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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
Artesia General Hospital

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
7800 N DALLAS PARKWAY
Suite 200

City or town, state or province, country, and ZIP or foreign postal code
PLANO, TX 75024

D Employer identification number
74-2851819

E Telephone number
(575) 748-8300

G Gross receipts $ 57,916,835

F Name and address of principal officer
Carl Hollingsworth
7800 N DALLAS PARKWAY 200
PLANO, TX 75024

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 artesiageneral com

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

L Year of formation 2000

M State of legal domicile NM

Part I Summary

1 Briefly describe the organization's mission or most significant activities
TO PROVIDE HEALTH CARE TO THE FAMILIES OF ARTESIA AND SURROUNDING COMM ARTESIA AND SURROUNDING COMMUNITIES WHILE CONTINUALLY IMPROVING QUALITY OF PATIENT CARE AND UTILIZING RESOURCES

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**	374
6	Total number of volunteers (estimate if necessary)	**6**	10
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	19,280	7,792
	9 Program service revenue (Part VIII, line 2g)	51,014,950	57,807,840
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	21,060	15,805
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	470,776	85,398
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	51,526,066	57,916,835
Expenses	**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)	21,478,809	26,961,465
	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)	25,840,133	23,597,387
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	47,318,942	50,558,852
	19 Revenue less expenses Subtract line 18 from line 12	4,207,124	7,357,983

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	34,577,831	42,288,660
	21 Total liabilities (Part X, line 26)	4,491,841	4,844,689
	22 Net assets or fund balances Subtract line 21 from line 20	30,085,990	37,443,971

Part II Signature Block

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

Sign Here

▶ Signature of officer — 2015-05-15 Date

▶ Kenneth W Randall CEO/PRESIDENT
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
MELVA SCOTT				P01207335

Firm's name ▶ ERNST & YOUNG US LLP — Firm's EIN ▶

Firm's address ▶ 425 HOUSTON STREET SUITE 600
FORT WORTH, TX 76102 — Phone no

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

ARTESIA GENERAL HOSPITAL (AGH) IS LOCATED IN ARTESIA, NEW MEXICO OUR MISSION IS TO PROVIDE HEALTHCARE TO THE FAMILIES OF ARTESIA AND SURROUNDING COMMUNITIES WHILE CONTINUALLY IMPROVING QUALITY OF PATIENT CARE AND UTILIZING RESOURCES EFFECTIVELY AND EFFICIENTLY WE PROVIDE GENERAL ACUTE CARE, MEDICAL AND SURGICAL SERVICES, INCLUDING OUTPATIENT AND EMERGENCY ROOM SERVICES

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 $ 41,558,456 including grants of $ 0) (Revenue $ 57,807,840)

ARTESIA GENERAL HOSPITAL IS A SOLE COMMUNITY HEALTH PROVIDER THAT SERVES THE COMMUNITY REGARDLESS OF ANY INDIVIDUAL'S RACE, CREED, NATIONALITY, OR ABILITY TO PAY FOR SERVICES INCLUDING ROUTINE INPATIENT, INPATIENT ANCILLARY, AND OUTPATIENT CARE IN SUPPORT OF THE HOSPITAL'S HEALTHCARE MISSION ARTESIA GENERAL HOSPITAL HAD 980 ADMISSIONS OF WHICH 125 WERE GERI-PSYCH, 4,487 PATIENT DAYS, 1,741 SURGERIES, 12,013 EMERGENCY VISITS, 19,176 OUTPATIENT DIAGNOSTIC VISITS, AND 35,933 CLINIC VISITS ALONG WITH ADDING INTERNAL MEDICINE TO OUR SERVICES

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** ▶ 41,558,456

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		No
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f		No
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**		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? *If so, complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		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**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**34**	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**		No
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**		
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	270		
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	374		
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			No
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			
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**		Yes	
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**			No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**			No
6	Did the organization have members or stockholders?	**6**		Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**		Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	**7b**		Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	**8a**		Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**		Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**			No

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

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

Section C. Disclosure

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

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

▶ Carl Hollingsworth 702 N 13TH STREET
ARTESIA, NM 88210 (575) 748-3333

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) Marjo Pace Vice Chairman	2 0 0 0	X						0	0	0
(2) Rick Sullivan Board member	2 0 0 0	X						0	0	0
(3) Kenneth W Clayton Board member	2 0 0 0	X						0	0	0
(4) Joe Salgado Physician Director	2 0 0 0	X						0	0	0
(5) Anna Byers Director	2 0 0 0	X						0	0	0
(6) Mike Deans Director	2 0 0 0	X						0	0	0
(7) Wilson Weber Board Member	1 0 39 0	X						0	1,094,189	121,205
(8) PHIL BURCH DIRECTOR	2 0 0 0	X						0	0	0
(9) Johnny Knorr Director	2 0 0 0	X						0	0	0
(10) Kenneth Randall President/CEO	40 0 0 0			X				0	317,691	73,575
(11) David Butler Assistant Secretary	1 0 39 0			X				0	398,597	30,114
(12) Carl Hollingsworth Chief Financial Officer	40 0 0 0				X			0	166,752	16,490
(13) Marshall G Baca Physician	40 0 0 0					X		719,516	0	24,222
(14) Jorge Abalos DO	40 0 0 0					X		707,287	0	21,412
(15) Clarence Pearson MD	40 0 0 0					X		481,006	0	16,198
(16) Shahriar Anoushfar DO	40 0 0 0					X		906,886	0	24,606
(17) Thomas S Reich DO	40 0 0 0					X		547,368	0	10,200

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			
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								3,362,063	1,977,229	338,022

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 ▶ 28

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
James Lash DO, 2104 W Ray Avenue ARTESIA NM 88210	radiology coverage	666,670
Hays Anesthesia, 112 W Marshall Ave PHOENIX AZ 85013	Anesthesia	313,288
Sharon Hollenkamp, 1704 Watson Ct CARLSBAD NM 88220	Anesthesia	288,792
Moonbeam Anesthesia, 1208 Winter Park Farmington NM 87401	Anesthesia	272,032
JTK Corporation, PO Box 855 Artesia NM 88211	Hosp/SCU coverage	189,951

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 ▶ 6

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	0			
	d	Related organizations . . .	1d				
	e	Government grants (contributions)	1e	7,792			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f				
	g	Noncash contributions included in lines 1a-1f $		0			
	h	**Total.** Add lines 1a-1f . . . . . ▶		7,792			
Program Service Revenue			Business Code				
	2a	Net Patient Revenue	622110	50,282,945	50,282,945	0	0
	b	Tax Subsidy Revenue	922130	6,525,323	6,525,323	0	0
	c	All Other Program Revenue	900099	999,572	999,572	0	0
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f . . . . . ▶		57,807,840			
	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶		15,805			15,805
	4	Income from investment of tax-exempt bond proceeds . . ▶		0			
	5	Royalties . . . . . ▶		0			
			(i) Real	(ii) Personal			
	6a	Gross rents					
	b	Less rental expenses					
	c	Rental income or (loss)	0	0			
	d	Net rental income or (loss) . . . . . ▶			0		
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory					
	b	Less cost or other basis and sales expenses					
	c	Gain or (loss)					
	d	Net gain or (loss) . . . . . ▶			0		
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	CAFETERIA SALES-EMPLOYEES	900099	85,398	0	0	85,398
	b						
	c						
	d	All other revenue					
	e	**Total.** Add lines 11a–11d . . . . . ▶		85,398			
	12	**Total revenue.** See Instructions . . . . . ▶		57,916,835	57,807,840	0	101,203

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	0		
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0	0		
4 Benefits paid to or for members	0	0		
5 Compensation of current officers, directors, trustees, and key employees	0	0	0	0
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	0	0	0
7 Other salaries and wages	22,217,130	17,900,465	4,316,665	0
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	466,665	375,995	90,670	0
9 Other employee benefits	2,994,392	2,412,598	581,794	0
10 Payroll taxes	1,283,278	1,033,944	249,334	0
11 Fees for services (non-employees)				
a Management	0	0	0	0
b Legal	167,346	167,346	0	0
c Accounting	62,621	0	62,621	0
d Lobbying	3,312	3,312	0	0
e Professional fundraising services See Part IV, line 17	0			0
f Investment management fees	0	0	0	0
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	2,217,333	1,796,040	421,293	0
12 Advertising and promotion	168,347	1,820	166,527	0
13 Office expenses	86,510	68,117	18,393	0
14 Information technology	352,106	352,106	0	0
15 Royalties . .	0	0	0	0
16 Occupancy	2,127,784	594,113	1,533,671	0
17 Travel	232,592	76,027	156,565	0
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0	0	0	0
19 Conferences, conventions, and meetings	76,662	31,388	45,274	0
20 Interest	21,335	0	21,335	0
21 Payments to affiliates	0	0	0	0
22 Depreciation, depletion, and amortization	1,136,392	1,136,392	0	0
23 Insurance	845,195	380,960	464,235	0
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a BAD DEBT EXPENSE	6,518,408	6,518,408	0	0
b PURCHASE SERVICES	4,567,018	4,567,018	0	0
c Medical Supplies	4,142,407	4,142,407	0	0
d MANAGEMENT FEES	872,019	0	872,019	0
e All other expenses				
25 **Total functional expenses.** Add lines 1 through 24e	50,558,852	41,558,456	9,000,396	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		15,333,807	1	18,397,932
	2	Savings and temporary cash investments		2,159,857	2	2,175,662
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		4,897,750	4	6,383,382
	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		889,059	8	846,708
	9	Prepaid expenses and deferred charges		808,768	9	653,621
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 18,396,010			
	b	Less accumulated depreciation	10b 5,357,063	9,886,033	10c	13,038,947
	11	Investments—publicly traded securities		0	11	0
	12	Investments—other securities See Part IV, line 11		0	12	0
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets		0	14	0
	15	Other assets See Part IV, line 11		602,557	15	792,408
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		34,577,831	16	42,288,660
Liabilities	17	Accounts payable and accrued expenses		4,017,668	17	3,756,134
	18	Grants payable		0	18	0
	19	Deferred revenue		0	19	0
	20	Tax-exempt bond liabilities		0	20	0
	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		474,173	25	1,088,555
	26	**Total liabilities.** Add lines 17 through 25		4,491,841	26	4,844,689
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		30,076,223	27	37,434,205
	28	Temporarily restricted net assets		9,767	28	9,766
	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		30,085,990	33	37,443,971
	34	Total liabilities and net assets/fund balances		34,577,831	34	42,288,660

