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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

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

OMB No 1545-0047

2013

Open to Public Inspection

A For the 2013 calendar year, or tax year beginning 07-01-2013 , 2013, and ending 06-30-2014

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

C Name of organization
DUNCAN REGIONAL HOSPITAL INC

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
PO Box 2000
Suite

City or town, state or province, country, and ZIP or foreign postal code
Duncan, OK 73534

D Employer identification number
73-1008550

E Telephone number
(580) 251-8572

G Gross receipts $ 117,572,650

F Name and address of principal officer
Douglas Volinski
PO Box 2000
Duncan, OK 73534

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

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

H(c) Group exemption number ▶

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

J Website: ▶ www duncanregional com

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

L Year of formation 1976

M State of legal domicile OK

Part I Summary

1 Briefly describe the organization's mission or most significant activities
PROVIDING COMPASSIONATE AND EXCEPTIONAL HEALTHCARE WHILE IMPROVING OUR COMMUNITY'S HEALTH

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	9
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	8
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	**5**	1,148
6	Total number of volunteers (estimate if necessary)	**6**	125
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	116,367
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-94,012

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	123,359	72,188
9	Program service revenue (Part VIII, line 2g)	104,349,392	104,699,180
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	2,428,329	2,723,106
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	3,762,010	4,282,273
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	110,663,090	111,776,747
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	43,984,229	48,520,130
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	53,704,978	57,615,366
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	97,689,207	106,135,496
19	Revenue less expenses Subtract line 18 from line 12	12,973,883	5,641,251

Revenue

Expenses

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	178,717,960	189,691,804
21	Total liabilities (Part X, line 26)	49,227,326	46,464,487
22	Net assets or fund balances Subtract line 21 from line 20	129,490,634	143,227,317

Net Assets or Fund Balances

Part II Signature Block

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

Sign Here

****** | 2015-05-11
Signature of officer | Date

DOUGLAS VOLINSKI CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Anne M Adams				P00887943

Firm's name ▶ BKD LLP | Firm's EIN ▶

Firm's address ▶ 6120 S Yale 1400
Tulsa, OK 741364223 | Phone no (580) 251-8572

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

PROVIDING COMPASSIONATE AND EXCEPTIONAL HEALTHCARE WHILE IMPROVING OUR COMMUNITY'S HEALTH

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 $ 85,445,068 including grants of $) (Revenue $ 104,699,180)

PROVIDING COMPASSIONATE AND EXCEPTIONAL HEALTHCARE WHILE IMPROVING OUR COMMUNITY'S HEALTH

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** ▶ 85,445,068

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	115		
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	1,148		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a		Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No" to line 3b, provide an explanation in Schedule O* . . .	3b		Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

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

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

Section A. Governing Body and Management

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

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

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

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

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

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

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

▶ DUNCAN REGIONAL HOSPITAL IN 1407 WHISENANT DRIVE
DUNCAN, OK 73533 (580) 251-8572

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

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

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

1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees, if any See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, or highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) SCOTT STONE SECRETARY	2 0	X		X						
(2) SUSAN CAMP DIRECTOR	2 0	X								
(3) JAMES CURRY DIRECTOR	2 0	X								
(4) JAMES MCGOURAN MD DIRECTOR	2 0	X						12,366	0	0
(5) TERRY SNIDER DIRECTOR	2 0	X								
(6) MARILYN HUGON DIRECTOR	2 0	X								
(7) RYAN SCOTT DDS CHAIR	2 0	X		X						
(8) ROBERT WEEDN MD VICE-CHAIR	2 0	X		X						
(9) RON MILLER MD DIRECTOR	2 0	X								
(10) JAY JOHNSON CEO	40 0			X				422,691	0	44,579
(11) WILLIAM STEWART MD PRESIDENT OF SOLUTIONS	40 0			X				281,103	0	39,626
(12) DOUG VOLINSKI VP & CFO	40 0			X				241,404	0	30,313
(13) ROGER NEAL VP & CIO	40 0			X				191,401	0	35,038
(14) CYNTHIA RAUH VP & CNO	40 0				X			214,027	0	26,959
(15) MARK W RHOADES VP - HUMAN RESOURCES	40 0				X			174,820	0	28,453
(16) DEBORAH RODGERS VP, QUALITY AND COMPLIANCE	40 0				X			130,331	0	19,328
(17) THOMAS EISER ORTHOPAEDIC SURGEON	40 0					X		328,949	0	19,285

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) JOHN MCGATH MD ENT	40 0					X		403,098	0	23,509
(19) PRESTON WATERS MD FAMILY MEDICINE	40 0					X		271,696	0	28,899
(20) CHRISTOPHER CRIMMINS MD UROLOGIST	40 0					X		345,974	0	23,485
(21) JAMIE COX MD FAMILY MEDICINE	40 0					X		215,246	0	21,826
1b **Sub-Total**										
c **Total from continuation sheets to Part VII, Section A**										
d **Total (add lines 1b and 1c)**								3,233,106	0	341,300

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

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

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
FLINTCO, 2302 S PROSPECT OKLAHOMA CITY OK 73129	CONSTRUCTION	668,681
HEALOGICS WOUND CARE HYPERBARIC, P O BOX 850001 DEPT 0775 ORLANDO FL 328850775	WOUND CARE SERVICES	560,647
HOSPITAL CARE CONSULTANTS INC, 17304 PRESTON ROAD STE 555 DALLAS TX 75252	PHYSICIANS	1,126,761
ANGELICA TEXTILE SERVICE INC, P O BOX 535122 ATLANTA GA 303535122	LAUNDRY SERVICES	425,300
AM SURGERY LLC, 1607 BROOKWOOD AVE DUNCAN OK 73533	CALL PAY	392,058

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 ▶ 23

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	20,709			
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	51,479			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f . . . . . ▶		72,188			
Program Service Revenue			Business Code				
	2a	NET PATIENT SERVICE REVENUE	621300	101,093,267	101,093,267		
	b	HITECH STIMULUS INCENTIVE	621300	237,577	237,577		
	c	CLINIC RENT REVENUE	531120	579,398	579,398		
	d	JOINT VENTURE INCOME	621500	2,788,938	2,788,938		
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f . . . . . ▶		104,699,180			
	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶		1,994,880			1,994,880
	4	Income from investment of tax-exempt bond proceeds . . ▶		0			
	5	Royalties . . . . . ▶		0			
			(i) Real / (ii) Personal				
	6a	Gross rents	2,721				
	b	Less rental expenses					
	c	Rental income or (loss)	2,721 / 0				
	d	Net rental income or (loss) . . . . . ▶		2,721			2,721
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	6,348,736 / 175,393				
	b	Less cost or other basis and sales expenses	5,623,840 / 172,063				
	c	Gain or (loss)	724,896 / 3,330				
	d	Net gain or (loss) . . . . . ▶		728,226			728,226
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from fundraising events . . ▶		0			
	9a	Gross income from gaming activities See Part IV, line 19 . . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from gaming activities . . ▶		0			
	10a	Gross sales of inventory, less returns and allowances . a					
	b	Less cost of goods sold . . b					
	c	Net income or (loss) from sales of inventory . . ▶		0			
	Miscellaneous Revenue		Business Code				
	11a	CATERING REVENUE	722320	98,630		98,630	
	b	NON-PATIENT LAB REVENUE	621500	17,737		17,737	
	c	CAFETERIA	722210	1,111,585			1,111,585
	d	All other revenue		3,051,600	3,051,600		
	e	**Total.** Add lines 11a–11d . . . . . ▶		4,279,552			
	12	**Total revenue.** See Instructions . . . . . ▶		111,776,747	107,750,780	116,367	3,837,412

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	0			
2 Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4 Benefits paid to or for members	0			
5 Compensation of current officers, directors, trustees, and key employees	1,876,721		1,876,721	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7 Other salaries and wages	36,094,724	29,490,143	6,604,581	0
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	1,281,315	1,046,861	234,454	
9 Other employee benefits	6,492,141	5,304,215	1,187,926	
10 Payroll taxes	2,775,229	2,267,420	507,809	
11 Fees for services (non-employees)				
a Management	0			
b Legal	169,445		169,445	
c Accounting	143,358		143,358	
d Lobbying	0			
e Professional fundraising services See Part IV, line 17	0			
f Investment management fees	427,043		427,043	
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	12,155,748	9,931,500	2,224,248	
12 Advertising and promotion	371,323	303,379	67,944	
13 Office expenses	2,806,736	2,293,162	513,574	
14 Information technology	1,928,593		1,928,593	
15 Royalties . .	0			
16 Occupancy	1,848,817	1,510,522	338,295	
17 Travel	241,064	196,954	44,110	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	25,963	21,212	4,751	
20 Interest	868,440		868,440	
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	6,802,929	6,802,929		
23 Insurance	604,434		604,434	
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 PROVISION FOR BAD DEBTS	12,623,473	12,623,473		
b DIETARY	3,528,696	2,883,018	645,678	
c PHARMACEUTICALS	1,836,210	1,836,210		
d EQUIPMENT RENTAL & MAINTENANCE	3,283,069	2,682,336	600,733	
e All other expenses	7,950,025	6,251,734	1,698,291	
25 **Total functional expenses.** Add lines 1 through 24e	106,135,496	85,445,068	20,690,428	0
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

				(A) Beginning of year		(B) End of year
Assets	1	Cash–non-interest-bearing		4,986,158	1	7,123,454
	2	Savings and temporary cash investments		6,077,752	2	2,194,823
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		11,550,472	4	15,296,480
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	0
	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		0	6	0
	7	Notes and loans receivable, net		0	7	0
	8	Inventories for sale or use		2,378,162	8	3,266,598
	9	Prepaid expenses and deferred charges		1,174,413	9	1,439,389
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 147,439,063			
	b	Less accumulated depreciation	10b 81,478,517	64,388,626	10c	65,960,546
	11	Investments—publicly traded securities		73,210,161	11	79,955,953
	12	Investments—other securities See Part IV, line 11		0	12	0
	13	Investments—program-related See Part IV, line 11		10,146,124	13	10,529,316
	14	Intangible assets		1,611,987	14	1,611,987
	15	Other assets See Part IV, line 11		3,194,105	15	2,313,258
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		178,717,960	16	189,691,804
Liabilities	17	Accounts payable and accrued expenses		8,507,603	17	9,853,743
	18	Grants payable		0	18	0
	19	Deferred revenue		494,088	19	8,744
	20	Tax-exempt bond liabilities		40,225,635	20	36,602,000
	21	Escrow or custodial account liability Complete Part IV of Schedule D		0	21	0
	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		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		0	23	0
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	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		0	25	0
	26	**Total liabilities.** Add lines 17 through 25		49,227,326	26	46,464,487
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		129,490,634	27	143,227,317
	28	Temporarily restricted net assets		0	28	0
	29	Permanently restricted net assets		0	29	0
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		129,490,634	33	143,227,317
	34	Total liabilities and net assets/fund balances		178,717,960	34	189,691,804

