NA		No
(5) AUXILIARY TO JOHNSTON MEMORIAL HOSP  1600 JOHNSTON MEMORIAL DRIVE ABINGDON, VA 24211 54-0917478	SUPPORT	VA	501C3	11A	NA		No
(6) MSHA AUXILIARY  400 N STATE OF FRANKLIN ROAD JOHNSON CITY, TN 37604 58-1418345	SUPPORT	TN	501C3	11A	MSHA		No
(7) NORTON COMMUNITY HOSPITAL  100 15TH STREET NW NORTON, VA 24273 54-0566029	HOSPITAL	VA	501C3	3	NA		No
(8) DICKENSON COMMUNITY HOSPITAL  ONE HOSPITAL DRIVE CLINTWOOD, VA 24228 77-0599553	HOSPITAL	VA	501C3	3	NCH		No
(9) SMYTH COUNTY COMMUNITY HOSPITAL  245 MEDICAL PARK DRIVE MARION, VA 24354 54-0794913	HOSPITAL	VA	501C3	3	MSHA		No

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No
BLUE RIDGE MEDICAL MANAGEMENT CORP 1021 W OAKLAND AVENUE SUITE 207 JOHNSON CITY, TN 37604 62-1711997	MED SERV	TN	NA	C CORP					No
MEDISERVE MED EQUIP OF KINGSFORT 1021 W OAKLAND AVE SUITE 207 JOHNSON CITY, TN 37604 62-1212286	DME	TN	NA	C CORP					No
MOUNTAIN STATES PROPERTIES 1021 W OAKLAND AVE SUITE 207 JOHNSON CITY, TN 37604 62-1845895	PROP MGMT	TN	NA	C CORP					No
MOUNTAIN STATES PHYSICIAN GRP INC 1021 W OAKLAND AVENUE SUITE 207 JOHNSON CITY, TN 37604 62-1700412	MED SERV	TN	NA	C CORP					No
COMMUNITY HOME CARE INC 1460 PARK AVENUE NORTON, VA 24273 54-1453810	DME	VA	NCH	C CORP					No
SOUTHWEST COMMUNITY HEALTH SERVICES PO BOX 880 MARION, VA 24354 54-1460695	MED SERV	VA	SCCH	C CORP					No
WILSON PHARMACY INC P O BOX 5289 JOHNSON CITY, TN 37604 62-0329587	PHARMACY	TN	NA	C CORP					No
CRESTPOINT HEALTH INSURANCE CO INC 509 MED TECH PARKWAY SUITE 100 JOHNSON CITY, TN 37604 62-0381170	INSURANCE	TN	ISHN	C CORP					No

**JOHNSTON MEMORIAL HOSPITAL, INC.**

**Audited Consolidated Financial Statements**

**Years Ended June 30, 2014 and 2013**



**JOHNSTON MEMORIAL HOSPITAL, INC.**

***Audited Consolidated Financial Statements***

***Years Ended June 30, 2014 and 2013***

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***Audited Consolidated Financial Statements***

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
Johnston Memorial Hospital, Inc.:

### ***Report on the Consolidated Financial Statements***

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

### ***Management's Responsibility for the Consolidated Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Johnston Memorial Hospital, Inc. as of June 30, 2014 and 2013, and the results of its operations, changes in net assets, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Pushing Yalley, Associates PC*

Knoxville, Tennessee  
October 29, 2014

**JOHNSTON MEMORIAL HOSPITAL, INC.*****Consolidated Balance Sheets***

	<i>June 30,</i>	
	<i>2014</i>	<i>2013</i>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 11,653,780	\$ 12,062,658
Patient accounts receivable, less estimated allowances for uncollectible accounts of \$6,597,027 in 2014 and \$7,689,415 in 2013	21,666,368	22,045,103
Other receivables, net	2,673,157	3,129,411
Inventories and prepaid expenses	3,592,339	3,709,739
Due from Member and other affiliates, net	28,964	586,995
<b>TOTAL CURRENT ASSETS</b>	<b>39,614,608</b>	<b>41,533,906</b>
<b>INVESTMENTS</b>	<b>130,127,592</b>	<b>106,070,807</b>
<b>PROPERTY, PLANT AND EQUIPMENT, net</b>	<b>167,301,359</b>	<b>177,186,356</b>
<b>OTHER ASSETS</b>		
Deferred financing costs, net	248,732	289,752
Goodwill, net	69,828	69,828
Other long-term receivables	31,729	235,130
Other assets, net	199,510	228,150
Land held for expansion	1,518,216	1,514,392
<b>TOTAL OTHER ASSETS</b>	<b>2,068,015</b>	<b>2,337,252</b>
<b>TOTAL ASSETS</b>	<b>\$ 339,111,574</b>	<b>\$ 327,128,321</b>

**JOHNSTON MEMORIAL HOSPITAL, INC.*****Consolidated Balance Sheets - Continued***

	<i>June 30,</i>	
	<i>2014</i>	<i>2013</i>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current portion of long-term debt and capital lease obligations	\$ 3,042,472	\$ 2,914,874
Accounts payable and accrued expenses	5,438,511	5,944,879
Accrued salaries, compensated absences and amounts withheld	7,159,834	6,405,925
Estimated amounts due to third-party payers	496,450	262,276
TOTAL CURRENT LIABILITIES	16,137,267	15,527,954
<b>OTHER LIABILITIES</b>		
Long-term debt and capital lease obligations, less current portion	35,981,127	39,026,698
Estimated professional liability	1,034,806	771,500
Other	2,178,097	8,914
TOTAL LIABILITIES	55,331,297	55,335,066
<b>COMMITMENTS AND CONTINGENCIES - Note K</b>		
<b>NET ASSETS</b>		
Unrestricted net assets	283,780,277	271,793,255
TOTAL LIABILITIES AND NET ASSETS	\$ 339,111,574	\$ 327,128,321



