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Part IIISTatement of Program Service Accomplishments

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

☐Yes☒No

1

Briefly describe the organization's mission

IN LINE WITH ITS CHRISTIAN HERITAGE, TO PROVIDE A BROAD BASED HEALTHCARE DELIVERY SYSTEM FOCUSING ON THE COMPASSIONATE, HIGH QUALITY AND COST EFFECTIVE SERVICES THAT ADDRESS MENTAL, SPIRITUAL AND PHYSICAL NEEDS AND WORK TO IMPROVE THE HEALTH STATUS OF THE PEOPLE IN THE COMMUNITIES SERVED

2

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

☐Yes☒No

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

3

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

☐Yes☒No

If "Yes," describe these changes on Schedule O

4

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

4a

(Code) (Expenses \$ 137,439,645 including grants of \$ 375,282) (Revenue \$ 159,811,287)

COMMUNITY UNITED METHODIST HOSPITAL, INC OFFERS A BROAD RANGE OF INPATIENT AND OUTPATIENT MEDICAL SERVICES INCLUDING EMERGENCY CARE, SURGICAL SERVICES, AMBULATORY CARE, RADIOLOGY SERVICES, PHYSICAL THERAPY, SLEEP DISORDERS, ORTHOPEDIC SERVICES, PEDIATRIC CARE, NICU, SWING BED, DIAGNOSTIC AND THERAPEUTIC SERVICES, WOUND CARE AND PAIN CLINIC THE COMMUNITIES WE SERVE INCLUDE HENDERSON, UNION AND WEBSTER COUNTIES METHODIST HOSPITAL IS AN ACUTE CARE HOSPITAL IN HENDERSON, KY WITH 192 LICENSED BEDS IN FISCAL YEAR 2014, MH SERVED 5,271 INPATIENTS FOR A TOTAL OF 24,983 INPATIENT DAYS OF SERVICE MH ALSO PROVIDED 285,414 OUTPATIENT VISITS WHICH INCLUDED 26,256 EMERGENCY ROOM VISITS (CONTINUED ON SCHEDULE O) UNION COUNTY METHODIST HOSPITAL IS A CRITICAL CARE HOSPITAL IN UNION COUNTY, KY IN FISCAL YEAR 2014, UCMH SERVED 780 INPATIENTS FOR A TOTAL OF 5,346 INPATIENT DAYS UCMH ALSO PROVIDED 22,081 OUTPATIENT VISITS WHICH INCLUDED 7,549 EMERGENCY ROOM VISITS

4b

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

4c

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

4d

Other program services (Describe in Schedule O)




















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

4e

Total program service expenses ▶ 137,439,645

Part IV

Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1 Yes	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? 	2 Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I 	3	No
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II 	4 Yes	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III 	5	No
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6	No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II 	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
9 Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 	9	No
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10	No
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI 	11a Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII 	11b	No
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII 	11c	No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX 	11d Yes	
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X 	11f Yes	
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII 	12a	No
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional 	12b Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV	14b	No
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or 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	Yes	
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	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	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	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29	Yes	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a		No
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b		
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V

Statements Regarding Other IRS Filings and Tax Compliance

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

☐

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	245	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
1c			
2a		1,628	
2b		Yes	
3a			No
3b			
4a			No
b			
5a			No
5b			No
5c			
6a			No
6b			
7 Organizations that may receive deductible contributions under section 170(c).			
7a			No
7b			
7c			No
7d			
7e			No
7f			No
7g			No
7h			No
8			
9 Sponsoring organizations maintaining donor advised funds.			
9a			
9b			
10 Section 501(c)(7) organizations. Enter			
10a			
10b			
11 Section 501(c)(12) organizations. Enter			
11a			
11b			
12a			
12b			
13			
13a			
13b			
13c			
14a			No
14b			

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O		
1b	Enter the number of voting members included in line 1a, above, who are independent		
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	Yes
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	a The governing body?	8a	Yes
8b	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
10b	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	No
	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
12b	b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes
12c	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?		
15a	a The organization's CEO, Executive Director, or top management official	15a	Yes
15b	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	Yes
16b	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	No

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	►KY
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 checked="" 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 ►JOY GRIFFITH 1305 NORTH ELM STREET PO BOX 48 HENDERSON, KY 424190048 PO BOX 48 (270) 827-7598	

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

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

Form **990** (2013)

Part VII

1b	Sub-Total	▼			
c	Total from continuation sheets to Part VII, Section A	▼			
d	Total (add lines 1b and 1c)	▼	4,562,036		380,226

2 Total number of individuals (including but not limited to those listed in the table below) who received more than \$100,000 of reportable compensation from the organization. 46

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
GENESIS EMERGENCY MEDICINE SERVICES PO BOX 6773 SHREVEPORT LA 71136	ER PHYSICIANS	1,363,269
HENDERSON ACUTE CARE SPECIALIST LLC 1762 YELVINGTON-KNOTTSVILLE RD MACEO KY 42355	HOSPITALIST SVC	790,224
RUBEL MEDICAL SERVICES PC 2012 WILDERNESS CT EVANSVILLE IN 47712	ANESTHESIOLOGY	600,000
NEIL WILSON TROOST MD, 8510 TSCHARNER RD HENDERSON KY 42420	ER PHYSICIAN SV	549,780
ERICKSON ANESTHESIOLOGY 2444 LAKERIDGE DRIVE NEWBURGH IN 47630	ANESTHESIOLOGY	500,000

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ▶43

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	65,990			
	e	Government grants (contributions) 1e				
	f	All other contributions, gifts, grants, and similar amounts not included above 1f	283,508			
	g	Noncash contributions included in lines 1a-1f \$	252,000			
	h	Total. Add lines 1a-1f	349,498			
Program Service Revenue	2a	NET PATIENT SERVICES	621110	154,669,273	154,669,273	
	b					
	c					
	d					
	e					
	f	All other program service revenue				
	g	Total. Add lines 2a-2f	154,669,273			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)	165,923			165,923
	4	Income from investment of tax-exempt bond proceeds				
	5	Royalties				
	6a	Gross rents	(i) Real 12,902	(ii) Personal		
	b	Less rental expenses				
	c	Rental income or (loss)	12,902			
	d	Net rental income or (loss)	12,902			12,902
	7a	Gross amount from sales of assets other than inventory	(i) Securities 397,781	(ii) Other 100,266		
	b	Less cost or other basis and sales expenses	30,320	103,398		
	c	Gain or (loss)	367,461	-3,132		
	d	Net gain or (loss)	364,329	364,329		
	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				
	b	Less cost of goods sold				
	c	Net income or (loss) from sales of inventory				
		Miscellaneous Revenue	Business Code			
	11a	MISCELLANEOUS REVENUE	561000	2,412,396	2,412,396	
	b	PHARMACY REVENUE	722210	1,303,272	1,303,272	
	c	UNREALIZED GAIN ON SWAP	621110	824,094	824,094	
	d	All other revenue		1,246,119	214,002	-2,794
	e	Total. Add lines 11a-11d		5,785,881		
	12	Total revenue. See Instructions	161,347,806	159,787,366	-2,794	1,213,736

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.	122,000	122,000		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.	253,282	253,282		
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.	1,838,393	372,714	1,465,679	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).	393,623		393,623	
7	Other salaries and wages.	57,722,953	48,782,296	8,940,657	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	2,788,044	2,308,427	479,617	
9	Other employee benefits.	13,136,519	10,830,036	2,306,483	
10	Payroll taxes.	4,303,891	3,443,113	860,778	
11	Fees for services (non-employees):				
a	Management.				
b	Legal.	246,364		246,364	
c	Accounting.	680,873		680,873	
d	Lobbying.	12,072		12,072	
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.	248,568		248,568	
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	16,616,273	13,735,302	2,880,971	
12	Advertising and promotion.	550,738	55,496	495,242	
13	Office expenses.	17,679,103	16,488,250	1,190,853	
14	Information technology.	1,541,264	689,558	851,706	
15	Royalties.				
16	Occupancy.	2,578,856	630,951	1,947,905	
17	Travel.	211,207	172,812	38,395	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.				
20	Interest.	2,499,730		2,499,730	
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	8,069,943	8,049,801	20,142	
23	Insurance.	2,301,677	879,362	1,422,315	
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O).				
a	BAD DEBT EXPENSE	26,134,337	26,134,337		
b	KY PROVIDER TAX	2,300,558	2,300,558		
c	REPAIRS & MAINT	2,257,735	1,674,986	582,749	
d	DIETARY/ FOOD	1,151,074	122,442	1,028,632	
e	All other expenses	2,091,670	393,922	1,697,748	
25	Total functional expenses. Add lines 1 through 24e.	167,730,747	137,439,645	30,291,102	0
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		14,126,074	1	10,034,795
	2	Savings and temporary cash investments		16,861,582	2	16,756,451
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		26,968,105	4	25,525,552
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net		876,677	7	279,974
	8	Inventories for sale or use		2,657,608	8	2,339,336
	9	Prepaid expenses and deferred charges		1,086,672	9	1,865,479
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a187,145,218			
	b	Less accumulated depreciation	10b104,136,250	85,779,422	10c	83,008,968
	11	Investments—publicly traded securities			11	
	12	Investments—other securities See Part IV, line 11		198,041	12	210,073
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		9,062,566	15	8,037,739
	16	Total assets. Add lines 1 through 15 (must equal line 34)		157,616,747	16	148,058,367
Liabilities	17	Accounts payable and accrued expenses		16,040,606	17	19,919,799
	18	Grants payable			18	
	19	Deferred revenue		451,110	19	270,237
	20	Tax-exempt bond liabilities		43,850,024	20	39,068,126
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		16,394,537	25	16,137,227
	26	Total liabilities. Add lines 17 through 25		76,736,277	26	75,395,389
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		79,796,360	27	71,415,604
	28	Temporarily restricted net assets		1,084,110	28	1,247,374
	29	Permanently restricted net assets			29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		80,880,470	33	72,662,978
	34	Total liabilities and net assets/fund balances		157,616,747	34	148,058,367

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	161,347,806
2	Total expenses (must equal Part IX, column (A), line 25)	2	167,730,747
3	Revenue less expenses Subtract line 2 from line 1	3	-6,382,941
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	80,880,470
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-1,834,551
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	72,662,978

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.

OMB No 1545-0047

2013

Open to Public
Inspection

Name of the organization COMMUNITY UNITED METHODIST HOSPITAL INC	Employer identification number 61-0461753
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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	<input type="checkbox"/>	A church, convention of churches, or association of churches described in section 170(b)(1)(A)(i).
2	<input type="checkbox"/>	A school described in section 170(b)(1)(A)(ii). (Attach Schedule E)
3	<input checked="" type="checkbox"/>	A hospital or a cooperative hospital service organization described in section 170(b)(1)(A)(iii).
4	<input type="checkbox"/>	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	<input type="checkbox"/>	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	<input type="checkbox"/>	A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v).
7	<input type="checkbox"/>	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	<input type="checkbox"/>	A community trust described in section 170(b)(1)(A)(vi) (Complete Part II)
9	<input type="checkbox"/>	An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See section 509(a)(2). (Complete Part III)
10	<input type="checkbox"/>	An organization organized and operated exclusively to test for public safety See section 509(a)(4).
11	<input type="checkbox"/>	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 <input type="checkbox"/> Type I b <input type="checkbox"/> Type II c <input type="checkbox"/> Type III - Functionally integrated d <input type="checkbox"/> Type III - Non-functionally integrated
e	<input type="checkbox"/>	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	<input type="checkbox"/>	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	<input type="checkbox"/>	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	<input type="checkbox"/>	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 COMMUNITY UNITED METHODIST HOSPITAL INC	Employer identification number 61-0461753
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Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

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

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

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

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

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

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

Part II-A

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 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?		No	
	h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
	i Other activities?	Yes		12,072
	j Total Add lines 1c through 1i			12,072
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).	2a	
a	Current year		
b	Carryover from last year		
c	Total		
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 II-B, LINE 1	LOBBYING EXPENSES REPRESENT THE PORTION OF DUES THAT ARE PAID TO HOSPITAL ASSOCIATIONS THAT ARE ATTRIBUTABLE TO LOBBYING ACTIVITIES

Part IV Supplemental Information (*continued*)[illegible]

SCHEDULE D
(Form 990)

Supplemental Financial Statements

OMB No 1545-0047

2013

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

► Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b

► Attach to Form 990. ► See separate instructions. ► Information about Schedule D (Form 990) and its instructions is at www.irs.gov/form990.

Name of the organization COMMUNITY UNITED METHODIST HOSPITAL INC	Employer identification number 61-0461753
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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

► \$

Part III

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

- 3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other
- 4

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

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

☐ Yes

☐ No

Part IV

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

- 1a

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

☐ Yes

☐ No
- b

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

	Amount
1c	
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		800,816		800,816
b Buildings		108,129,211	43,255,899	64,873,312
c Leasehold improvements		1,861,628	1,333,039	528,589
d Equipment		75,379,713	59,547,312	15,832,401
e Other		973,850		973,850
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				83,008,968

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	159,665,658
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12	2e	
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	-1,704,050
e	Add lines 2a through 2d	2e	-1,704,050
3	Subtract line 2e from line 1	3	161,369,708
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1	4c	
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII)	4b	-21,902
c	Add lines 4a and 4b	4c	-21,902
5	Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12)	5	161,347,806

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	167,909,273
2	Amounts included on line 1 but not on Form 990, Part IX, line 25	2e	
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIII)	2d	178,526
e	Add lines 2a through 2d	2e	178,526
3	Subtract line 2e from line 1	3	167,730,747
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:	4c	
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	167,730,747

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	THE HOSPITAL APPLIES FINANCIAL ACCOUNTING STANDARDS BOARD (FASB) ASC TOPIC 740, ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES. THE FOLLOWING FOOTNOTE APPEARS IN THE HOSPITAL'S AUDIT REPORT: THE ACCOUNTING STANDARD ON ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES, WHICH ADDRESSES THE DETERMINATION OF WHETHER TAX BENEFITS CLAIMED OR EXPECTED TO BE CLAIMED ON A TAX RETURN, SHOULD BE RECORDED IN THE FINANCIAL STATEMENTS. UNDER THIS GUIDANCE, THE HOSPITAL MAY RECOGNIZE THE TAX BENEFIT FROM AN UNCERTAIN TAX POSITION ONLY IF IT IS MORE LIKELY THAN NOT THAT THE TAX POSITION WILL BE SUSTAINED IN EXAMINATION BY TAXING AUTHORITIES, BASED ON THE TECHNICAL MERITS OF THE POSITION. EXAMPLES OF TAX POSITIONS INCLUDE THE TAX-EXEMPT STATUS OF THE HOSPITAL AND VARIOUS POSITIONS RELATED TO THE POTENTIAL SOURCES OF UNRELATED BUSINESS TAXABLE INCOME (UBIT). THE BENEFITS RECOGNIZED IN THE FINANCIAL STATEMENTS FROM SUCH A POSITION ARE MEASURED BASED ON THE LARGEST BENEFIT THAT HAS A GREATER THAN 50 PERCENT LIKELIHOOD OF BEING REALIZED UPON ULTIMATE SETTLEMENT. THERE WERE NO UNRECOGNIZED TAX BENEFITS IDENTIFIED OR RECORDED AS LIABILITIES FOR FISCAL YEAR 2014 AND 2013.
SCHEDULE D, PAGE 4, PART XI, LINE 2D	CHANGE IN UNFUNDED PENSION LIABILITY (FASB 158 ADJUST) -1,704,050
SCHEDULE D, PAGE 4, PART XI, LINE 4B	UNRELATED FEDERAL BUSINESS LOSS FROM PREMIER PURCH K-1 -2,794 NET INVESTMENT GAIN/LOSS FROM GENESIS HEALTH ALLIANCE K-1 982 NET INVESTMENT GAIN/LOSS FROM KY HOMECARE OF HENDERSON K-1 -30,789 NET INVESTMENT GAIN/LOSS FROM PREMIER PURCH PARTNERS K-1 12,203 NET INVESTMENT GAIN/LOSS FROM MULTICARE ASSOC K-1 -1,504
SCHEDULE D, PAGE 4, PART XII, LINE 2D	EXPENSES FROM ENTITIES FILING SEPERATE RETURNS INCLUDED 0 IN CONSOLIDATED AUDITED FINANCIAL STATEMENTS 178,526

[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
COMMUNITY UNITED METHODIST
HOSPITAL INC

Employer identification number

61-0461753

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

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			1,964,395	594,146	1,370,249	0 970 %
b Medicaid (from Worksheet 3, column a)			24,615,911	17,691,400	6,924,511	4 890 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			26,580,306	18,285,546	8,294,760	5 860 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			438,895	127,552	311,343	0 220 %
f Health professions education (from Worksheet 5)			1,458,304	328,738	1,129,566	0 800 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			98,038		98,038	0 070 %
j Total Other Benefits			1,995,237	456,290	1,538,947	1 090 %
k Total. Add lines 7d and 7j			28,575,543	18,741,836	9,833,707	6 950 %

Part IICommunity Building Activities

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1Physical improvements and housing						
2Economic development			1,184		1,184	
3Community support			47,742		47,742	0.030 %
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building						
7Community health improvement advocacy						
8Workforce development						
9Other						
10Total			48,926		48,926	0.030 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

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

1Yes

No

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

26,983,260

3Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit.

31,047,489

4Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.

Section B. Medicare

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

525,713,454

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

629,443,066

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

7-3,729,612

8Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used.