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	111,776,747
2	Total expenses (must equal Part IX, column (A), line 25)	2	106,135,496
3	Revenue less expenses Subtract line 2 from line 1	3	5,641,251
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	129,490,634
5	Net unrealized gains (losses) on investments	5	9,017,683
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	-922,251
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	143,227,317

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
DUNCAN REGIONAL HOSPITAL INC

Employer identification number
73-1008550

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support** (Add lines 7 through 10)						

12 Gross receipts from related activities, etc (see instructions) **12**

13 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** . . . . . ▶☐

Section C. Computation of Public Support Percentage

14 Public support percentage for 2013 (line 6, column (f) divided by line 11, column (f)) **14**

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

16a **33 1/3% support test—2013.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support test—2012.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2013.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

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

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

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

Section A. Public Support

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

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support.** (Add lines 9, 10c, 11, and 12)						

14 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

15	Public support percentage for 2013 (line 8, column (f) divided by line 13, column (f))	15	
16	Public support percentage from 2012 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

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

19a **33 1/3% support tests—2013.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2012.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

20 **Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶☐

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

Facts And Circumstances Test		
Return Reference	Explanation	

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SCHEDULE C (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

2013

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	Employer identification number
DUNCAN REGIONAL HOSPITAL INC	73-1008550

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

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

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.	(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?	Yes		9,275
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?		No	
j	Total Add lines 1c through 1i			9,275
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Return Reference	Explanation
PART II-B, LINE 1F	DUNCAN REGIONAL HOSPITAL IS A MEMBER OF THE OKLAHOMA HOSPITAL ASSOCIATION AND THE AMERICAN HOSPITAL ASSOCIATION IN WHICH A PORTION OF THE DUES PAID ARE ATTRIBUTED TO LOBBYING EXPENSES

Part IV Supplemental Information *(continued)*

Return Reference	Explanation

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
DUNCAN REGIONAL HOSPITAL INC

Employer identification number
73-1008550

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

		(a) Current year	(b) Prior year	(b) (c) Two years back	(d) Three years back	(e) Four years back
1a	Beginning of year balance	27,332				
b	Contributions	116,143				
c	Net investment earnings, gains, and losses	832				
d	Grants or scholarships					
e	Other expenditures for facilities and programs					
f	Administrative expenses					
g	End of year balance	144,307				

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 ▶ 100 000 %
- c Temporarily restricted endowment ▶

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

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

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

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

Part VI Land, Buildings, and Equipment. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		1,219,558		1,219,558
b Buildings		90,145,409	40,616,922	49,528,487
c Leasehold improvements		486,174	324,961	161,213
d Equipment		52,718,418	38,836,394	13,882,024
e Other		2,869,504	1,700,240	1,169,264
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				65,960,546

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

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

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

(a) Description of investment	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Corporate Stocks	8,704,962	C
(2) Investment in CCSO	1,227,866	C
(3) Investment in HCC	100,000	C
(4) Investment in DRH Realty	466,488	C
(5) INVESTMENT IN DHP	30,000	C
Total. *(Column (b) must equal Form 990, Part X, col (B) line 13)* ▶	10,529,316	

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

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

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

1 (a) Description of liability	(b) Book value
Federal income taxes	0
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	0

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

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

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

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

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

Part XIII Supplemental Information

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

Return Reference	Explanation
SCHEDULE D, PART X, LINE 2	THE HOSPITAL HAS BEEN RECOGNIZED AS EXEMPT FORM INCOME TAXES UNDER SECTION 501 OF THE INTERNAL REVENUE CODE (IRC) AND A SIMILAR PROVISION OF STATE LAW HOWEVER, THE HOSPITAL IS SUBJECT TO FEDERAL INCOME TAX ON ANY UNRELATED BUSINESS TAXABLE INCOME AMS, SOLUTIONS AND DHP ARE WHOLLY OWNED SUBSIDIARIES OF THE HOSPITAL AND ARE CONSIDERED DISREGARDED ENTITIES IN ACCORDANCE WITH THE IRC THEIR OPERATIONS ARE INCLUDED IN THE HOSPITAL'S TAX RETURN THE HOSPITAL FILES A TAX RETURN IN THE U S FEDERAL JURISDICTION WITH A FEW EXCEPTIONS, THIS ENTITY IS NO LONGER SUBJECT TO U S FEDERAL OR STATE EXAMINATIONS BY TAX AUTHORITIES FOR YEARS BEFORE 2011
SCHEDULE D, PART V, LINE 4	DRH Foundation, a related organization, holds endowment funds for the Southwest OK Pancreatic Cancer Fund, Cancer Prevention/Treatments Fund, and Operating Funds that are restricted in use

Part XIII Supplemental Information *(continued)*

Return Reference	Explanation

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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
DUNCAN REGIONAL HOSPITAL INC

Employer identification number
73-1008550

Part I Financial Assistance and Certain Other Community Benefits at Cost

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

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			558,943		558,943	0 600 %
b Medicaid (from Worksheet 3, column a)			7,790,754	6,916,151	874,603	0 940 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			8,349,697	6,916,151	1,433,546	1 540 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	41	6,080	255,763		255,763	0 270 %
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)	17		28,537		28,537	0 030 %
j **Total.** Other Benefits	58	6,080	284,300		284,300	0 300 %
k **Total.** Add lines 7d and 7j	58	6,080	8,633,997	6,916,151	1,717,846	1 840 %

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

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing						
2	Economic development	4	50	9,818		9,818	0 010 %
3	Community support	9	150	18,245		18,245	0 020 %
4	Environmental improvements	1		553		553	
5	Leadership development and training for community members	1		5,125		5,125	0 010 %
6	Coalition building	1		1,856		1,856	
7	Community health improvement advocacy						
8	Workforce development	2		280,877		280,877	0 300 %
9	Other						
10	**Total**	18	200	316,474		316,474	0 340 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1		No
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2	12,623,473		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit	3			
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	23,835,908
6	Enter Medicare allowable costs of care relating to payments on line 5	6	23,860,880
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-24,972
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

9a	Did the organization have a written debt collection policy during the tax year?		9a	Yes	
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI		9b	Yes	

Part IV Management Companies and Joint Ventures (owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1	DUNCAN REALTY LLC	REAL ESTATE	36 750 %	14 250 %	15 450 %
2	DRH IMAGING LLC	IMAGING CENTER	82 612 %	0 %	0 %
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities

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

	Name, address, primary website address, and state license number	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
	See Additional Data Table										

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group DUNCAN REGIONAL HOSPITAL

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

			Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)				
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	**1**	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☑ A definition of the community served by the hospital facility			
b	☑ Demographics of the community			
c	☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☑ How data was obtained			
e	☑ The health needs of the community			
f	☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☑ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☑ The process for consulting with persons representing the community's interests			
i	☑ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☐ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 20 12			
3	In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	**3**	Yes	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	**4**		No
5	Did the hospital facility make its CHNA report widely available to the public?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website (list url) SEE PART V SECTION C			
b	☐ Other website (list url)			
c	☑ Available upon request from the hospital facility			
d	☑ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)			
a	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☑ Execution of the implementation strategy			
c	☑ Participation in the development of a community-wide plan			
d	☑ Participation in the execution of a community-wide plan			
e	☑ Inclusion of a community benefit section in operational plans			
f	☑ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☑ Prioritization of health needs in its community			
h	☑ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☐ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	**7**		No
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	**8a**		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	**8b**		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 100% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 300 % If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☐ Asset level			
c ☐ Medical indigency			
d ☑ Insurance status			
e ☐ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Residency			
i ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted on the hospital facility's website			
b ☐ The policy was attached to billing invoices			
c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☑ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**15**	Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP?	**17**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			

Part V Facility Information *(continued)*

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

- **a** ☐ Notified individuals of the financial assistance policy on admission
- **b** ☐ Notified individuals of the financial assistance policy prior to discharge
- **c** ☑ Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills
- **d** ☑ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- **e** ☐ Other (describe in Section C)

Policy Relating to Emergency Medical Care

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

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

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

Part V Facility Information *(continued)*

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

Form and Line Reference	Explanation
See Additional Data Table	

Part V Facility Information *(continued)*

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

How many non-hospital health care facilities did the organization operate during the tax year? 2

	Name and address	Type of Facility (describe)
1	CANCER CENTERS OF SOUTHWEST OKLAHOMALLC 3401 WEST GORE BOULEVARD LAWTON,OK 73502	CANCER CENTER
2	DRH IMAGING LLC 1407 WHISENANT DR DUNCAN,OK 73534	IMAGING CENTER
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