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	57,916,835
2	Total expenses (must equal Part IX, column (A), line 25)	2	50,558,852
3	Revenue less expenses Subtract line 2 from line 1	3	7,357,983
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	30,085,990
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-2
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	37,443,971

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
Artesia General Hospital

Employer identification number
74-2851819

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)**		No
(ii) A family member of a person described in (i) above? **11g(ii)**		No
(iii) A 35% controlled entity of a person described in (i) or (ii) above? **11g(iii)**		No

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
Artesia General Hospital	74-2851819

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)?	Yes		
c	Media advertisements?		No	0
d	Mailings to members, legislators, or the public?		No	0
e	Publications, or published or broadcast statements?		No	0
f	Grants to other organizations for lobbying purposes?	Yes		3,312
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	0
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	0
i	Other activities?		No	0
j	Total Add lines 1c through 1i			3,312
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Return Reference	Explanation
SCHEDULE C, PART II-B, LINE 1B	KENNETH RANDALL'S TRIP TO WASHINGTON D C WAS PAID BY THE ARTESIA CHAMBER OF COMMERCE THE SALARY EXPENSE PAID BY THE HOSPITAL WAS $3,972 60 MEMBERSHIP DUES TO AHA SCHEDULE C, PART II-B, LINE 1F ARTESIA GENERAL HOSPITAL PAID $14,004 TO AHA IN 2013 THE PORTION OF AHA DUES THAT WERE USED FOR LOBBYING PURPOSES WAS 23 65% TOTAL DUES PAID FOR LOBBYING ACTIVITES WERE (14,004 X 2365) = $3,312

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
Artesia General Hospital

Employer identification number
74-2851819

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		130,270		130,270
b Buildings		4,558,520	346,299	4,212,221
c Leasehold improvements				
d Equipment		11,341,917	5,010,764	6,331,153
e Other		2,365,303		2,365,303
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				13,038,947

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

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

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

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

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

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

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

1 (a) Description of liability	(b) Book value
Federal income taxes	0
ESTIMATED DUE TO THIRD PARTY	1,088,555
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	1,088,555

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

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

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

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

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

Part XIII **Supplemental Information**

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

Return Reference	Explanation

Part 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
Artesia General Hospital

Employer identification number
74-2851819

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)			556,196	376,643	179,553	0 410 %
b Medicaid (from Worksheet 3, column a)			6,019,707	2,622,034	3,397,673	7 710 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			260,480	2,482	257,998	0 590 %
d **Total** Financial Assistance and Means-Tested Government Programs			6,836,383	3,001,159	3,835,224	8 710 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			303,096	0	303,096	0 690 %
f Health professions education (from Worksheet 5)			3,650	0	3,650	0 010 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j **Total.** Other Benefits			306,746	0	306,746	0 700 %
k **Total.** Add lines 7d and 7j			7,143,129	3,001,159	4,141,970	9 410 %

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support		20,300	9,850		9,850	0 020 %
4 Environmental improvements						
5 Leadership development and training for community members			125,000		125,000	0 280 %
6 Coalition building						
7 Community health improvement advocacy		45	11,325		11,325	0 030 %
8 Workforce development						
9 Other						
10 **Total**		20,345	146,175		146,175	0 330 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1		Yes	
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2	7,250,446		
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	5,437,835		
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	6,382,469
6	Enter Medicare allowable costs of care relating to payments on line 5	6	8,482,154
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-2,099,685
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

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

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

Part V Facility Information

Section A. Hospital Facilities

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

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

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group ARTESIA GENERAL 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) WWW ARTESIAGENERAL COM			
b	☐ Other website (list url)			
c	☑ Available upon request from the hospital facility			
d	☐ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)			
a	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☑ Execution of the implementation strategy			
c	☑ Participation in the development of a community-wide plan			
d	☑ Participation in the execution of a community-wide plan			
e	☑ Inclusion of a community benefit section in operational plans			
f	☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☑ Prioritization of health needs in its community			
h	☑ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☐ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	**7**		No
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	**8a**		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	**8b**		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 200 % 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 400 % 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	Memorial Family Practice 702 N 13th Street Artesia, NM 88210	Rural Health Clinic
2	Artesia Health Professionals 612 N 13th Street Artesia, NM 88210	Physician clinics
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
SUPPLEMENTAL INFORMATION	

Additional Data

Software ID:
Software Version:
EIN: 74-2851819
Name: Artesia General Hospital

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
Supplemental Information	

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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
Artesia General Hospital

Employer identification number
74-2851819

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**		
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**		
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**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		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				
(1)Marshall G Baca	(i)	719,516	0	0	10,200	14,022	743,738	0
Physician	(ii)	0	0	0	0	0	0	0
(2)Kenneth Randall	(i)	0	0	0	0	0	0	0
President/CEO	(ii)	251,896	54,027	11,768	57,987	15,588	391,266	0
(3)Jorge Abalos DO	(i)	707,287	0	0	10,200	11,212	728,699	0
	(ii)	0	0	0	0	0	0	0
(4)Clarence Pearson	(i)	481,006	0	0	10,200	5,998	497,204	0
MD	(ii)	0	0	0	0	0	0	0
(5)Carl Hollingsworth	(i)	0	0	0	0	0	0	0
Chief Financial Officer	(ii)	133,303	9,934	23,515	9,419	7,071	183,242	0
(6)David Butler	(i)	0	0	0	0	0	0	0
Assistant Secretary	(ii)	271,841	105,156	21,600	5,287	24,827	428,711	0
(7)Shahriar Anoushfar	(i)	906,886	0	0	10,200	14,406	931,492	0
DO	(ii)	0	0	0	0	0	0	0
(8)Wilson Weber Board	(i)	0	0	0	0	0	0	0
Member	(ii)	435,491	211,841	446,857	94,928	26,277	1,215,394	395,704
(9)Thomas S Reich DO	(i)	547,368	0	0	10,200	0	557,568	0
	(ii)	0	0	0	0	0	0	0

Part III Supplemental Information

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

Return Reference	Explanation
SUPPLEMENTAL COMPENSATION INFORMATION	SCHEDULE J, PART I, LINE 3 THE ORGANIZATIONS EXECUTIVES ARE EMPLOYED BY THE PARENT ORGANIZATION, VHA SOUTHWEST COMMUNITY HEALTH CORPORATION (CHC), AND THEREFORE FOLLOW THE COMPENSATION POLICY OF CHC CHC ENGAGED SULLIVAN COTTER TO CONDUCT A COMPETITIVE MARKET ANALYSIS OF THE COMPENSATION OF CHC'S TOP MANAGEMENT OFFICIALS, OFFICERS, DIRECTORS AND KEY EMPLOYEES SULLIVAN COTTER GATHERED DATA RELATED TO JOB DESCRIPTIONS, SCOPE OF RESPONSIBILITY, AND CURRENT INCUMBENTS' COMPENSATION SULLIVAN COTTER RECOMMENDED APPROPRIATE COMPARISON DATA AND UTILIZED SURVEY DATA FROM FOUR MAJOR EXECUTIVE COMPENSATION SURVEY PROVIDERS TO PROVIDE MARKET DATA AND EXECUTIVE COMPENSATION RECOMMENDATIONS THAT MEET CHC'S COMPENSATION PHILOSOPHY SULLIVAN COTTER'S RECOMMENDATIONS WERE PRESENTED TO THE CHC COMPENSATION COMMITTEE OF THE BOARD FOR REVIEW AND APPROVAL CHC ALSO CONDUCTS PERIODIC REVIEWS OF COMPENSATION TO DETERMINE WHETHER COMPENSATION ARRANGEMENTS AND BENEFITS ARE REASONABLE, BASED ON COMPETENT SURVEY INFORMATION, AND THE RESULT OF ARM'S LENGTH BARGAINING SCHEDULE J, PART I, LINE 4B Non-qualified retirement plan participation was paid to David Butler - $15,577 58 Wilson Weber - $112,954 13 Kenneth Randall - $43,940 21 SCHEDULE J, PART I, LINE 7 AS REPORTED IN SCHEDULE J, PART II AND FORM 990, PART VII, BONUSES WERE PAID TO THE INDIVIDUALS LISTED BELOW AS PART OF A DISCRETIONARY INCENTIVE COMPENSATION PROGRAM A PORTION OF THE DISCRETIONARY INCENTIVE COMPENSATION PROGRAM WAS IN PART BASED ON THE CONSOLIDATED EARNINGS BEFORE INTEREST, DEPRECIATION AND AMORTIZATION (EBIDA) OF CHC