**JOHNSTON MEMORIAL HOSPITAL, INC.**

***Consolidated Statements of Operations and Changes in Net Assets***

	<i>Year Ended June 30,</i>	
	<i>2014</i>	<i>2013</i>
<b>CHANGES IN UNRESTRICTED NET ASSETS:</b>		
Revenue, gains and support:		
Patient service revenue, net of contractual adjustments and discounts	\$ 143,069,172	\$ 152,987,411
Provision for bad debts	(17,002,828)	(19,664,429)
Net patient service revenue	126,066,344	133,322,982
Net investment gain	9,606,730	7,363,474
Net derivative gain	-	33,777
Other revenue, gains, and support	5,592,657	5,344,722
<b>TOTAL REVENUE, GAINS AND SUPPORT</b>	<b>141,265,731</b>	<b>146,064,955</b>
Expenses:		
Salaries and wages	51,071,935	55,725,177
Employee benefits	8,892,780	10,095,592
Purchased services	19,593,842	15,333,035
Supplies	19,567,473	21,548,666
Utilities	1,958,593	2,047,254
Depreciation	12,797,707	14,632,605
Amortization	41,020	33,604
Corporate allocation	6,480,951	6,451,368
Interest	560,130	638,627
Other	8,314,278	7,979,104
<b>TOTAL EXPENSES</b>	<b>129,278,709</b>	<b>134,485,032</b>
<b>EXCESS OF REVENUE, GAINS AND SUPPORT OVER EXPENSES AND LOSSES AND INCREASE IN UNRESTRICTED NET ASSETS</b>	<b>11,987,022</b>	<b>11,579,923</b>
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:</b>		
Restricted grants and contributions	70,973	990
Net assets released from restrictions	(70,973)	(990)
<b>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS</b>	<b>-</b>	<b>-</b>
<b>INCREASE IN NET ASSETS</b>	<b>11,987,022</b>	<b>11,579,923</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>271,793,255</b>	<b>260,213,332</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 283,780,277</b>	<b>\$ 271,793,255</b>

**JOHNSTON MEMORIAL HOSPITAL, INC.**

***Consolidated Statements of Cash Flows***

	<i>Year Ended June 30,</i>	
	<i>2014</i>	<i>2013</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase in net assets	<b>\$ 11,987,022</b>	<b>\$ 11,579,923</b>
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Provision for depreciation and amortization	<b>12,838,727</b>	<b>14,666,209</b>
Estimated provision for bad debts	<b>17,002,828</b>	<b>19,664,429</b>
Restricted grants and contributions	<b>(70,973)</b>	<b>(990)</b>
Gain on sale of property, plant and equipment	<b>(175)</b>	<b>(47,262)</b>
Change in fair value of interest rate swap	<b>-</b>	<b>(132,744)</b>
Increase (decrease) in cash due to change in:		
Net patient accounts receivable	<b>(16,624,093)</b>	<b>(20,622,615)</b>
Other receivables, net	<b>659,655</b>	<b>(2,348,901)</b>
Inventories and prepaid expenses	<b>117,400</b>	<b>549,815</b>
Other assets, net	<b>28,640</b>	<b>-</b>
Trading securities	<b>(23,370,240)</b>	<b>(9,282,664)</b>
Accounts payable and accrued expenses	<b>(506,368)</b>	<b>1,705,557</b>
Accrued salaries, compensated absences and amounts withheld	<b>753,909</b>	<b>958,673</b>
Estimated amounts due to third-party payers, net	<b>234,174</b>	<b>(963,242)</b>
Estimated professional liability	<b>263,306</b>	<b>151,510</b>
Other non-current liabilities	<b>2,169,183</b>	<b>(54,202)</b>
Due to/from Member and other affiliates, net	<b>558,031</b>	<b>(2,031,169)</b>
Total adjustments	<b>(5,945,996)</b>	<b>2,212,404</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>6,041,026</b>	<b>13,792,327</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property, plant and equipment, net	<b>(2,955,223)</b>	<b>(10,484,755)</b>
Cash proceeds from sale of property, plant and equipment	<b>42,688</b>	<b>80,000</b>
Purchases of held-to-maturity securities, net	<b>(686,545)</b>	<b>(72,063)</b>
Purchase of land held for expansion	<b>(3,824)</b>	<b>(1,514,392)</b>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(3,602,904)</b>	<b>(11,991,210)</b>

**JOHNSTON MEMORIAL HOSPITAL, INC.**

***Consolidated Statements of Cash Flows - Continued***

	<i>Year Ended June 30,</i>	
	<i>2014</i>	<i>2013</i>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from long-term debt	-	18,089,000
Payments on long-term debt and capital lease obligations	(2,917,973)	(18,167,947)
Restricted grants and contributions	70,973	990
Deferred financing costs	-	(91,556)
NET CASH USED IN FINANCING ACTIVITIES	(2,847,000)	(169,513)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(408,878)	1,631,604
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	12,062,658	10,431,054
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 11,653,780</u>	<u>\$ 12,062,658</u>
<b>SUPPLEMENTAL INFORMATION:</b>		
Cash paid for interest	<u>\$ 724,056</u>	<u>\$ 625,089</u>
<b>NONCASH INVESTING AND FINANCING TRANSACTIONS:</b>		
Building and equipment purchased through capital lease arrangements	<u>\$ -</u>	<u>\$ 12,620</u>
Trading securities transferred to held-to-maturity securities	<u>\$ -</u>	<u>\$ 38,000,000</u>
Property, plant and equipment transferred from Member and affiliates	<u>\$ -</u>	<u>\$ 875,145</u>