☐ Cost accounting system

☒ Cost to charge ratio

☐ Other

Section C. Collection Practices

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

9aYes

No

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

9bYes

No

Part IVManagement Companies and Joint Ventures

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

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

Section A. Hospital Facilities

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

Schedule H (Form 990) 2013

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group

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)

	Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)		
1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	1 Yes	
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input checked="" type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a CHNA 20 <u>12</u>		
3 In conducting its most recent CHNA, did the hospital facility take into account input from 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) <u>METHODISTHOSPITAL.NET</u>		
b <input type="checkbox"/> Other website (list url) _____		
c <input checked="" type="checkbox"/> Available upon request from the hospital facility		
d <input checked="" type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply 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 checked="" 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 checked="" 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 Yes	
8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a	No
b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b	
c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$ _____		

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No		
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		9	Yes		
10 Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>100 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		10	Yes		
11 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>200 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		11	Yes		
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)		12	Yes		
a <input checked="" type="checkbox"/> Income level					
b <input checked="" type="checkbox"/> Asset level					
c <input type="checkbox"/> Medical indigency					
d <input type="checkbox"/> Insurance status					
e <input type="checkbox"/> Uninsured discount					
f <input type="checkbox"/> Medicaid/Medicare					
g <input checked="" type="checkbox"/> State regulation					
h <input type="checkbox"/> Residency					
i <input type="checkbox"/> Other (describe in Part VI)					
13 Explained the method for applying for financial assistance?		13	Yes		
14 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	Yes		
a <input type="checkbox"/> The policy was posted on the hospital facility's website					
b <input checked="" type="checkbox"/> The policy was attached to billing invoices					
c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms					
d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices					
e <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility					
f <input checked="" type="checkbox"/> The policy was available upon request					
g <input checked="" type="checkbox"/> Other (describe in Part VI)					
Billing and Collections					
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?		15	Yes		
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP					
a <input checked="" type="checkbox"/> Reporting to credit agency					
b <input checked="" type="checkbox"/> Lawsuits					
c <input type="checkbox"/> Liens on residences					
d <input type="checkbox"/> Body attachments					
e <input checked="" type="checkbox"/> Other similar actions (describe in Section C)					
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP?				17	Yes
If "Yes," check all actions in which the hospital facility or a third party engaged					
a <input checked="" type="checkbox"/> Reporting to credit agency					
b <input checked="" type="checkbox"/> Lawsuits					
c <input checked="" type="checkbox"/> Liens on residences					
d <input type="checkbox"/> Body attachments					
e <input checked="" 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? If "No," indicate why	Yes	
a <input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b <input type="checkbox"/> The hospital facility's policy was not in writing		
c <input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d <input type="checkbox"/> Other (describe in Part VI)		

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

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

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? **24**

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

Part VI

Supplemental Information

Provide the following information

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

Form and Line Reference	Explanation
PART I, LINE 7, COLUMN (F) - EXCLUSIONS FROM PERCENT OF TOTAL EXPENSE	BAD DEBT EXPENSE OF 26,134,337 WAS EXCLUDED FROM THE TOTAL EXPENSES AS REPORTED ON FORM 990, PART IX, LINE 25 IN THE PERCENTAGE CALCULATION FOR COLUMN (F)

Form and Line Reference	Explanation
PART I, LINE 7 - COSTING METHODOLOGY EXPLANATION	THE COST-TO-CHARGE RATIO WAS USED IN THE TABLE TO CALCULATE COST ASSOCIATED WITH BAD DEBT AND CHARITY CARE THE RATIO WAS CALCULATED FROM WORKSHEET 2, RATIO OF PATIENT CARE COST-TO-CHARGES

Form and Line Reference	Explanation
PART II - COMMUNITY BUILDING ACTIVITIES	COMMUNITY BUILDING ACTIVITIES INCLUDE THE HOSPITAL'S PARTICIPATION WITH GREEN RIVER AREA DISTRICT DEVELOPMENT, A LOCAL GROUP DEDICATED TO ADDRESSING THE HEALTH CARE NEEDS OF COMMUNITIES SERVED ALSO, AS PART OF COMMUNITY BUILDING ACTIVITIES, VARIOUS HOSPITAL ADMINISTRATION STAFF VOLUNTEER TIME AS BOARD MEMBERS OR MEMBERS OF COMMUNITY ORGANIZATIONS AND COALITIONS TO KEEP ABREAST OF HEALTH CARE NEEDS, CONCERNS AND ISSUES WITHIN THE AREA

Form and Line Reference	Explanation
PART III, LINE 2 - BAD DEBT EXPENSE METHODOLOGY	THE HOSPITAL HAS AGREEMENTS WITH THIRD-PARTY PAYORS THAT PROVIDE FOR PAYMENTS TO THE HOSPITAL AT AMOUNTS DIFFERENT FROM ITS ESTABLISHED RATES. PAYMENT ARRANGEMENTS INCLUDE PROSPECTIVELY DETERMINED RATES PER DISCHARGE, REIMBURSED COSTS, DISCOUNTED CHARGES, AND PER DIEM PAYMENTS. NET PATIENT SERVICE REVENUE IS REPORTED AT THE ESTIMATED NET REALIZABLE AMOUNTS FROM PATIENTS, THIRD-PARTY PAYORS, AND OTHERS FOR SERVICES RENDERED, INCLUDING ESTIMATED RETROACTIVE ADJUSTMENTS UNDER REIMBURSE- MENT AGREEMENTS WITH THIRD-PARTY PAYORS. RETROACTIVE ADJUSTMENTS ARE ACCRUED ON AN ESTIMATED BASIS IN THE PERIOD THE RELATED SERVICES ARE RENDERED AND ADJUSTED IN FUTURE PERIODS AS FINAL SETTLEMENTS ARE DETERMINED. THE HOSPITAL ESTIMATES AN ALLOWANCE FOR UNCOLLECTIBLE PATIENT ACCOUNTS RECEIVABLE BASED ON EVALUATION OF THE AGING OF THE ACCOUNTS, HISTORICAL LOSSES, CURRENT ECONOMIC CONDITIONS, AND OTHER FACTORS UNIQUE TO THE SERVICE AREA AND THE HEALTHCARE INDUSTRY. THE COSTING METHODOLOGY USED TO DETERMINE THE AMOUNTS REPORTED ON LINE 2 IS USING THE COST-TO-CHARGE RATIO. THE RATIO WAS CALCULATED FROM WORKSHEET A, ESTIMATED BAD DEBT EXPENSE(AT COST).

Form and Line Reference	Explanation
PART III, LINE 8 - MEDICARE EXPLANATION	MEDICARE ALLOWABLE COST WAS TAKEN DIRECTLY OFF MEDICARE COST REPORT FILED FOR 6/30/14 THE CALCULATION INCLUDED MEDICARE INPATIENT AND OUTPATIENT CHARGES LESS MEDICARE REIMBURSEMENT LESS GME RECEIVED THE SHORTFALL SHOULD BE TREATED AS COMMUNITY BENEFIT BECAUSE THE REIMBURSEMENT RECEIVED DID NOT COVER THE COST OF PROVIDING THESE SERVICES

Form and Line Reference	Explanation
PART III, LINE 9B - COLLECTION PRACTICES EXPLANATION	HOSPITAL POLICY ON CHARITY CARE PROVIDES GUIDANCE ON HOW TO PROVIDE FINANCIAL ASSISTANCE FOR PATIENTS IN NEED HOSPITAL POLICY ON INDIGENT CARE OUTLINES THE DISPROPORTIONATE SHARE HOSPITAL (DSH) PROGRAM THROUGH THE STATE OF KY TO SERVE THE INDIGENT CARE NEEDS OF ALL PATIENTS WITHOUT ANY TYPE OF HEALTH INSURANCE PATIENTS MUST COMPLETE A DSH APPLICATION AND MEET THE KY DEPARTMENT OF MEDICAID SERVICES DSH PROGRAM MANUAL GUIDELINES

Form and Line Reference	Explanation
PART VI, LINE 2 - NEEDS ASSESSMENT	HOSPITAL CONTINUES TO WORK WITH THE GREEN RIVER AREA DISTRICT DEVELOPMENT TO ASSESS THE HEALTH CARE NEEDS OF THE COMMUNITIES SERVED THE MISSION IS TO IMPROVE THE HEALTH AND QUALITY OF LIFE WITHIN OUR REGION THROUGH EDUCATION, MOTIVATION, EVALUATION AND AVAILABILITY

Form and Line Reference	Explanation
PART VI, LINE 3 - PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	HOSPITAL HAS FINANCIAL COUNSELORS TO INTERVIEW PATIENTS WHO MAY HAVE FINANCIAL NEED THE PROCESS IS PART OF PATIENT REGISTRATION AN INTERVIEW CAN TAKE PLACE AT ANY TIME THE PATIENT IS IN THE HOSPITAL AFTER THE PAITENT LEAVES THE HOSPITAL, CONTACT IS MADE IN AN EFFORT TO ASSIST THE INDIVIDUAL WITH APPLYING FOR GOVERNMENT ENTITLEMENT PROGRAMS EACH PATIENT REGISTERED AS A SELF-PAY AUTOMATICALLY RECEIVES PRINTED INFORMATION TITLED "ELIGIBILTY FOR FINANCIAL ASSISTANCE " THIS DOCUMENT EXPLAINS ABOUT THE KY MEDICAID DISPROPORTIONATE SHARE HOSPITAL (DSH) PROGRAM IT CONTAINS A LIST OF INFORMATION THE PATIENT IS REQUIRED TO PROVIDE WITH THE DSH APPLICATION, ELIGIBILITY FOR THE PROGRAM IS DETERMINED FROM THE SUBMITTED DOCUMENTS IF PATIENT DOES NOT QUALIFY FOR THE DSH PROGRAM THEN THE DOCUMENTATION IS USED BY THE HOSPITAL FOR FINANCIAL ASSISTANCE DETERMINATION IN ADDITION, DISCUSSION WITH PATIENTS CONCERNING VARIOUS PROGRAMS, HOSPITAL ASSISTANCE, ETC

Form and Line Reference	Explanation
PART VI, LINE 4 - COMMUNITY INFORMATION	HOSPITAL IS LOCATED IN THE GREEN RIVER AREA DEVELOPMENT DISTRICT (GRADD)IN THE NORTH WESTERN PORTION OF KENTUCKY ALONG THE OHIO RIVER AND DIVIDED BY THE GREEN RIVER ACCORDING TO KENTUCKY HOSPITAL STATISTICS, PUBLISHED IN 2010, THE TOTAL POPULATION OF GRADD IS APPROXIMATELY 211,708 AND IS PROJECTED TO HAVE MINOR GROWTH OF 1-2% OVER THE NEXT FIVE YEARS METHODIST HOSPITALS PRIMARY SERVICE AREA COVERS PATIENTS FROM THE COUNTIES OF HENDERSON, UNION AND WEBSTER AND INCLUDES A SECONDARY MARKET OF PATIENTS FROM EACH OF THE SURROUNDING COUNTIES AND SOUTHERN INDIANA AND SOUTHERN ILLINOIS THE TOTAL POPULATION IN THE PRIMARY AND SECONDARY SERVICE AREA IS APPROXIMATELY 75,000 THIS ORGANIZATION OWNS METHODIST HOSPITAL IN HENDERSON COUNTY AND METHODIST HOSPITAL UNION COUNTY, A CRITICAL ACCESS HOSPITAL IN UNION COUNTY, THE ONLY TWO HOSPITALS IN THE PRIMARY SERVICE AREA THE PRIMARY SERVICE AREA INCLUDES DESIGNATED MEDICALLY UNDERSERVED COUNTIES AND METHODIST HOSPITAL HAS SUPPORTED THE MEDICAL CARE IN THE COMMUNITIES BY PROVIDING TWO PRIMARY CARE CLINICS IN WEBSTER COUNTY AND TWO IN UNION COUNTY WITH PHYSICIANS AND NURSE PRACTITIONERS

Form and Line Reference	Explanation
PART VI, LINE 5 - PROMOTION OF COMMUNITY HEALTH	<p>METHODIST HOSPITAL, IN KEEPING WITH ITS CHRISTIAN HERITAGE, EXISTS TO PROVIDE A BROAD BASE D HEALTHCARE DELIVERY SYSTEM IN PARTNERSHIP WITH OUR MEDICAL STAFF THE FOCUS WILL BE ON T HE COMPASSIONATE, HIGH QUALITY, AND COST EFFECTIVE SERVICES THAT ADDRESS MENTAL, SPIRITUAL , AND PHYSICAL NEEDS, AND WORKS TO IMPROVE THE HEALTH STATUS OF THE PEOPLE IN THE COMMUNIT IES THE MAJORITY OF COMMUNITY UNITED METHODIST HOSPITAL'S BOARD OF DIRECTORS IS COMPRISED OF INDIVIDUALS WHO LIVE AND WORK IN THE HOSPITAL SERVICES AREA THE HOSPITAL EXTENDS MEDI CAL STAFF PRIVILEGES TO ALL QUALIFIED PHYSICIANS IN THE COMMUNITY DURING THE FISCAL YEAR ENDED JUNE 30, 2014, COMMUNITY UNITED METHODIST HOSPITAL, INC , AS PART OF ITS MISSION CON TINUES TO PROVIDE UNCOMPEN- SATED CARE TO THE RESIDENTS OF THE AREA EXAMPLES OF SERVICES PROVIDED FOR THE BENEFIT OF THE COMMUNITY ARE AS FOLLOWS - ADULT AND PEDIATRIC CPR COURSE S OFFERED FREE OR AT A NOMINAL COST - SMOKING CESSATION PROGRAM OFFERED AT NOMINAL COST T O PARTICIPANTS - CHILDBIRTH EDUCATION CLASSES (INCLUDING PREPARED CHILDBIRTH, BREAST FEED ING, ETC) OFFERED TO THE PUBLIC AT A NOMINAL COST - ON-GOING DIABETES SELF-CARE CLASSES OFFERED AT A NOMINAL OR NO CHARGE (INCLUDING SELF-CARE, BGM, INSULIN, AND GESTATIONAL) - OUTREACH PROGRAMS AT LOCAL ELEMENTARY AND JUNIOR HIGH SCHOOLS TO EDUCATE YOUNG PEOPLE ON A VARIETY OF TOPICS, INCLUDING CHEMICAL DEPENDENCY AND CHILDBIRTH - PROVIDE EDUCATION TO WOMENS'S ADDICTION RECOVERY MANOR CENTER 3-4 TIMES PER YEAR FOR EDUCATIONAL SESSIONS UPON R EQUEST - BROCHURES ON A WIDE VARIETY OF MEDICAL TOPICS ARE AVAILABLE TO THE PUBLIC AT NO CHARGE - MULTI-DISCIPLINARY CONTINUING EDUCATION PROGRAMS FOR OTHER MEDICAL PROFESSIONALS AND ANCILLARY PERSONNEL - COMMUNITY EDUCATION PROGRAMS PROVIDED FREE TO THE PUBLIC ON VA RIOUS HEALTHCARE TOPICS- CANCER, STROKE, HEART ATTACK, DIABETES, ETC - PROMOTION OF HEALT Hcare PROFESSIONALS THROUGH ASSOCIATION WITH HENDERSON COMMUNITY COLLEGE, ITT TECHNICAL IN STITUTE, AND MADISONVILLE KENTUCKY TECH RADIOLOGY TECHNOLOGY NURSING AND LABORATORY PROGRA MS AND WITH INTERNSHIPS AND CLINICAL AFFILIATIONS WITH OTHER UNIVERSITIES FOR PHARMACY, PH YSICAL THERAPY, RADIOLOGY, HEALTH CARE ADMINISTRATION AND DIETETICS - FREE CHOLESTEROL SC REENINGS PROVIDED THE FIRST THURSDAY OF EVERY MONTH TO THE GENERAL PUBLIC - BLOOD PRESSUR E SCREENINGS DONE MONTHLY AT PLEASANT POINT AND TWICE A YEAR AT SENIOR CITIZEN COMPLEXES - BLOOD SUGAR SCREENING PROVIDED MONTHLY AT PLEASANT POINT AND COLONIAL ASSISTED LIVING - HEALTH FAIRS ARE HELD FOR LOCAL INDUSTRY AS WELL AS THE GENERAL PUBLIC, PROVIDING A WIDE RANGE OF SCREENING TESTS AND EDUCATIONAL MATERIALS IN HENDERSON, UNION AND WEBSTER COUNTIE S - SPEAKERS PROVIDED TO COMMUNITY ORGANIZATIONS FOR PRESENTATIONS ON SUCH HEALTHCARE TOP ICS AS CANCER, ALZHEIMER'S DISEASE, BLOOD PRESSURE, CHOLESTEROL, ETC - WELLNESS PROGRAM O FFERED TO LOCAL BUSINESSES INCLUDES ON-SITE HEALTH FAIRS, RISK APPRAISAL, NURSE VISITS, AN D EDUCATIONAL PROGRAMS - FLU SHOTS PROVIDED TO INDUSTRY AND SCHOOLS - DISCOUNT OF 50% O FFERED ON FIRST MAMMOGRAPHY SCREENING DURING BREAST CANCER AWARENESS MONTH - A DISCOUNT AG REEMENT WITH THE HEALTH DEPARTMENT ON MAMMOGRAPHY REFERRALS - NEONATAL SERVICES PROVIDED AT A REDUCED RATE FOR LOW-INCOME WOMEN - OUTPATIENT LACTATION CONSULTING FEES WAIVED FOR LOW-INCOME MOTHERS - METHODIST HOSPITAL ALSO PROVIDES FOR ADULTS WHO HAVE CHRONIC HEALTH CARE NEEDS THROUGH THE CONTINUITY CARE CLINIC THIS CLINIC OPERATES 4 DAYS PER WEEK WITH M EDICAL RESIDENTS AND THEIR SUPERVISORS - METHODIST HOSPITAL SERVES AS A PRECEPTOR SITE FO R VARIOUS UNIVERSI- TIES AND COLLEGES FOR ADMINISTRATIVE, PHYSICAL AND OCCUPATIONAL THERAP IES, AND NURSING STUDENTS - HOSPITAL MANAGEMENT PARTICIPATES IN AND ROUTINELY DONATES USE OF THE HOSPITAL FACILITY TO VARIOUS NON-PROFIT COMMUNITY ORGANIZATIONS SUCH AS YMCA, SALV ATION ARMY, UNITED WAY, JUNIOR PRO BALL, ETC - PRESENTS ALTERNATIVE CARE DELIVERY MODELS TO LEADERSHIP HENDERSON - TO ADDRESS THE IDENTIFIED COMMUNITY NEED FOR ACCESS TO MEDICAL CARE FOR CHILDREN OF LOW INCOME FAMILIES AND THOSE LIVING IN POVERTY, THE HOSPITAL OPERATE S A LICENSED PRIMARY CARE CENTER, COMMUNITY ACCESS TO CHILD HEALTH "CATCH" PROGRAM THAT PR OVIDES DIRECT MEDICAL CARE TO CHILDREN WITHOUT ACCESS TO MEDICAL CARE THIS SERVICE IS LIC ENSED AT SIX SITES THROUGHOUT THE COMMUNITY, INCLUDING SCHOOLS, TREATED 1,395 CHILDREN - EMPLOYEES ARE MEMBERS OF VARIOUS COMMUNITY ORGANIZATIONS AND REGULARLY ATTEND MEETINGS TO KEEP MH ACTIVELY INVOLVED IN THE COMMUNITY AMERICAN HEART ASSOCIATION, KENTUCKY CANCER PR OGRAM, DIABETES COALITION, I AM YOUR HENDERSON CHILD, FOR EXAMPLE - ASSISTED IN PLANNING A ND ORGANIZING OF VARIOUS ACTIVITIES FOR COMMUNITY ORGANIZATIONS RELAY FOR LIFE (AMERICAN CANCER SOCIETY), RACE FOR THE CURE (BREAST CANCER), REGIONAL SENIOR GAMES - BUILDING, MAI NTENANCE, COMPUTER EQUIPMENT, AND SOME MEDICAL EQUIPMENT PROVIDED TO THE HENDERSON CITY/CO UNTY AMBULANCE SERVICE AT NO CHARGE - PROVIDE FOR</p>