Additional Data

Software ID:
Software Version:
EIN: 74-2851819
Name: Artesia General Hospital

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				
Marshall G Baca	(I)	719,516	0	0	10,200	14,022	743,738	0
Physician	(II)	0	0	0	0	0	0	0
Kenneth Randall	(I)	0	0	0	0	0	0	0
President/CEO	(II)	251,896	54,027	11,768	57,987	15,588	391,266	0
Jorge Abalos DO	(I)	707,287	0	0	10,200	11,212	728,699	0
	(II)	0	0	0	0	0	0	0
Clarence Pearson MD	(I)	481,006	0	0	10,200	5,998	497,204	0
	(II)	0	0	0	0	0	0	0
Carl Hollingsworth	(I)	0	0	0	0	0	0	0
Chief Financial Officer	(II)	133,303	9,934	23,515	9,419	7,071	183,242	0
David Butler Assistant	(I)	0	0	0	0	0	0	0
Secretary	(II)	271,841	105,156	21,600	5,287	24,827	428,711	0
Shahriar Anoushfar DO	(I)	906,886	0	0	10,200	14,406	931,492	0
	(II)	0	0	0	0	0	0	0
Wilson Weber Board	(I)	0	0	0	0	0	0	0
Member	(II)	435,491	211,841	446,857	94,928	26,277	1,215,394	395,704
Thomas S Reich DO	(I)	547,368	0	0	10,200	0	557,568	0
	(II)	0	0	0	0	0	0	0

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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
Artesia General Hospital

Employer identification number
74-2851819

Return Reference	Explanation
New Program Service	Form 990, Part III, Line 2 Artesia General Hospital added Internal Medicine as an additional service provided by the hospital Description of Management Arrangement Form 990, Part VI, Line 3 VHA Southwest Community Health Corporation, a Texas Non-Profit Corporation (CHC) provided certain financial, technical and managerial support services to the hospital

Return Reference	Explanation
DESCRIPTION OF CLASSES OF MEMBERS OR STOCKHOLDERS	Form 990, Part VI, Line 6 VHA Southwest Community Health Corporation, a Texas Non-Profit Corporation, was the sole member or Artesia General Hospital until November 1, 2014

Return Reference	Explanation
DESCRIPTION OF CLASSES OF PERSONS AND THE NATURE OF THEIR RIGHTS	Form 990, Part VI, Line 7a VHA Southwest Community Health Corporation (CHC), as the sole member of Artesia General Hospital (AGH), elects the members of the board of directors of AGH and is empowered with the ability to remove directors, with or without cause

Return Reference	Explanation
DESCR CLASSES OF PERSONS, DECISIONS REQUIRING APPR & TYPE OF VOTING RIGHTS	Form 990, Part VI, Line 7b BYLAWS REQUIRE THE APPROVAL OF VHA SOUTHWEST COMMUNITY HEALTH CORPORATION AS ARTICULATED IN THE BYLAWS THE AFFAIRS OF THE CORPORATION SHALL BE GOVERNED BY THE BOARD OF DIRECTORS IN ACCORDANCE WITH THESE BYLAWS, THE NEW MEXICO NON-PROFIT CORPORATION ACT (THE "ACT") AND THE CORPORATION'S ARTICLES OF INCORPORATION, AS AMENDED FROM TIME TO TIME, PROVIDED THAT THE APPROVAL OF THE MEMBERS OF THE CORPORATION SHALL BE NECESSARY FOR EACH OF THE FOLLOWING MATTERS (A) THE ESTABLISHMENT OF OR ANY CHANGE IN THE ACTIVITIES, PHILOSOPHY, MISSION OR PURPOSE OF THE CORPORATION AS SET BY THE MEMBERS (B) ANY AMENDMENTS OR REVISIONS TO THE ARTICLES OF INCORPORATION OR BYLAWS OF THE CORPORATION (C) ANY AMENDMENTS OR REVISIONS OF THE ARTICLES OF INCORPORATION OR BYLAWS OF ANY SUBSIDIARY CORPORATION OF THE CORPORATION (D) THE CREATION OF, OR INVESTMENT IN, ANY SUBSIDIARY ENTITY, PARTNERSHIP OR VENTURE (E) ANY AMENDMENT, REVISION OR TERMINATION OF THE PARTNERSHIP AGREEMENT OF ANY PARTNERSHIP OR REGULATIONS OF ANY LIMITED LIABILITY COMPANY, TO WHICH THE CORPORATION IS A PARTY (F) THE ANNUAL OPERATING AND CAPITAL BUDGETS OF THE CORPORATION (G) ALL MATERIAL EXPENDITURE DEVIATIONS ($25,000 IN ANY SINGLE OR SERIES OF TRANSACTIONS) FROM THE ANNUAL OPERATING BUDGET (H) ALL EXPENDITURE DEVIATIONS FROM THE ANNUAL CAPITAL BUDGET (I) THE PURCHASE OR ACQUISITION OF ANY REAL PERSONAL OR MIXED PROPERTY BY THE CORPORATION IN EXCESS OF $25,000 THAT IS NOT PROVIDED FOR IN THE CORPORATION'S ANNUAL OPERATING OR CAPITAL BUDGETS (J) THE SALE, MORTGAGE, ENCUMBRANCE, TRANSFER, LEASE, GIFT, OR OTHER DISPOSITION OF ANY REAL PROPERTY OF THE CORPORATION (K) ANY SALE, GIFT, EXCHANGE, LEASE, MORTGAGE OR OTHER TRANSFER OR ENCUMBRANCE (COLLECTIVELY, "TRANSFER") OF THE PERSONAL PROPERTY OF THE CORPORATION (TANGIBLE OR INTANGIBLE) IF THE SUM OF SUCH TRANSFER AND THE SUM OF ALL PRIOR TRANSFERS, PER FISCAL YEAR, EXCEED $50,000 (L) ANY DEBT OR FINANCING ARRANGEMENT OF THE CORPORATION, EXCEPT USUAL AND CUSTOMARY TRADE DEBTS WHICH ARE INCURRED IN THE ORDINARY COURSE OF BUSINESS OF THE CORPORATION (M) SETTLEMENT OF ANY CLAIMS OR LITIGATION INVOLVING THE CORPORATION (N) THE MERGER, DISSOLUTION, OR CONSOLIDATION OF THE CORPORATION OR SUBSIDIARY CORPORATION (O) THE EXECUTION, REVISION, AMENDMENT, EXTENSION, ON-RENEWAL OR TERMINATION OF ANY MANAGEMENT, EMPLOYMENT, LEASE, OR SERVICE CONTRACT, WITH AN ANNUAL COMPENSATION IN EXCESS OF $30,000 OR AN AGGREGATE COMPENSATION IN EXCESS OF $50,000 (P) ANY DEBTS, LOANS, GUARANTIES, OR GRANTS NOT INCLUDED AND APPROVED AS PART OF THE CORPORATION'S ANNUAL OPERATING AND CAPITAL BUDGETS (Q) THE ELECTION OF THE MEMBERS OF THE BOARD OF DIRECTORS OR THE REMOVAL OF SAID BOARD MEMBER, WHETHER WITH OUR WITHOUT CAUSE (R) THE ENGAGEMENT OF OR REMOVAL OF THE HOSPITAL ADMINISTRATOR (S) THE APPROVAL OF THE EMPLOYEE POLICIES AND BENEFITS PROGRAMS OF THE CORPORATION (T) THE APPROVAL OF MAJOR DEVELOPMENT CAMPAIGNS AND FUND-RAISING (U) THE APPROVAL OF THE FINANCE MANAGEMENT SYSTEM FOR THE CORPORATION

Return Reference	Explanation
DESCRIBE THE PROCESS USED BY MANAGEMENT &/OR GOVERNING BODY TO REVIEW 990	Form 990, Part VI, Line 11b THE DETAILED REVIEW OF THE FORM 990 IS CONDUCTED BY THE SECRETARY/TREASURER FOLLOWING THE PREPARATION AND REVIEW OF THE RETURN BY THE ORGANIZATION'S PAID PREPARER A FINAL COPY OF THE FORM 990 WAS PRESENTED TO THE ORGANIZATION'S BOARD MEMBERS AT AN ANNUAL BOARD MEETING PRIOR TO FILING

Return Reference	Explanation
DESCRIPTION OF PROCESS TO MONITOR TRANSACTIONS FOR CONFLICTS OF INTEREST	Form 990, Part VI, Line 12c ORGANIZATION FOLLOWED THE CONFLICT OF INTEREST DISCLOSURE PROCESS ADMINISTERED BY ITS PARENT, VHA SOUTHWEST COMMUNITY HEALTH CORPORATION (CHC), AND AS FORMALLY ADOPTED BY ARTESIA GENERAL HOSPITAL'S BOARD, WHICH REQUIRES ALL OFFICERS, DIRECTORS, KEY EMPLOYEES, HIGHLY COMPENSATED EMPLOYEES AND OTHER MANAGEMENT OFFICIALS (''COVERED PERSONS'') TO DISCLOSE POTENTIAL CONFLICTS PURSUANT TO THE POLICY, A DISCLOSURE STATEMENT IS CIRCULATED ANNUALLY TO COVERED PERSONS IN WHICH THE INDIVIDUAL MUST DISCLOSE TRANSACTIONS THAT MAY RESULT IN A CONFLICT COVERED PERSONS ARE ALSO ENCOURAGED TO NOTIFY THE BOARD, APPROPRIATE MANAGEMENT PERSONNEL, CHIEF COMPLIANCE OFFICER, GENERAL COUNSEL, OR THE AUDIT AND COMPLIANCE COMMITTEE OF THE GOVERNING BODY AS NECESSARY WHEN NECESSARY, THE BOARD CHAIR OR APPROPRIATE BOARD COMMITTEE MAY APPOINT A DISINTERESTED PERSON(S) OR COMMITTEE TO INVESTIGATE THE POTENTIAL CONFLICT OF INTEREST AND RECOMMEND ALTERNATIVES TO THE APPLICABLE TRANSACTION OR ARRANGEMENT OR OTHERWISE DETERMINE IF THE CONFLICT CAN BE RESOLVED IF A MORE ADVANTAGEOUS TRANSACTION OR ARRANGEMENT IS NOT REASONABLY POSSIBLY UNDER THE CIRCUMSTANCES NOT PRODUCING A CONFLICT OF INTEREST, THE GOVERNING BOARD OR COMMITTEE SHALL DETERMINE BY A MAJORITY VOTE OF THE DISINTERESTED DIRECTORS WHETHER THE TRANSACTION OR ARRANGEMENT IS IN THE BEST INTEREST OF THE ORGANIZATION, FOR ITS OWN BENEFIT, AND WHETHER IT IS REASONABLE THE GOVERNING BOARD OR COMMITTEE MAKES THE DECISION AS TO WHETHER TO ENTER INTO THE TRANSACTION OR ARRANGEMENT ANY MEMBER OF THE BOARD OPERATING UNDER A CONFLICT IS NOT PERMITTED TO BE PRESENT OR OTHERWISE PARTICIPATE IN THE VOTE ON ANY MATTER TO WHICH THE CONFLICT RELATES IF THE GOVERNING BOARD OR COMMITTEE OF THE ORGANIZATION HAS REASONABLE CAUSE TO BELIEVE THAT A COVERED PERSON HAS FAILED TO DISCLOSE AN ACTUAL OR POSSIBLE CONFLICT OF INTEREST AND AFTER INVESTIGATION THE BOARD OR COMMITTEE DETERMINES THAT THE COVERED PERSON FAILED TO DISCLOSE A CONFLICT OF INTEREST, THE ORGANIZATION TAKES APPROPRIATE DISCIPLINARY OR CORRECTIVE ACTION, WHICH MAY INCLUDE, TERMINATION OF THE INDIVIDUAL'S MEMBERSHIP, EMPLOYMENT, OR CONTRACT