990 Schedule H, Supplemental Information

Form and Line Reference	Explanation
PART III, LINE 4	
PART III, LINE 8	THE ORGANIZATION UTILIZES MEDICARE COST REPORT METHODOLOGY, WHICH APPORTIONS ROUTINE COSTS (ROOM AND BOARD) BASED UPON MEDICAID OR MEDICARE DAYS TO TOTAL DAYS, AND THE ANCILLARY PO RTION IS APPORTIONED BASED UPON PROGRAM CHARGES TO TOTAL CHARGES
PART III, LINE 9B	IN SUPPORT OF ITS MISSION, THE HOSPITAL VOLUNTARILY PROVIDES FREE CARE TO PATIENTS WHO LAC K FINANCIAL RESOURCES AND ARE DEEMED MEDICALLY INDIGENT IN ACCORDANCE WITH THE HOSPITAL'S WRITTEN CHARITY CARE CRITERIA NO FURTHER COLLECTION EFFORTS ARE MADE
PART VI, LINE 2	THE HOSPITAL ASSESSES COMMUNITY NEEDS ON AN ONGOING BASIS, THROUGH INVOLVEMENT IN COMMUNIT Y PROGRAMS AND SURVEYS WITH OUR PHYSICIANS THE HOSPITAL WILL UNDERGO THE REQUIRED COMMUNI TY HEALTH NEEDS ASSESSMENT UNDER THE 501R REQUIREMENTS BY THE REQUIRED TIME
PART VI, LINE 3	DUNCAN REGIONAL HOSPITAL PROVIDES MANY OPPORTUNITIES FOR PATIENT EDUCATION ON FINANCIAL AS SISTANCE THE PROGRAMS ARE OUTLINED ON THE HOSPITAL'S WEBSITE, BROCHURES ARE AVAILABLE AT EVERY REGISTRATION POINT, PRE-ADMISSION LETTERS ARE PROVIDED TO SURGERY PATIENTS THAT CONT AIN FINANCIAL ASSISTANCE INFORMATION AND APPLICATIONS ARE GIVEN TO UNINSURED PATIENTS
PART VI, LINE 4	DUNCAN REGIONAL HOSPITAL IS ACTIVELY DELIVERING CARE TO THE STEPHENS COUNTY AREA WITH A BROAD RANGE OF DEMOGRAPHICS
PART VI, LINE 5	DUNCAN REGIONAL HOSPITAL PROMOTES THE OVERALL HEALTH OF THE COMMUNITY BY CONTINUALLY WORKI NG TO BRING QUALITY PHYSICIANS TO PARTICIPATE IN OUR OPEN MEDICAL STAFF SURPLUS FUNDS ARE REINVESTED INTO THE ORGANIZATION TO IMPROVE THE QUALITY OF SERVICES TO THE COMMUNITY

Additional Data

Software ID:
Software Version:
EIN: 73-1008550
Name: DUNCAN REGIONAL 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
Schedule H, Part V, line 3	
SCHEDULE H, PART V, LINE 5A&D	URL where CHNA can be found http //duncanregional com/community-health-needs-assessment-chna THE CHNA REPORT IS PRINTED AND PUT IN WAITING ROOMS AND OTHER PLACES IN THE HOSPITAL
SCHEDULE H, PART V, LINE 7	In partnership with the Stephens County Health department, United Way of Stephens County, and numerous other organizations, Duncan Regional Hospital participated in the Pathways to a Healthy Stephens County committee to complete the Community Health Needs Assessment for Stephens County, Oklahoma, in early 2012 From the data and analysis, the county at large had four key areas of health concern 1 Healthy living and the lack of exercise opportunities, fruit and vegetable consumption, increasing obesity rate, increasing cardiovascular disease, diabetes, sexual health and the dental health needs of the community 2 Mental Health/Substance Abuse Services and the lack of trained, qualified, mental health/substance abuse programs and access in Stephens County 3 Safety/Injury prevention education and opportunities for providing better shelter, safety and options during inclement weather, after tornado effects, safety at local schools and other needs of the community during adverse situations 4 Prevention, education, and needs of the community around cancer and the need to decrease the number of preventable cancer deaths in our county (Full assessment can be found at http //duncanregional com/magazine/stephenscohealth/stephenscohealth/ index html) Pathways to a Healthy Stephens County discussed the four areas and selected two (2) main areas of focus for the next three (3) years Pathways, as a whole, selected to concentrate on the two heaviest areas of concern reported by our citizens (1) Healthy Living and (2) Mental Health/Substance Abuse The Pathways group approved tackling these two areas instead of all four areas so the organizations and community could focus on the two greatest areas of concern The plan has been to work on our key areas and as momentum increases and the community sees sustainable results, come back to the other two areas for re-evaluation within our county The areas identified in the Community Health Needs Assessment that will not be tackled are (3) Safety/Injury prevention and (4) Cancer While we feel both areas need to be worked on, the limitations available to us as a community and within DRH limit the number of items we can effectively tackle at one time DRH and the Pathways group both plan to work together in support of these two areas at a later date but cannot effectively manage these within the scope of what is available to us at this time As part of the Pathways group, Duncan Regional Hospital has been extremely supportive of taking on the two key areas of citizen concern only Duncan Regional Hospital has committed resources, both human and financial, meeting space, food, advertising, and numerous other items to the Pathways group in support of programs to improve the two key areas of focus At this time, DRH is one of the main partners in the Pathways group and has two of our top executives serving as committee chairs over working task forces over both major areas of focus Duncan Regional Hospital is committed to working with the Pathways group to help formalize, fund, and monitor results in both major areas for the improvement of health in Stephens County Actions taken in fiscal year 2014 include the following Mental health committee was formed and began working on mental health goals and service expansion Health living committee appointed a sub-group to work on development of a Farmers Market in Stephens County Completed final paperwork submission for Community Health Improvement Organization designation in Oklahoma Certification was awarded Completed Health in All Policies Community discussion with representatives from all 7 communities and multiple local and state agencies Development of a data scorecard was completed and will be presented to the Pathways Board quarterly to keep track of changes and where our emphasis should be moving forward
SCHEDULE H, PART V, LINE 20	ON KNOWN FAP-ELIGIBLE PATIENTS, THE AMOUNT CHARGED IS BASED ON INCOME LEVELS AND INSURANCE STATUS THE PATENT WOULD COMPLETE A CHARITY APPLICATION FROM THAT INFORMATION, WE WOULD DETERMINE WHERE THEIR INCOME FELL ON THE FEDERAL POVERTY GUIDELINE GRID 100% OF FPG = 100 % DISCOUNT 101% - 125% = 75% DISCOUNT 126% - 150% = 50% DISCOUNT 151% - 175% = 25% DISCOUN T 176% - 300% = MEDICARE RATE INCOME LEVELS COMPARED WITH FEDERAL POVERTY GUIDELINE (SEE # 10 & #11)
SCHEDULE H, PART V, LINE 6A	The implementation strategy can be found at http //duncanregional com/magazine/CHIP2014/index html

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
DUNCAN REGIONAL HOSPITAL INC

Employer identification number
73-1008550

Part I Questions Regarding Compensation

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

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

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

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

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

Part III Supplemental Information

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

Return Reference	Explanation
PART I, LINE 1A	THE ORGANIZATION PAID THE CEO'S COUNTRY CLUB DUES ANY PERSONAL USE IS REIMBURSED TO THE HOSPITAL BY THE CEO
PART I, LINE 4B	THE FOLLOWING INDIVIDUALS PARTICPIATED IN A SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN DESCRIBED IN 457(F) JAY JOHNSON DOUG VOLINSKI CYNTHIA RAUH MARK RHOADES ROGER NEAL DEBORAH RODGERS
PART I, LINE 4C	THE FOLLOWING INDIVIDUALS PARTICIPATED IN A 409(A) PLAN WILLIAM STEWART
PART I, LINE 7	SENIOR MANAGEMENT IS PAID VARIABLE COMPENSATION BASED UPON GOALS APPROVED BY THE GOVERNING BOARD ANNUALLY THE GOALS VARY YEAR TO YEAR THERE IS A FIXED PERCENTAGE SET AT THE BEGINNING OF THE YEAR WHEN THE GOALS ARE APPROVED A PERCENTAGE OF THAT AMOUNT IS PAID BASED ON THE ACHIEVEMENT OF THOSE GOALS

Additional Data

Software ID:
Software Version:
EIN: 73-1008550
Name: DUNCAN REGIONAL 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				
JAMES MCGOURAN MD DIRECTOR	(I)	12,366			0	0	12,366	0
	(II)	0	0	0	0	0	0	0
JAY JOHNSON CEO	(I)	341,905	80,786	0	33,820	10,759	467,270	0
	(II)	0	0	0	0	0	0	0
WILLIAM STEWART MD PRESIDENT OF SOLUTIONS	(I)	261,560	19,543	0	28,867	10,759	320,729	0
	(II)	0	0	0	0	0	0	0
DOUG VOLINSKI VP & CFO	(I)	210,463	30,941	0	23,754	6,559	271,717	0
	(II)	0	0	0	0	0	0	0
CYNTHIA RAUH VP & CNO	(I)	187,463	26,564	0	20,400	6,559	240,986	0
	(II)	0	0	0	0	0	0	0
MARK W RHOADES VP - HUMAN RESOURCES	(I)	151,878	22,942	0	17,694	10,759	203,273	0
	(II)	0	0	0	0	0	0	0
ROGER NEAL VP & CIO	(I)	167,554	23,847	0	18,551	16,487	226,439	0
	(II)	0	0	0	0	0	0	0
THOMAS EISER ORTHOPAEDIC SURGEON	(I)	328,470	479	0	12,726	6,559	348,234	0
	(II)	0	0	0	0	0	0	0
JOHN MCGATH MD ENT	(I)	402,619	479	0	12,750	10,759	426,607	0
	(II)	0	0	0	0	0	0	0
PRESTON WATERS MD FAMILY MEDICINE	(I)	271,217	479	0	12,412	16,487	300,595	0
	(II)	0	0	0	0	0	0	0
CHRISTOPHER CRIMMINS MD UROLOGIST	(I)	345,495	479	0	12,726	10,759	369,459	0
	(II)	0	0	0	0	0	0	0
JAMIE COX MD FAMILY MEDICINE	(I)	214,767	479	0	11,067	10,759	237,072	0
	(II)	0	0	0	0	0	0	0

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
DUNCAN REGIONAL HOSPITAL INC

Employer identification number
73-1008550

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	THE OKLAHOMA DEVELOPMENT FINANCE AUTHORITY	73-1083741		12-03-2013	17,388,000	REFINANCE SERIES 2003A BOND		X		X		X
B	THE OKLAHOMA DEVELOPMENT FINANCE AUTHORITY	73-1083741		12-03-2013	20,000,000	REFINANCE SERIES 2008 BOND		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	0	0		
2	Amount of bonds legally defeased	0	0		
3	Total proceeds of issue	17,388,000	20,000,000		
4	Gross proceeds in reserve funds	0	0		
5	Capitalized interest from proceeds	0	0		
6	Proceeds in refunding escrows	0	0		
7	Issuance costs from proceeds	140,176	161,233		
8	Credit enhancement from proceeds	0	0		
9	Working capital expenditures from proceeds	0	0		
10	Capital expenditures from proceeds	0	0		
11	Other spent proceeds	0	0		
12	Other unspent proceeds	0	0		
13	Year of substantial completion				

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X		X					
15	Were the bonds issued as part of an advance refunding issue?		X		X				
16	Has the final allocation of proceeds been made?	X		X					
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	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				
2	Are there any lease arrangements that may result in private business use of bond-financed property?		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				
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		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 ▶	0 %		0 %					
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶								
6	Total of lines 4 and 5								
7	Does the bond issue meet the private security or payment test?								
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		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?		X		X				
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1 141-12 and 1 145-2?	X		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				
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?	X		X					
b	Exception to rebate?								
c	No rebate due?								
	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					
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X		X				
b	Name of provider	0		0					
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was the hedge terminated?								