Form and Line Reference	Explanation
PART VI, LINE 5 - PROMOTION OF COMMUNITY HEALTH	TRANSPORTATION COSTS FOR PATIENTS NEEDING ASSISTANCE TO THEIR HOMES FROM THE HOSPITAL - CASH AND IN-KIND CONTRIBUTIONS TO SUPPORT VARIOUS OTHER NON-PROFITS LOCATED IN HENDERSON, WEBSTER AND UNION COUNTIES - CASH DONATION TO ECONOMIC DEVELOPMENT ENTITY TO FOSTER DEVELOPMENT IN THE AREA - PLEDGE SUPPORT OF NURSING PROGRAM AT LOCAL COLLEGE - SCHOLARSHIPS OFFERED TO NURSING, PHYSICAL THERAPY, RADIOLOGY AND PHARMACY STUDENTS - PARTICIPATION IN LOCAL CAREER DAYS TO PROVIDE INFORMATION ON HEALTH CAREERS TO HIGH SCHOOL, COLLEGE, AND TECHNICAL SCHOOL STUDENTS - HIGH SCHOOL AND COLLEGE STUDENTS GAIN VALUABLE EXPERIENCE THROUGH THE HEALTH CAREERS PROGRAM THAT PUTS THEM IN A HOSPITAL SETTING WHILE EXPLORING HEALTHCARE CAREERS - PRESENTATIONS MADE TO LOCAL HIGH SCHOOLS TO PROMOTE HEALTH CAREERS AND LECTURE ON HEALTHCARE TOPICS - HOSTED BI-ANNUAL BLOOD DRIVES FOR THE AMERICAN RED CROSS

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

Additional Data

Software ID:
Software Version:
EIN: 61-0461753
Name: COMMUNITY UNITED METHODIST
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, METHODIST HOSPITAL - PART V, LINE 3	
FACILITY 1, METHODIST HOSPITAL - PART V, LINE 4	METHODIST HOSPITAL AND METHODIST HOSPITAL UNION COUNTY CONDUCTED THEIR OWN CHNAS, BUT ALSO PARTNERED WITH THE GREEN RIVER AREA DEVELOPMENT DISTRICT WHICH INCLUDES THE OWENSBORO HEALTH AND OHIO COUNTY HOSPITAL
FACILITY 1, METHODIST HOSPITAL - PART V, LINE 5C	METHODIST HOSPITAL PRESENTED ITS CHNA TO THE HENDERSON REGIONAL HOSPITAL FOUNDATION, HENDERSON ROTARY, THE HENDERSON HEALTH COALITION, THE GREEN RIVER AREA HEALTH COUNCIL AND THE CATCH ADVISORY BOARD. METHODIST HOSPITAL UNION COUNTY PRESENTED ITS CHNA TO THE UNION COUNTY HEALTH COALITION
FACILITY 1, METHODIST HOSPITAL - PART V, LINE 14G	THE POLICY WAS PROVIDED IN DISCHARGE PACKETS TO PATIENTS IN EMERGENCY ROOM. FINANCIAL COUNSELORS EXPLAIN THE POLICY TO IMPATIENTS UPON ADMISSION.
FACILITY 1, METHODIST HOSPITAL - PART V, LINE 16E	PATIENTS WITHOUT THE ABILITY TO PAY ARE SCREENED FOR FINANCIAL ASSISTANCE. PATIENTS WITH THE ABILITY TO PAY BUT FAIL TO DO SO AFTER SERIES OF STATEMENTS AND COLLECTION EFFORTS ARE SUBMITTED TO A THIRD PARTY COLLECTION AGENCY. TYPICALLY THIS OCCURS AFTER A MINIMUM OF 120 DAYS FROM DISCHARGE.
FACILITY 1, METHODIST HOSPITAL - PART V, LINE 17E	THE UNPAID BALANCE OF THE PATIENT'S LIABILITY IS REFERRED TO A THIRD PARTY COLLECTION AGENCY. TYPICALLY THIS OCCURS AT LEAST 120 DAYS FROM THE TIME THE PATIENT IS LIABLE FOR AN UNPAID BALANCE.
FACILITY 1, METHODIST HOSPITAL - PART V, LINE 20D	EVERYONE USING THE HOSPITAL SERVICES ARE CHARGED THE STANDARD RATES.
FACILITY 1, METHODIST HOSPITAL - PART V, LINE 22	ALL PAYERS, INCLUDING ENTITLEMENT PROGRAMS, INSURANCE COMPANIES AND PATIENTS WITHOUT INSURANCE ARE BILLED AT HOSPITAL'S STANDARD RATE. REIMBURSEMENT AND DISCOUNTS ARE BASED ON ENTITLEMENT ALLOWABLE, CONTRACTUALLY MUTUALLY AGREEABLE REDUCTIONS OF CHARGES WITH INSURANCE COMPANIES AND MUTUALLY AGREEABLE REDUCTIONS OF CHARGES WITH PATIENTS.

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)
METHODIST PEDIATRICS- IMPERIAL 110 THIRD STREET SUITE 180 HENDERSON,KY 42420	PEDIATRIC PHYSICIAN SVCS
METHODIST GASTROENTEROLOGY 1413 N ELM STREET SUITE 105 HENDERSON,KY 42420	PEDIATRIC PHYSICIAN SVCS
METHODIST FAMILY PRACTICE 1284 US HWY 60 WEST MORGANFIELD,KY 42437	PEDIATRIC PHYSICIAN SVCS
METHODIST ORTHOPEDIC SERVICES 471 KLUTEY PARK PLAZA HENDERSON,KY 42420	PEDIATRIC PHYSICIAN SVCS
MH HOME MEDICAL EQUIPMENT 426 N ELM STREET HENDERSON,KY 42420	PEDIATRIC PHYSICIAN SVCS
WOMEN'S HEALTH SERVICES- HENDERSON 736 N ELM STREET HENDERSON,KY 42420	PEDIATRIC PHYSICIAN SVCS
METHODIST PEDIATRICS- ELM 2000 N ELM STREET SUITE 1B HENDERSON,KY 42420	PEDIATRIC PHYSICIAN SVCS
METHODIST SURGICAL SERVICES 110 THIRD STREET SUITE 105 HENDERSON,KY 42420	PEDIATRIC PHYSICIAN SVCS
METHODIST FAMILY MEDICINE- IMPERIAL 110 THIRD STREET SUITE 250 HENDERSON,KY 42420	PEDIATRIC PHYSICIAN SVCS
METHODIST FAMILY MEDICINE- STURGIS 9064 US HWY 60 STURGIS,KY 42459	PEDIATRIC PHYSICIAN SVCS
METHODIST FAMILY MEDICINE- BARRETT 1997 BARRETT BLVD HENDERSON,KY 42420	PEDIATRIC PHYSICIAN SVCS
WOMENS HEALTH SERVICES-MADISONVILLE 44 MCCOY AVENUE MADISONVILLE,KY 42431	PEDIATRIC PHYSICIAN SVCS
METHODIST FAMILY MED- PROVIDENCE 121 EAST MAIN STREET PROVIDENCE,KY 42450	PEDIATRIC PHYSICIAN SVCS
METHODIST FAMILY MEDICINE- 8TH ST 319 EIGHTH STREET SUITE 1 HENDERSON,KY 42420	PEDIATRIC PHYSICIAN SVCS
METHODIST FAMILY MEDICINE- SEBREE 47 W WEBSTER STREET SEBREE,KY 42455	PEDIATRIC PHYSICIAN SVCS

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)
CONTINUITY CARE CLINIC 1305 N ELM STREET HENDERSON, KY 42420	PEDIATRIC PHYSICIAN SVCS
METHODIST HEMATOLOGYONCOLOGY 110 WATER STREET HENDERSON, KY 42420	PEDIATRIC PHYSICIAN SVCS
WEBSTER COUNTY FAMILY MEDICINE 1355 HWY 41-A SOUTH DIXON, KY 42409	PEDIATRIC PHYSICIAN SVCS
METHODIST FAMILY MEDICINE- NORTH EL 2000 NORTH ELM ST SUITE 1A HENDERSON, KY 42420	PEDIATRIC PHYSICIAN SVCS
METHODIST FAMILY MEDICINE- ELM ST 1413 N ELM STREET SUITE 204 HENDERSON, KY 42420	PEDIATRIC PHYSICIAN SVCS
MH PRIMARY CARE CENTER 700 MARTIN LUTHER LING BLVD HENDERSON, KY 42420	PEDIATRIC PHYSICIAN SVCS
METHODIST OCCUPATIONAL MEDICINE 110 THIRD STREET SUITE 120 HENDERSON, KY 42420	PEDIATRIC PHYSICIAN SVCS
METHODIST HOSPITAL AUXILLARY 1305 N ELM STREET HENDERSON, KY 42420	PEDIATRIC PHYSICIAN SVCS
KENTUCKY HOMECARE OF HENDERSON LLC 110 2ND STREET HENDERSON, KY 42420	PEDIATRIC PHYSICIAN SVCS

Schedule I
(Form 990)

Grants and Other Assistance to Organizations,
Governments and Individuals in the United States
Complete if the organization answered "Yes," to Form 990, Part IV, line 21 or 22.
▶ Attach to Form 990
▶ Information about Schedule I (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047
2013
Open to Public
Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization
COMMUNITY UNITED METHODIST
HOSPITAL INC

Employer identification number
61-0461753

Part I General Information on Grants and Assistance

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

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

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) NORTHWEST KENTUCKY FORWARD INC 1990 BARRETT COURT SUITE A PO BOX 674 HENDERSON, KY 42420	61-1018220	4	20,000				ECONOMIC DEVELOPMENT
(2) COLLEGE FOUNDATION INC 2660 S GREEN STREET HENDERSON, KY 42420	61-6035281	3	70,000				SEE PART IV
(3) GREEN RIVER AREA DEVLOPMENT DIST 300 GRADD WAY OWENSBORO, KY 423010200	61-0706096	GOV	22,000				HEALTH COALITION
(4) COMMUNITY FOUNDATION OF WEST KY PO BOX 7 PADUCAH, KY 42002	61-1304905	3	10,000				SCHOOL CATCH PROGRAM

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

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

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
(1) HEALTHCARE SCHOLARSHIP	7	15,456			
(2) EDUCATIONAL ASSISTANCE	93	237,826			

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 4, PART IV	COLLEGE FOUNDATION, INC (PART II)- TO MEET THE COMMUNITY NEED FOR ADDITIONAL NURSING STUDENTS, THE HOSPITAL PLEDGED FUNDING OF 70,000 TO EXPAND THE NURSING PROGRAM AT THE LOCAL COMMUNITY COLLEGE HEALTHCARE SCHOLARSHIPS- A RECEIPIENT MUST FILL OUT AN APPLICATION AND THEN IT IS SENT TO A COMMITTEE TO BE APPROVED OR DENIED THE RECEIPIENT MUST BE ACCEPTED INTO A DEGREE PROGRAM THAT IS CRITICAL AND NECESSARY TO THE OPERATION OF THE HOSPITAL RECEIPIENTS MUST MAINTAIN A CUMMULATIVE GPA OF 2.5 AND A FULL TIME COURSE STUDY (12 OR MORE CREDIT HOURS) THEY MUST SEND VERIFICATION OF GPA EACH SEMESTER SCHOLARSHIP RECEIPIENTS ARE OBLIGATED TO EMPLOYMENT WITH METHODIST HOSPITAL AFTER GRADUATION ACCORDING TO THE NUMBER OF SEMESTERS FUNDED FAILURE TO MEET THE SCHOLARSHIP REQUIREMENTS MAY RESULT IN REPAYMENT OF SCHOLARSHIP DOLLARS EDUCATIONAL ASSISTANCE- EACH RECEIPIENT MUST FILL OUT AN APPLICATION FOR EDUCATIONAL ASSISTANCE AND IT IS SENT TO A COMMITTEE TO BE APPROVED OR DENIED ONCE THE APPLICATION IS APPROVED THE EMPLOYEE OS NOTIFIED ONCE THE APPLICANT FINISHES HIS/HER CLASS WITH A PASSING GRADE OF A C OR BETTER, THE HOSPITAL WILL REIMBURSE THE EMPLOYEE FOR THE COST OF BOOKS, TUITION AND LAB FEES UP TO 3,000 FOR ASSOCIATES AND 4,000 FOR BACHELORS OR MASTERS PER CALENDAR YEAR IF THE EMPLOYEE LEAVES EMPLOYMENT THEY ARE REQUIRED TO PAY BACK ANY FUNDS REIMBURSED WITHIN THE LAST YEAR

Schedule J
(Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
COMMUNITY UNITED METHODIST
HOSPITAL INC

Employer identification number

61-0461753

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 checked="" 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>	1bYes	
<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>	2Yes	
<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><input checked="" type="checkbox"/> Compensation committee</div><div><input type="checkbox"/> Independent compensation consultant</div><div><input checked="" type="checkbox"/> Form 990 of other organizations</div><div><input 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>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	No
<div><div>c</div><div>Participate in, or receive payment from, an equity-based compensation arrangement?</div></div> <div>If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III</div>	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> <div>If "Yes," to line 5a or 5b, describe in Part III</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> <div>If "Yes," to line 6a or 6b, describe in Part III</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 IIISupplemental 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 1A	SOCIAL CLUB DUES- PAID ON BEHALF OF THE HOSPITAL FOR THE CEO AND THE MHUC ADMINISTRATOR FOR THE PURPOSE OF RECRUITING PHYSICIAN SPECIALTIES TO THE HEALTHCARE ORGANIZATION, AMOUNTS WERE NOT TREATED AS TAXABLE COMPENSATION