Return Reference	Explanation
OFFICES & POSITIONS FOR WHICH PROCESS WAS USED, & YEAR PROCESS WAS BEGUN	Form 990, Part VI, LineS 15A & 15B THE ORGANIZATION EXECUTIVES WERE EMPLOYED BY THE PARENT ORGANIZATION, VHA SOUTHWEST COMMUNITY HEALTH CORPORATION (CHC), AND THEREFORE FOLLOWED THE COMPENSATION POLICY OF CHC AS ADOPTED BY ARTESIA GENERAL HOSPITAL'S BOARD CHC ENGAGED SULLIVAN COTTER TO CONDUCT A COMPETITIVE MARKET ANALYSIS OF THE COMPENSATION OF CHC'S TOP MANAGEMENT OFFICIALS, OFFICERS, DIRECTORS AND KEY EMPLOYEES SULLIVAN COTTER GATHERED DATA RELATED TO JOB DESCRIPTIONS, SCOPE OF RESPONSIBILITY, AND CURRENT INCUMBENTS' COMPENSATION SULLIVAN COTTER RECOMMENDED APPROPRIATE COMPARISON DATA AND UTILIZED SURVEY DATA FROM FOUR MAJOR EXECUTIVE COMPENSATION SURVEY PROVIDERS TO PROVIDE MARKET DATA AND EXECUTIVE COMPENSATION RECOMMENDATIONS THAT MEET CHC'S COMPENSATION PHILOSOPHY SULLIVAN COTTER'S RECOMMENDATIONS WERE PRESENTED TO THE CHC COMPENSATION COMMITTEE OF THE BOARD FOR REVIEW AND APPROVAL CHC ALSO CONDUCTS PERIODIC REVIEWS OF COMPENSATION TO DETERMINE WHETHER COMPENSATION ARRANGEMENTS AND BENEFITS ARE REASONABLE, BASED ON COMPETENT SURVEY INFORMATION, AND THE RESULT OF ARM'S LENGTH BARGAINING THIS PROCESS IS PERFORMED EACH YEAR PRIOR TO THE ANNUAL EMPLOYEE EVALUATION PROCESS, WHICH ENDS ON JULY 1ST OF EACH YEAR

Return Reference	Explanation
AVAIL OF GOV DOCS, CONFLICT OF INTEREST POLICY, & FIN STMTS TO GEN PUBLIC	Form 990, Part VI, Line 19 THE ORGANIZATION MAKES ITS GOVERNING DOCUMENTS AND CONFLICT OF INTEREST POLICY AVAILABLE AT ITS BUSINESS OFFICE UPON REQUEST OTHER CHANGES IN NET ASSETS FORM 990, PART XI, LINE 9 ROUNDING (2) OVERSIGHT OR SELECTION PROCESS FORM 990, PART XII, LINE 2C THE AUDIT COMMITTEE OF VHA SOUTHWEST COMMUNITY HEALTH CORPORATION, WHICH IS THE PARENT ORGANIZATION OF ARTESIA GENERAL HOSPITAL, IS RESPONSIBLE FOR OVERSEEING THE EXTERNAL AUDIT OF THE CONSOLIDATED FINANCIALS

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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
Artesia General Hospital

Employer identification number
74-2851819

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	(g) No
See Additional Data Table							

Part III **Identification of Related Organizations Taxable as a Partnership** Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.

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

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) No
(1) COMMUNITY HEALTH ASSURANCE SPC LTD CAYMAN ISLANDS GRAND CAYMAN POB 69GT CJ	CAPTIVE INSURANCE	CJ	CHC	C Corp					No
(2) COMMUNITY HOSPITAL CONSULTING INC 7800 N DALLAS PARKWAY 200 PLANO, TX 75024 20-4710183	MGMT CONSULTING	TX	CHC	C Corp					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		No
d Loans or loan guarantees to or for related organization(s)	1d		No
e Loans or loan guarantees by related organization(s)	1e		No
f Dividends from related organization(s)	1f		No
g Sale of assets to related organization(s)	1g		No
h Purchase of assets from related organization(s)	1h		No
i Exchange of assets with related organization(s)	1i		No
j Lease of facilities, equipment, or other assets to related organization(s)	1j		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	Yes	
p Reimbursement paid to related organization(s) for expenses	1p	Yes	
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		No

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

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) VHA Southwest Community Health Corporation	p	4,495,342	FMV

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

Additional Data

Software ID:
Software Version:
EIN: 74-2851819
Name: Artesia General Hospital

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) BAPTIST PHYSICIANS NETWORK 3080 COLLEGE STREET BEAUMONT, TX 77701 76-0453250	PRIMARY CARE	TX	501(C)(3)	3	BHSET		No
(1) BAPTIST HOSPITALS OF SOUTHEAST TEXAS POST OFFICE BOX 1591 BEAUMONT, TX 77704 74-1303720	HOSPITAL	TX	501(C)(3)	3	SWCH INC		No
(2) SOUTHWEST COMMUNITY HOSPITAL INC 7800 N DALLAS PARKWAY 200 PLANO, TX 75024 75-2725353	HOSPITAL	TX	501(C)(3)	11d-III-o	CHC		No
(3) YOAKUM COMMUNITY HOSPITAL 1200 CARL RAMERT DRIVE YOAKUM, TX 77995 74-2323822	HOSPITAL	TX	501(C)(3)	3	CHC		No
(4) CONTINUECARE HOSPITAL OF TYLER 800 E DAWSON STREET TYLER, TX 75701 20-0991990	HOSPITAL	TX	501(C)(3)	3	CCC		No
(5) CONTINUECARE HOSPITAL OF SOUTHEAST TEXAS 7800 N DALLAS PARKWAY 200 PLANO, TX 75024 20-1150480	HOSPITAL	TX	501(C)(3)	3	CCC		No
(6) ST MARKS MEDICAL CENTER ONE ST MARKS PLACE LA GRANGE, TX 78945 74-3019849	HOSPITAL	TX	501(C)(3)	3	CHC		No
(7) CHC COMMUNITY CARE LLC 7800 N DALLAS PARKWAY 200 PLANO, TX 75024 37-1485773	SUPPORT ORG	TX	501(C)(3)	11c-III-fi	CHC		No
(8) CONTINUECARE HOSPITAL OF MIDLAND 4214 ANDREWS HIGHWAY MIDLAND, TX 79703 46-3053684	HOSPITAL	TX	501(C)(3)	3	CCC		No
(9) CONTINUECARE HOSP AT HENDRICK MED CTR 1900 PINE STREET 5TH FLOOR ABILENE, TX 79601 46-3607347	HOSPITAL	DE	501(C)(3)	3	CCC		No
(10) CONTINUECARE HOSPITAL AT BAKERSFIELD 7800 N DALLAS PARKWAY 200 PLANO, TX 75024 46-5236524	HOSPITAL	DE	501(C)(3)	3	CCC		No
(11) CONTINUECARE HOSP BAP HLT MADISONVILLE 7800 N DALLAS PARKWAY 200 PLANO, TX 75024 46-5033192	HOSPITAL	DE	501(C)(3)	3	CCC		No
(12) CONTINUECARE HOSP AT BAP HLT PADUCAH 7800 N DALLAS PARKWAY 200 PLANO, TX 75024 46-5032999	HOSPITAL	DE	501(C)(3)	3	CCC		No
(13) CONTINUECARE HOSPITAL AT BAPTIST HEALTH 1 TRILLIUM WAY CORBIN, KY 40701 20-0925675	HOSPITAL	KY	501(C)(3)	3	CCC		No
(14) CRAWLEY MEMORIAL HOSPITAL 706 KINGS STREET KINGS MOUNTAIN, NC 28086 56-0691100	HOSPITAL	NC	501(C)(3)	3	CAR CC		No
(15) CAROLINAS COMMUNITY CARE 7800 N DALLAS PARKWAY 200 PLANO, TX 75024 46-5590355	SUPPORT ORG	DE	501(C)(3)	11c-III-FI	CHC		No
(16) CAROLINAS CONTINUECARE HOSPITAL 7800 N DALLAS PARKWAY 200 PLANO, TX 75024 46-3796709	HOSPITAL	DE	501(C)(3)	3	CAR CC		No
(17) VHA Community Health CorporatiON 7800 N Dallas Parkway 200 Plano, TX 75024 75-2638469	Support org	TX	501(c)(3)	11c-III-FI	NA		No

VHA Southwest Community Health Corporation and Subsidiaries

Auditor's Report and Consolidated Financial Statements

June 30, 2014 and 2013

BKD LLP
CPAs & Advisors

VHA Southwest Community Health Corporation and Subsidiaries

June 30, 2014 and 2013

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Independent Auditor's Report