Part IV Arbitrage *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?		X		X				
b	Name of provider	0		0					
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				
7	Has the organization established written procedures to monitor the requirements of section 148?	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?	X		X					

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

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
DUNCAN REGIONAL HOSPITAL INC

Employer identification number
73-1008550

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the organization? To	From	(e) Original principal amount	(f) Balance due	(g) In default? Yes	No	(h) Approved by board or committee? Yes	No	(i) Written agreement? Yes	No
(1) Ron Miller MD	Director			X		6,200		No	Yes		Yes	
Total		▶ $				6,200						

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

Part V Supplemental Information

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

Return Reference	Explanation

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.
▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
DUNCAN REGIONAL HOSPITAL INC

Employer identification number
73-1008550

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART VI, LINE 11	
FORM 990, PART VI, LINE 12C	BOARD MEMBERS ARE REQUIRED TO DISCLOSE ANNUALLY INTERESTS THAT COULD GIVE RISE TO CONFLICTS IF A BOARD MEMBER BELIEVES THAT HE OR SHE MAY HAVE A CONFLICT OF INTEREST, THEN THE CONFLICT SHOULD BE IMMEDIATELY DISCLOSED THE BOARD MEMBER IS THEN TO LEAVE THE BOARD MEETING AND THE REMAINING BOARD DISCUSSES AND VOTES ON IF A CONFLICT OF INTEREST EXISTS IF ITS DECIDED THAT A CONFLICT EXISTS, THE AFFECTED BOARD MEMBER SHOULD ABSTAIN FROM ANY ACTION TO THE INTEREST AND SHOULD ABSENT HIMSELF OR HERSELF FROM ANY PORTION OF ANY PROCEEDINGS AT WHICH ACTION IS CONSIDERED OR TAKEN REGARDING THE INTEREST
FORM 990, PART VI, LINE 15	THE COMPENSATION COMMITTEE OF THE BOARD SETS THE CEO'S SALARY THEY RELY HEAVILY ON SALARY SURVEY DATA AND RECOMMENDATIONS FROM A NATIONAL CONSULTING FIRM
FORM 990, PART VI, LINE 19	THE ORGANIZATION DOES NOT MAKE ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC
FORM 990, PART XI, LINE 5	EQUITY IN ADVANCED MEDICAL SUPPLY (628,118) EQUITY IN SOLUTIONS PHYS PRACTICE MGMT (294,133) ---------- (922,251)
FORM 990, PART VI, LINE 7B	The Board of Directors appoints the Compensation Committee to discharge the Board's responsibilities relating to compensation of the Hospital's Executive Officers and other individuals defined as "disqualified persons" under the Internal Revenue Code The Compensation Committee consists of no less than three Independent Directors, appointed by the Board on the recommendation of the Nominating/Governance Committee The Board shall appoint one member of the Compenation Committee as its Chair The Board may replace Compensation Committee members The Compensation Committee establishes the compensation and benefit arrangements provided to the Executive Officers of the Hospital The Compensation Committee annually reviews the annual base salary, the annual incentive compensation and other benefits offered or paid to the Executive Management of the Hospital

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
DUNCAN REGIONAL HOSPITAL INC

Employer identification number
73-1008550

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

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) SOLUTIONS PHYS PRACTICE MGMT 2210 DUNCAN REGIONAL LOOP ROAD DUNCAN, OK 73533 26-0618405	PRACTICE MGMT	OK	7,762,499	2,537,644	NA
(2) ADVANCED MEDICAL SUPPLY LLC 1503 NORTH HIGHWAY 81 SUITE A DUNCAN, OK 73533 73-1539867	DME	OK	2,087,546	1,221,632	NA
(3) DUNCAN HEALTH PARTNERS LLC 1407 N Whisenant Dr Duncan, OK 73533 46-4527302	Healthcare	OK	0	25,377	NA

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	(g) Section 512(b)(13) controlled entity? No
(1) DRH HEALTH FOUNDATION INC 14407 WHISENANT DRIVE DUNCAN, OK 73533 20-2772056	SUPPORT ORG	OK	501(c)(3)	13	NA		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) Disproportionate allocations? Yes	(h) Disproportionate allocations? No	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) General or managing partner? No	(k) Percentage ownership
(1) DRH IMAGING LLC 1407 WHISENANT DRIVE DUNCAN, OK 73534 20-8849754	RADIOLOGY SVC	OK	NA	RELATED	2,194,353	308,116		No	0		No	82 612 %
(2) DUNCAN HEALTHCARE REALTY LLC 1407 WHISENANT DR DUNCAN, OK 73534 20-8849833	REAL ESTATE	OK	NA	INVESTMENT	77,804	758,868		No	0		No	36 750 %

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	(i) Section 512 (b)(13) controlled entity? No

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

		Yes	No
Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule			
1 During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties or **(iv)** rent from a controlled entity	1a		No
b Gift, grant, or capital contribution to related organization(s)	1b		No
c Gift, grant, or capital contribution from related organization(s)	1c	Yes	
d Loans or loan guarantees to or for related organization(s)	1d		No
e Loans or loan guarantees by related organization(s)	1e		No
f Dividends from related organization(s)	1f		No
g Sale of assets to related organization(s)	1g		No
h Purchase of assets from related organization(s)	1h		No
i Exchange of assets with related organization(s)	1i		No
j Lease of facilities, equipment, or other assets to related organization(s)	1j		No
k Lease of facilities, equipment, or other assets from related organization(s)	1k		No
l Performance of services or membership or fundraising solicitations for related organization(s)	1l		No
m Performance of services or membership or fundraising solicitations by related organization(s)	1m		No
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n		No
o Sharing of paid employees with related organization(s)	1o		No
p Reimbursement paid to related organization(s) for expenses	1p		No
q Reimbursement paid by related organization(s) for expenses	1q		No
r Other transfer of cash or property to related organization(s)	1r		No
s Other transfer of cash or property from related organization(s)	1s	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) DRH IMAGING LLC	S	2,051,673	CASH
(2) DUNCAN HEALTHCARE REALTY LLC	S	118,480	CASH

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

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

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

Part VII Supplemental Information

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

Return Reference	Explanation

Duncan Regional Hospital, Inc.

Auditor's Report and Consolidated Financial Statements

June 30, 2014 and 2013

BKD LLP
CPAs & Advisors

Duncan Regional Hospital, Inc.

June 30, 2014 and 2013

Contents

Independent Auditor's Report

Board of Directors
Duncan Regional Hospital, Inc
Duncan, Oklahoma

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 Duncan Regional Hospital, Inc , as of June 30, 2014 and 2013, and the results of its operations, the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

BKD, LLP

Tulsa, Oklahoma
October 31, 2014

Duncan Regional Hospital, Inc.

Consolidated Balance Sheets

June 30, 2014 and 2013

Assets

	2014	2013
Current Assets		
Cash and cash equivalents	$ 7,496,588	$ 6,036,471
Assets limited as to use – current	509,601	1,220,250
Patient accounts receivable, net of allowance, 2014 – $13,348,000, 2013 – $11,041,000	14,608,436	10,830,498
Other receivables	427,077	360,429
Estimated amounts due from third-party payers	-	350,000
Supplies	3,266,598	2,378,162
Prepaid expenses and other	1,439,419	1,196,501
Total current assets	27,747,719	22,372,311
Assets Limited as to Use		
Internally designated	90,855,738	84,381,078
Held by trustee	-	3,131,132
	90,855,738	87,512,210
Less amount required to meet current obligations	509,601	1,220,250
	90,346,137	86,291,960
Property and Equipment, at Cost		
Property and equipment	153,808,835	145,940,136
Less accumulated depreciation	84,661,359	78,408,390
	69,147,476	67,531,746
Other Assets		
Deferred financing costs	280,324	715,580
Assets held by third party	2,206,975	2,039,391
Interest in net assets of DRH Health Foundation	7,841,493	6,823,773
Other	3,117,683	3,140,394
	13,446,475	12,719,138
Total assets	$ 200,687,807	$ 188,915,155

See Notes to Consolidated Financial Statements

Liabilities and Net Assets

	2014	2013
Current Liabilities		
Current maturities of long-term debt	$ 1,598,000	$ 1,418,538
Accounts payable	2,019,424	1,270,782
Accrued salaries and withholding	1,840,165	1,567,568
Accrued interest payable	42,130	85,206
Estimated amounts due to third-party payers	325,000	-
Accrued paid days off	2,394,525	2,413,169
Other accrued expenses	2,685,002	3,214,140
Total current liabilities	10,904,246	9,969,403
Long-Term Debt	35,004,000	38,807,097
Total liabilities	45,908,246	48,776,500
Net Assets		
Unrestricted net assets		
Duncan Regional Hospital, Inc	145,029,786	131,343,304
Noncontrolling interest	1,908,282	1,971,578
Temporarily restricted net assets	7,841,493	6,823,773
Total net assets	154,779,561	140,138,655
Total liabilities and net assets	$ 200,687,807	$ 188,915,155

Duncan Regional Hospital, Inc.