Additional Data**Software ID:****Software Version:****EIN:** 61-0461753**Name:** COMMUNITY UNITED METHODIST
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				
BEGLEY BRUCE D CHEIF EXECUTIVE OFF	(i) (ii)	423,049		1,477	10,923	20,948	456,397	
HEBBLER GREG CHIEF FINANCIAL OFF	(i) (ii)	165,860		27,701	3,292	19,964	216,817	
PARK DAVID B CHIEF OPERATING OFF	(i) (ii)	200,989		15,235	6,609	11,179	234,012	
BRIDGES BRENT VP OPERATIONS	(i) (ii)	152,294		7,326	548	28,811	188,979	
MORGAN LOIS VP CHIEF NURSING OFF	(i) (ii)	149,535		7,162	4,781	19,532	181,010	
DONAHUE PATRICK S VP ADMIN- MHUC	(i) (ii)	152,041			66,445	20,204	238,690	
ARSHAD I HUSAIN MD ONCOLOGIST	(i) (ii)	427,612	103,668	43,462	6,900	27,367	609,009	
JAMES YELTON MD ORTHOPEDIC SURGEON	(i) (ii)	463,465	209,224	17,500	5,250	29,003	724,442	
KAREN CANLAS MD GASTROENTEROLOGIST	(i) (ii)	421,760	86,160	46,216	5,250	1,500	560,886	
NOEL CANLAS MD GASTROENTEROLOGIST	(i) (ii)	180,696	183,028	17,500	6,900	20,804	408,928	
VINOD SONI MD GENERAL SURGEON	(i) (ii)	383,787		17,500	6,050	21,744	429,081	
LOGAN JOHN A III FMR MED DIR/ CONSULT	(i) (ii)	150,000					150,000	
SPRAGUE DR ARNOLD III FMR VP EMPLOY PHYS	(i) (ii)	341,131		17,500	13,984	21,552	394,167	
MERIWETHER JOHN W COO- FORMER	(i) (ii)	38,114			686		38,800	

Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2013

Open to Public
Inspection

Name of the organization
COMMUNITY UNITED METHODIST
HOSPITAL INC

Employer identification number
61-0461753

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 COUNTY OF HENDERSONKY SERIES 2009A	61-6000814		12-30-2009	12,000,000	SEE PART V		X		X		X
B COUNTY OF HENDERSONKY SERIES 2009B	61-6000814		12-30-2009	18,000,000	SEE PART V		X		X		X
C COUNTY OF HENDERSON KY SERIES 2010	61-6000814		02-16-2010	14,210,000	SEE PART V		X		X		X
D COUNTY OF HENDERSON KY SERIES 2013	61-6000814		01-25-2013	7,000,000	REFINANCING OF SHORT- TERM DEBT, WHICH HAD BEEN USED TO FINANCE CAPITAL		X		X		X

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired								
2	Amount of bonds legally defeased								
3	Total proceeds of issue	12,000,000		18,000,000		14,210,000		7,000,000	
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrows								
7	Issuance costs from proceeds			102,783					
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds							6,364,677	
11	Other spent proceeds	12,000,000		17,897,217		14,210,000			
12	Other unspent proceeds							635,323	
13	Year of substantial completion	2010		2010		2010		2013	
14	Were the bonds issued as part of a current refunding issue?	Yes	No	Yes	No	Yes	No	Yes	No
			X	X		X			X
15	Were the bonds issued as part of an advance refunding issue?		X		X		X		X
16	Has the final allocation of proceeds been made?	X		X		X		X	
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X		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		X		X		X
2	Are there any lease arrangements that may result in private business use of bond-financed property?		X		X		X		X

Part III

Private Business Use (Continued)

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

Part IV

Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X		X		X		X
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?		X		X		X		X
b	Exception to rebate?		X		X		X		X
c	No rebate due?		X		X		X		X
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?		X	X		X			X
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X	X		X			X
b	Name of provider			FIFTH THIRDBANK		FIFTH THIRDBANK			
c	Term of hedge			5 0000000000000		5 0000000000000			
d	Was the hedge superintegrated?				X		X		
e	Was the hedge terminated?				X		X		

Part IV

Arbitrage (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?		X		X		X		X
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?		X		X		X		X
7	Has the organization established written procedures to monitor the requirements of section 148?		X		X		X		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	COUNTY OF HENDERSON,KY SERIES 2009A REFINANCING OF SHORT-TERM DEBT, WHICH HAD BEEN USED TO FINANCE CAPITAL ACQUISITIONS AND CONSTRUCTION PROJECTS, TO LONG-TERM DEBT COUNTY OF HENDERSON,KY SERIES 2009B PARTIAL REFUNDING OF PORTION OF HENDERSON COUNTY SERIES 2003 B DEBT COUNTY OF HENDERSON, KY SERIES 2010A PARTIAL REFUNDING OF REMAINING PORTION OF HENDERSON COUNTY SERIES 2003 B DEBT COUNTY OF HENDERSON, KY SERIES 2013A ACQUISITIONS, AND FOR ACQUISITION OF ADDITIONAL CAPITAL ACQUISITIONS

Schedule L
(Form 990 or 990-EZ)

Transactions with Interested Persons

OMB No 1545-0047

2013

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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

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

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

Name of the organization
COMMUNITY UNITED METHODIST
HOSPITAL INC

Employer identification number

61-0461753

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

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

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

2

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

► \$

3

Enter the amount of tax, if any, on line 2, above, reimbursed by the organization

► \$

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
See Additional Data Table					

Part V Supplemental Information
Provide additional information for responses to questions on Schedule L (see instructions)

Return Reference	Explanation
SCHEDULE L, PART IV	SARAH WILSON 31,030 RELATED FMR KEY COMPENSATION

Additional Data

Software ID:
Software Version:
EIN: 61-0461753
Name: COMMUNITY UNITED METHODIST
HOSPITAL INC

Form 990, Schedule L, Part IV - Business Transactions Involving Interested Persons

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) HALEY MORGAN	RELATED KEY EMP	55,878	COMPENSATION		No
(2) AMY DAVENPORT	RELATED BOARD	31,406	COMPENSATION		No
(3) CHLOE EBLEN	RELATED BOARD	28,200	COMPENSATION		No
(4) JULIE WISCHER	RELATED FMR BD	54,453	COMPENSATION		No
(5) EM FORD & COMPANY	BOARD MBR/OWNER	323,614	INSURANCE COVERAGE		No
(6) MARTHA RIDLEY	RELATED FMR BD	57,116	COMPENSATION		No
(7) TRICIA PAGE	RELATED KEY EMP	70,264	COMPENSATION		No
(8) TAMI CLEMENTS	RELATED KEY EMP	60,137	COMPENSATION		No
(9) BETTY TEER	RELATED OFFICER	66,584	COMPENSATION		No
(10) MELANIE HUMBERT	RELATED BOARD	30,808	COMPENSATION		No
(11) SARAH WILSON	RELATED FMR KEY	31,030	COMPENSATION		No

SCHEDULE M
(Form 990)

Noncash Contributions

OMB No 1545-0047

2013

Open to Public Inspection

►Complete if the organizations answered "Yes" on Form 990, Part IV, lines 29 or 30.
► Attach to Form 990.

►Information about Schedule M (Form 990) and its instructions is at www.irs.gov/form990.

Name of the organization
COMMUNITY UNITED METHODIST
HOSPITAL INC

Employer identification number

61-0461753

Part I

Types of Property

	(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining noncash contribution amounts
1 Art—Works of art				
2 Art—Historical treasures				
3 Art—Fractional interests				
4 Books and publications				
5 Clothing and household goods				
6 Cars and other vehicles				
7 Boats and planes				
8 Intellectual property				
9 Securities—Publicly traded				
10 Securities—Closely held stock				
11 Securities—Partnership, LLC, or trust interests				
12 Securities—Miscellaneous				
13 Qualified conservation contribution—Historic structures				
14 Qualified conservation contribution—Other				
15 Real estate—Residential				
16 Real estate—Commercial	X	1	252,000	COMPARABLE PROP/EXPERTS
17 Real estate—Other				
18 Collectibles				
19 Food inventory				
20 Drugs and medical supplies				
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
25 Other ► ()				
26 Other ►()				
27 Other ►()				
28 Other ► ()				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement29

30a During the year, did the organization receive by contribution any property reported in Part I, lines 1 through 28, that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?

30a

No

b If "Yes," describe the arrangement in Part II

31 Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?

31

No

32a Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions?

32a

No

b If "Yes," describe in Part II

33 If the organization did not report an amount in column (c) for a type of property for which column (a) is checked, describe in Part II

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

Cat No 51227J

Schedule M (Form 990) (2013)

Part III

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

Return Reference	Explanation
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efile GRAPHIC print - DO NOT PROCESS		As Filed Data -		DLN: 93493134073825	
SCHEDULE O (Form 990 or 990-EZ) Department of the Treasury Internal Revenue Service	Supplemental Information to Form 990 or 990-EZ Complete to provide information for responses to specific questions on Form 990 or to provide any additional information. ▶ Attach to Form 990 or 990-EZ. ▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990 .				OMB No 1545-0047
					2013
					Open to Public Inspection
Name of the organization COMMUNITY UNITED METHODIST HOSPITAL INC				Employer identification number 61-0461753	

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990 - ORGANIZATION'S MISSION	
FORM 990, PAGE 2, PART III, LINE 4A	UNION COUNTY METHODIST HOSPITAL IS A CRITICAL CARE HOSPITAL IN UNION COUNTY , KY IN FISCAL YEAR 2014, UCMH SERVED 780 INPATIENTS FOR A TOTAL OF 5,346 INPATIENT DAYS UCMH ALSO PROVIDED 22,081 OUTPATIENT VISITS WHICH INCLUDED 7,549 EMERGENCY ROOM VISITS
FORM 990, PART VI	LINE 16B - JOINT VENTURE POLICY ALTHOUGH THE HOSPITAL HAS NO WRITTEN POLICY , THE AGREEMENT WITH THE JOINT VENTURE STATES THAT THE ORGANIZATION MUST ACCEPT CERTAIN RATIOS OF PATIENTS WHICH ENSURE ACCEPTANCE OF MEDICARE, MEDICAID AND INDIGENT PATIENTS SIMILAR TO RATIOS OFFERED BY THE HOSPITAL PRIOR TO THE JOINT VENTURE AGREEMENT WAS REVIEWED BY INDEPENDENT THIRD PARTIES TO ENSURE COMPLIANCE
FORM 990, PAGE 6, PART VI, LINE 2	CHIP WILLIAMS CYNTHIA WILLIAMS DIRECTOR OFFICER FAMILY RELATIONSHIP
FORM 990, PAGE 6, PART VI, LINE 6	COMMUNITY UNITED METHODIST HOSPITAL, INC IS GOVERNED BY A BOARD OF DIRECTORS
FORM 990, PAGE 6, PART VI, LINE 7A	THE NOMINATING COMMITTEE OF THE BOARD OF DIRECTORS CONSIDER THE APPROPRIATE BOARD MEMBER CANDIDATES BASED ON CRITERIA THE COMMITTEE MAKES BOARD MEMBER RECOMMENDATIONS TO THE BOARD WHICH VOTES AT A REGULARLY SCHEDULED MEETING
FORM 990, PAGE 6, PART VI, LINE 11B	FORM 990 INFORMATION IS COMPILED BY HOSPITAL MANAGEMENT AND RETURN IS PREPARED BY AN INDEPENDENT THIRD PARTY CERTIFIED PUBLIC ACCOUNTING FIRM FAMILIAR WITH HOSPITAL OPERATIONS, POLICIES, AND COMMITTEE/BOARD ACTIONS FINAL RETURN IS REVIEWED BY CEO & CFO RETURNS ARE REVIEWED BY THE AUDIT AND COMPLIANCE COMMITTEE (OF THE BOARD OF DIRECTORS) FOR RECOMMENDATION TO THE FULL BOARD OF DIRECTORS FOR APPROVAL EMAIL IS SENT TO THE MEMBERS OF THE BOARD OF DIRECTORS INFORMING THEM THAT THE FORM 990 IS AVAILABLE IN ITS ENTIRETY
FORM 990, PAGE 6, PART VI, LINE 12C	ONGOING MONITORING BY COMPLIANCE OFFICER (MH CHIEF OPERATING OFFICER)
FORM 990, PAGE 6, PART VI, LINE 15A	EVERY YEAR, SURVEYS ARE SENT OUT TO THE BOARD MEMBERS, MEDICAL STAFF AND DIRECTORS SURVEYS ARE RETURNED AND TABULATED CONFIDENTIALLY AND THE AGGREGATED RESPONSES ARE SHARED WITH THE ADMINISTRATIVE PERSONNEL COMMITTEE AND THE BOARD COMPENSATION IS REVIEWED BY USING THIRD PARTY EXECUTIVE COMPENSATION SURVEYS CURRENTLY COMPENSATION AND THIRD PARTY EXECUTIVE COMPENSATION SURVEYS ARE THEN REVIEWED BY THE ADMINISTRATIVE PERSONNEL COMMITTEE WHO THEN RECOMMENDS APPROVAL TO THE INDEPENDENT BOARD THE BOARD HAS FINAL APPROVAL ON COMPENSATION FOR THE CEO
FORM 990, PAGE 6, PART VI, LINE 15B	EVERY YEAR, HOSPITAL USES EXTERNAL THIRD PARTY COMPENSATION SURVEYS FOR ALL KEY EMPLOYEES
FORM 990, PAGE 6, PART VI, LINE 19	METHODIST HOSPITAL CONFORMS TO THE FREEDOM OF INFORMATION ACT, HOSPITAL PROVIDES DOCUMENTS REQUESTED VIA PUBLIC REQUEST
FORM 990, PART XI, LINE 9	CHANGE IN UNFUNDED PENSION LIABILITY (FASB 158 ADJUST) -1,704,050 UNRELATED FEDERAL BUSINESS LOSS FROM PREMIER PURCHASE K-1 2,794 NET INVESTMENT GAIN/LOSS FROM GENESIS HEALTH ALLIANCE K-1 -982 NET INVESTMENT GAIN/LOSS FROM KY HOMECARE OF HENDERSON K-1 30,789 NET INVESTMENT GAIN/LOSS FROM PREMIER PURCHASE PARTNERS K-1 -12,203 NET INVESTMENT GAIN/LOSS FROM MULTICARE ASSOC K-1 1,504 EXPENSES FROM ENTITIES FILING SEPERATE RETURNS INCLUDED 0 IN CONSOLIDATED AUDITED FINANCIAL STATEMENTS -178,526
FORM 990, PART XI, LINE 9	ADJUSTMENT FOR ACCOUNTING OF AFFILIATE ENTITIES TH0 FILE SEPERATE TAX RETURNS 26,123

SCHEDULE R
(Form 990)

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2013

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization
COMMUNITY UNITED METHODIST
HOSPITAL INC

Employer identification number

61-0461753

▶ 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.

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

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II Identification of Related Tax-Exempt Organizations Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) HENDERSON REGIONAL HOSPITAL FNDN 1305 NORTH ELM STREET HENDERSON, KY 42420 61-0944432	FUNDRAISNG	KY	501C3	9	N/A		No
(2) UNION CO METHODIST HOSPITAL FNDN 4604 US HWY 60 WEST MORGANFIELD, KY 42437 61-1230297	FUNDRAISNG	KY	501C3	9	N/A		No

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) Disproporionate 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) KENTUCKY HOMECARE OF HENDERSON LLC 420 WEST PINHOOK RAOD LAFAYETTE, LA 70503 26-4812417	HOMEHEALTH	KY	N/A	RELATED	21,006	208,834		No			No	33 000 %

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of- year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
(1) COMMUNITY CARE NETWORK INC 220 A SECOND STREET HENDERSON, KY 42420 61-1254545	HOSP NET	KY	N/A	C CORP	196,522	9,402	100 000 %		No

Part V

Transactions With Related Organizations

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

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

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

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

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

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

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

e Loans or loan guarantees by related organization(s)

f Dividends from related organization(s)

g Sale of assets to related organization(s)

h Purchase of assets from related organization(s)

i Exchange of assets with related organization(s)

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

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

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

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

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

o Sharing of paid employees with related organization(s)

p Reimbursement paid to related organization(s) for expenses

q Reimbursement paid by related organization(s) for expenses

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

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

Yes

No

1a

No

1b

No

1c

Yes

1d

No

1e

No

1f

No

1g

No

1h

No

1i

No

1j

No

1k

No

1l

No

1m

Yes

1n

Yes

1o

Yes

1p

No

1q

Yes

1r

No

1s

Yes

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) HENDERSON REGIONAL HOSPITAL FNDN	C	65,990	ACTUAL AMOUNTS USED
(2) HENDERSON REGIONAL HOSPITAL FNDN	O	58,413	ACTUAL AMOUNTS USED

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
------------------	-------------

TY 2013 GeneralDependencySmall

Name: COMMUNITY UNITED METHODIST
HOSPITAL INC

EIN: 61-0461753



Business Name or Person Name:

Taxpayer Identification Number:

**Form, Line or Instruction
Reference:**

Regulations Reference:

Description: WAIVE NOL CARRYBACK

Attachment Information: YEAR ENDING: JUNE 30, 2014 61-0461753 COMMUNITY UNITED
METHODIST HOSPITAL, INC. P.O. BOX 48 HENDERSON, KY 42419-
0048 NOL CARRYBACK ELECTION UNDER IRC SECTION 172(B)(3),
THE TAXPAYER ELECTS TO RELINQUISH THE ENTIRE CARRYBACK
PERIOD WITH RESPECT TO ANY REGULAR TAX AND AMT NET
OPERATING LOSS INCURRED DURING THE CURRENT TAX YEAR.



METHODIST HOSPITAL

COMMUNITY UNITED METHODIST HOSPITAL, INC.