Audit Committee
VHA Southwest Community Health
Corporation and Subsidiaries
Plano, Texas

We have audited the accompanying consolidated financial statements of VHA Southwest Community Health Corporation and Subsidiaries (CHC), which comprise the consolidated balance sheets as of June 30, 2014 and 2013, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of VHA Southwest Community Health Corporation and Subsidiaries as of June 30, 2014 and 2013, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

Consolidating Information

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

BKD, LLP

December 19, 2014

VHA Southwest Community Health Corporation and Subsidiaries

Consolidated Balance Sheets

June 30, 2014 and 2013

(In Thousands)

Assets

	2014	2013
Current Assets		
Cash and cash equivalents	$ 43,438	$ 39,058
Short-term investments	5,024	5,446
Assets limited as to use, current	1,572	2,241
Patient accounts receivable, net of allowance, 2014 – $22,794, 2013 – $25,602	55,548	42,516
Estimated amounts due from third-party payers	6,323	9,653
Supplies	8,487	7,857
Prepaid expenses and other	10,848	9,590
Excess insurance coverage receivable, current	451	641
Total current assets	131,691	117,002
Assets Limited As To Use		
Held by trustee, self-insurance	16,757	15,478
Held by trustee, under bond indenture agreements	22,189	21,625
Externally restricted by donors	153	172
	39,099	37,275
Less amount required to meet current obligations	1,572	2,241
	37,527	35,034
Other Investments	3,201	2,802
Property and Equipment, At Cost		
Land and land improvements	9,320	9,730
Buildings and leasehold improvements	256,138	250,418
Equipment	173,819	161,968
Construction in progress	8,238	3,637
	447,515	425,753
Less accumulated depreciation	262,111	244,414
	185,404	181,339
Other Assets		
Goodwill and other intangible assets	2,242	2,242
Deferred financing costs	3,353	4,685
Other assets	2,349	1,990
Excess insurance coverage receivable	3,990	3,314
	11,934	12,231
Total assets	$ 369,757	$ 348,408

See Notes to Consolidated Financial Statements

Liabilities and Net Assets

	2014	2013
Current Liabilities		
Current maturities of long-term debt	$ 12,320	$ 8,857
Accounts payable	26,903	17,516
Accrued expenses	32,797	26,564
Amounts due under UPL programs	1,461	2,020
Estimated self-insurance costs, current	1,572	2,241
Total current liabilities	75,053	57,198
Estimated Self-insurance Costs	14,139	12,097
Long-term Debt	155,774	157,252
Other Long-term Liabilities	1,131	1,204
Total liabilities	246,097	227,751
Net Assets		
CHC	122,583	119,017
Noncontrolling interest	826	1,372
Total unrestricted net assets	123,409	120,389
Temporarily restricted	251	268
Total net assets	123,660	120,657
Total liabilities and net assets	$ 369,757	$ 348,408

VHA Southwest Community Health Corporation and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets

Years Ended June 30, 2014 and 2013

(In Thousands)

	2014	2013
Unrestricted Revenues, Gains and Other Support		
Patient service revenue (net of contractual allowances and discounts)	$ 389,895	$ 369,404
Provision for uncollectible accounts	36,585	40,001
Net patient service revenue less provisions for uncollectible accounts	353,310	329,403
Ad valorem tax revenue	6,525	6,443
Other	20,458	17,657
Total unrestricted revenues, gains and other support	380,293	353,503
Expenses and Losses		
Salaries and wages	157,044	145,201
Employee benefits	28,635	27,453
Purchased services and professional fees	63,475	57,647
Supplies, rent and other costs	100,881	86,751
Depreciation and amortization	19,237	19,174
Interest	7,705	9,010
Gain on disposal of property and equipment	(30)	(1,795)
Total expenses and losses	376,947	343,441
Operating Income	3,346	10,062
Other Income (Loss)		
Contributions received	2,535	2,519
Investment return	1,404	487
Loss on refinancing of debt	(4,903)	-
Other	3,233	1,068
Total other income	2,269	4,074
Excess of Revenues Over Expenses	$ 5,615	$ 14,136

VHA Southwest Community Health Corporation and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets (Continued)

Years Ended June 30, 2014 and 2013

(In Thousands)

	2014	2013
Unrestricted Net Assets		
Excess of revenues over expenses	$ 5,615	$ 14,136
Contributions and grants for acquisition of property and equipment	280	703
Investment return, change in unrealized gains and losses on other than trading securities	(47)	(61)
Distributions to members	(2,822)	(1,472)
Distributions to noncontrolling interest	(215)	(205)
Change in ownership interest in joint venture	209	(397)
Increase in unrestricted net assets	3,020	12,704
Temporarily Restricted Net Assets		
Contributions received	10	4
Net assets released from restriction	(27)	-
Increase in temporarily restricted net assets	(17)	4
Change in Net Assets	3,003	12,708
Net Assets, Beginning of Year	120,657	107,949
Net Assets, End of Year	$ 123,660	$ 120,657

VHA Southwest Community Health Corporation and Subsidiaries

Consolidated Statements of Cash Flows

Years Ended June 30, 2014 and 2013

(In Thousands)

	2014	2013
Operating Activities		
Change in net assets	$ 3,003	$ 12,708
Items not requiring (providing) cash		
Gain on disposal of property and equipment	(30)	(1,795)
Depreciation and amortization	19,237	19,245
Provision for uncollectible accounts	36,585	40,001
Loss on debt refinancing	4,903	1,380
Distributions to members and noncontrolling interest	3,037	1,677
Contributions and grants for acquisition of property and equipment	(280)	(703)
Proceeds from restricted contributions	(12)	(4)
Accrued professional and general liability claims	885	(32)
Contribution of net assets of CCCH	(381)	-
Net unrealized loss on investments	47	61
Changes in		
Patient accounts receivable, net	(48,979)	(43,816)
Estimated amounts due from and to third-party payers	3,661	(8,590)
Accounts payable and accrued expenses	9,458	334
Payable to UPL participants	(890)	(694)
Other assets and liabilities	1,188	25
Net cash provided by operating activities	31,432	19,797
Investing Activities		
Purchase of investments	(2,228)	(11,531)
Sales and maturities of investments	391	5,752
Purchase of property and equipment	(19,245)	(18,948)
Proceeds from sale of property and equipment	-	2,508
Net change in amounts due to affiliate	(117)	182
Net cash used in investing activities	(21,199)	(22,037)

VHA Southwest Community Health Corporation and Subsidiaries

Consolidated Statements of Cash Flows (Continued)

Years Ended June 30, 2014 and 2013

(In Thousands)

	2014	2013
Financing Activities		
Distributions to members	$ (2,822)	$ (1,472)
Contributions and grants for acquisition of property and equipment	280	702
Proceeds from issuance of long-term debt	57,207	20,148
Payment of deferred financing costs	(984)	(370)
Payment of penalty related to debt refinancing	(2,815)	-
Distributions to noncontrolling interest	(215)	(205)
Proceeds from restricted contributions	11	4
Principal payments on long-term debt and capital lease obligations	(56,515)	(28,142)
Net cash used in financing activities	(5,853)	(9,335)
Increase (Decrease) in Cash and Cash Equivalents	4,380	(11,575)
Cash and Cash Equivalents, Beginning of Year	39,058	50,633
Cash and Cash Equivalents, End of Year	$ 43,438	$ 39,058
Supplemental Cash Flows Information		
Interest paid, net of amounts capitalized	$ 7,608	$ 9,007
Capital lease obligations incurred for property and equipment	$ 1,293	$ 343
Property and equipment included in accounts payable	$ 1,629	$ 332

VHA Southwest Community Health Corporation and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

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

Nature of Operations

VHA Southwest Community Health Corporation and Subsidiaries (CHC) is a Texas non-profit corporation organized to acquire, lease, manage and operate health care facilities. Current facilities owned or operated by CHC are in Texas, New Mexico, North Carolina and Kentucky. CHC's mission is to preserve community-based health care by assisting communities to cope with the changing dynamics in the health care industry. CHC primarily earns revenues by providing inpatient, outpatient and emergency services in its hospitals. CHC also earns revenue from the provision of management and consulting services to health care entities.

All dollar amounts within these footnotes are rounded to the nearest thousand.

Principles of Consolidation

The accompanying consolidated financial statements of CHC include the accounts of CHC and its wholly owned or wholly controlled subsidiaries. All material intercompany transactions have been eliminated in consolidation. Entities included in the continuing operations of the accompanying consolidated financial statements are as follows:

Entity	Description	Tax Status	Location
Southwest Community Hospital (SCH)	Management company	Tax-exempt	Plano, Texas
Baptist Hospitals of Southeast Texas (BHSET)	620-bed acute care hospital (2 campuses)	Tax-exempt	Beaumont and Orange, Texas
Artesia General Hospital (AGH)	49-bed leased acute care hospital	Tax-exempt	Artesia, New Mexico
St. Mark's Medical Center (SMMC)	44-bed acute care hospital	Tax-exempt	La Grange, Texas
Yoakum Community Hospital (YCH)	25-bed leased critical access hospital	Tax-exempt	Yoakum, Texas
Community LTACH, LLC	Holding company	LLC[1]	Plano, Texas
CHC Community Care, LLC (CCC)	Management company	LLC[1]	Plano, Texas
ContinueCare Hospital of Tyler (CCHT)	51-bed long-term acute care hospital	Tax-exempt	Tyler, Texas
Community Health Assurance, SPC, Ltd. (CHA)	Captive insurance company	Tax-exempt	Cayman Islands
Community Hospital Consulting (Consulting)	Hospital management and consulting	Taxable	Plano, Texas
ContinueCare Hospital at Baptist Health Corbin (CCBH)	32-bed long-term acute care hospital	Tax-exempt	Corbin, Kentucky
ContinueCare Hospital at Hendrick Medical Center (CCHH)	19-bed long-term acute care hospital	Tax-exempt	Abilene, Texas
Carolinas ContinueCare Hospital, Inc. (CCCH)	28-bed long-term acute care hospital	Tax-exempt	Kings Mountain, North Carolina
ContinueCare Hospital of Midland, Inc. (CCHM)	29-bed long-term acute care hospital	Tax-exempt	Midland, Texas

[1] The LLCs do not pay taxes due to their income being passed through to their tax-exempt owners.