Consolidated Statements of Operations

Years Ended June 30, 2014 and 2013

	2014	2013
Unrestricted Revenues, Gains and Other Support		
Patient service revenue (net of contractual discounts and allowances)	$ 101,111,004	$ 100,669,369
Provision for uncollectible accounts	(12,623,473)	(10,125,896)
Net patient service revenue less provision for uncollectible accounts	88,487,531	90,543,473
Other	3,278,103	4,487,198
Total unrestricted revenues, gains and other support	91,765,634	95,030,671
Expenses		
Salaries and wages	39,100,507	36,116,572
Employee benefits	9,539,726	8,004,098
Supplies and other	12,738,174	12,544,160
Purchased services and professional fees	8,882,975	9,277,865
Maintenance and utilities	4,648,549	4,581,977
Insurance	828,607	897,703
Other	4,142,529	4,175,419
Depreciation and amortization	6,951,196	6,772,188
Interest	868,440	1,294,261
Total expenses	87,700,703	83,664,243
Operating Income	4,064,931	11,366,428
Other Income (Expense)		
Investment return	11,083,681	6,213,609
Loss on extinguishment of debt	(863,121)	-
Unrestricted contributions received	72,188	123,359
Total other income (expense)	10,292,748	6,336,968
Excess of Revenues over Expenses	14,357,679	17,703,396
Distributions to noncontrolling interest	(734,493)	(687,567)
Increase in Unrestricted Net Assets	$ 13,623,186	$ 17,015,829

Duncan Regional Hospital, Inc.

Consolidated Statements of Changes in Net Assets

Years Ended June 30, 2014 and 2013

	2014	2013
Unrestricted Net Assets		
Excess of revenues over expenses	$ 14,357,679	$ 17,703,396
Distributions to noncontrolling interest	(734,493)	(687,567)
Increase in unrestricted net assets	13,623,186	17,015,829
Temporarily Restricted Net Assets		
Change in interest in net assets of DRH Health Foundation	1,017,720	776,888
Increase in temporarily restricted net assets	1,017,720	776,888
Change in Net Assets	14,640,906	17,792,717
Net Assets, Beginning of Year	140,138,655	122,345,938
Net Assets, End of Year	$ 154,779,561	$ 140,138,655

Duncan Regional Hospital, Inc.

Consolidated Statements of Cash Flows

Years Ended June 30, 2014 and 2013

	2014	2013
Operating Activities		
Change in net assets	$ 14,640,906	$ 17,792,717
Items not requiring (providing) operating cash flow		
Depreciation and amortization	6,951,196	6,772,188
Provision for uncollectible accounts	12,623,473	10,125,896
Distribution to noncontrolling interests	(734,493)	(687,567)
Net change in unrealized gains and losses on investments	2,688,276	(4,773,198)
Loss on investment in equity investee	226,735	592,099
Loss on extinguishment of debt	863,121	-
Change in interest in net assets of DRH Health Foundation	(1,017,720)	(776,888)
Accrued self-insurance costs	110,000	5,000
Gain on sale of equipment	(3,330)	(11,059)
Changes in		
Patient and other accounts receivable, net	(16,468,059)	(9,178,739)
Estimated amounts due to/from third-party payers	675,000	(545,000)
Supplies, prepaid expenses and other assets	139,068	54,370
Accounts payable and accrued expenses	21,613	481,488
Net cash provided by operating activities	20,715,786	19,851,307
Investing Activities		
Proceeds from sale of property and equipment	4,184	37,958
Purchase of property and equipment	(8,232,373)	(7,118,709)
Advances to and investments in equity investees	(231,882)	(358,143)
Purchase of internally designated funds	(15,511,672)	(27,587,659)
Proceeds from disposition of internally designated funds	6,348,736	18,515,994
Net change in assets held by third party	(167,584)	(137,385)
Net disposition (purchases) of trustee-held funds	3,131,132	(35,330)
Net cash used in investing activities	(14,659,459)	(16,683,274)
Financing Activities		
Principal payments on long-term debt	(40,776,000)	(1,330,000)
Payment of deferred financing costs	(302,410)	-
Early termination of 2003B Bonds	(371,800)	-
Early termination of deferred revenue placement contract	(534,000)	-
Proceeds from issuance of long-term debt	37,388,000	-
Net cash used in financing activities	(4,596,210)	(1,330,000)
Increase in Cash and Cash Equivalents	$ 1,460,117	$ 1,838,033
Cash and Cash Equivalents, Beginning of Year	6,036,471	4,198,438
Cash and Cash Equivalents, End of Year	$ 7,496,588	$ 6,036,471
Supplemental Cash Flows Information		
Interest paid	$ 911,516	$ 1,300,079
Property and equipment included in accounts payable	$ 52,178	$ 350,946

Duncan Regional Hospital, Inc.

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Duncan Regional Hospital, Inc (the Hospital) is located in Duncan, Oklahoma The Hospital is licensed to operate 132 acute care, 16 skilled nursing and 19 rehabilitation beds The Hospital primarily earns revenues by providing inpatient, outpatient, emergency, skilled nursing, rehabilitation and home health care services to patients in Stephens County, Oklahoma

Principles of Consolidation

The consolidated financial statements include the accounts of the Hospital, Solutions Physician Practice Management, L L C (Solutions), Advanced Medical Supply, L L C (AMS), DRH Imaging, LLC (Imaging), Duncan Healthcare Realty, LLC (Realty), and Duncan Health Partners, LLC (DHP)

Solutions is a wholly owned taxable subsidiary of the Hospital Solutions provides physician practice management services as well as operates physician clinics in Stephens County

AMS is a wholly owned taxable subsidiary of the Hospital AMS operates a durable medical equipment company in the Duncan, Oklahoma, area

The Hospital owns a majority interest in Imaging, which was developed to provide outpatient radiology and imaging services for the residents of southwest Oklahoma

The Hospital owns a minority interest in Realty However, the Hospital maintains control of Realty and, therefore, continues to include Realty in the accompanying consolidated financial statements Realty was developed to construct and own a building to house the operations of Imaging

DHP is a wholly owned taxable subsidiary of the Hospital DHP operates a clinically integrated network in the southwestern Oklahoma area

The other members' interest in Imaging and Realty is accounted for as a noncontrolling interest in the Hospital's consolidated financial statements All significant intercompany accounts and transactions have been eliminated in consolidation

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period Actual results could differ from those estimates

Noncontrolling Interest

Noncontrolling interest represents the other members' interest in Imaging and Realty owned by outside investors Losses attributable to the noncontrolling interest are allocated to the noncontrolling interest even if the carrying amount of the noncontrolling interest is reduced below zero

Changes in consolidated unrestricted net assets attributable to the controlling financial interest of the Hospital and the noncontrolling interest are

	Total	Controlling Interest	Noncontrolling Interest
Balance, June 30, 2012	$ 116,299,053	$ 114,287,634	$ 2,011,419
Excess of revenues over expenses	17,703,396	17,055,670	647,726
Distributions to noncontrolling interest	(687,567)	-	(687,567)
Increase (decrease) in unrestricted net assets	17,015,829	17,055,670	(39,841)
Balance, June 30, 2013	133,314,882	131,343,304	1,971,578
Excess of revenues over expenses	14,357,679	13,686,482	671,197
Distributions to noncontrolling interest	(734,493)	-	(734,493)
Increase (decrease) in unrestricted net assets	13,623,186	13,686,482	(63,296)
Balance, June 30, 2014	$ 146,938,068	$ 145,029,786	$ 1,908,282

The change in temporarily restricted net assets is attributed solely to the controlling interest

Cash and Cash Equivalents

The Hospital considers all liquid investments, other than those limited as to use, with original maturities of three months or less to be cash equivalents At June 30, 2014 and 2013, cash equivalents consisted primarily of money market accounts with brokers

At June 30, 2014, the Hospital's and consolidated entities' cash accounts exceeded federally insured limits by approximately $4,036,000

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value The investment in equity investees is reported on the equity method of accounting Other investments are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value Investment return includes dividend, interest and other investment income, realized and unrealized gains and losses on investments carried at fair value, and realized and unrealized gains and losses on other investments Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets

Assets Limited as to Use

Assets limited as to use include 1) assets held by trustee and 2) assets set aside by the Board of Directors for future capital improvements and health insurance payments over which the Board retains control and may, at its discretion, subsequently use for other purposes Amounts required to meet current liabilities of the Hospital are included in current assets

Patient Accounts Receivable

Accounts receivable are reduced by an allowance for doubtful accounts In evaluating the collectibility of accounts receivable, the Hospital analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for uncollectible accounts Management regularly reviews data about these major payer sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts

For receivables associated with services provided to patients who have third-party coverage, the Hospital analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for uncollectible accounts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payer has not yet paid, or for payers who are known to be having financial difficulties that make the realization of amounts due unlikely)

For receivables associated with self-pay patients (which include both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Hospital records a significant provision for uncollectible accounts 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 or provided by policy) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts

In 2014, the Hospital's allowance for doubtful accounts increased by approximately $2,307,000 or 21% primarily due to an increase in overall gross patient accounts receivable of approximately $10,399,000 or 28 7% at June 30, 2014, as compared to June 30, 2013

Supplies

Supply inventories are stated at the lower of cost, determined using the first-in, first-out method, or market

Property and Equipment

Property and equipment acquisitions are recorded at cost and are depreciated on a straight-line basis over the estimated useful life of each asset

The estimated useful lives for each major depreciable classification of property and equipment are as follows

Land improvements	10–25 years
Buildings and improvements	5–40 years
Fixed equipment	5–20 years
Major moveable equipment	3–15 years

Donations of property and equipment are reported at fair market value as an increase in unrestricted net assets unless use of the assets is restricted by the donor Monetary gifts that must be used to acquire property and equipment are reported as restricted support The expiration of such restrictions is reported as an increase in unrestricted net assets when the donated asset is placed in service

Long-Lived Asset Impairment

The Hospital evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable If a long-lived asset is tested for recoverability and the undiscounted estimate future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value