REPORT ON AUDITS OF CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

For the fiscal years ended June 30, 2014 and 2013

McELROY, MITCHELL & ASSOCIATES, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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McELROY, MITCHELL & ASSOCIATES, LLP

C E R T I F I E D P U B L I C A C C O U N T A N T S

B U S I N E S S C O N S U L T A N T S

PARTNERS

S. MARTIN McELROY, JR., CPA
ROBERT E. MITCHELL, CPA, CVA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Community United Methodist Hospital, Inc.
Henderson, Kentucky

We have audited the accompanying consolidated financial statements of Community United Methodist Hospital, Inc. (a non-profit health care entity) and affiliates (the Hospital) which comprise the consolidated balance sheet 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

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

Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedules on pages 37 through 40 are presented for the purpose of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

M. E. Elmy, Mitchell & Associates, LLP

Morganfield, Kentucky
December 23, 2014

COMMUNITY UNITED METHODIST HOSPITAL, INC.
Consolidated Balance Sheets
June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 13,388,026	\$ 17,012,722
Investments	8,886,998	8,867,370
Patient accounts receivable, net of estimated uncollectibles of \$51,211,088 and \$44,253,108 respectively	25,112,509	26,645,706
Other receivables	3,242,476	3,412,846
Inventories	2,339,336	2,657,608
Third-party payor settlements	3,239,126	4,181,942
Other current assets	<u>1,865,479</u>	<u>1,086,672</u>
 Total current assets	 <u>58,073,950</u>	 <u>63,864,866</u>
 Assets limited or restricted as to use:		
Self-insurance fund	3,883,480	4,012,154
Internally designated for capital acquisition	<u>635,323</u>	<u>1,099,856</u>
	 <u>4,518,803</u>	 <u>5,112,010</u>
 Interest in net assets of Henderson Regional Hospital Foundation, Inc. and Union County Methodist Hospital Foundation, Inc.	 <u>1,247,374</u>	 <u>1,084,110</u>
 Property and equipment, net	83,008,968	85,779,422
Other long-term receivables	279,974	876,677
Other non-current assets	<u>1,060,478</u>	<u>893,701</u>
	 <u>84,349,420</u>	 <u>87,549,800</u>
 Total assets	 <u><u>\$ 148,189,547</u></u>	 <u><u>\$ 157,610,786</u></u>

	<u>2014</u>	<u>2013</u>
Liabilities and Net Assets		
Current liabilities:		
Current portion of long-term debt	\$ 3,733,265	\$ 4,686,260
Accounts payable	8,255,713	5,853,593
Accrued vacation	4,463,344	4,190,506
Accrued payroll	1,425,175	1,242,734
Deferred revenue and gains	270,525	451,110
Other accrued liabilities	5,800,279	4,778,773
Estimated third-party payor settlements	<u>2,088,506</u>	<u>2,642,497</u>
 Total current liabilities	 <u>26,036,807</u>	 <u>23,845,473</u>
 Self-insurance liabilities and estimated costs	 3,861,918	 3,990,999
Derivative liability	911,351	1,735,445
Accrued pension obligation	9,113,495	7,811,784
Other non-current liabilities	136,957	188,812
Long-term debt, net of current portion	<u>35,334,861</u>	<u>39,163,764</u>
 Total liabilities	 <u>75,395,389</u>	 <u>76,736,277</u>
Net Assets:		
Unrestricted	71,546,784	79,790,399
Temporarily restricted	<u>1,247,374</u>	<u>1,084,110</u>
 Total net assets	 <u>72,794,158</u>	 <u>80,874,509</u>
 Total liabilities and net assets	 <u><u>\$ 148,189,547</u></u>	 <u><u>\$ 157,610,786</u></u>

The accompanying notes are an integral part of these financial statements

COMMUNITY UNITED METHODIST HOSPITAL, INC.
Consolidated Statements of Operations
Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Unrestricted revenues:		
Net patient service revenue	\$ 154,669,665	\$ 161,975,848
Provision for bad debts	<u>(26,134,337)</u>	<u>(31,499,102)</u>
Net patient service revenue less provision for bad debts	128,535,328	130,476,746
Other operating revenue	<u>4,838,866</u>	<u>4,893,807</u>
Total unrestricted revenues	<u>133,374,194</u>	<u>135,370,553</u>
Expenses:		
Salaries and wages	59,712,668	57,134,496
Employee benefits	20,777,792	22,085,666
Supplies	16,962,491	16,958,433
Professional fees	15,199,627	12,118,025
Plant maintenance and operations	9,097,507	7,814,317
Other operating expenses	9,450,845	9,467,816
Depreciation and amortization	8,074,276	7,580,244
Interest	<u>2,499,730</u>	<u>2,666,006</u>
Total expenses	<u>141,774,936</u>	<u>135,825,003</u>
Loss from operations	<u>(8,400,742)</u>	<u>(454,450)</u>
Non-operating gains (losses):		
Investment income	731,254	419,246
Gain(loss) on disposal of equipment	(19,748)	192,968
Unrealized gain on derivative	<u>824,094</u>	<u>875,135</u>
Total non-operating gains, net	<u>1,535,600</u>	<u>1,487,349</u>
Excess (deficiency) of revenues over expenses	(6,865,142)	1,032,899
Other changes in unrestricted net assets:		
Net assets released from restrictions	65,990	43,477
(Increase) decrease in pension liability	(1,704,050)	20,229,052
Contributions from others	<u>259,587</u>	<u>8,154</u>
Increase (decrease) in unrestricted net assets	<u>\$ (8,243,615)</u>	<u>\$ 21,313,582</u>

The accompanying notes are an integral part of these financial statements

COMMUNITY UNITED METHODIST HOSPITAL, INC.
Consolidated Statements of Changes in Net Assets
Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Unrestricted net assets:		
Excess (deficiency) of revenues over expenses	\$ (6,865,142)	\$ 1,032,899
Net assets released from restrictions	65,990	43,477
(Increase) decrease in pension liability	(1,704,050)	20,229,052
Contributions from others	<u>259,587</u>	<u>8,154</u>
Increase (decrease) in unrestricted net assets	<u>(8,243,615)</u>	<u>21,313,582</u>
Temporarily restricted net assets:		
Change in interest in net assets of Henderson Regional Hospital Foundation, Inc. and Union County Methodist Hospital Foundation. Inc.	229,254	141,199
Net assets released from restrictions	<u>(65,990)</u>	<u>(43,477)</u>
Increase in temporarily restricted net assets	<u>163,264</u>	<u>97,722</u>
Increase (decrease) in net assets	(8,080,351)	21,411,304
Net assets at beginning of year	<u>80,874,509</u>	<u>59,463,205</u>
Net assets at end of year	<u><u>\$ 72,794,158</u></u>	<u><u>\$ 80,874,509</u></u>

The accompanying notes are an integral part of these financial statements

COMMUNITY UNITED METHODIST HOSPITAL, INC.
Consolidated Statements of Cash Flows
Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Change in net assets	\$ (8,080,351)	\$ 21,411,304
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	8,074,276	7,580,244
Noncash contributions of property	(252,000)	-
(Gain) loss on disposal of equipment	19,748	(192,968)
Restricted investment income received	(1,905)	(558)
Unrealized gain on derivative	(824,094)	(875,135)
Undistributed portion of change in interest in net assets of Henderson Regional Hospital Foundation, Inc. and Union County Methodist Hospital Foundation, Inc.	(163,264)	(97,722)
Increase (decrease) in pension liability	1,301,711	(18,991,362)
(Increase) decrease in operating assets:		
Patient accounts receivable, net of provision for bad debts	1,533,197	1,462,891
Other receivables	1,057,719	427,016
Inventories	318,272	(367,742)
Third-party payor settlements	942,816	(3,868,330)
Other current assets	(778,807)	405,735
Increase (decrease) in operating liabilities:		
Accounts payable	2,402,120	1,179,564
Accrued liabilities	1,347,704	309,675
Estimated third-party payor settlements	(553,991)	(900,454)
Deferred revenue and gains	(180,585)	(252,225)
Net cash provided by operations	<u>6,162,566</u>	<u>7,229,933</u>
Cash flows from investing activities:		
Purchases of property and equipment	(5,367,186)	(6,931,094)
Proceeds from the sale of property and equipment	76,898	306,059
Change in assets limited or restricted as to use	593,207	(809,898)
Purchases of investments	(8,884,331)	(8,862,924)
Proceeds from the sale and maturity of investments	8,862,924	8,851,838
Collections from physicians	41,052	29,631
Advances to physicians	(329,833)	(281,337)
Net cash used by investing activities	<u>(5,007,269)</u>	<u>(7,697,725)</u>

Continued

COMMUNITY UNITED METHODIST HOSPITAL, INC.
Consolidated Statements of Cash Flows
Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from financing activities:		
Proceeds from issuance of debt	\$ -	\$ 7,000,000
Principal payments on notes payable	-	(5,000,000)
Principal payments on capital leases	-	(25,287)
Principal payments on long-term debt	(4,781,898)	(4,022,245)
Proceeds from restricted investment income	<u>1,905</u>	<u>558</u>
Net cash provided (used) by financing activities	<u>(4,779,993)</u>	<u>(2,046,974)</u>
Net increase (decrease) in cash and cash equivalents	(3,624,696)	(2,514,766)
Cash and cash equivalents, beginning of year	<u>17,012,722</u>	<u>19,527,488</u>
Cash and cash equivalents, end of year	<u><u>\$ 13,388,026</u></u>	<u><u>\$ 17,012,722</u></u>
 Supplemental Disclosures:		
Cash interest paid	<u><u>\$ 2,511,007</u></u>	<u><u>\$ 2,670,163</u></u>

The accompanying notes are an integral part of these financial statements

COMMUNITY UNITED METHODIST HOSPITAL, INC.

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

1. Description of Organization and Summary of Significant Accounting Policies

A. Organization

Community United Methodist Hospital, Inc. (the Hospital) is a not-for-profit organization operating an acute care hospital, a critical access hospital, a medical equipment service, and medical outpatient clinics, serving primarily Henderson, Webster and Union Counties in northwestern Kentucky. Admitting physicians are primarily practitioners in the local area. The Hospital was incorporated in Kentucky in 1948.

B. Principles of Consolidation

The accompanying financial statements include the accounts of Community United Methodist Hospital, Inc. and the following affiliated organization: Community Care Network, Inc. All significant inter-company transactions and balances have been eliminated in consolidation.

C. 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 at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include allowances for contractual allowances and bad debts, third-party payor settlements, self-insurance liabilities, derivative instruments, accrued pension liability, and other liabilities. Actual results could differ from those estimates.

D. Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with a maturity of three months or less when purchased, excluding those amounts included in assets whose use is limited or restricted.

The Hospital routinely invests its surplus operating funds in certificates of deposit, repurchase agreements, and money market mutual funds. These funds generally invest in highly liquid U.S. government and agency obligations.

At June 30, 2014, Community United Methodist Hospital, Inc. maintained deposits of \$27,220,753 at seven financial institutions. Of these bank balances, \$1,750,000 was covered by federal depository insurance, \$1,433,946 were repurchase agreements with various financial institutions secured by mortgage-backed U.S. government agency securities, \$7,862,456 was secured by pledged collateral and the balance \$17,608,297 was neither insured nor collateralized as of June 30, 2014. However, management believes that the credit risk relating to these deposits is minimal due to the underlying nature of these investments.

COMMUNITY UNITED METHODIST HOSPITAL, INC.

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

1. Description of Organization and Summary of Significant Accounting Policies, Continued

E. Patient Accounts Receivable

Patient accounts receivable for services rendered are reflected on the balance sheet net of allowances for estimated uncollectibles from patients, third-party payors and others. Contractual allowances of Hospital charges are given to Medicare, Medicaid and certain approved commercial health insurance providers and preferred provider organizations. These payers routinely review patient billings and deny or limit payments for certain charges that they deem medically unnecessary or performed without appropriate pre-authorization. Allowances and denials are recorded as reductions of net patient service revenue. Accounts receivable from these third-party payors have been adjusted to reflect the difference between charges and the estimated reimbursable amount. These allowances are determined based upon periodic review of account balances, including the age of the receivable, payor classifications and the application of historical experience with the payor based on insurance type and collection experience.

F. Other Receivables

Other receivables are reported at net realizable value. Other receivable balances are written off when they are determined to be uncollectible based upon management's assessment of individual accounts. The allowance for doubtful collections is estimated based upon historical collection experience and management's assessment of their collectability.

G. Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheet. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in the excess of revenues over expenses unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are excluded from the excess of revenues over expenses unless the investments are trading securities. Donated investments are recorded at fair value at the date of receipt, which is then treated as cost.

H. Assets Limited or Restricted as to Use

Assets limited or restricted as to use primarily include assets held by trustees under loan agreements, set aside in accordance with agreements with third-party payors; and designated by the Board of Directors for future capital improvements and self-insurance reserves, over which the Board retains control and may at its discretion subsequently use for other purposes. Amounts required to meet current obligations of the Hospital have been reclassified in the balance sheet at June 30, 2014 and 2013.

I. Inventories

Inventories are stated at lower of cost, determined primarily by the first-in, first-out method, or market. Inventories consist primarily of medical, surgical, and pharmaceutical supplies.

Continued

COMMUNITY UNITED METHODIST HOSPITAL, INC.

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

1. Description of Organization and Summary of Significant Accounting Policies, Continued

J. Cost of Borrowing

Deferred financing costs associated with the issuance of the notes payable to Henderson County are being amortized on the straight line method over the term of the debt. Amortization expense charged to the statement of activities for the years ended June 30, 2014 and 2013 was \$20,142.

K. Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life, based on American Hospital Association guidelines, of each class of depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. Capitalized interest is reduced by the amount of investment income earned on unexpended proceeds from project specific borrowings.

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

L. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Hospital has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors and are to be maintained by the Hospital in perpetuity. As of June 30, 2014 and 2013, the Hospital had no permanently restricted net assets.

M. Excess (Deficiency) of Revenues Over Expenses

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

Continued

COMMUNITY UNITED METHODIST HOSPITAL, INC.

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

1. Description of Organization and Summary of Significant Accounting Policies, Continued

N. Net Patient Service Revenue

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

O. Donor-Restricted Gifts

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

P. Charity Care

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue or receivables.

The amount of charges foregone for services and supplies under the Hospital's charity care policy aggregated to \$7,395,117 and \$9,973,737 in the years ended June 30, 2014 and 2013, respectively.

Q. Compensated Absences

Compensated absences are accrued when the employee's right to receive compensation for future absences is earned.

R. Estimated Malpractice Costs

The provision for estimated medical malpractice claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported.

Continued

1. Description of Organization and Summary of Significant Accounting Policies, Continued

S. Income Taxes

The Hospital is a not-for-profit corporation and has been recognized as tax-exempt pursuant to Section 501(c) (3) of the Internal Revenue Code and applicable state law. The Hospital is entitled to rely on this determination as long as there are no substantial changes in their character, purposes, or methods of operation. Management has concluded that there have been no such changes, and therefore the Hospital's status as exempt from federal income taxation remains in effect.

The state in which the Hospital operates also provides a general exemption from state income taxation for organizations that are exempt from federal income taxation. However, the Hospital is subject to federal and state income taxation at corporate tax rates on unrelated business income. Exemption from other state and local taxes, such as real and personal property taxes is separately determined.

The accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return, should be recorded in the financial statements. Under this guidance, the Hospital may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained in examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Hospital and various positions related to the potential sources of unrelated business taxable income (UBIT). The benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal year 2014 and 2013.

The effect of the tax status of the Hospital's affiliates is not material to the consolidated financial statements. There were no income taxes paid on unrelated business activities in the years ended June 30, 2014 or 2013.

The Hospital files forms 990 in the U.S. Federal jurisdiction and the State of Kentucky. The Hospital is generally no longer subject to examination by the Internal Revenue Service for years before 2010.

T. Goodwill

Goodwill represents the excess of cost over the fair value of assets acquired. Long-lived assets are reviewed by management for impairment whenever events and changes in business circumstances indicate the carrying value of the assets may not be recoverable.

1. Description of Organization and Summary of Significant Accounting Policies, Continued

U. Other Operating Revenues

The Hospital met compliance requirements to receive incentive payments for upgrading and implementing certified electronic health record (EHR) systems and becoming a meaningful user under the provisions of the American Recovery and Reinvestment Act of 2009. The Hospital recognized \$1,847,401 of meaningful use incentives during the fiscal year 2014 and reported this amount as other operating revenue in the accompanying consolidated statements of operations. The portion of the meaningful use incentive earned during fiscal year 2014 that was not yet received is \$227,911 and is recorded as other amounts receivable in the accompanying consolidated balance sheets.

V. Reclassifications

Certain items relating to prior year amounts have been reclassified in the financial statements to conform to current year's presentation. These reclassifications had no impact on the net assets previously reported.

W. Recent Changes in Accounting Standards

Effective July 1, 2012, the Hospital adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2011-07, *Presentation and Disclosure of Patient Service Revenue, provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Healthcare Entities*. ASU 2011-07 affects entities within the scope of Topic 954, Healthcare Entities that recognize significant amounts of patient service revenue at the time services are rendered even though the entities do not assess a patient's ability to pay. ASU 2011-07 required certain healthcare entities to change the presentation of their statements of operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from net patient service revenue. Management has adopted this change in the accounting beginning in fiscal year 2013.

2. Net Patient Service Revenue

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

A. Medicare

Inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Inpatient nonacute services, certain outpatient services and defined capital and medical education costs related to Medicare beneficiaries are paid based upon a cost reimbursement methodology. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary.

COMMUNITY UNITED METHODIST HOSPITAL, INC.
Notes to Consolidated Financial Statements
June 30, 2014 and 2013

2. Net Patient Service Revenue, Continued

A. Medicare, Continued

These cost reports have been audited and final settled for Methodist Hospital through June 30, 2012 and Union County Methodist Hospital through June 30, 2012. Methodist Hospital had cost reports reopened for the years 2008 and 2009 for additional bad debt inclusion.