BHSET

BHSET operates two hospitals Baptist Beaumont Hospital is licensed as a 502-bed acute care hospital and is located in Beaumont, Texas Baptist Orange Hospital is licensed for 112 acute care beds and is located in Orange, Texas BHSET also operates Baptist Physicians' Network (BPN), which earns revenues by providing physician services to patients in the hospitals' service areas

BHSET is the majority owner of Baptist/USP Surgery Centers, L L C (USP) BHSET owns 50 10% of USP, with the remaining interest owned by an unrelated entity USP holds an ownership interest of 27 84% in Baptist Surgical Affiliates, Ltd (BSA), a freestanding ambulatory surgical center located in Beaumont, Texas BSA primarily earns revenue through the provision of outpatient surgical services By virtue of its controlling ownership, the consolidated financial statements of USP include the financial statements of BSA BSA is also managed by USP under an agreement that continues in effect until either party terminates the agreement

BHSET, Southwest Community Hospital, Inc (SCH) and Memorial Hermann Hospital System (MHHS) entered into an agreement on October 1, 2000, that transferred BHSET's corporate membership from MHHS to SCH MHHS exchanged amounts due under two revolving credit notes for Class B membership rights in BHSET The sole corporate member of SCH is CHC

Under MHHS's Class B member rights, MHHS has the right to appoint one individual to serve on the board of directors of SCH Under the terms of the Class B Membership Agreement (Agreement), BHSET will pay MHHS a return of its prior contributions up to $20,976 Any amounts repaid to MHHS would be limited to funds in excess of that necessary for BHSET to maintain a minimum of 150% of maximum annual debt service coverage, a current ratio of 1 5 to 1 and 21 days cash on hand, measured as of the last day of the fiscal year and the last day of the six-month period thereafter, before any payments under the Agreement are payable No amounts were paid in 2014 or 2013

SCH and BHSET executed a 25-year management agreement with SCH appointing CHC to provide certain financial, technical and managerial support services to BHSET On July 1, 2010, SCH and BHSET modified the management agreement changing the initial term to five years with the option to renew annually

AGH

AGH is a not-for-profit organization whose mission and principal activities are to provide health care services to the residents of Eddy County in New Mexico AGH began hospital operations in 1939, and has been earning revenues from the provision of inpatient, outpatient and emergency care services to residents in its geographic area since that time

SMMC

SMMC is a not-for-profit organization whose mission and principal activities are to provide health care services to the residents of Fayette and Lee Counties in Texas SMMC was organized in 2002 to plan and obtain financing to construct and operate a new hospital facility in La Grange, Texas This financing was completed in 2004 and construction of the new hospital was completed during July 2005 SMMC began hospital operations on July 11, 2005, and has been earning revenues from the provision of inpatient, outpatient and emergency care services to residents in its geographic area since that time

On January 1, 2011, CHC became the sole member of SMMC through a master agreement dated December 17, 2010 The master agreement was amended on January 1, 2014 Pursuant to the amendment on January 1, 2014, and every year thereafter, the SMMC and CHC have the option to unwind CHC's membership in the SMMC Unless the SMMC and CHC otherwise agree, the master agreement will terminate and the corporate relationship will unwind on December 31, 2018

YCH

YCH is a not-for-profit organization whose mission and principal activities are to provide health care services to the residents of DeWitt and Lavaca Counties in Texas YCH began hospital operations in April 1949, and has been earning revenues from the provision of inpatient, outpatient and emergency care services to residents in its geographic area since that time

CCHT

CCHT is a long-term acute care hospital incorporated in 2004 and located in Tyler, Texas CCHT was developed in conjunction with Trinity Mother Frances Health System (TMFHS), which operates an integrated health care system in Tyler, Texas

TMFHS is a Class B Member of CCC Under its Class B member agreement, cash distributions from CCHT will be paid 80% to TMFHS and 20% to CHC

CCBH

CCBH is a long-term acute care hospital located in Corbin, Kentucky Effective December 1, 2013, Baptist Community Health Services (BCHS) transferred the entirety of its membership interest in CCBH to CCC in exchange for Class G membership in CCC There were no assets acquired or liabilities assumed by CCC and no consideration was or will be transferred

BCHS provided CCBH a $1,000,000 line of credit to provide working capital for CCBH The Class G membership rights require that cash distributions from CCBH be used to first pay off any amounts outstanding under the line of credit Subsequent to these payments, cash distributions from CCBH will be paid 60% to BCHS and 40% to CHC

CCHH

CCCH is a long-term acute care hospital located in Abilene, Texas Effective December 31, 2013, Hendrick Medical Center (HMS) transferred the entirety of its membership interest in CCHH to CCC in exchange for Class H membership in CCC There were no assets acquired or liabilities assumed by CCC and no consideration was or will be transferred

HMC provided CCHH a $2,000,000 line of credit to provide working capital for CCHH The Class H membership rights require that cash distributions from CCHH be used to first pay off any amounts outstanding under the line of credit Subsequent to these payments, cash distributions from CCBH will be paid 80% to HMC and 20% to CHC

CCCH

CCCH is a long-term acute care hospital located in Kings Mountain, North Carolina Effective March 1, 2014, Charlotte-Mecklenburg Hospital Authority d/b/a Carolinas Healthcare System (CHCS) transferred the entirety of its membership interest in CCCH to CCC in exchange for Class B membership in CCC CCC acquired assets with estimated fair value in excess of liabilities assumed and recognized an inherent contribution of $381 This amount is included in contributions received in the consolidated statement of operations and changes in net assets for the year ended June 30, 2014 No consideration was or will be transferred by CCC

HMC provided CCHH a $4,000,000 line of credit to provide working capital for CCCH The Class B membership rights require that cash distributions from CCCH be used to first pay off any amounts outstanding under the line of credit Subsequent to these payments, cash distributions from CCCH will be paid 80% to HMC and 20% to CHC

CCHM

CCHM is a long-term acute care hospital located in Midland, Texas CCHM was developed in conjunction with Midland County Hospital District (MCHD), which operates an integrated health system in Midland, Texas

MCHD is a Class F member of CCC MCHD provided CCHM a $2,000,000 line of credit to provide working capital for CCHM The Class F membership rights require that cash distributions from CCHM be used to first pay off any amounts outstanding under the line of credit Subsequent to these payments, cash distributions from CCHM will be paid 80% to MCHD and 20% to CHC

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 49 9% of interest in USP that BHSET does not own as well as the portion of BSA not owned by USP Losses attributable to the noncontrolling interest will be 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 CHC and the noncontrolling interest are shown below

	Total	Controlling Interest	Noncontrolling Interest
Balance, July 1, 2012	$ 107,685	$ 106,884	$ 801
Excess of revenues over expenses	14,136	13,360	776
Contributions and grants for acquisition of property and equipment	703	703	-
Investment return, change in unrealized gains and losses on other than trading securities	(61)	(61)	-
Net assets released from restriction	-	-	-
Distributions to members	(1,472)	(1,472)	-
Distributions to noncontrolling interest	(205)	-	(205)
Change in ownership of joint venture	(397)	(397)	-
Increase in unrestricted net assets	12,704	12,133	571
Balance, June 30, 2013	120,389	119,017	1,372
Excess (deficiency) of revenues over expenses	5,615	5,946	(331)
Contributions and grants for acquisition of property and equipment	280	280	-
Investment return, change in unrealized gains and losses on other than trading securities	(47)	(47)	-
Net assets released from restriction	-	-	-
Distributions to members	(2,822)	(2,822)	-
Distributions to noncontrolling interest	(215)	-	(215)
Change in ownership of joint venture	209	209	-
Increase in unrestricted net assets	3,020	3,566	(546)
Balance, June 30, 2014	$ 123,409	$ 122,583	$ 826

Cash Equivalents

CHC 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, CHC's cash accounts exceeded federally insured limits by approximately $44,525,000

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 investee is reported on the equity method of accounting Investments in insurance annuities are valued at the amount that can be received at the balance sheet date, which is the cash surrender value adjusted for other amounts that are probable at settlement CHC estimates the fair value of investments that do not have a readily determinable fair value and meet certain other criteria using the net asset value of the investments as a practical expedient 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 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 Other investment return is reflected in the accompanying consolidated statements of operations and changes in net assets as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions

Assets Limited As To Use

Assets limited as to use include (1) assets held by trustees under bond indenture agreements, (2) assets externally restricted by donors and (3) assets held by trustees under a self-insurance trust arrangement Amounts required to meet current liabilities are included in current assets

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

Patient Accounts Receivable

Patient accounts receivable is reported at net realizable amounts In evaluating the collectibility of accounts receivable, CHC 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, CHC 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 includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), CHC 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 as provided by CHC's internal policy and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts

CHC's allowance for doubtful accounts for self-pay patients decreased from 81% of self-pay accounts receivable at June 30, 2013 to 78% of self-pay accounts receivable at June 30, 2014 The decrease in the allowance for doubtful accounts is the result of trends experienced in the collection of amounts from self-pay patients during fiscal year 2014

Ad Valorem Taxes

While CHC is not able to levy property taxes, it does receive tax revenues from its relationships with the hospital district at AGH Property tax revenues are recognized in the period for which they are assessed

Supplies

CHC states supply inventories 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 Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives Routine maintenance and repairs are charged to expense as incurred Expenditures that increase capacities or extend useful lives are capitalized Depreciation and amortization of property and equipment totaled $17,869 and $17,560, respectively, for the years ended June 30, 2014 and 2013

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

Buildings and leasehold improvements	5 – 40 years
Equipment	3 – 10 years

Donations of property and equipment are reported at fair 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

CHC 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 estimated 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 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

Assets Held for Sale

Assets are classified as held for sale when their carrying amount will be recovered principally through a sale transaction rather than through continuing use During the year ended June 30, 2013, BHSET sold certain real estate to a third-party that was classified as held for sale A gain on the disposal of the property of approximately $779,000 was recognized and is included as a component of gain on disposal of property and equipment in the accompanying consolidated statements of operations and changes in net assets

Goodwill

Goodwill represents the excess aggregate purchase price, including assumed liabilities, over the fair value of the net tangible and specifically identifiable intangible assets acquired in a business combination. 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 goodwill impairment was recognized during the years ended June 30, 2014 and 2013.