## JOHNSTON MEMORIAL HOSPITAL, INC.

### *Notes to Consolidated Financial Statements*

***Years Ended June 30, 2014 and 2013***

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#### NOTE A--ORGANIZATION AND OPERATIONS

Johnston Memorial Hospital, Inc. (the Hospital) is a tax exempt entity with operations located in Washington County, Virginia. The Hospital's membership consists of Mountain States Health Alliance (the Alliance) and Johnston Memorial Healthcare Foundation, Inc. (the Foundation), which maintain a 50.1% and 49.9% interest in the Hospital, respectively. The Hospital owns and operates a 116 bed acute care hospital and a home health agency. The Hospital is the sole member of Abingdon Physician Partners (APP), a tax exempt organization, organized to operate, exclusively for the benefit of the Hospital, and in part to own, manage, operate and maintain a non-profit community physician practice development service. During 2013, the Hospital created and became the sole member of JMH Emergency Physicians, LLC, (JMH ER) organized to provide emergency room physicians for JMH. The consolidated financial statements of the Hospital include the operations of APP and JMH ER.

#### NOTE B--SIGNIFICANT ACCOUNTING POLICIES

*Principles of Consolidation:* The accompanying consolidated financial statements include the accounts of the Hospital, APP, and JMH ER after elimination of all significant intercompany accounts and transactions.

*Use of Estimates:* The preparation of the 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 as of the date of the consolidated financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

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

*Investments* Investments as reported in the Consolidated Balance Sheets include trading securities and held-to-maturity securities (Note C). Within the trading securities portfolio, all debt and marketable equity securities with readily determinable fair values are reported at fair value based on quoted market prices. Investments without readily determinable fair values are reported at fair market value pursuant to Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 825, *Financial Instruments*. Realized gains and losses are computed using the specific identification method for cost determination. Interest and dividend income is reported net of related investment fees.

Investments which the Hospital has the positive intent and ability to hold to maturity are classified as held-to-maturity and are stated at amortized cost.

## JOHNSTON MEMORIAL HOSPITAL, INC.

### *Notes to Consolidated Financial Statements - Continued*

#### *Years Ended June 30, 2014 and 2013*

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Management annually evaluates the held-to-maturity investment portfolio and recognizes any "other-than-temporary" losses as deductions from the Performance Indicator (described below). Management's evaluation considers the amount of decline in fair value, as well as the time period of any such decline. Management does not believe any investment in the held-to-maturity portfolio to be other than temporarily impaired at June 30, 2014.

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

*Property, Plant and Equipment* Property, plant and equipment is stated on the basis of cost, or if donated, at the fair value at the date of gift. Depreciation is computed by the straight-line method based on the estimated useful life of the asset. Equipment held under capital lease obligations is amortized under the straight-line method over the shorter of the lease term or estimated useful life. Amortization of equipment held under a capital lease obligation is reported as part of depreciation expense in the accompanying Consolidated Statements of Operations and Changes in Net Assets.

During 2014, management evaluated the useful lives of certain classes of property and equipment and determined that, based on information available to them, the previously assigned useful lives were not consistent with actual usage of such assets. As a result, management extended the depreciable lives of certain classes of property and equipment to better reflect the actual usage pattern. The impact of this change in estimated useful lives was to decrease depreciation expense in the Consolidated Statement of Operations for the year ended June 30, 2014 by approximately \$1,700,000

Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. The amount capitalized is net of investment earnings on assets limited as to use derived from borrowings designated for capital assets. Renewals and betterments are capitalized and depreciated over their estimated useful lives, whereas costs of maintenance and repairs are expensed as incurred.

The Hospital reviews long-lived assets for impairment whenever circumstances and situations change indicating that the carrying value of these assets may not be recoverable. At June 30, 2014, management believes there are no such impairments, although it is reasonably possible management's estimate may change in the near term.

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

*Goodwill:* Goodwill represents the difference between the acquisition cost of assets and the estimated fair value of net tangible and any separately identified intangible assets. Goodwill resulted from the acquisition of the technical component of a local mammography service provider and the acquisition of various physician practices by APP. Goodwill is evaluated for

## JOHNSTON MEMORIAL HOSPITAL, INC.

### *Notes to Consolidated Financial Statements - Continued*

#### *Years Ended June 30, 2014 and 2013*

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impairment at least annually. Management performed an evaluation of goodwill for impairment considering qualitative and quantitative factors and does not believe goodwill is impaired at June 30, 2014.

*Land Held for Expansion:* Land held for expansion represents land purchased by the Hospital for future development plus costs incurred to develop the land.

*Estimated Professional Liability:* Insurance liabilities include estimates for discounted reserves for reported and unreported professional liability claims based on historical data and a consulting actuarial report (Note K).

*Net Patient Service Revenue/Receivables:* Net patient service revenue is reported on the accrual basis in the period in which services are provided at the estimated net realizable amounts, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined or additional information is obtained. The Hospital's revenue recognition policies related to self-pay and other types of payers emphasize revenue recognition only when collections are reasonably assured.