B. Medicaid

The Department of Medicaid services has adopted the Medicare Prospective Payment System approach and implemented the Medicaid DRG payment system for inpatient services as of April 1, 2003. Prior to this date reimbursement was on a per diem basis. Outpatient services continue under the cost reimbursement methodology with the exception of emergency room services. They now pay on a three tier fixed price basis with final settlement determined after the submission and audit of annual cost reports.

These cost reports have been audited and final settled for Methodist Hospital through June 30, 2008 and Union County Methodist Hospital through June 30, 2012.

C. Other

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

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a possibility that recorded estimates may change by an unknown amount in the near term. The Hospital believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future governmental review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs. The Hospital's classification of patients and the appropriateness of their care are subject to review by the fiscal intermediaries administering the Medicare and Medicaid programs.

A summary of gross and net patient service revenues for the fiscal years ended June 30, 2014 and 2013 follows:

	<u>2014</u>	<u>2013</u>
Inpatient services revenues	\$ 127,962,605	\$ 130,460,668
Outpatient service revenues	<u>311,015,373</u>	<u>270,391,774</u>
Gross patient revenue	438,977,978	400,852,442
Less: deductions from gross revenue	<u>284,308,313</u>	<u>238,876,594</u>
Net patient service revenue	<u><u>\$ 154,669,665</u></u>	<u><u>\$ 161,975,848</u></u>

COMMUNITY UNITED METHODIST HOSPITAL, INC.**Notes to Consolidated Financial Statements****June 30, 2014 and 2013****2. Net Patient Service Revenue, Continued**

A summary of Medicare, Medicaid, other third party and patient payor utilization percentages, based upon gross patient service revenues, is as follows:

	<u>2014</u>	<u>2013</u>
Medicare	44.0%	45.1%
Medicaid	20.1%	16.5%
Blue Cross	12.2%	13.7%
Private pay	6.7%	8.9%
Other third parties	17.0%	15.8%
	<u>100.0%</u>	<u>100.0%</u>

Patient accounts receivable are reduced by an allowance for uncollectible accounts. In evaluating the collectability of patients' accounts receivable, the Hospital analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowances for uncollectible accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third party coverage, the Hospital analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (e.g., for expected uncollectible deductibles and co-payments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely.) For receivables associated with private pay patients (which includes both patients without insurance and patients with deductible and co-payment balances due for which third-party coverage exists for part of the bill), the Hospital records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

The Hospital's allowance for uncollectible accounts for private pay patients increased from 89.1% of private pay accounts receivable at June 30, 2013, to 92.8% of private pay accounts receivable at June 30, 2014. In addition, the Hospital's private pay write-offs decreased approximately \$5.3 million from \$31,499,102 for fiscal year 2013 to \$26,134,337 for fiscal year 2014. Both changes were the result of current trends experienced in the utilization by and collections from private pay patients in fiscal year 2014. The Hospital has not substantially changed its charity care or uninsured discount policies during the fiscal years 2013 or 2014. The Hospital does not maintain a material allowance for uncollectible accounts from third-party payors, nor did it have significant write-offs from third-party payors.

The Hospital recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the Hospital's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Hospital records a significant provision for bad debts related to uninsured patients in the period the services are provided.

Continued

COMMUNITY UNITED METHODIST HOSPITAL, INC.**Notes to Consolidated Financial Statements****June 30, 2014 and 2013****2. Net Patient Service Revenue, Continued**

Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized in the fiscal years ended June 30, from these major payor sources, was as follows:

	<u>2014</u>	<u>2013</u>
Medicare	\$ 43,988,696	\$ 48,648,589
Medicaid	14,036,290	16,056,037
Blue Cross	25,030,200	28,070,254
Private pay	20,491,456	24,368,258
Other third parties	51,123,023	44,832,710
	<u>\$ 154,669,665</u>	<u>\$ 161,975,848</u>

3. Concentration of Credit Risk

The Hospital operates an acute care hospital located in Henderson and a critical access hospital in Morganfield, Kentucky. The Hospital grants credit without collateral to its patients, most of who are local residents. The Hospital does not require collateral or other security in extending credit to patients; however they routinely obtain assignment of (or are otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans or policies (e.g. Medicare, Medicaid, Blue Cross and other commercial insurance policies).

The mix of receivables from patients and third-party payors at June 30, 2014 and 2013, was as follows:

<u>Receivables at June 30</u>	<u>2014</u>	<u>2013</u>
Medicare	24.0%	30.0%
Medicaid	22.9%	15.4%
Other third-party payors (none over 10%)	19.1%	16.2%
Private pay	34.0%	38.4%
	<u>100.0%</u>	<u>100.0%</u>

4. Investments**Assets Limited or Restricted as to Use**

The composition of assets whose use is limited at June 30, 2014 and 2013 is set forth below. Investments are stated at fair value.

	<u>2014</u>	<u>2013</u>
Self-insurance fund:		
Cash and cash equivalents	\$ 3,883,480	\$ 4,012,154
Internally designated for capital acquisition:		
Cash and cash equivalents	635,323	1,099,856
Total assets whose use is limited	<u>\$ 4,518,803</u>	<u>\$ 5,112,010</u>

Continued

COMMUNITY UNITED METHODIST HOSPITAL, INC.
Notes to Consolidated Financial Statements
June 30, 2014 and 2013

4. Investments, Continued

Other Investments

Other investments, stated at fair value, at June 30, 2014 and 2013, include:

	<u>2014</u>	<u>2013</u>
Cash and cash equivalents:		
Certificates of deposit	\$ 7,450,471	\$ 7,436,028
Repurchase agreements	1,433,946	1,426,896
Interest receivable	2,581	4,446
Total investments	<u>\$ 8,886,998</u>	<u>\$ 8,867,370</u>

Investment income of \$731,254 and \$419,246, for the years ending June 30, 2014 and 2013, respectively, consisted of the following:

	<u>2014</u>	<u>2013</u>
Interest	\$ 122,631	\$ 213,281
Dividends	241,162	205,965
Realized gain on Premier IPO	367,461	-
Total investment income	<u>\$ 731,254</u>	<u>\$ 419,246</u>

5. Property and Equipment

A summary of property and equipment at June 30, 2014 and 2013 follows:

	<u>2014</u>	<u>2013</u>
Land	\$ 800,816	\$ 800,816
Land improvements	1,861,628	1,861,628
Building and improvements	107,877,211	104,843,164
Equipment and furniture	75,379,713	70,148,298
	185,919,368	177,653,906
Less: accumulated depreciation and amortization	<u>104,136,250</u>	<u>96,181,690</u>
	81,783,118	81,472,216
Construction in progress	973,850	4,307,206
Property and equipment, net	<u>\$ 82,756,968</u>	<u>\$ 85,779,422</u>

Depreciation expense for the years ended June 30, 2014 and 2013 amounted to \$7,858,912 and \$7,560,103, respectively.

6. Debt and Obligations Under Capital Leases

A. Long-Term Debt

On December 30, 2009 and January 1, 2010, the County of Henderson, Kentucky issued Bonds in the principal sums of \$18,000,000 (Series 2009 B) and \$14,210,000 (Series 2010 A). The proceeds from these bonds were loaned by the County of Henderson, Kentucky to Community United Methodist Hospital, Inc. ("the Hospital") by promissory notes dated December 30, 2009 and February 16, 2010. These promissory notes were executed pursuant to loan agreements dated December 1, 2009 and January 1, 2010, respectively, between the lender and the Hospital. The proceeds of these issues were used by the Hospital to currently refund the outstanding principal balance of the County of Henderson, Kentucky Health Facilities Revenue Bonds, Series 2003 B and to pay for costs of issuance.

Under these agreements, the lender has agreed to loan to the Hospital the principal proceeds received from the sale of Health Facilities Refunding Revenue Bonds, Series 2009 B, and Health Facilities Revenue Bonds, Series 2010 A dated as of December 30, 2009 and January 1, 2010, respectively, to assist the borrower in the refunding of all outstanding Series 2003 B Revenue Bonds and in the financing of costs of the Project (as defined in the Agreement). The Hospital has agreed to repay such loans by making payments at the times and in the amounts set forth in the Note. The bonds are secured by, the Master Trust Indenture (the "Indenture"), dated as of December 1, 2009, between the lender and The Bank of New York Mellon Trust, Louisville, Kentucky, as trustee (the "Trustee"). The notes shall bear interest from their respective dates at a variable rate (adjusted weekly), payable on the 1st day of each month, commencing March 1, 2010. The Bonds shall mature on December 1 in the years and in the respective principal amounts set forth in the loan agreements.

On January 1, 2013, the County of Henderson, Kentucky issued Bonds in the principal sums of \$7,000,000 (Series 2013A). The proceeds from these bonds were loaned by the County of Henderson, Kentucky to Community United Methodist Hospital, Inc. ("the Hospital") by promissory notes dated January 1, 2013. These promissory notes were executed pursuant to loan agreements dated January 1, 2013 between the lender and the Hospital. The proceeds of these issues were used by the Hospital to refinance the outstanding principal balance of \$5 million of a taxable promissory note dated June 29, 2012 which were used for the acquisition, construction, equipping and installation of an air handling system, to acquire, equip and install certain medical equipment and other improvements related to the electronic medical record system and to pay for costs of issuance.

COMMUNITY UNITED METHODIST HOSPITAL, INC.
Notes to Consolidated Financial Statements
June 30, 2014 and 2013

6. Debt and Obligations Under Capital Leases, Continued

A. Long-Term Debt, Continued

A summary of long-term debt obligations at June 30, 2014 and 2013 is as follows:

	<u>2014</u>	<u>2013</u>
Note payable to Henderson County, Kentucky, Series 2009A, bears interest at 5.75%, due in monthly installments of \$131,744. Final scheduled maturity on January 1, 2020. (1)	\$ 7,439,218	\$ 8,557,263
Note payable to Henderson County, Kentucky, Series 2009B, variable interest due monthly, principal amounts ranging from \$62,000 to \$137,000 due annually. Final scheduled maturity December 1, 2025. (1)	14,389,000	15,293,000
Note payable to Henderson County, Kentucky, Series 2010A, variable interest due monthly, principal amounts ranging from \$49,000 to \$108,000 due annually. Final scheduled maturity December 1, 2025. (1)	11,337,000	12,048,000
Note payable to Henderson County, bears interest at 4.95%, due in monthly installments of \$104,417. Matured on June 8, 2014.	-	1,220,046
Note payable to Henderson County, Kentucky, Series 2013A, bears interest at 2.67%, due in monthly installments of \$83,204 thru February 1, 2018 and \$47,544 from March 1, 2018. Final scheduled maturity is February 1, 2023 (1)	5,902,908	6,731,715
	39,068,126	43,850,024
Current Portion	<u>(3,733,265)</u>	<u>(4,686,260)</u>
Long-term notes payable	<u>\$ 35,334,861</u>	<u>\$ 39,163,764</u>

- (1) The loan agreements with Henderson County also require the Hospital to comply with certain restrictive covenants. The notes are secured by a first security interest in all of the Hospital's gross receipts, all patient accounts, deposit accounts, investments, equipment and inventory.

COMMUNITY UNITED METHODIST HOSPITAL, INC.
Notes to Consolidated Financial Statements
June 30, 2014 and 2013

6. Debt and Obligations Under Capital Leases, Continued

A. Long-Term Debt, Continued

Scheduled principal maturities on long-term debt for years ending June 30 are as follows:

<u>Year ending June 30,</u>	<u>Amounts</u>
2015	\$ 3,733,265
2016	3,913,178
2017	4,100,842
2018	4,158,394
2019	4,072,399
2020-2024	14,841,048
2025-2026	4,249,000
	<u>\$ 39,068,126</u>

7. Employee Benefits

A. Defined Benefit Pension Plan

The Hospital has a defined benefit, noncontributory pension plan covering substantially all of its employees hired before October 1, 2009. Effective July 1, 2013, the Hospital froze its defined benefit plan and transitioned affected employees to its defined contribution plan. No further benefits will accrue to the employees after July 1, 2013. The Plan continues to operate for those employees who are already enrolled. The plan benefits are based on years of service and the employee's compensation. Contributions are intended to provide not only for benefits attributed for service to date but also for those expected to be earned in the future.

Obligations and Funded Status: The following table presents a reconciliation of the beginning and ending balances of the Plan's projected benefit obligation, the fair value of the plan assets, the funded status of the Plan for the year ended at June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Change in benefit obligation		
Projected benefit obligation at beginning of year	\$ 55,596,364	\$ 70,579,250
Service cost	-	2,029,635
Interest cost	2,812,937	3,259,798
Plan participants' contributions	-	-
Amendments	-	(11,912,930)
Actuatal loss (gain)	6,652,376	(4,316,242)
Benefits paid	<u>(5,258,606)</u>	<u>(4,043,147)</u>
Projected benefit obligation at end of year	<u>\$ 59,803,071</u>	<u>\$ 55,596,364</u>

COMMUNITY UNITED METHODIST HOSPITAL, INC.
Notes to Consolidated Financial Statements
June 30, 2014 and 2013

7. Employee Benefits, Continued

A. Defined Benefit Pension Plan, Continued

	<u>2014</u>	<u>2013</u>
Change in plan assets		
Fair value of plan assets		
beginning of year	\$ 47,784,580	\$ 43,776,104
Actual return on plan assets	7,782,242	5,397,303
Employer contributions	381,360	2,654,320
Benefits paid	<u>(5,258,606)</u>	<u>(4,043,147)</u>
Fair value of plan assets		
end of year	<u>\$ 50,689,576</u>	<u>\$ 47,784,580</u>
Net amounts recognized (as noncurrent liabilities)		
Funded status of plan	<u>\$ (9,113,495)</u>	<u>\$ (7,811,784)</u>

The accumulated benefit obligation was \$59,803,071 and \$55,596,364 at June 30, 2014 and 2013, respectively. Since the Plan is frozen there is no difference between the projected benefit obligation and the accumulated benefit obligation at June 30, 2014 and 2013.

Assumptions: Weighted-average assumptions used to determine benefit obligations and net periodic benefit cost for the years ended June 30 were as follows:

Benefit Obligations:

Discount rate	4.75%	5.25%
Average rates of compensation increase	N/A	3.50%

Net Periodic Benefit Cost:

Discount rate	5.25%	4.75%
Average rates of compensation increase	N/A	3.25%
Expected long-term return on plan assets	8.00%	8.00%

Net Periodic Benefit Cost: For the years ended June 30, 2014 and 2013, net periodic benefit cost includes the following components:

Service cost	\$ -	\$ 2,029,635
Interest cost	2,812,937	3,259,798
Expected return on plan assets	(3,672,813)	(3,388,484)
Amortization of prior service cost	-	200,522
Amortization of net (gain) loss	61,113	1,573,221
Settlement on lump sum payouts	777,784	-
Curtailment charge due to plan freeze	<u>-</u>	<u>216,320</u>
Net periodic benefit cost	<u>\$ (20,979)</u>	<u>\$ 3,891,012</u>

COMMUNITY UNITED METHODIST HOSPITAL, INC.
Notes to Consolidated Financial Statements
June 30, 2014 and 2013

7. Employee Benefits, Continued

A. Defined Benefit Pension Plan, Continued

Amounts recognized as changes in unrestricted net assets for the years ended June 30, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Net loss (gain)	\$ 2,542,947	\$ (6,325,061)
Amortization of net loss	(61,113)	(1,573,221)
Curtailment charge due to plan freeze	-	(11,912,930)
Settlement on lump sum payouts	(777,784)	-
Amortization of prior service cost	-	(200,522)
Curtailment recognition of prior service cost	-	(216,320)
Other changes in net assets	<u>\$ 1,704,050</u>	<u>\$ (20,228,054)</u>
Total recognized in net periodic benefit cost and other changes in net assets	<u>\$ 1,683,071</u>	<u>\$ (16,337,042)</u>

The estimated net loss (gain) and prior service cost (credit) for the defined benefit pension plan that will be amortized into net periodic benefit cost over the next fiscal year are \$97,781 and \$0, respectively.

Included as a component of net periodic benefit cost for the year ended June 30, 2014 is a settlement cost of approximately \$778,000. A settlement cost is required under the applicable pension accounting guidance when the amount of lump sum benefit payments made during the fiscal year exceeds the service cost plus interest cost components of net periodic benefit cost.

Contributions: The amount of employer's contribution expected to be paid during the year ended June 30, 2015 is \$388,222.

Plan Assets: The Plan's target asset allocation and weighted-average asset allocations as a percentage of plan assets at June 30, 2014 and 2013, by asset category are as follows:

<u>Asset Category</u>	<u>Target</u>	<u>2014</u>	<u>2013</u>
Equity securities	60%	61%	71%
Debt securities	40%	35%	27%
Real Estate	0%	0%	0%
Other	0%	4%	2%
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>

The primary objective for all investment assets shall be preservation of principal with emphasis on long-term growth without undue exposure to risk. The Hospital coordinates with investment managers and provides direction. To reduce risk, a diverse portfolio of investments is used for each asset classifications. In addition, to mitigate volatility, multiple managers are used.

COMMUNITY UNITED METHODIST HOSPITAL, INC.

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

7. Employee Benefits, Continued

A. Defined Benefit Pension Plan, Continued

The actual asset allocation of the overall plan assets, as well as performance of the investment managers, is reviewed by the Finance Committee on a quarterly basis.