Physician Guarantees

In an effort to recruit new physicians to its service areas, CHC has entered into various agreements with physicians guaranteeing certain levels of income for the first 12 – 24 months that the physician operates in the service area. These agreements typically require that the physician operate in the service area for up to three years after the guarantee period. In the event that CHC has made payments to the physician under these income guarantee agreements and the physician does not fulfill his or her obligation to practice in the service area for the term specified in the agreement, CHC can demand that the physician return all or a portion of the payments made under the agreement.

Amounts advanced to physicians, net of accumulated amortization and allowances for uncollectibility, were approximately $2,026 and $1,869 at June 30, 2014 and 2013, respectively, and are included in other current and long-term assets in the accompanying consolidated balance sheets.

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 which approximates the effective interest method. Amortization of deferred financing costs totaled $1,368 and $1,614, respectively, for the years ended June 30, 2014 and 2013.

Temporarily Restricted Net Assets

Temporarily restricted net assets are those whose use by CHC has been limited by donors to a specific time period or purpose.

Net Patient Service Revenue

CHC's hospital facilities have agreements with third-party payers, including government programs and managed care plans, that provide for payments at amounts different from their established rates. Net patient service revenue is reported at the estimated net realizable amounts due 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

CHC's hospital facilities provide care without charge or at amounts less than their established rates to patients meeting certain criteria under their charity care policies. Because CHC's hospital facilities do 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 (*i.e.*, when a 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

CHC 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 5*.

Workers' Compensation

CHC is principally self-insured for workers' compensation claims. Claims are expensed as they are incurred, including an estimate for claims incurred but not reported. Amounts needed to pay claims are funded through operations.

Employee Health Insurance

CHC maintains a self-insured health care plan covering substantially all full-time employees Contributions are made to the administrator of the plan as health care claims are paid, while expenses are recorded as incurred An estimated liability for incurred but not reported and unpaid claims has been recorded in accrued expenses for these employees' health benefits

Income Taxes

CHC and substantially all affiliates have been recognized as exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law However, the entities are subject to federal income tax on any unrelated business taxable income There was no material unrelated business income tax due in 2014 and 2013

CHC and its affiliates file tax returns in the U S federal jurisdiction With a few exceptions, those entities are no longer subject to U S federal examinations for years prior to 2011

Excess of Revenues over Expenses

The accompanying consolidated statements of operations and changes in net assets 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 other than trading securities, distributions to noncontrolling interest, contributions and grants of long-lived assets (including assets acquired using contributions and grants which, by donor or other restrictions, were to be used for the purpose of acquiring or reimbursement for such assets) and change in ownership interest in joint venture

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 incentive payments under both the Medicare and Medicaid programs to eligible hospitals that demonstrate meaningful use of certified electronic health records technology (EHR) 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 upon a statutory formula, as determined by the state, which is approved by the Centers for Medicare and Medicaid Services (CMS) Payments under both programs are contingent on CHC's hospitals 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 upon an audit by the fiscal intermediary Events could occur that would cause the final amounts to differ materially from the initial payments under the program

CHC recognizes revenue under the grant accounting model using the cliff recognition approach Under this approach, revenue is recognized once meaningful use status has been met for the full reporting period

In 2014 and 2013, CHC recorded revenue of $3,000 and $5,481, respectively, which is included in other revenue in the accompanying consolidated statements of operations and changes in net assets

Reclassifications

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

Note 2: Net Patient Service Revenue

CHC 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, CHC recognizes revenue on the basis of its discounted standard rates for services provided On the basis of historical experience, a significant portion of CHC's uninsured patients will be unable or unwilling to pay for the services provided Thus, CHC 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 in the accompanying consolidated statements of operations and changes in net assets as a component of net patient service revenue

CHC has agreements with third-party payers, including government programs and managed care plans that provide for payments to CHC at amounts different from its established rates Payment arrangements for government programs include the following

- **Medicare** – Inpatient acute care services and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors CHC is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by CHC and audits thereof by the Medicare administrative contractor

- **Medicaid** – Inpatient services are paid based on a prospective payment system Outpatient services are reimbursed under a mixture of a fee schedule and cost reimbursement methodology CHC is reimbursed for cost reimbursable services at tentative rates with final settlement determined after submission of annual cost reports by CHC and audits thereof by the Medicaid administrative contractor

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change Settlements under reimbursement agreements with Medicare and Medicaid programs are estimated and recorded in the period the related services are rendered and are adjusted in future periods as adjustments become known or as the service years are no longer subject to audit, review or investigation Annual cost reports required under the Medicare and Medicaid programs are subject to routine audits, which may result in adjustments to the amounts ultimately determined to be due to CHC under the reimbursement programs These audits often require several years to reach their final determination of amounts earned under the programs As a result, it is reasonably possible that recorded estimates will change materially in the near term

CHC has also entered into payment agreements with certain managed care plans, including commercial insurance carriers, health maintenance organizations and preferred provider organizations The basis for payment to CHC 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	43%	44%
Medicaid	12%	10%
Other third-party payers	40%	41%
Patients	5%	5%
	100%	100%

CHC participates in CMS approved private Medicaid supplemental payment (UPL) programs CHC facilities also have affiliation agreements with third-party hospitals to provide free hospital and physician care to qualifying indigent residents of the counties in Texas in which the hospitals operate The UPL payments are contingent on the county or hospital district making an Inter-Governmental Transfer (IGT) to the state Medicaid program The Hospital's participation in the UPL program was replaced by funding received through the Medicaid section 1115(a) demonstration described below

On December 12, 2011, the United States Department of Health and Human Services approved a new Medicaid section 1115(a) demonstration entitled "Texas Health Transformation and Quality Improvement Program" (Waiver) The Waiver has expanded existing Medicaid managed care programs and established two funding pools that are designed to assist providers with uncompensated care costs and promote health system transformation The demonstration is effective from December 31, 2011 to September 20, 2016

CHC recognized revenue from the UPL and Waiver of approximately $14,407 and $4,977, respectively, in connection with these programs in 2014 and 2013, which is reflected as a component of net patient service revenue in the accompanying consolidated statements of operations and changes in net assets Waiver funding is subject to recoupment based on future audits of the data used as basis for the funding and CHC has recorded a reserve reflective of this risk The revenue recognized from the Waiver in the current year is not necessarily representative of revenue CHC will recognize in future years

CHC also participates in the Texas Medicaid Disproportionate Share (Dispro) hospital program Payments related to this program are based on the volume of Medicaid and indigent patients CHC recognized as a component of net patient service revenue approximately $9,344 and $7,799 during 2014 and 2013, respectively, related to participation in the Dispro program

The Texas Health and Human Services Commission is expanding state Medicaid managed care programs and is covering a number of beneficiaries previously covered under traditional Medicaid arrangements into these managed care plans CHC generally expects payments under the managed care plans to be equivalent to payments under the traditional plan However, this outcome is contingent on CHC continuing to be able to negotiate appropriate rates with these managed care plan carriers

Note 3: Concentration of Credit Risk

CHC's hospital facilities grant credit without collateral to their patients, most of whom are residents living near the hospital facilities 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, is as follows

	2014	2013
Medicare	39%	37%
Medicaid	8%	5%
Other third-party payers	7%	6%
Managed care (HMO/PPO)	32%	36%
Patients	14%	16%
	100%	100%

Note 4: Investments and Investment Return

Assets Limited As To Use

Assets limited as to use at June 30 include the following (in thousands)

	2014	2013
Held by trustee, self-insurance		
Cash	$ 3,168	$ 3,319
Equity securities	-	1,425
Bond funds	8,969	5,012
U S Treasury obligations	-	1,235
Insurance annuities	4,620	4,487
	$ 16,757	$ 15,478
Held by trustee, under bond indenture agreements		
Cash	$ 2,729	$ 2,489
U S Treasury obligations	787	1,031
Money market funds	18,673	18,105
	$ 22,189	$ 21,625
Externally restricted by donors		
Cash	$ 147	$ 166
Corporate stocks	6	6
	$ 153	$ 172

Other Investments

Other investments at June 30 include (in thousands)

	2014	2013
Certificates of deposit	$ 1,311	$ 2,251
Cash	1,548	1,589
Equity securities	3,303	1,715
Corporate bonds	230	468
U S Government securities	749	1,235
Mutual funds	720	638
Insurance annuities	364	352
	8,225	8,248
Less short-term investments	5,024	5,446
Long-term investments	$ 3,201	$ 2,802

Total investment return is comprised of the following (in thousands)

	2014	2013
Interest and dividend income	$ 1,387	$ 487
Unrealized gains (losses) on investments, net	(47)	(61)
	$ 1,340	$ 426

Total investment return is reflected in the accompanying consolidated statements of operations and changes in net assets as follows (in thousands)

	2014	2013
Unrestricted net assets		
Other nonoperating income	$ 1,404	$ 487
Investment return, change in unrealized gains and losses on other than trading securities	(47)	(61)
	$ 1,357	$ 426