No asset impairment was recognized during the years ended June 30, 2014 and 2013

Interest in Net Assets of DRH Health Foundation

DRH Health Foundation (the Foundation) and the Hospital are financially inter-related organizations The Foundation seeks private support for and holds net assets on behalf of the Hospital The Hospital accounts for its interest in the net assets of the Foundation (the Interest) in a manner similar to the equity method Changes in the Interest are included in change in net assets Transfers of assets between the Foundation and the Hospital are recognized as increases or decreases in the Interest

Deferred Financing Costs

Deferred financing costs represent costs incurred in connection with the issuance of long-term debt Such costs are being amortized over the term of the respective debt using the straight-line method

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 to be maintained by the Hospital in perpetuity At June 30, 2014 and 2013, the Hospital had no permanently restricted net assets

Goodwill

In 2007, the Hospital acquired a majority ownership in Advanced Medical Supply, LLC (AMS), a durable medical equipment company based in Duncan, Oklahoma, for a total cost of $996,000, which was paid in cash Goodwill of approximately $790,000 was recognized as part of this transaction and, through June 30, 2010, was being amortized over five years In 2011, the Hospital acquired the remaining ownership interest in AMS for a total cost of approximately $1,691,000, which was paid in cash Goodwill of approximately $1,267,000 was recognized as part of this 2011 transaction Other assets in the accompanying consolidated balance sheets at June 30, 2014 and 2013, include approximately $1,583,000 of goodwill, net of amortization

Effective July 1, 2010, goodwill is tested annually for impairment If the implied fair value of goodwill is lower than its carrying amount, a goodwill impairment is indicated and goodwill is written down to its implied fair value Subsequent increases in goodwill value are not recognized in the accompanying consolidated financial statements No impairment was recognized in the accompanying consolidated financial statements

Net Patient Service Revenue

The Hospital has agreements with third-party payers that provide for payments to the Hospital at amounts different from its established rates Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered and includes estimated retroactive revenue adjustments Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known

Charity Care

The Hospital provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy Because the Hospital does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient service revenue

Contributions

Unconditional promises to give cash and other assets are accrued at estimated fair value at the date each promise is received Gifts received with donor stipulations are reported as either temporarily or permanently restricted support When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified and reported as an increase in unrestricted net assets Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions Conditional contributions are reported as liabilities until the condition is eliminated or the contributed assets are returned to the donor

Professional Liability Claims

The Hospital recognizes an accrual for claim liabilities based on estimated ultimate losses and costs associated with settling claims and a receivable to reflect the estimated insurance recoveries, if any Professional liability claims are described more fully in *Note 7*

Income Taxes

The Hospital has been recognized as exempt from income taxes under Section 501 of the Internal Revenue Code (IRC) and a similar provision of state law However, the Hospital is subject to federal income tax on any unrelated business taxable income

Imaging and Realty members elected to have each company's income taxed as a partnership under provisions of the IRC and a similar section of the state income tax law Therefore, taxable income or loss is reported to the individual members for inclusion in their respective tax returns and no provision for federal and state income taxes is included in these statements

AMS, Solutions and DHP are wholly owned subsidiaries of the Hospital and are considered disregarded entities in accordance with the IRC Their operations are included in the Hospital's tax return

The Hospital, Imaging and Realty file tax returns in the U S federal jurisdiction With a few exceptions, these entities are no longer subject to U S federal or state examinations by tax authorities for years before 2011

Excess of Revenues over Expenses

The accompanying consolidated statements of operations include excess of revenues over expenses Changes in unrestricted net assets which are excluded from excess of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets)

Self-Insurance

The Hospital has elected to self-insure certain costs related to employee health and accident benefit programs. Costs resulting from noninsured losses are charged to income when incurred. The Hospital has purchased insurance that limits its exposure for individual claims and that limits its aggregate exposure.

Transfers Between Fair Value Hierarchy Levels

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the period ending date.

Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the consolidated financial statements were available to be issued.

Electronic Health Records Incentive Program

The Electronic Health Records Incentive Program, enacted as part of the *American Recovery and Reinvestment Act of 2009*, provides for one-time incentive payments under both the Medicare and Medicaid programs to eligible hospitals that demonstrate meaningful use of certified electronic health records (EHR) technology. Payments under the Medicare program are generally made for up to four years based on a statutory formula. Payments under the Medicaid program are generally made for up to four years based on a statutory formula, as determined by the state, which is approved by the Centers for Medicare and Medicaid Services (CMS). Payment under both programs are contingent on the Hospital continuing to meet escalating meaningful use criteria and any other specific requirements that are applicable for the reporting period. The final amount for any payment year is determined based on an audit by the administrative contractor. Events could occur that would cause the final amounts to differ materially from the initial payments under the program.

The Hospital recognizes revenue ratably over the reporting period starting at the point when management is reasonably assured it will meet all of the meaningful use objectives and any other specific grant requirements applicable for the reporting period.

In 2014, the Hospital completed the second-year requirements under the Medicare program. In 2013, the Hospital completed the third-year requirements under the Medicaid program. During 2014 and 2013, the Hospital had recorded revenue of approximately $238,000 and $1,268,000, respectively, which are included in other revenue within operating revenues in the accompanying consolidated statements of operations.

Supplemental Hospital Offset Payment Program

On January 17, 2012, CMS approved the State of Oklahoma's Supplemental Hospital Offset Payment Program (SHOPP) The SHOPP program is retroactive back to July 1, 2011, and is currently scheduled to sunset on December 31, 2017 The SHOPP program is designed to assess Oklahoma hospitals a supplemental hospital offset fee which will be placed in pools after receiving federal matching funds The total fees and matching funds will then be allocated to hospitals as directed by legislation

The SHOPP revenue is recorded as part of net patient service revenue and the SHOPP assessment fees are recorded as part of other expenses on the accompanying consolidated statements of operations The annual amounts to be received and paid by the Hospital over the term of the SHOPP program are subject to change annually based on various factors involved in determining the amount of federal matching funds Based on the current information available, the annual net benefit is not expected to be materially different from the net amount received in 2014

	2014	2013
SHOPP funds received	$ 3,240,000	$ 2,441,000
SHOPP assessment fees paid	2,103,000	1,957,000
Net SHOPP benefit	$ 1,137,000	$ 484,000

Reclassifications

Certain reclassifications have been made to the 2013 financial statements to conform to the 2014 financial statement presentation These reclassifications had no effect on the change in net assets

Note 2: Net Patient Service Revenue

The Hospital recognizes patient service revenue associated with services provided to patients who have third-party payer 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 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 uncollectible accounts related to uninsured patients in the period the services are provided This provision for uncollectible accounts is presented on the accompanying consolidated statements of operations as a component of net patient service revenue

The Hospital has agreements with third-party payers that provide for payments to the Hospital at amounts different from its established rates These payment arrangements include

- **Medicare** – Inpatient acute care services, inpatient skilled nursing services, inpatient rehabilitation services and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates These rates vary according to patient classification systems that are based on clinical, diagnostic, acuity and other factors The Hospital is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare administrative contractor The Hospital's Medicare cost reports have been audited by the Medicare administrative contractor through June 30, 2012

- **Medicaid** – Inpatient services provided to the state's Medicaid program beneficiaries are reimbursed on a prospective per discharge method with no retroactive adjustments Outpatient services are reimbursed on a fee schedule basis with no retroactive adjustments These payment rates vary according to a patient classification system that is based on clinical, diagnostic and other factors

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change As a result, it is reasonably possible that recorded estimates will change materially in the near term

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

Patient service revenue, net of contractual allowances and discounts (but before the provision for uncollectible accounts), recognized in the years ended June 30, 2014 and 2013, was approximately

	2014	2013
Medicare	$ 36,327,000	$ 46,015,000
Medicaid	11,051,000	10,693,000
Other third-party payers	43,018,000	35,135,000
Patients	10,715,000	8,826,000
	$ 101,111,000	$ 100,669,000

Note 3: Concentration of Credit Risk

The Hospital grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payer agreements The mix of net receivables from patients and third-party payers at June 30, 2014 and 2013, was

	2014	2013
Medicare	30%	36%
Medicaid	6%	6%
Other third-party payers	62%	56%
Patients	2%	2%
	100%	100%

Note 4: Investments and Investment Return

At June 30, 2014 and 2013, investments consist of the following

	2014	2013
Cash and interest-bearing cash accounts	$ 1,328,846	$ 1,437,632
Money market mutual funds	729,943	4,517,228
Mutual funds		
Domestic corporate bond funds	4,444,836	4,113,449
U S government and agencies securities funds	17,327,008	16,249,540
Hedge funds	6,829,436	6,330,707
Domestic equities funds	25,663,649	23,104,192
Foreign equities funds	21,820,153	19,507,332
Commodity linked funds	1,844,635	1,895,838
Asset-backed securities funds	2,026,236	2,009,103
Limited partnerships	8,704,962	8,224,297
Interest receivable	136,034	122,892
	$ 90,855,738	$ 87,512,210

The above investments are shown in the accompanying consolidated balance sheets as follows

	2014	2013
Assets Limited as to Use		
Internally designated for capital improvements		
Cash and interest-bearing cash accounts	$ 852,433	$ 939,513
Money market mutual funds	729,943	1,386,096
Mutual funds		
Domestic corporate bond funds	4,444,836	4,113,449
U S government and agencies securities funds	17,327,008	16,249,540
Hedge funds	6,829,436	6,330,707
Domestic equities funds	25,663,649	23,104,192
Foreign equities funds	21,820,153	19,507,332
Commodity linked funds	1,844,635	1,895,838
Asset-backed securities funds	2,026,236	2,009,103
Limited partnerships	8,704,962	8,224,297
Interest receivable	136,034	122,892
	90,379,325	83,882,959
Internally designated for health insurance and workers' compensation		
Cash and interest-bearing cash accounts	476,413	498,119
Total internally designated funds	90,855,738	84,381,078
Held by trustee under indenture agreement		
Money market mutual funds	-	3,131,132
	$ 90,855,738	$ 87,512,210

Total investment return is comprised of the following

	2014	2013
Interest and dividend income	$ 1,567,838	$ 1,392,301
Loss from joint venture investments	(226,735)	(592,099)
Realized gains on sales of securities, net	724,895	640,209
Unrealized gains on trading securities, net	9,017,683	4,773,198
	$ 11,083,681	$ 6,213,609