Patient accounts receivable are reported net of both an estimated allowance for uncollectible accounts and an estimated allowance for contractual adjustments. The contractual allowance represents the difference between established billing rates and estimated reimbursement from Medicare, Medicaid and other third-party payment programs. Current operations include a provision for bad debts in the Consolidated Statements of Operations estimated based upon the age of the patient account receivable, historical writeoffs and recoveries and any unusual circumstances (such as local, regional or national economic conditions) which affect the collectibility of receivables, including management's assumptions about conditions it expects to exist and courses of action it expects to take. The primary uncertainty lies with uninsured patient receivables and deductibles, co-payments or other amounts due from individual patients. Additions to the allowance for uncollectible accounts result from the provision for bad debts. Patient accounts written off as uncollectible are deducted from the allowance for uncollectible accounts.

For uninsured patients that do not qualify for charity care, the Hospital recognizes revenue on the basis of discounted rates under the Hospital's self-pay patient policy. Under the policy, a patient who has no insurance and is ineligible for any government assistance program has his or her bill reduced to the amount which generally would be billed to a commercially insured patient. The Hospital's policy does not require collateral or other security for patient accounts receivable. The Hospital routinely accepts assignment of, or is otherwise entitled to receive, patient benefits payable under health insurance programs, plans or policies.

## JOHNSTON MEMORIAL HOSPITAL, INC.

### *Notes to Consolidated Financial Statements - Continued*

#### *Years Ended June 30, 2014 and 2013*

**Charity Care:** The Hospital accepts all patients regardless of their ability to pay. A patient is classified as a charity patient by reference to certain established policies of the Hospital and various guidelines outlined by the Federal Government. These policies define charity as those services for which no payment is anticipated and, as such, charges at established rates are not included in net patient service revenue. Charges foregone, based on established rates, totaled approximately \$13,733,000 and \$10,451,000 during 2014 and 2013, respectively. The estimated cost of providing those services totaled approximately \$2,883,000 and \$2,364,000 for the years ended June 30, 2014 and 2013, respectively. The estimated costs of providing charity care are based on a calculation which applies a ratio of costs to charges analysis with indirect costs allocated.

**Electronic Health Record (EHR) Incentives:** The American Recovery and Reinvestment Act of 2009 (ARRA) provides for incentive payments under the Medicare and Medicaid programs for certain hospitals and physician practices that demonstrate meaningful use of certified EHR technology. The incentive payments are calculated based upon estimated discharges, charity care and other input data and are recorded upon the Hospital's attainment of program and attestation criteria. The incentive payments are subject to regulatory audit.

During 2014 and 2013, EHR incentive payments totaling approximately \$1,640,000 and \$2,186,000, respectively, from Medicare and \$352,000 and \$400,000, respectively, from Medicaid have been recognized by the Hospital and included as part of other revenue, gains and support in the Consolidated Statements of Operations and Changes in Net Assets.

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

**Excess of Revenue, Gains and Support Over Expenses and Losses:** The Consolidated Statements of Operations and Changes in Net Assets include the caption *Excess of Revenue, Gains and Support Over Expenses and Losses* (the Performance Indicator). Changes in unrestricted net assets which are excluded from the Performance Indicator, consistent with industry practice, include capital contributions from affiliate, if any.

**Income Taxes:** The Hospital and APP are classified as organizations exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. JMHE is organized as a limited liability corporation and is considered a disregarded entity for tax purposes. As such, no provision for income taxes has been made in the accompanying consolidated financial statements. At June 30, 2014, tax returns for 2010 through 2013 are subject to examination by the Internal Revenue Service.

**JOHNSTON MEMORIAL HOSPITAL, INC.**

***Notes to Consolidated Financial Statements - Continued***

***Years Ended June 30, 2014 and 2013***

Assets limited as to use:

Cash, cash equivalents and money market funds	\$	-	\$	172,769
U.S. Government securities		-		325,241
U S. Agency securities		-		516,754
	\$	-	\$	1,014,764

Assets limited as to use at June 30, 2013 were restricted for capital projects and were spent as such in 2014.

Held-to-maturity securities are carried at amortized cost. The amortized cost, gross unrealized gains and losses and estimated fair values of held-to-maturity securities are as follows:

	<i>Amortized Cost</i>	<i>Gross Unrealized Gains</i>	<i>Gross Unrealized Losses</i>	<i>Estimated Fair Value</i>
<b>June 30, 2014:</b>				
Cash and cash equivalents	\$ 219,176	\$	\$ -	\$ 219,176
Corporate and foreign bonds	35,131,397	197,103	(387,384)	34,941,116
Municipal obligations	3,408,034	8,400	(68,842)	3,347,592
	<u>\$ 38,758,607</u>	<u>\$ 205,503</u>	<u>\$ (456,226)</u>	<u>\$ 38,507,884</u>
<b>June 30, 2013:</b>				
Cash and cash equivalents	\$ 75,204	\$ -	\$ -	\$ 75,204
Corporate and foreign bonds	33,060,086	14,972	(1,232,344)	31,842,714
Municipal obligations	4,936,772	-	(188,655)	4,748,117
	<u>\$ 38,072,062</u>	<u>\$ 14,972</u>	<u>\$ (1,420,999)</u>	<u>\$ 36,666,035</u>

Management does not believe any held-to-maturity investment is other-than-temporarily impaired at June 30, 2014. The age of unrealized losses on the held-to-maturity investments are as follows as of June 30, 2014 and 2013:

	<i>Less than 12 months</i>		<i>Greater than 12 months</i>		<i>Total</i>	
	<i>Fair Value</i>	<i>Unrealized Losses</i>	<i>Fair Value</i>	<i>Unrealized Losses</i>	<i>Fair Value</i>	<i>Unrealized Losses</i>
<b>2014</b>						
Corporate and foreign bonds	\$ 1,660,934	\$ (559)	\$ 11,723,746	\$ (386,825)	\$ 13,384,680	\$ (387,384)
Municipal obligations	-	-	1,789,191	(68,842)	1,789,191	(68,842)
	<u>\$ 1,660,934</u>	<u>\$ (559)</u>	<u>\$ 13,512,937</u>	<u>\$ (455,667)</u>	<u>\$ 15,173,871</u>	<u>\$ (456,226)</u>



**JOHNSTON MEMORIAL HOSPITAL, INC.**

***Notes to Consolidated Financial Statements - Continued***

***Years Ended June 30, 2014 and 2013***

	<i>Less than 12 months</i>		<i>Greater than 12 months</i>		<i>Total</i>	
	<i>Fair Value</i>	<i>Unrealized Losses</i>	<i>Fair Value</i>	<i>Unrealized Losses</i>	<i>Fair Value</i>	<i>Unrealized Losses</i>
<b>2013</b>						
Corporate and foreign bonds	\$ 28,968,991	\$ (1,232,344)	\$ -	\$ -	\$ 28,968,991	\$ (1,232,344)
Municipal obligations	4,748,117	(188,655)	-	-	4,748,117	(188,655)
	<u>\$ 33,717,108</u>	<u>\$ (1,420,999)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,717,108</u>	<u>\$ (1,420,999)</u>

Contractual maturities of held-to-maturity investments at June 30, 2014 were as follows:

	<i>Amortized Cost</i>	<i>Estimated Fair Value</i>
Due in one year or less	\$ 17,624,542	\$ 17,676,626
Due from one to five years	5,410,708	5,407,888
Due after five years	15,723,357	15,423,370
	<u>\$ 38,758,607</u>	<u>\$ 38,507,884</u>

Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

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

	<i>2014</i>	<i>2013</i>
Interest and dividend income, net of fees	\$ 1,823,884	\$ 1,697,730
Net realized gains on the sale of securities	4,458,146	2,991,716
Change in net unrealized gains on securities	3,324,700	2,674,028
	<u>\$ 9,606,730</u>	<u>\$ 7,363,474</u>

The Hospital is a member of Premier Inc.'s (Premier) group purchasing organization, and in connection with this membership, the Hospital held a non-controlling interest in Premier that was accounted for using the cost method of accounting. In October 2013, Premier completed an initial public offering (IPO) and a restructuring of the company. In connection with the restructuring, the Hospital received 153,070 Class B Units and concurrently sold 16% of the units back to Premier. The Hospital recognized a gain of approximately \$621,000 on the sale, which is included within other revenue, gains and support in the 2014 Consolidated Statement of Operations. The Hospital has the ability to convert its remaining Class B units into cash or Premier's Class A common stock over a seven year vesting period. The Hospital recorded an investment in Premier relative to the estimated fair value of the remaining Class B units of approximately \$2,617,000. In addition, as the vesting period is tangential to the Hospital's continued participation in the group purchasing contract, the Hospital recorded a liability

**JOHNSTON MEMORIAL HOSPITAL, INC.**

***Notes to Consolidated Financial Statements - Continued***

***Years Ended June 30, 2014 and 2013***

equivalent to the estimated fair value of the Class B units. The liability is being amortized as a vendor incentive over the seven year vesting period, which is included as an other liability in the 2014 Consolidated Balance Sheet. During 2014, the Hospital recognized approximately \$504,000 related to the first vesting period (Tranche 1), which is included within other revenue, gains and support in the 2014 Consolidated Statement of Operations.

**NOTE D--PROPERTY, PLANT AND EQUIPMENT**

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

	<i>2014</i>	<i>2013</i>
Land	\$ 5,822,304	\$ 5,800,392
Buildings and leasehold improvements	155,025,405	154,352,943
Equipment	91,707,621	89,781,454
Buildings and equipment held under capital leases	2,989,771	2,989,772
	<u>255,545,101</u>	<u>252,924,561</u>
Less: Allowances for depreciation and amortization	(90,051,499)	(77,348,887)
	<u>165,493,602</u>	<u>175,575,674</u>
Construction in progress (Note K)	1,807,757	1,610,682
	<u>\$ 167,301,359</u>	<u>\$ 177,186,356</u>

The net book value of buildings and equipment held under capital leases is \$339,870 and \$670,940 at June 30, 2014 and 2013, respectively. During 2013, the Hospital exercised its purchase option under a capital lease of a medical office building (Note E).

During 2014 and 2013, the Hospital capitalized approximately \$15,000 and \$256,000, respectively, in interest costs.