Plan assets include no Hospital securities at June 30, 2014 and 2013, respectively.

FASB ASC 820 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Inputs to the valuation of methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted process for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Common stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Continued

COMMUNITY UNITED METHODIST HOSPITAL, INC.

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

7. Employee Benefits, Continued

A. Defined Benefit Pension Plan, Continued

U.S. Government securities: Valued using pricing models maximizing the use of observable inputs for similar securities.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2014 and 2013:

Assets at Fair Value as of June 30, 2014				
	Level 1	Level 2	Level 3	Total
U.S. Government and agency obligations	\$ 1,060,222	\$ -	\$ -	\$ 1,060,222
Municipal bonds and debentures	-	8,955,498	-	8,955,498
Corporate bonds and debentures	-	7,892,414	-	7,892,414
Common stocks	21,040,347	-	-	21,040,347
Preferred stocks	1,021,894	-	-	1,021,894
Mutual funds	8,868,797	-	-	8,868,797
Cash and cash equivalents	1,850,404	-	-	1,850,404
Total assets at fair value	<u>\$ 33,841,664</u>	<u>\$ 16,847,912</u>	<u>\$ -</u>	<u>\$ 50,689,576</u>

Assets at Fair Value as of June 30, 2013				
	Level 1	Level 2	Level 3	Total
U.S. Government and agency obligations	\$ 854,867	\$ -	\$ -	\$ 854,867
Municipal bonds and debentures	-	6,932,137	-	6,932,137
Corporate bonds and debentures	-	5,397,367	-	5,397,367
Common stocks	20,963,521	-	-	20,963,521
Preferred stocks	996,646	-	-	996,646
Mutual funds	11,920,929	-	-	11,920,929
Certificates of deposit	228,702	-	-	228,702
Cash and cash equivalents	490,411	-	-	490,411
Total assets at fair value	<u>\$ 35,455,076</u>	<u>\$ 12,329,504</u>	<u>\$ -</u>	<u>\$ 47,784,580</u>

Continued

COMMUNITY UNITED METHODIST HOSPITAL, INC.
Notes to Consolidated Financial Statements
June 30, 2014 and 2013

7. Employee Benefits, Continued

A. Defined Benefit Pension Plan, Continued

Estimated Future Benefit Payments: As of June 30, 2014, the amount of benefits expected to be paid, based on the same assumptions used to measure the benefit obligation were as follows:

<u>Year ending June 30,</u>	<u>Amounts</u>
2015	\$ 4,883,378
2016	3,975,531
2017	3,152,556
2018	3,929,002
2019	3,777,926
2020-2024	19,524,100

B. Defined Contribution Pension Plan

The Hospital has various defined contribution pension plans covering substantially all of its employees. Total expenses for these defined contribution pension plans for the years ended June 30, 2014 and 2013 were \$2,910,151 and \$1,107,808, respectively.

8. Other Non-Current Assets

Other non-current assets consisted of the following as of June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Goodwill	\$ 326,139	\$ 326,139
Deferred debt issuance costs	217,078	237,219
Investment in Premier	324,735	137,817
Other assets	192,526	192,526
	<u>\$ 1,060,478</u>	<u>\$ 893,701</u>

9. Commitments and Contingencies

A. Litigation

The Hospital is involved in litigation and regulatory investigations arising in the course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Hospital's future financial position or results from operations.

B. Letter of Credit

The Hospital has signed an unsecured letter of credit in the amount of \$2,016,821 with Ohio Valley Financial Group. The letter of credit satisfies the state certification requirement as an individual self-insured company with the Commonwealth of Kentucky. At June 30, 2014 and 2013, the balance was zero, respectively.

COMMUNITY UNITED METHODIST HOSPITAL, INC.
Notes to Consolidated Financial Statements
June 30, 2014 and 2013

9. Commitments and Contingencies, Continued

C. Operating Leases

The Hospital leases various buildings and equipment under operating leases expiring at various dates through 2019. Total rental expense for the years ended June 30, 2014 and 2013 was approximately \$1,796,270 and \$1,414,534, respectively.

The following is a schedule by year of future minimum lease payments under operating leases as of June 30, 2014, that have an initial or remaining lease term in excess of one year.

Year ending June 30,	Amount to be Paid
2015	\$ 1,311,512
2016	555,597
2017	440,531
2018	364,552
2019	27,992
Total minimum future rental payments	<u>\$ 2,700,184</u>

10. Related Party Transactions

The following entities are owned or controlled by members of the Board of Directors or their immediate families and transacted business with the Hospital during the fiscal year ended June 30, 2014 as follows:

Related Party	Type of Transaction	Amount
Dr. James Fellows	Medical Director Fees and Rent	\$ 84,000
Dr. Vernon Humbert	Medical Professional Fees	18,995
The Journal Enterprise	Advertising	5,769
Bruce Woodring Auto Sales & Leasing	Vehicle purchase/leasing	18,640
Alles Brothers Furniture	Furniture purchases	2,803
E.M. Ford & Co. (Agent)	Property and Auto Insurance	323,614

In the ordinary course of business the Hospital maintains various bank and investment accounts with financial institutions whose officers are members of the Hospital Board of Directors. These institutions include United Community Bank of West Kentucky, Inc.

Henderson Regional Hospital Foundation, Inc. and Union County Methodist Hospital Foundation, Inc. were established to solicit contributions from the general public solely for the funding of capital acquisitions by the Hospital. Funds are distributed to the Hospital as determined by the Foundations' Board of Directors. The Hospital's interest in the net assets of the Foundations is reported as a non-current asset on the balance sheet.

COMMUNITY UNITED METHODIST HOSPITAL, INC.**Notes to Consolidated Financial Statements****June 30, 2014 and 2013****10. Related Party Transactions, Continued**

A summary of the Foundations' assets, liabilities, net assets, results of operations, and changes in net assets at June 30, 2014 and 2013 follows:

	2014	2013
Assets, primarily cash and investments	\$ 1,282,865	\$ 1,099,110
Liabilities	35,491	15,000
Net assets	1,247,374	1,084,110
Total liabilities and net assets	\$ 1,282,865	\$ 1,099,110
Revenues, gains, and other support	\$ 293,542	\$ 184,584
Expenses:		
Distributions to Hospital	65,990	43,477
Other	64,288	43,386
Total Expenses	130,278	86,863
Excess(deficiency) of revenues, gains and other support over expenses	163,264	97,721
Net assets, beginning of year	1,084,110	986,389
Net assets, end of year	\$ 1,247,374	\$ 1,084,110

11. Ambulance Service

The Hospital has agreements with the City of Henderson, Henderson County Fiscal Court, and Union County Fiscal Court to operate their respective county-wide ambulance services. The agreements provide for the Hospital to be reimbursed for any excess of the costs of operations over revenues earned. The receivable from local governments at June 30, 2014 and 2013 (included in "other receivables" on the balance sheets) is \$355,718 and \$367,388, respectively.

12. Fair Value of Financial Instruments

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

Cash and cash equivalents: The carrying amount reported in the balance sheet for cash and cash equivalents approximates its fair value.

Investments: Fair values, which are the amounts reported in the balance sheet, are based on quoted market prices, if available, or estimated using quoted market prices for similar securities.

Assets limited as to use: These assets consist primarily of cash and short-term investments and interest receivable. The fair value of these items was estimated using quoted market prices, for similar securities. The carrying amount reported in the balance sheet is fair value.

Continued

COMMUNITY UNITED METHODIST HOSPITAL, INC.

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

12. Fair Value of Financial Instruments, Continued

Derivative asset/liability: The carrying amount of the Hospital's derivative asset/ liability (which is used for hedging purposes) as reported in the balance sheet approximates its fair value and is based on the issuing financial institutions valuation.

Accounts payable, accrued expenses, deferred revenue and gains, estimated malpractice costs and self-insurance liability: The carrying amount reported in the balance sheet for accounts payable, accrued expenses, deferred revenue and gains, estimated malpractice costs and self-insurance liability approximates its fair value.

Estimated third-party payor settlements: The carrying amount reported in the balance sheet for estimated third-party payor settlements approximates its fair value.

Long-term debt: The carrying amount of the Hospital's long-term debt as reported in the financial statements approximates its fair value.

The carrying amounts and fair values of the Hospital's financial instruments at June 30, 2014 and 2013 are as follows:

	2014			2013		
	Carrying Amount	Fair Value		Carrying Amount	Fair Value	
Cash and cash equivalents	\$ 13,715,131	\$ 13,715,131		\$ 17,012,722	\$ 17,012,722	
Investments	8,886,998	8,886,998		8,867,370	8,867,370	
Assets limited as to use	4,518,803	4,518,803		5,112,010	5,112,010	
Third party payor settlements	3,239,126	3,239,126		4,181,942	4,181,942	
Accounts payable, accrued expenses, and other liabilities	24,213,911	24,213,911		20,696,527	20,696,527	
Accrued retirement	9,113,495	9,113,495		7,811,784	7,811,784	
Derivative liability	911,351	911,351		1,735,445	1,735,445	
Payable for estimated third party payor settlements	2,088,506	2,088,506		2,642,497	2,642,497	
Debt and capital lease obligations	39,068,126	39,068,126		43,850,024	43,850,024	

FASB ASC 820, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

Continued

COMMUNITY UNITED METHODIST HOSPITAL, INC.
Notes to Consolidated Financial Statements
June 30, 2014 and 2013

12. Fair Value of Financial Instruments, Continued

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1 Inputs to the valuation of methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.
- Level 2 Inputs to the valuation methodology include:
- Quoted process for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables sets forth by level, within the fair value hierarchy, the Hospital's assets and liabilities valued at fair value as of June 30, 2014 and 2013:

Assets (Liabilities) at Fair Value as of June 30, 2014				
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 13,715,131	\$ -	\$ -	\$ 13,715,131
Investments	8,886,998	-	-	8,886,998
Assets limited as to use	4,518,803	-	-	4,518,803
Derivative liability	-	(911,351)	-	(911,351)
Total assets at fair value	<u>\$ 27,120,932</u>	<u>\$ (911,351)</u>	<u>\$ -</u>	<u>\$ 26,209,581</u>

COMMUNITY UNITED METHODIST HOSPITAL, INC.
Notes to Consolidated Financial Statements
June 30, 2014 and 2013

12. Fair Value of Financial Instruments, Continued

Assets (Liabilities) at Fair Value as of June 30, 2013				
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 17,012,722	\$ -	\$ -	\$ 17,012,722
Investments	8,867,370	-	-	8,867,370
Assets limited as to use	5,112,010	-	-	5,112,010
Derivative liability	-	(1,735,445)	-	(1,735,445)
Total assets at fair value	<u>\$ 30,992,102</u>	<u>\$ (1,735,445)</u>	<u>\$ -</u>	<u>\$ 29,256,657</u>

13. Physician Receivables

The Hospital has contracted with various physicians and physician groups to advance funds for office renovations, assistance with malpractice insurance premiums, education loan payoffs, and income guarantee agreements. The Hospital provides income guarantee agreements to certain physicians who agree to relocate to the community to fill a need in the Hospital's service area and commit to remain in practice there. Under such agreements the Hospital is required to make payments to the physicians in excess of the amounts they earn in their practice up to the amount of the income guarantee. The income guarantee periods are typically two years. Such payments are recoverable from the physicians if they do not fulfill their commitment period to the community, which is typically three years. At June 30, 2014, the maximum potential amount of future payments under these agreements was approximately \$0.

Management estimates these advances (net of estimated uncollectibles of \$0 at June 30, 2014 and 2013, respectively) will be fully recovered in future periods.

The activity during the years ended June 30, 2014 and 2013 was as follows:

	2014	2013
Balance, July 1	\$ 1,670,746	\$ 2,306,026
Increases:		
Advances	329,833	281,337
Interest accrued	12,173	19,681
Decreases:		
Collections	(41,052)	(29,631)
Reduction due to satisfaction of contract provisions	(1,049,854)	(906,667)
Balance, June 30	<u>\$ 921,846</u>	<u>\$ 1,670,746</u>

These balances are included in "other receivables" and "other long-term receivables" on the balance sheet. Long-term portions were approximately \$0.3 million and \$0.8 million at June 30, 2014 and 2013, respectively.

COMMUNITY UNITED METHODIST HOSPITAL, INC.**Notes to Consolidated Financial Statements****June 30, 2014 and 2013****14. Functional Expenses**

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

	<u>2014</u>	<u>2013</u>
Nursing Services	\$ 29,232,058	\$ 30,149,774
Other professional services	54,331,226	47,343,572
General services	9,071,500	9,000,736
Administrative and fiscal services	17,746,339	16,935,016
Non-classified expenses:		
Employee benefits	16,414,828	18,680,196
Depreciation and amortization	8,074,276	7,580,244
Interest	2,499,730	2,666,006
Other	4,404,979	3,469,459
	<u>\$ 141,774,936</u>	<u>\$ 135,825,003</u>

15. Advertising Costs

Advertising costs are charged to expense as incurred. Advertising expenses for the year ended June 30, 2014 and 2013 were \$492,776 and \$794,257, respectively.

16. Facility Renovation and Expansion

Ongoing planning, development and implementation of various internal renovations and relocations continued during the 2014 fiscal year. Approximately \$1.5 million was invested during the year to upgrade and expand information systems technology as part of the Board of Directors initiative to fully implement an electronic medical record system. There were no additional significant project expenditures in fiscal year 2014.

17. Derivative

The Hospital entered into a “cash flow hedge interest rate swap” agreement with a notional amount of \$40,000,000 during the fiscal year ended June 30, 2006 with a financial institution. On February 16, 2010, the swap was amended to correspond with the Hospital’s debt restructuring. The amended swap agreement was effective February 16, 2010, contains an outstanding notional value as of June 30, 2014 in the amount of \$25,726,000 and matures July 1, 2015. Based on the amended agreement the Hospital pays a monthly fixed interest rate of 3.475% and the financial institution pays a variable rate based on the variable rate index of “LIBOR” multiplied by 65% over the term of the agreement.

The Hospital entered into a cancellation agreement effective February 16, 2010 with the financial institution in order to cancel the Hospital’s obligations under the original agreement and transition it’s obligations to the amended swap agreement effective February 16, 2010. The Hospital incurred an early termination cost of \$183,835 which was paid on February 19, 2010. The remainder of the early termination cost was blended into the new amended swap agreement.

Continued

COMMUNITY UNITED METHODIST HOSPITAL, INC.

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

17. Derivative, Continued

The Hospital's objective is to provide protection against market driven increases in variable interest rates. The fair value of the agreement was determined by the financial institution using the present value of the estimated projected cash flows. The Hospital is in a liability position as of June 30, 2014 and 2013 due to the present value of its estimated projected cash flows being more than the financial institution's present value of estimated projected cash flows. The derivative liability for the Hospital amounted to \$911,351 as of June 30, 2014 and \$1,735,445 as of June 30, 2013.

The total unrealized derivative gain recognized on the financial statements were \$824,094 and \$875,135 for the years ended June 30, 2014 and 2013, respectively. Upon termination of the agreement by the Hospital, prior to maturity, the gain or loss determined by the derivative fair value on that date would be realized.

18. Self-Insurance

The Hospital's Board of Director's elected to self-insure its professional liability and general liability as of November 1, 2003. Each Hospital (Methodist and Union County) is allocated and accrues its proportionate share of these liabilities.

For professional liability, the Hospital had \$1,000,000/\$3,000,000 aggregate self-insurance retention in 2014 and 2013. To pay claims in excess of the self-insured retention, the Hospital purchased an excess professional liability policy (claims-made basis). Losses from asserted claims and from unasserted claims identified under the Hospital's incident reporting system are accrued based on estimates that incorporate the Hospital's past experience, as well as other considerations including the nature of each claim or incident and relevant trend factors and incidents that may have occurred but have not been identified under the incident reporting system. As of June 30, 2014 and 2013, the Hospital had accrued approximately \$3,861,918 and \$3,990,999, respectively, which in the opinion of management, based on historical experience and current actuarial analysis, is sufficient to cover reported claims and claims incurred but not reported. The accrued professional liability has been discounted at a rate of 5.0 percent in 2014 and 2013.

18. Premier Initial Public Offering

The Hospital has an investment in a group purchasing organization, Premier, LP ("Premier"), which was recorded under the cost method at September 30, 2013. On October 1, 2013, Premier finalized an initial public offering and reorganized from a private company to a public company, Premier, Inc. As a result of the organization, the Hospital received Class B common units in Premier Healthcare Alliance, L.P (Premier LP). In connection with the reorganization and public offering, on October 1, 2013, the Hospital sold 15,673 of its Class B common units to Premier for approximately \$398,000 and recognized a gain of approximately \$367,000, which is included in net investment income on the statement of operations for the year ended June 30, 2014. Per the terms of an Exchange Agreement with Premier, Premier LP and limited partners of Premier LP (the Exchange Agreement), the Hospital may annually exchange up to one-seventh (1/7th) of its initial allocation of Class B common units and any additional Class B common units purchased by the Hospital through exercise of the right of first refusal over Class B common units proposed to be exchanged by other member hospitals as described in the Exchange Agreement. If exercised, for Class B common units so exchanged, the Hospital is entitled to receive either cash payments (from Premier or the other member owners under the right of first refusal), Class A

Continued

COMMUNITY UNITED METHODIST HOSPITAL, INC.