Total investment return of $11,087,527 and $6,213,609, is reflected in the accompanying consolidated statements of operations for the years ended June 30, 2014 and 2013, respectively, as investment return

Note 5: Property and Equipment

Property and equipment as of June 30, 2014 and 2013, were as follows

	2014	2013
Land and land improvements	$ 4,176,339	$ 4,156,958
Buildings and improvements	93,256,244	87,496,416
Fixed equipment	1,936,364	1,936,364
Major moveable equipment	54,066,076	47,017,190
Construction in progress	373,812	5,333,208
	153,808,835	145,940,136
Less accumulated depreciation	84,661,359	78,408,390
	$ 69,147,476	$ 67,531,746

Note 6: Interest in Net Assets of DRH Health Foundation

The Foundation was established in 2005 to solicit contributions principally for funding a portion of the Hospital's capital improvements, debt service and operating expenses Funds are distributed to the Hospital as determined by the Foundation's Board of Directors The Hospital's interest in the net assets of the Foundation is accounted for in a manner similar to the equity method Changes in the interest are included in change in net assets Transfers of assets between the Foundation and the Hospital are recognized as increases or decreases in the interest in the net assets of the Foundation with corresponding decreases or increases in the assets transferred and have no effect on change in net assets The Hospital's interest in the net assets of the Foundation is reported in the accompanying consolidated balance sheets as $7,841,493 and $6,823,773 at June 30, 2014 and 2013, respectively

Note 7: Professional Liability Claims

The Hospital purchases medical malpractice insurance under a claims-made policy on a fixed premium basis Under such a policy, only claims made and reported to the insurer during the policy term, regardless of when the incidents giving rise to the claims occurred, are covered The Hospital also purchases excess umbrella liability coverage, which provides additional coverage above the basic policy limits up to the amount specified in the umbrella policy

Based upon the Hospital's claims experience, an accrual has been made for the Hospital's estimated medical malpractice costs, including costs associated with litigating or settling claims, under its malpractice insurance policy, amounting to approximately $300,000 and $400,000 as of June 30, 2014 and 2013, respectively It is reasonably possible that this estimate could change materially in the near term

Note 8: Long-Term Debt

	2014	2013
Series 2013A Health Facilities Refunding Revenue Note (A)	$ 16,602,000	$ -
Series 2013B Variable Rate Health Facilities Refunding Revenue Note (B)	20,000,000	-
Series 2003A Hospital Revenue Bonds (C)	-	20,225,635
Series 2008 Variable Rate Demand Health Facilities Revenue Bonds (D)	-	20,000,000
	36,602,000	40,225,635
Less current maturities	1,598,000	1,418,538
	$ 35,004,000	$ 38,807,097

(A) Due December 2020, payable at approximately $160,000 monthly, including interest at 2 02%

(B) Due December 2023, interest only payable monthly at the sum of 0 85% plus 65% of the one-month London InterBank Offered Rate (LIBOR) The principal of the note is payable in whole on December 1, 2023

The Oklahoma Development Finance Authority (the Authority) issued the Series 2013A Health Facilities Refunding Revenue Note and the Series 2013B Variable Rate Health Facilities Refunding Revenue Note on behalf of the Hospital The notes are secured by the net revenues and accounts receivable of the Hospital The notes have not been guaranteed by the Authority

The indenture agreement requires the Hospital to comply with certain restrictive covenants, including maintaining minimum insurance coverage, maintaining a maximum annual debt service coverage ratio of not less than 1 0 to 1 0 and maintaining unencumbered, unrestricted liquid assets having a current value equal to at least 100% of outstanding debt

Aggregate annual maturities of long-term debt at June 30, 2014, are

2015	$ 1,598,000
2016	1,637,000
2017	1,672,000
2018	1,704,000
2019	1,739,000
Thereafter	28,252,000
	$ 36,602,000

(C) Series 2003A Hospital Revenue Bonds (2003A Bonds) consist of Hospital Revenue Bonds in the original amount of $30,000,000 dated December 1, 2003, which bear interest at 2 5% to 5 25% The 2003A Bonds are payable in annual installments through December 1, 2023 The Hospital is required to make monthly deposits to the debt service fund of approximately $227,000 All of the 2003A Bonds still outstanding may be redeemed at the Hospital's option on or after December 1, 2013 The redemption price is 102% decreasing to 100% on or after December 1, 2015

The Authority issued the 2003A Bonds on behalf of the Hospital The 2003A Bonds are secured by the net revenues and accounts receivable of the Hospital and the assets restricted under the bond indenture agreement The 2003A Bonds have not been guaranteed by the Authority

The indenture agreement requires certain funds be established with the trustee Accordingly, these funds are included as assets limited as to use held by trustee in the accompanying consolidated financial statements The indenture agreement also requires the Hospital to comply with certain restrictive covenants, including maintaining minimum insurance coverage, maintaining a maximum annual debt service coverage ratio of at least 1 1 to 1 0 and restrictions on incurrence of additional debt

When the 2003A Bonds were issued, $14,425,000 was sold at a premium of approximately $685,000 while the remaining $15,575,000 was sold at a discount of approximately $315,000 The outstanding balance of the 2003A Bonds at June 30, 2014 and 2013, is as follows

	2014	2013
Principal amount	$ -	$ 19,990,000
Less unamortized discount	-	(201,173)
Plus unamortized premium	-	436,808
Net amount outstanding	$ -	$ 20,225,635

(D) Series 2008 Variable Rate Demand Health Facilities Revenue Bonds (2008 Bonds) consist of Variable Rate Demand Health Facilities Revenue Bonds in the original amount of $20,000,000 dated October 1, 2008 Interest for the 2008 Bonds is payable monthly at rates which vary based on a daily rate as determined by remarketing activities (0 09% per annum at June 30, 2013) The principal of the 2008 Bonds is payable in full on December 1, 2038

The Authority issued the 2008 Bonds on behalf of the Hospital The 2008 Bonds are secured by the net revenues and accounts receivable of the Hospital and the assets restricted under the bond indenture agreement The 2008 Bonds have not been guaranteed by the Authority Additionally, the 2008 Bonds are secured by an irrevocable letter of credit issued by Bank of America

The indenture agreement requires that certain funds be established with the trustee Accordingly, these funds are included as assets limited as to use held by trustee in the accompanying consolidated financial statements The indenture agreement also requires the Hospital to comply with certain restrictive covenants, including maintaining minimum insurance coverage, maintaining a maximum annual debt service coverage ratio of at least 1 1 to 1 0 and restrictions on incurrence of additional debt

During 2014, the Series 2003A Bonds and the Series 2008 Bonds were refinanced with the proceeds from (A) and (B) above As part of the refinancing, the Hospital recorded a loss on extinguishment of debt in the amount of $863,121, which included an early redemption premium on the 2003A Bonds, as indicated above, as well as the write-off of bond issuance costs for both the 2003A and 2008 Bonds This loss is included in other expenses on the accompanying consolidated statements of operations

Revolving Line of Credit

In connection with the Series 2008 Bonds, the Hospital had a line of credit, which provided for borrowing up to $20,000,000 through a separate financial institution As part of the refinance of the Series 2008 Bonds, this line of credit was terminated No draws were ever made on this line of credit The line was collateralized by certain property and equipment

Note 9: Self-Insured Plans

The Hospital sponsors a health care plan for its employees This plan is self-insured to the extent of the deductible amounts under the excess risk insurance policies the Hospital has obtained Accruals for unpaid claims in the amounts of approximately $975,000 and $790,000 are included in other accrued expenses in the accompanying consolidated balance sheets at June 30, 2014 and 2013, respectively

The Hospital also sponsors a workers' compensation plan that is self-insured to the extent of the deductible amounts under the excess risk insurance policies the Hospital has obtained Accruals for unpaid claims in the amounts of approximately $575,000 and $650,000 are included in other accrued expenses in the accompanying consolidated balance sheets at June 30, 2014 and 2013, respectively

Note 10: Charity Care and Other Community Benefits

In support of its mission, the Hospital voluntarily provides free care to patients who lack financial resources and are deemed to be medically indigent Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported in net patient service revenue In addition, the Hospital provides services to other medically indigent patients under certain government-reimbursed public aid programs Such programs pay providers amounts which are less than established charges for the services provided to the recipients, and many times the payments are less than the cost of rendering the services provided

The cost of charity care is estimated by applying the ratio of cost-to-gross charges from the Hospital's June 30, 2013, Medicare cost report to the gross uncompensated charges Uncompensated costs relating to these services for the years ended June 30, 2014 and 2013, are summarized below

	2014	2013
Charity care	$ 1,946,000	$ 2,525,000
Medicaid	-	506,000
	$ 1,946,000	$ 3,031,000

In addition to uncompensated costs, the Hospital also commits significant time and resources to endeavors and critical services which meet otherwise unfilled community needs Many of these activities are sponsored with the knowledge that they will not be self-supporting or financially viable Such programs include health screening and assessments, prenatal education and care, community educational services and various support groups

Note 11: Functional Expenses

The Hospital provides health care services primarily to residents within its geographic location, including acute inpatient, emergency care, outpatient diagnostic, skilled nursing, outpatient surgery and home health care Expenses related to providing these services are summarized as health care services

	2014	2013
Health care services	$ 69,475,367	$ 66,210,715
General and administrative	18,225,336	17,453,528
	$ 87,700,703	$ 83,664,243

Note 12: Retirement Plans

The Hospital has three retirement plans Two of the plans are defined contribution retirement plans that cover all full-time employees who have at least one year of service and are age 21 or older Through December 31, 2008, the Hospital made nondiscretionary contributions equal to 3% of covered wages of eligible employees into one plan Effective January 1, 2009, the plan was amended to change contributions to a discretionary amount to be determined annually by the Hospital The other plan allows employees to defer a portion of their compensation into a tax-sheltered annuity program Through December 31, 2008, for eligible employees, the Hospital could contribute an amount equal to 25% of the employee's contribution to a maximum of 2% of the covered employee's annual compensation Effective January 1, 2009, the plan was amended to change contributions to a discretionary amount to be determined annually by the Hospital Retirement expense for all three plans for the years ended June 30, 2014 and 2013, was approximately $892,000 and $831,000, respectively