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

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

<i>Description</i>	<i>Maturities</i>	<i>Rates</i>	<i>Outstanding Balance</i>	
			<i>2014</i>	<i>2013</i>
2012 Term Note	Monthly principal payments of \$60,300 beginning November 2012 through September 2015, remaining principal due October 2015	Variable, 1.14% at June 30, 2014	\$ 16,883,067	\$ 17,606,627
2011 Hospital Facility Revenue Refunding and Improvement Bonds	\$21,335,000 unsecured term bonds, due July 1, 2033, subject to early redemption or tender	Variable, 1.10% at June 30, 2014	21,335,000	23,095,000

**JOHNSTON MEMORIAL HOSPITAL, INC.**

***Notes to Consolidated Financial Statements - Continued***

***Years Ended June 30, 2014 and 2013***

<i>Description</i>	<i>Maturities</i>	<i>Rates</i>	<i>Outstanding Balance</i>	
			<i>2014</i>	<i>2013</i>
Capital lease obligations secured by equipment with a net book value of \$339,870 at June 30, 2014	Various monthly principal and interest payments through December 2016	Various	805,532	1,239,945
			39,023,599	41,941,572
		Less, current portion	(3,042,472)	(2,914,874)
			<u>\$ 35,981,127</u>	<u>\$ 39,026,698</u>

**2012 Term Note:** In September 2012, the Hospital entered into a \$19,000,000 loan agreement (2012 Term Note) to exercise its purchase option under a capital lease of a medical office building. Proceeds of the 2012 Term Note were used to refinance existing indebtedness. The 2012 Term Note bears interest at the sum of 1-month LIBOR plus 0.99% and is secured by the Hospital's revenues, as defined by the loan agreement.

**Series 2011 Bonds:** In November 2011, the Hospital issued the \$24,870,000 Hospital Facility Revenue Refunding and Improvement Bonds (2011 Bonds) through the Industrial Development Authority of Smyth County. The proceeds from the 2011 Bonds were used to refinance existing indebtedness and pay costs of issuance. The 2011 Bonds are subject to mandatory sinking fund redemption on July 1 each year in amounts ranging from \$780,000 to \$1,810,000. The 2011 Bonds bear interest at the sum of 75% of 1-month LIBOR plus 0.99% and are secured by the Hospital's revenues, as defined by the Credit Agreement. The 2011 Bonds are subject to optional acceleration by the bondholder in December 2016 and each December thereafter and optional redemption by the Hospital as outlined in the Credit Agreement.

The Credit Agreement and term loan agreement contain certain requirements regarding maintenance of certain financial ratios, permitted indebtedness, use of facilities and disposals of property. Management believes the Hospital is in compliance with all such covenants at June 30, 2014.

The scheduled principal maturities and mandatory sinking fund payments of the long-term debt and capital lease obligations at June 30, 2014 are as follows:

<i>Year Ending June 30,</i>	
2015	\$ 3,042,472
2016	17,567,852
2017	1,173,275
2018	1,210,000
2019	1,245,000
Thereafter	14,785,000
	<u>\$ 39,023,599</u>

**JOHNSTON MEMORIAL HOSPITAL, INC.**

***Notes to Consolidated Financial Statements - Continued***

***Years Ended June 30, 2014 and 2013***

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**NOTE F--NET PATIENT SERVICE REVENUE**

Patient service revenue, net of contractual allowances and discounts is composed of the following for the years ended June 30:

	<u>2014</u>	<u>2013</u>
Third-party payers	\$ 127,969,350	\$ 138,769,080
Self-pay	15,099,822	14,218,331
Patient service revenue	<u>\$ 143,069,172</u>	<u>\$ 152,987,411</u>

Patient deductibles and copayments under third-party payment programs are included within the patient amounts above.

The Hospital also provides services to uninsured and underinsured patients that do not qualify for financial assistance. Based on historical experience, a significant portion of uninsured and underinsured patients are unable or unwilling to pay the portion of their bill for which they are financially responsible and a significant provision for bad debts is recorded in the period the services are provided.

The Hospital's allowance for doubtful accounts totaled \$6,597,027 and \$7,689,415 at June 30, 2014 and 2013, respectively. The allowance for doubtful accounts decreased from 26% of patient accounts receivable, net of contractual allowances, at June 30, 2013 to 23% of patient accounts receivable, net of contractual allowances, as of June 30, 2014 due to a decline in self-pay patient accounts. The provision for bad debts associated with the Hospital's ancillary service lines is not significant.

**NOTE G--THIRD-PARTY REIMBURSEMENT**

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

The Virginia Medicaid program reimbursement for inpatient hospital services is also based on a prospective payment system using both per case and per diem methodologies. Additional payments are made for the allowable costs of capital. Payments for outpatient services were

## **JOHNSTON MEMORIAL HOSPITAL, INC.**

### ***Notes to Consolidated Financial Statements - Continued***

#### ***Years Ended June 30, 2014 and 2013***

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based on Medicare cost reimbursement principles and settled through the filing of an annual Medicaid cost report through December 31, 2013. Beginning January 1, 2014, payments for outpatient services are transitioning from cost-based reimbursement principles to a prospective payment system. Full implementation of this transaction is expected to take place over multiple years.

Amounts earned under the contractual agreements with the Medicare and Medicaid programs are subject to review and final determination by fiscal intermediaries and other appropriate governmental authorities or their agents. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. During the years ended June 30, 2014 and 2013, net patient service revenue decreased by approximately \$50,000 and \$781,000, respectively, relating to adjustments of prior years' estimates and final settlements of prior periods.

Activity with respect to audits and reviews of governmental programs has increased and is expected to increase in the future. No additional specific reserves or allowances have been established with regard to these increased audits and reviews as management is not able to estimate such amounts. Management believes that any adjustments from these increased audits and reviews will not have a material adverse impact on the consolidated financial statements. However, due to uncertainties in the estimation, it is at least reasonably possible that management's estimate will change in 2015, although the amount of any change cannot be estimated.