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

19. Premier Initial Public Offering, Continued

common stock. Cash payments will be determined per the terms of the Exchange agreement depending on whether the stock is traded on a national exchange, traded over-the-counter, or if there is no public market.

The exchange provision of the Class B common units is accounted for as vendor incentive equity-based payments to non-employees and the estimated fair value of the related units is recognized as a reduction of supplies expense over the vesting period when it considered probable the units will vest. The estimated value of the Class B units involves significant assumptions, including that the Hospital will remain a member of the Premier group purchasing organization ("GPO"). The actual amounts realized as a result of the exchange provision vesting could be materially different.

In connection with the Reorganization, Premier also entered into a Tax Receivable Agreement with the member owners, including the Hospital. Premier has agreed to pay to the member owners a percentage of the amount of cash savings, if any, in tax that is Premier, Inc. realizes as the result of the increase in tax basis from the initial sale of Class B common units by the member owners, as well as certain other tax benefits realized. The Hospital recognizes the amounts receivable under this arrangement when they are communicated by Premier and known. The amount of any future tax receivable benefits under this arrangement, if any, cannot be reasonably estimated at the present time. Accordingly, no future benefits have been recognized in the accompanying financial statements.

Should the Hospital terminate its relationship under the Premier GPO, the Hospital must redeem its investment under the terms of its Partnership Agreement with Premier. The ultimate amount realized in the event of a termination could be materially different than the Hospital's carrying value of its investment.

20. Subsequent Events

The date to which events occurring after June 30, 2014, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is December 23, 2014, which is the date on which the financial statements were available to be issued.

In June 2014, the Hospital Board approved a motion to restructure the interest rate swap agreement on the variable interest debt. The revised swap agreement is anticipated to be effective July 1, 2015, and will contain an outstanding notional value in the amount of \$23,883,000 with a maturity of December 1, 2024. Based on the revised agreement the Hospital will pay a monthly fixed interest rate of 1.36% and the financial institution will pay a variable rate based on the variable rate index of "LIBOR" multiplied by 65% over the term of the agreement.

On August 1, 2014, the Hospital finalized the sale of its Home Medical Equipment operation. The Hospital received cash proceeds of \$345,000. The transaction resulted in a gain of approximately \$122,000. Additionally, the Hospital entered into a building lease agreement with the purchaser of the home medical equipment totaling \$40,000 per year. Lease term is a minimum of 24 months.

COMMUNITY UNITED METHODIST HOSPITAL, INC.
Schedule of Patient Service Revenue by Department
Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Inpatient service revenues:		
Medical and surgical	\$ 11,804,882	\$ 14,359,570
Pediatrics	463,686	642,515
Obstetrics	4,309,099	4,096,841
Nursery	1,067,805	973,632
NICU	981,735	1,263,308
Intensive care	3,967,576	3,837,873
Telemetry	6,959,479	6,004,087
Operating rooms	8,230,053	9,094,894
Endoscopy	1,263,569	1,316,581
Recovery rooms	1,622,950	1,538,333
Emergency services	6,479,956	5,791,251
Sterile processing	3,204,659	3,091,415
Hospitalist program	521,175	392,894
Laboratories	18,312,876	17,851,934
Neurology	3,350,681	3,239,930
Radiology	5,409,566	5,840,390
MRI services	1,759,936	1,967,868
CT scans	7,706,039	7,518,509
Cardiac catheterization	217,285	282,409
Pharmacy	19,876,839	21,900,628
Intravenous solutions	4,573,338	4,710,161
Anesthesiology	3,916,448	3,497,536
Therapy services	3,554,006	3,143,382
Respiratory therapy	8,399,331	8,094,933
Other	9,636	9,794
	<u>127,962,605</u>	<u>130,460,668</u>
Outpatients service revenues:		
Medical and surgical	8,818,112	9,687,269
Pediatrics	680,428	944,036
Obstetrics	2,184,793	2,178,497
Nursery	672	2,436
Intensive care	394,368	377,488
Telemetry	2,542,370	2,533,129
Operating rooms	21,904,507	21,068,295
Endoscopy	5,222,996	4,352,035
Recovery rooms	8,475,542	7,950,797

COMMUNITY UNITED METHODIST HOSPITAL, INC.
Schedule of Patient Service Revenue by Department
Years Ended June 30, 2014 and 2013

	<u>2014</u>		<u>2013</u>	
<u>Outpatients service revenues, continued:</u>				
Emergency services	\$ 49,424,981		\$ 35,428,407	
Sterile processing	3,207,667		2,972,030	
Hospitalist program	219,818		104,076	
Laboratories	39,158,028		35,204,224	
Neurology	8,734,402		7,630,715	
Radiology	26,398,545		23,929,205	
MRI services	10,451,024		9,433,098	
CT scans	33,670,123		28,253,010	
Cardiac catheterization	683,115		817,502	
Pharmacy	32,154,296		29,541,566	
Intravenous solutions	6,027,322		5,451,774	
Anesthesiology	7,475,859		7,122,407	
Therapy services	4,684,387		4,169,180	
Respiratory therapy	2,586,781		2,317,468	
Pain Clinic	2,082,245		2,744,794	
Wound Care Clinic	4,855,952		5,379,092	
Primary Care Center	122,192		129,816	
Home Medical Equipment	2,234,172		2,086,897	
Methodist Women's Services	2,853,282		2,636,659	
Methodist Comprehensive Care	2,368,880		1,878,045	
Methodist Pediatrics	5,203,222		39,575	
Methodist Family Medicine Clinics:				
Webster County	409,894		397,683	
Sebree	693,767		673,063	
Morganfield Family Practice	2,887,224		2,858,064	
East	-		43	
Imperial Building	1,255,371		1,342,681	
Sturgis	1,218,713		1,253,023	
Elm	165,713		147,757	
8th Street Suite #1	763,401		648,421	
Barrett Blvd	1,209,148		1,189,994	
Providence	864,666		-	
North Elm	259,918		-	
Methodist Hematology/Oncology	545,753		459,373	
Methodist Surgical Services	1,533,787		1,198,013	
Methodist Henry & Henry	-		81,144	
Methodist Gastroenterology	3,424,500		2,974,035	
Other	963,437		804,958	
	<u>311,015,373</u>		<u>270,391,774</u>	
Gross patient service revenue	438,977,978	100.0%	400,852,442	100.0%
Less deductions from gross revenue	284,308,313	64.8%	238,876,594	59.6%
Net patient service revenue	<u>\$ 154,669,665</u>	<u>35.2%</u>	<u>\$ 161,975,848</u>	<u>40.4%</u>

COMMUNITY UNITED METHODIST HOSPITAL, INC.
Schedule of Expenses by Department
Years Ended June 30, 2014 and 2013

	2014			2013		
	Personnel Services	Supplies & Other	Total	Personnel Services	Supplies & Other	Total
<u>Nursing services:</u>						
Administrative	\$ 924,567	\$ 112,603	\$ 1,037,170	\$ 885,432	\$ 113,773	\$ 999,205
Education	532,519	128,245	660,764	486,770	125,622	612,392
Medical and surgical	5,473,945	453,059	5,927,004	6,059,104	716,632	6,775,736
Pediatrics	533,329	28,368	561,697	529,411	40,575	569,986
Obstetrics	1,921,634	185,737	2,107,371	1,881,308	169,907	2,051,215
Nursery	918,159	49,561	967,720	884,907	54,420	939,327
NICU	402,888	467,013	869,901	474,715	435,336	910,051
Intensive care	1,278,668	112,351	1,391,019	1,367,122	135,120	1,502,242
Telemetry	2,074,053	198,375	2,272,428	2,090,460	221,420	2,311,880
Operating rooms	1,629,484	2,519,284	4,148,768	1,728,746	3,527,825	5,256,571
Endoscopy	484,307	363,951	848,258	464,673	354,169	818,842
Recovery rooms	599,873	28,088	627,961	626,809	33,837	660,646
Emergency services	2,938,494	3,513,948	6,452,442	3,018,485	2,515,041	5,533,526
Sterile processing	366,192	993,363	1,359,555	372,642	835,513	1,208,155
	20,078,112	9,153,946	29,232,058	20,870,584	9,279,190	30,149,774
<u>Other professional services:</u>						
Intravenous solutions	-	354,495	354,495	-	391,402	391,402
Laboratories	2,151,131	3,169,718	5,320,849	2,158,017	3,121,960	5,279,977
Neurology	417,112	663,284	1,080,396	396,658	598,617	995,275
Radiology	1,896,008	1,762,246	3,658,254	1,894,472	1,555,912	3,450,384
MRI services	143,631	231,225	374,856	165,473	230,907	396,380
CT scans	175,993	564,446	740,439	179,361	563,495	742,856
Cardiac catheterization	195,812	201,357	397,169	249,320	292,786	542,106
Pharmacy	1,687,208	5,610,131	7,297,339	1,611,538	5,805,150	7,416,688
Anesthesiology	-	2,938,668	2,938,668	-	2,921,665	2,921,665
Therapy services	1,643,124	146,217	1,789,341	1,656,778	148,968	1,805,746
Respiratory therapy	1,148,652	307,801	1,456,453	1,176,987	277,926	1,454,913
Hospitalist program	-	1,038,433	1,038,433	-	153,741	153,741
Pain Clinic	83,922	436,501	520,423	93,561	559,964	653,525
Wound Care Clinic	135,249	710,871	846,120	141,726	864,012	1,005,738
Primary Care Clinic	211,480	98,944	310,424	272,351	105,460	377,811
Home Medical Equipment	336,611	554,205	890,816	373,840	596,663	970,503
Methodist Women's Services	1,860,992	833,939	2,694,931	1,560,153	800,209	2,360,362
Methodist Comprehensive Care	1,546,974	590,796	2,137,770	1,344,372	459,809	1,804,181
Methodist Pediatrics	2,376,990	1,490,080	3,867,070	97,762	47,346	145,108
Methodist Family Medicine Clinics:						
Webster County	207,917	155,048	362,965	257,721	163,875	421,596
Sebree	252,714	178,952	431,666	299,480	179,045	478,525
Morganfield Family Practice	1,157,087	718,092	1,875,179	1,255,702	687,658	1,943,360
Imperial Building	706,225	336,421	1,042,646	838,553	315,536	1,154,089
Sturgis	577,847	259,261	837,108	555,021	238,300	793,321
Elm	192,087	90,198	282,285	137,945	90,301	228,246
8th Street Suite #1	516,223	253,260	769,483	452,238	180,594	632,832
Barrett Blvd	769,908	405,984	1,175,892	815,578	381,889	1,197,467
Providence	340,981	248,365	589,346	-	-	-
North Elm	147,855	128,768	276,623	-	-	-

COMMUNITY UNITED METHODIST HOSPITAL, INC.
Schedule of Expenses by Department
Years Ended June 30, 2014 and 2013

	2014			2013		
	Personnel Services	Supplies & Other	Total	Personnel Services	Supplies & Other	Total
<u>Other professional services, continued:</u>						
Methodist Hematology/Oncology	726,865	196,981	923,846	709,236	167,455	876,691
Methodist Surgical Services	802,853	233,144	1,035,997	675,522	239,237	914,759
Methodist Henry & Henry	-	607	607	102,498	55,628	158,126
Methodist Gastroenterology	1,191,755	284,105	1,475,860	1,088,214	254,141	1,342,355
Other	2,184,207	3,353,270	5,537,477	1,951,956	2,381,888	4,333,844
	<u>25,785,413</u>	<u>28,545,813</u>	<u>54,331,226</u>	<u>22,512,033</u>	<u>24,831,539</u>	<u>47,343,572</u>
<u>General services:</u>						
Food and nutrition services	1,386,328	1,061,770	2,448,098	1,367,766	1,014,861	2,382,627
Plant operations	1,365,289	2,078,380	3,443,669	1,342,629	2,070,970	3,413,599
Security	211,807	147,338	359,145	220,088	140,329	360,417
Environmental services	1,152,420	320,691	1,473,111	1,193,436	305,522	1,498,958
Patient ambassadors	258,709	4,756	263,465	282,702	4,292	286,994
Laundry and linen	24,614	5,980	30,594	24,934	4,901	29,835
Auxiliary units	57,935	109,865	167,800	55,269	85,489	140,758
Materials management	310,603	128,902	439,505	345,934	98,349	444,283
Child care	365,263	80,850	446,113	358,530	84,735	443,265
	<u>5,132,968</u>	<u>3,938,532</u>	<u>9,071,500</u>	<u>5,191,288</u>	<u>3,809,448</u>	<u>9,000,736</u>
<u>Administrative and fiscal services:</u>						
Accounting	573,112	40,063	613,175	494,938	24,943	519,881
Legal services	51,736	276,834	328,570	152,300	243,835	396,135
Information systems	851,576	824,764	1,676,340	754,114	725,447	1,479,561
Planning, marketing and Foundation	258,210	693,160	951,370	235,556	779,335	1,014,891
Medical staff	280,961	227,011	507,972	222,736	253,249	475,985
Patient financial services	1,702,408	2,369,168	4,071,576	1,699,410	2,204,991	3,904,401
Administrative office	1,179,799	2,912,725	4,092,524	1,258,869	2,746,185	4,005,054
Personnel	529,103	181,506	710,609	462,936	193,260	656,196
Patient utilization service	1,247,146	902,477	2,149,623	1,237,805	428,941	1,666,746
Health information management	1,129,109	489,495	1,618,604	1,166,300	469,536	1,635,836
Other	913,188	112,788	1,025,976	875,627	304,703	1,180,330
	<u>\$ 8,716,348</u>	<u>\$ 9,029,991</u>	<u>\$ 17,746,339</u>	<u>\$ 8,560,591</u>	<u>\$ 8,374,425</u>	<u>\$ 16,935,016</u>
<u>Non-classified expenses:</u>						
Employee benefits			\$ 16,414,828			\$ 18,680,196
Depreciation and amortization			8,074,276			7,580,244
Interest expense			2,499,730			2,666,006
Kentucky provider tax			2,300,558			2,279,568
Insurance			2,104,421			1,189,891
			<u>31,393,813</u>			<u>32,395,905</u>
Total expenses			<u>\$ 141,774,936</u>			<u>\$ 135,825,003</u>

Additional Data

Software ID:
Software Version:
EIN: 61-0461753
Name: COMMUNITY UNITED METHODIST
HOSPITAL INC

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(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			
WARFORD ANTHONY DIRECTOR	2 00	X						0	0	0
WOODRING BRUCE DIRECTOR	2 00	X						0	0	0
WILLIAMS CHIP DIRECTOR	2 00	X						0	0	0
WILLIAMS CYNTHIA DIRECTOR	2 00	X						0	0	0
CERTAIN GARLAND CHAIRMAN	2 00	X		X				0	0	0
TORIBIO IGNACIO DIRECTOR	2 00	X						0	0	0
FELLOWS DR JAMES DIRECTOR	2 00	X						75,000	0	0
JENKINS JEREMY DIRECTOR	2 00	X						0	0	0
HOPPER JOEL DIRECTOR	2 00	X						0	0	0
SIDES JOHN DIRECTOR	2 00	X						0	0	0
DAVENPORT JOEY DIRECTOR	2 00	X						0	0	0
EBLEN JOHN DIRECTOR	2 00	X						0	0	0
SHANNON LIN SECRETARY	2 00	X		X				0	0	0
BAILEY MARK DIRECTOR	2 00	X						0	0	0
HAZELWOOD MIKE DIRECTOR	2 00	X						0	0	0
HENDRICKSON PAUL DIRECTOR	2 00	X						0	0	0
STEINWACHSLYNN RENEE DIRECTOR	2 00	X						0	0	0
GIVENS SUSIE DIRECTOR	2 00	X						0	0	0
HARGIS STEVE TREASURER	2 00	X		X				0	0	0
LUTZ TIM VICE-CHAIR	2 00	X		X				0	0	0
HUMBERT DR VERNON DIRECTOR	2 00	X						36,044	0	0
JENKINS WAYNE DIRECTOR	2 00	X						0	0	0
WOFFORD REV JIM DIRECTOR	2 00		X					0	0	0
GIBBONS REV MARK DIRECTOR	2 00		X					0	0	0
BEGLEY BRUCE D CHEIF EXECUT	50 00			X				424,526	0	31,871

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(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			
HEBBLER GREG CHIEF FINANC	50 00			X				193,561	0	23,256
PARK DAVID B CHIEF OPERAT	50 00				X			216,224	0	17,788
BRIDGES BRENT VP OPERATION	50 00				X			159,620	0	29,359
MORGAN LOIS VP CHIEF NUR	50 00				X			156,697	0	24,313
DONAHUE PATRICK S VP ADMIN- MH	50 00				X			152,041	0	86,649
ARSHAD I HUSAIN MD ONCOLOGIST	50 00					X		574,742	0	34,267
JAMES YELTON MD ORTHOPEDIC S	50 00					X		690,189	0	34,253
KAREN CANLAS MD GASTROENTERO	50 00					X		554,136	0	6,750
NOEL CANLAS MD GASTROENTERO	50 00					X		381,224	0	27,704
VINOD SONI MD GENERAL SURG	50 00					X		401,287	0	27,794
LOGAN JOHN A III FMR MED DIR/	10 00						X	150,000	0	0
SPRAGUE DR ARNOLD III FMR VP EMPLO	50 00						X	358,631	0	35,536
MERIWETHER JOHN W COO- FORMER	50 00						X	38,114	0	686