The Hospital also has both 457(b) and 457(f) deferred compensation plans that cover certain key employees of the Hospital

Note 13: Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2014 and 2013, are available for the following purposes or periods

	2014	2013
Cancer center and related treatments	$ 6,833,830	$ 5,993,773
Other	1,007,663	830,000
	$ 7,841,493	$ 6,823,773

Note 14: Investments in Joint Ventures

Cancer Centers of Southwest Oklahoma, LLC

The Hospital is an approximate 26% ownership member of Cancer Centers of Southwest Oklahoma, LLC (CCSO) The Hospital's investment in CCSO amounted to approximately $1,228,000 and $1,237,000 at June 30, 2014 and 2013, respectively, and is included in other assets in the accompanying consolidated balance sheets CCSO was formed to develop and operate three facilities specializing in providing cancer treatment services for the residents of southwest Oklahoma

Financial position and results of operations summarized from CCSO's audited financial statements as of and for the fiscal years ended June 30, 2014 and 2013, are shown below

	2014	2013
Current assets	$ 9,356,075	$ 8,912,974
Capital assets and other long-term assets, net	23,442,654	25,865,391
Total assets	32,798,729	34,778,365
Current and total liabilities	28,007,582	29,952,225
Net position	$ 4,791,147	$ 4,826,140
Revenues	$ 25,551,636	$ 21,494,701
Excess of expenses over revenues	$ (736,788)	$ (2,311,082)

Complete financial statements of CCSO may be obtained by contacting the Hospital's management at 580 251 8555

DRH Imaging, LLC

During 2007, the Hospital became an approximate 80% member of Imaging Imaging began operations in October 2008 The investment in Imaging by the Hospital is included in the Hospital's accompanying consolidated balance sheets as other assets and was approximately $0 as of June 30, 2014 and 2013 Imaging is consolidated in the accompanying financial statements, and the investment by the Hospital is eliminated in consolidation

Duncan Healthcare Realty, LLC

During 2007, the Hospital became an approximate 83% member of Realty Realty began leasing operations in October 2008 with the start of operations by Imaging During 2011, the Hospital sold a portion of their units and reduced their ownership interest to approximately 36% The investment in Realty by the Hospital is included in the Hospital's accompanying consolidated balance sheets as other assets and was approximately $466,000 and $585,000 as of June 30, 2014 and 2013, respectively Realty is consolidated in the accompanying financial statements, and the investment by the Hospital is eliminated in consolidation

Advanced Medical Supply, L.L.C.

During 2007, the Hospital became a 60% member of AMS During 2011, the Hospital became the sole corporate member by purchasing the remaining 40% of AMS AMS operates a durable medical equipment company in the Duncan, Oklahoma, area AMS is consolidated in the accompanying financial statements, and the investment by the Hospital is eliminated in consolidation

Solutions Physician Practice Management, L.L.C.

During 2008, Solutions was created. Solutions is a wholly owned subsidiary of the Hospital. Solutions acquired the operations and property of a freestanding physician practice in March 2008. Solutions is consolidated in the accompanying financial statements, and the investment by the Hospital is eliminated in consolidation.

Duncan Health Partners, LLC

During 2013, DHP was created. DHP is a wholly owned subsidiary of the Hospital. DHP has not had any significant operations to date. DHP is consolidated in the accompanying financial statements, and the investment by the Hospital is eliminated in consolidation.

Note 15: Disclosures about Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value.

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs supported by little or no market activity and significant to the fair value of the assets or liabilities.

Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying consolidated balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2014 and 2013

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2014				
Money market mutual funds	$ 729,943	$ 729,943	$ -	$ -
Mutual funds				
Domestic corporate bond funds	$ 4,444,836	$ 4,444,836	$ -	$ -
U S government and agencies securities funds	$ 17,327,008	$ 1,674,309	$ 15,652,699	$ -
Hedge funds	$ 6,829,436	$ -	$ 6,829,436	$ -
Domestic equity funds	$ 25,663,649	$ 3,502,632	$ 22,161,017	$ -
Foreign equity funds	$ 21,820,153	$ 1,760,597	$ 20,059,556	$ -
Commodity linked funds	$ 1,844,635	$ 1,844,635	$ -	$ -
Asset-backed securities funds	$ 2,026,236	$ 2,026,236	$ -	$ -
Limited partnerships	$ 8,704,962	$ -	$ -	$ 8,704,962
2013				
Money market mutual funds	$ 4,517,228	$ 4,517,228	$ -	$ -
Mutual funds				
Domestic corporate bond funds	$ 4,113,449	$ 4,113,449	$ -	$ -
U S government and agencies securities funds	$ 16,249,540	$ 1,642,978	$ 14,606,562	$ -
Hedge funds	$ 6,330,707	$ -	$ 6,330,707	$ -
Domestic equity funds	$ 23,104,192	$ 2,940,651	$ 20,163,541	$ -
Foreign equity funds	$ 19,507,332	$ 1,969,344	$ 17,537,988	$ -
Commodity linked funds	$ 1,895,838	$ 1,895,838	$ -	$ -
Asset-backed securities funds	$ 2,009,103	$ 2,009,103	$ -	$ -
Limited partnerships	$ 8,224,297	$ -	$ -	$ 8,224,297

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying consolidated balance sheets, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2014. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Investments

Where quoted market prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of investments with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such investments are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, investments are classified within Level 3 of the hierarchy. See the table below for inputs and valuation techniques used for Level 3 investments.

Level 3 Reconciliation

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying consolidated balance sheets using significant unobservable (Level 3) inputs.

	2014	2013
Beginning balance	$ 8,224,297	$ -
Purchases, issuances and settlements	-	8,000,000
Unrealized gain on investments	482,150	225,381
Net transfers out	(1,485)	(1,084)
Ending balance	$ 8,704,962	$ 8,224,297

Unobservable (Level 3) Inputs

The following table presents quantitative information about unobservable inputs used in recurring Level 3 fair value measurements.

	Fair Value	Valuation Technique	Adjustment to NAV
Limited partnerships	$ 8,224,297	NAV as practical expedient*	None

*Unobservable valuation input

Investments in limited partnerships (the Partnerships) are valued based on the net asset value of the Partnerships as published or otherwise reported by the Partnerships' administrators, excluding any penalties or early withdrawal fees on investments subject to lockup The Partnerships in which the Hospital invests generally value investments traded on a national securities exchange or reported on a national market at the last reported sales price on the day of the valuation The estimated fair value of investments by Partnerships in underlying investment companies, which may include investments that are not readily available, are determined by the underlying investment companies' administrators and may not reflect amounts that could be realized upon immediate sale nor amounts that may be ultimately realized Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments

Level 3 investments consist of the Makena Liquid Endowment Fund (the Fund), which is a limited partnership with a fair value of $8,704,962 and $8,224,297 at June 30, 2014 and 2013, respectively The objective of these investments is to allow the portfolio to achieve superior investment returns with less volatility and risk than conventional portfolios through the use of a multi-manager, multi-strategy investment approach The redemption frequency of the Fund is quarterly and the redemption notice period is 95 days Underlying strategies of the investments of the Fund are to invest in a diversified portfolio that includes stocks, bonds and alternative investments, including hedge funds

Fair Value of Financial Instruments

The following table presents estimated fair values of the Hospital's financial instruments at June 30, 2014 and 2013

	2014		2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Cash and cash equivalents	$ 7,496,588	$ 7,496,588	$ 6,036,471	$ 6,036,471
Assets limited as to use	$ 90,855,738	$ 90,855,738	$ 87,512,210	$ 87,512,210
Assets held by third party	$ 2,206,975	$ 2,206,975	$ 2,039,391	$ 2,039,391
Interest in net assets of the Foundation	$ 7,841,493	$ 7,841,493	$ 6,823,773	$ 6,823,773
Financial liabilities				
Long-term debt	$ 36,602,000	$ 36,318,220	$ 39,990,000	$ 40,481,263

The following methods were used to estimate the fair value of all other financial instruments recognized in the accompanying consolidated balance sheets at amounts other than fair value

Cash and Cash Equivalents

The carrying amount approximates fair value

Assets Limited as to Use

These categories include investment securities for which the fair value determination is described above and also includes cash, interest-bearing cash accounts, certificates of deposit and accrued interest receivable for which the carrying amount approximates fair value

Assets Held by Third Party

This category includes pooled investments held by a community foundation for which the carrying amount approximates fair value

Interest in Net Assets of DRH Health Foundation

This category includes the net assets of the Foundation, which primarily consists of pooled investments The carrying value of the net assets approximates fair value

Long-Term Debt

Fair value is estimated based on the borrowing rates currently available to the Hospital for bank loans with similar terms and maturities for all other long-term debt and determined through the use of a discounted cash flow model

Note 16: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations Those matters include the following

Allowance for Net Patient Service Revenue Adjustments

Estimates of allowances for adjustments included in net patient service revenue are described in *Notes 1* and *2*

Professional Liability Claims

Estimates related to the accrual for professional liability claims are described in *Notes 1* and *7*

Self-Insured Health Care and Workers' Compensation Claims

Estimates related to the accrual for self-insured health care and workers' compensation claims are described in *Note 9*

Admitting Physicians

The Hospital is served by two groups of physicians whose patients comprise 36% of the Hospital's net patient service revenue

Litigation

In the normal course of business, the Hospital is, from time to time, subject to allegations that may or do result in litigation Some of these allegations are in areas not covered by the Hospital's self-insurance program (discussed elsewhere in these notes) or by commercial insurance, for example, allegations regarding employment practices or performance of contracts The Hospital evaluates such allegations by conducting investigations to determine the validity of each potential claim Based upon the advice of counsel, management records an estimate of the amount of ultimate expected loss, if any, for each of these matters Events could occur that would cause the estimate of ultimate loss to differ materially in the near term

Investments

The Hospital invests in various investment securities Investment securities are exposed to various risks, such as interest rate, market and credit risks Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated balance sheets