Participation in the Medicare and Medicaid programs subjects the Hospital to significant rules and regulations; failure to adhere to such could result in fines, penalties or expulsion from the program. Management believes that adequate provision has been made for any adjustments, fines or penalties which may result from final settlements or violations of other rules or regulations. Management has represented that the Hospital is in substantial compliance with these rules and regulations as of June 30, 2014.

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

#### **NOTE H--EMPLOYEE BENEFIT PLANS**

Effective May 1, 2009, certain employees of the Hospital are eligible to participate in defined contribution plans sponsored by the Alliance. Employees of APP are eligible to participate in a defined contribution plan sponsored by APP effective May 1, 2009. JMH ER employees became eligible to participate in the defined contribution plan sponsored by APP during 2013.

## JOHNSTON MEMORIAL HOSPITAL, INC.

### *Notes to Consolidated Financial Statements - Continued*

#### *Years Ended June 30, 2014 and 2013*

Contribution expense related to these plans totaled approximately \$1,476,000 and \$1,841,000 during the years ended June 30, 2014 and 2013, respectively.

#### NOTE I--CONCENTRATIONS OF RISK

The Hospital is located in Washington County, Virginia, and also provides services to Smyth and Russell Counties of Virginia, which is a geographic concentration. The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payer agreements. The mix of gross receivables from patients and third-party payers based on charges at established rates is as follows as of June 30. The patient responsibility related to charges which the third-party payer has not yet paid is included within third-party payer categories below.

	<i>2014</i>	<i>2013</i>
Medicare	37%	38%
Medicaid	19%	19%
Commercial	29%	26%
Other third-party payers	6%	6%
Patients	9%	11%
	<u>100%</u>	<u>100%</u>

Approximately 96% of the consolidated total revenue, gains and support were related to the provision of healthcare services for the years ended June 30, 2014 and 2013. Admitting physicians are primarily practitioners in the local area.

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

At June 30, 2014, the Hospital has deposits in financial institutions in excess of the Federal Deposit Insurance Corporation's (FDIC) limits. Management believes that credit risk related to these deposits is minimal.

#### NOTE J--RELATED PARTY TRANSACTIONS

The Hospital had amounts due from Member and other affiliates totaling \$1,256,911 and \$965,008 at June 30, 2014 and 2013, respectively, which include receivables related to shared cost savings from participating in the Alliance's shared savings plan. The Hospital had amounts

## JOHNSTON MEMORIAL HOSPITAL, INC.

### *Notes to Consolidated Financial Statements - Continued*

#### *Years Ended June 30, 2014 and 2013*

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due to Member and other affiliates totaling \$1,227,947 and \$378,013 at June 30, 2014 and 2013, respectively. The payable amounts relate primarily to costs incurred by the Alliance, or affiliates of the Alliance, on behalf of the Hospital. Corporate allocation expense recognized, related to the Alliance, or affiliates, by the Hospital during the years ended June 30, 2014 and 2013 were approximately \$6,481,000 and \$6,451,000, respectively. During the years ended June 30, 2014 and 2013, the Hospital provided support of approximately \$7,000,000 and \$3,800,000, respectively, to Mountain States Medical Group, an affiliate of the Alliance.

#### NOTE K—COMMITMENTS AND CONTINGENCIES

*Professional Liability and Workers' Compensation.* The Hospital is covered for professional liability claims under the Alliance's claims made \$25,000,000 umbrella liability policy that attaches over the 2014 self-insurance limits of \$10,000,000 per claim and a \$15,000,000 annual aggregate retention. At June 30, 2014, the Hospital is involved in litigation relating to medical malpractice, workers' compensation and other claims arising in the ordinary course of business. There are also known incidents occurring through June 30, 2014 that may result in the assertion of additional claims, and other unreported claims may be asserted arising from services provided in the past. The Hospital has estimated and accrued for the cost of these unreported claims based on historical data and actuarial assumptions. The discount rate utilized was 5% at June 30, 2014 and 2013. The Hospital has established accruals for both reported and unreported claims totaling approximately \$1,035,000 and \$772,000 as of June 30, 2014 and 2013, respectively. Management estimates that none of the asserted claims will ultimately settle above the self-insurance retention levels, and accordingly, has not recognized any insurance recovery receivables at June 30, 2014 and 2013.

The Hospital maintains an insurance policy for workers' compensation claims that insures benefits for bodily injury caused by accident or by disease with a policy. The Hospital retains the first \$750,000 of each loss per occurrence. Management has not identified any significant workers' compensation claims outstanding as of June 30, 2014 and 2013 that would exceed deductible limits, and accordingly, has not recognized any insurance recovery receivables.

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

*Operating Leases:* The Hospital leases certain equipment and facilities under operating lease arrangements. For the years ended June 30, 2014 and 2013, the Hospital incurred approximately \$2,127,000 and \$1,599,000, respectively, in rent expense under these leasing arrangements that are included in other expense in the accompanying Consolidated Statements of Operations and Changes in Net Assets. Future minimum lease payments for each of the next five years and in the aggregate for leases with noncancellable terms greater than one year are as follows:

**JOHNSTON MEMORIAL HOSPITAL, INC.**

***Notes to Consolidated Financial Statements - Continued***

***Years Ended June 30, 2014 and 2013***

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<u><i>Year Ending June 30,</i></u>	
2015	\$ 1,114,369
2016	946,401
2017	779,567
2018	553,357
2019	538,089
Thereafter	<u>2,238,536</u>
	<u><u>\$ 6,170,319</u></u>

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

*Construction in Progress:* Estimated costs for outstanding contracts and other commitments related to the completion of capital projects are approximately \$1,800,000 at June 30, 2014.

*Healthcare Industry:* The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, Medicare fraud and abuse, and most recently under provisions of the Health Insurance Portability and Accountability Act of 1996, patient records privacy and security. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers, such as the Medicare Recovery Audit Contractor program. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

Management does not believe the increase in government activity will have a material adverse impact on the consolidated financial statements. However, due to uncertainties in the estimation, it is at least reasonably possible that management's estimate will change in 2015, although the amount of any change cannot be estimated.

**NOTE L--OPERATING EXPENSES BY FUNCTIONAL CLASSIFICATION**

The Hospital does not present expense information by functional classification because its resources and activities are primarily related to providing healthcare services. Further, since the Hospital receives substantially all of its resources from providing healthcare services in a manner similar to a business enterprise, other indicators contained in these consolidated financial



## JOHNSTON MEMORIAL HOSPITAL, INC.

### *Notes to Consolidated Financial Statements - Continued*

#### Years Ended June 30, 2014 and 2013

statements are considered important in evaluating how well management has discharged their stewardship responsibilities.

#### NOTE M--FAIR VALUE OF MEASUREMENT

The fair value of financial instruments has been estimated by the Hospital using available market information as of June 30, 2014 and 2013, and valuation methodologies considered appropriate. The estimates presented are not necessarily indicative of amounts the Hospital could realize in a current market exchange. The carrying value of substantially all financial instruments approximates fair value due to the nature or term of the instruments, except as described below

*Held-to-Maturity Securities:* The estimated fair value of the Hospital's held-to-maturity securities at June 30, 2014 and 2013, is approximately \$38,508,000 and \$36,666,000 respectively, and would be classified in level 2 of the fair value hierarchy (described below). The fair value is based on prices provided by the Hospital's investment managers and its custodian bank, which use a variety of pricing sources to determine market valuations

*Estimated Professional Liability Self Insurance and Other Long-Term Liabilities:* Estimates of reported and unreported professional liability claims are discounted to approximate their estimated fair value. It is not practical to estimate the fair market value of other long-term liabilities.

*Long-Term Debt:* For long-term debt with variable interest rates, carrying value approximates fair value and would be classified in Level 2 in the fair value hierarchy. The Hospital's capital lease obligations secured by equipment are considered unique and therefore management is unable to estimate the fair value of these obligations. The capital leases would be classified in Level 3 of the fair value hierarchy.

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

- Level 1 - Quoted market prices in active markets for identical assets or liabilities.
- Level 2 - Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3 - Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 includes values determined using pricing models, discounted cash flow methodologies, or similar techniques reflecting the Hospital's own assumptions.

## JOHNSTON MEMORIAL HOSPITAL, INC.

### *Notes to Consolidated Financial Statements - Continued*

#### ***Years Ended June 30, 2014 and 2013***

managers at least 60 days prior to the end of the quarter. Such redemptions are subject to the capital requirements of the fund manager.

The Hospital's investment in Premier's Class B units do not have a readily determinable fair value and have been reported at estimated fair market value. The significant unobservable inputs primarily relate to management's estimate of the discount for lack of marketability of 12%. Accordingly, such value may differ from values that would have been used had an active market for the investments existed and as such it has been classified in Level 3 of the fair value hierarchy.

The following table sets forth a summary of changes in the fair value of the Hospital's Level 3 financial instruments for the years ended June 30:

	<i><b>Class B Units of Premier</b></i>	<i><b>Interest Rate Swap</b></i>
<b>July 1, 2012</b>	\$ -	\$ (132,744)
Unrealized/realized gains in the Performance Indicator	-	132,744
<b>June 30, 2013</b>	-	-
Additions	2,617,197	-
<b>June 30, 2014</b>	<u>\$ 2,617,197</u>	<u>\$ -</u>

The carrying value of cash and cash equivalents, patient accounts receivable, other receivables, net, inventories and prepaid expenses, due from/to member and other affiliates, net, accounts payable and accrued expenses, accrued salaries, compensated absences and amounts withheld, and the estimated amounts due to third-party payers, net reported in the Consolidated Balance Sheets approximate fair value because of the short maturity of these instruments.

#### **NOTE N--JOINT OPERATING AGREEMENT**

The Hospital entered into a Joint Operating Agreement (JOA) with Smyth County Community Hospital (SCCH), an affiliate hospital with the Alliance, to fund and jointly operate a Catheterization Laboratory at the Hospital in 2012. SCCH invested \$668,615 in August 2011 as required by the JOA, which represents 25% of the estimated budget for the start-up costs. On an annual basis, the Hospital shall distribute 25% of the net positive cash flow, as defined by the JOA, to SCCH. In the event that negative net cash flow exist, SCCH shall pay the Hospital 25% of the difference between zero and the negative net cash flow, however such amount is limited to total accumulated positive cash flows received which is zero as of June 30, 2014. As of June 30, 2014 and 2013, the net positive cash flow as determined by management was insignificant; therefore, no amounts are payable to SCCH in the accompanying 2014 and 2013 Consolidated

**JOHNSTON MEMORIAL HOSPITAL, INC.**

***Notes to Consolidated Financial Statements - Continued***

***Years Ended June 30, 2014 and 2013***

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Balance Sheets. SCCH's non-controlling interest of \$668,615 as of June 30, 2014 and 2013 is included as part of unrestricted net assets in the accompanying 2014 and 2013 Consolidated Balance Sheets.