Bond Funds

The fair value of the bond funds have been estimated using the net asset value per share of the investments and at June 30, 2014 and 2013, totaled approximately $8,969 and $5,012, respectively The bond funds are open-ended mutual funds with the objective to achieve, through individual portfolios, an above average rate of total return by investing primarily in fixed income securities There are no additional commitments to the remaining funds The funds may be redeemed weekly at a price based upon net asset value per share as of the close of business on the preceding Thursday

Note 5: Risk Management

Employee Health Care Insurance and Workers' Compensation

CHC is self-insured for most employee health care insurance and workers' compensation claims An estimated provision is recorded for self-insured claims at June 30, 2014 and 2013, and includes an estimate of the ultimate costs for both reported claims and claims incurred but not yet reported

The liability for employee health as of June 30, 2014 and 2013, was estimated based on consideration of prior claims experience, recently settled claims, frequency of claims and other economic and social factors The liability for workers' compensation claims as of June 30, 2014 and 2013, was estimated by professional insurance consultants based on past experience as well as the nature of each claim or incident and relevant trend factors The estimated losses are discounted at a rate of 3 0% for both 2014 and 2013

It is reasonably possible that these estimates could change by a material amount in the near term

Estimated liabilities for these programs recorded as part of accrued expenses at June 30 were as follows (in thousands)

	2014	2013
Employee health care insurance	$ 2,112	$ 1,626
Workers' compensation insurance	821	835
	$ 2,933	$ 2,461

Professional and General Liability Claims

CHC provides for substantially all professional and general liability risk through its wholly owned captive insurance provider, CHA CHC purchases commercial insurance coverage for amounts in excess of the coverage provided by CHA for certain facilities

BHSET began participating in CHA on November 15, 2002 Prior to this date, BHSET purchased coverage under a claims-made professional liability policy

Prior to 2008, certain CHC hospitals purchased medical malpractice insurance under claims-made policies on a fixed premium basis Accounting principles generally accepted in the United States of America require a health care provider to accrue the expense of its share of malpractice claims costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents Based upon these hospitals' claims experience, no such accrual is recorded for the claims prior to 2008

CHC has retained professional insurance actuarial consultants to assist with determining the amounts to be deposited with CHA as reserves and the estimated CHA liability Claims have been discounted at a rate of 2 5% for both 2014 and 2013 There are many factors that are used in determining the estimates, including the amount and timing of historical payments, severity of individual cases, anticipated volume of services provided and discount rates for future cash flows Ultimate actual payments for professional liability and malpractice risks may not become known for several years after incurrence Any factors changing the underlying data used in determining these estimates could result in adjustments to the liability

Amounts recorded for professional and general liability claims at June 30, 2014 and 2013, were $15,711 and $14,338, respectively The estimated current and long-term portions of this liability have been included in professional and general liability claims in the accompanying consolidated balance sheets In addition, CHC has recorded approximately $4,441 and $3,955, respectively, of excess insurance coverage receivables in the accompanying consolidated balance sheets as of June 30, 2014 and 2013

It is reasonably possible that these estimates could change by a material amount in the near term

Note 6: Long-term Debt

Long-term debt at June 30 consists of the following (in thousands)

	2014	2013
Amended Deed of Trust Note (A)	$ 77,912	$ 81,658
HUD 241 Loan (B)	-	47,280
223(a)(7) loan (C)	49,854	-
Mortgage Note Payable (D)	18,523	19,393
Capital lease obligation – related party (E)	8,116	8,659
Capital lease obligations (F)	4,092	3,977
VHA note payable (G)	172	890
Note payable – related party (see *Note 11*)	1,776	1,315
Notes payable (H)	7,414	2,706
Other notes payable	235	231
	168,094	166,109
Less current maturities	12,320	8,857
	$ 155,774	$ 157,252

(A) On October 5, 2010, BHSET entered into the Amended Deed of Trust Note The Amended Deed of Trust Note is a $91,000 obligation that will be repaid in monthly installments of $602 through January 2029 at an interest rate of 4 35% The proceeds of this debt issue and existing debt service reserve funds were used to repay the then outstanding FHA-insured Mortgage Revenue Bonds (Series 2001 Bonds) The FHA insurance policy for the Series 2001 Bonds remains in effect The Amended Deed of Trust Note is secured by substantially all of BHSET's assets and revenues

(B) On October 18, 2007, BHSET entered a $51,320 FHA-insured Mortgage Note Payable (HUD 241 Loan) to fund various expansion projects and repairs required due to Hurricane Rita On October 17, 2013, BHSET repaid the HUD 241 loan with the proceeds of a new loan insured by HUD under Section 223(a)(7) (223(a)(7) loan) as described in (H) below

(C) The 223(a)(7) loan, in the amount of $50,915 bears interest at the rate of 4.25% and will be repaid in monthly installments of $311 through March 2034. The 223(a)(7) loan is secured by a subordinate lien on substantially all of BHSET's assets. Under the terms of the HUD-insured loan, BHSET is subject to various covenants, including limitations on the distribution of Hospital assets, incurrence of new debt and investments in joint ventures.

This prepayment of the HUD 241 Loan resulted in a loss on early retirement of debt of $4,903, primarily related to the write-off of unamortized issuance costs.

(D) Due September 1, 2030, payable in monthly installments of $120 monthly, including interest at an annual rate of 3.03% to Lancaster Pollard Mortgage Company.

The Note is secured by the revenues of SMMC and a partial guarantee by the Federal Housing Administration (FHA) under Section 242 of the National Housing Act and funds held in trust. The FHA guarantee was transferred to Lancaster Pollard Mortgage Company upon defeasance of a Series 2004 Revenue Bonds on October 1, 2013.

(E) Capital lease obligation to a related party (see *Note 11*), bearing interest at 6.25% with monthly principal payments through 2024, collateralized by real estate.

(F) Capital lease obligations, bearing interest at 4.25% – 6.05%, with monthly principal payments through 2019, collateralized by real estate and equipment.

(G) Note payable to VHA, Inc., bearing interest at LIBOR plus 1.0% (1.20% at June 30, 2014), with principal and interest due through September 2014.

(H) Various notes payable bearing interest at rates generally ranging from 3.25% – 8.0%, with principal payments due through 2018, secured by equipment.

Property and equipment under capital leases at June 30, 2014 and 2013, were as follows (in thousands)

	2014	2013
Buildings and equipment	$ 17,097	$ 17,054
Less accumulated depreciation	7,010	6,602
	$ 10,087	$ 10,452

Aggregate annual maturities and sinking fund requirements of long-term debt and payments on capital lease obligations at June 30, 2014, are as follows (in thousands)

	Long-term Debt (Excluding Capital Lease Obligations)	Capital Lease Obligations
2015	$ 9,834	$ 3,177
2016	7,638	2,684
2017	10,640	1,415
2018	8,021	1,234
2019	8,592	1,178
Thereafter	111,161	5,697
	$ 155,886	15,385
Less amount representing interest		3,177
Present value of future minimum lease payments		$ 12,208

Note 7: Charity Care

In support of its mission, CHC and its hospital facilities voluntarily provide free care to patients who lack financial resources and are deemed to be medically indigent Because CHC does not pursue collection of amounts determined to qualify as charity care, they are not reported in net patient service revenue In addition, CHC and its hospital facilities provide 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 costs of charity care provided under CHC and its hospital facilities' charity care policies were approximately $6,018 and $6,002, respectively The cost of providing charity care is estimated by applying the ratio of cost to gross charges to gross uncompensated care

In addition to uncompensated charges, the CHC hospital facilities also commit 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, hospice programs, community educational services and various support groups

Note 8: Functional Expenses

CHC provides health care services primarily to residents within its geographic area Expenses related to providing these services at June 30 are as follows (in thousands)

	2014	2013
Health care services	$ 274,745	$ 254,881
General and administrative	102,202	88,560
	$ 376,947	$ 343,441

Note 9: Operating Leases

CHC leases various equipment and facilities under operating leases expiring at various dates through 2027 Total rental expense was approximately $9,702 and $7,198 in 2014 and 2013, respectively, for all operating leases CHC also leases space to physicians and other entities in medical office buildings Total rental income was approximately $6,715 and $2,449 in 2014 and 2013, respectively, for all leased spaces Future minimum lease payments and lease receipts under operating leases at June 30, 2014, that have initial or remaining lease terms in excess of one-year are as follows (in thousands)

	Future Obligations	Future Lease Receipts
2015	$ 12,075	$ 6,749
2016	6,834	1,726
2017	6,079	899
2018	4,308	558
2019	3,256	226
Thereafter	7,541	-
Future minimum lease payments	$ 40,093	$ 10,158

Note 10: Retirement Plan

CHC sponsors a defined contribution retirement plan covering substantially all full and part-time employees The board of directors annually determines the amount, if any, of CHC's contributions to the plan Retirement expense for the defined contribution plan was approximately $2,808 and $2,567 for 2014 and 2013, respectively

Note 11: Related Party Transactions

A former board member of CHC, whose board service ended in September 2012, is also the chief executive officer of TMFHS, a partial owner of CCHT Distributions to TMFHS or its related entities from CCHT were approximately $2,824 and $1,837 in 2014 and 2013, respectively CCHT also made payments for its facility lease to TMFHS for $1,149 and $987 for June 30, 2014 and 2013, respectively

BHSET leases a medical office building from BHST-POB I Ltd (Partnership), a limited liability company that owns and leases a medical office building in which BHSET has a 33% interest The lease between the Partnership and BHSET is accounted for as a capital lease by BHSET (see *Note 6*) Total lease payments made to the Partnership were approximately $1,068 for both years ended June 30, 2014 and 2013 The balance due under the capital lease was approximately $8,116 and $8,659 at June 30, 2014 and 2013, respectively

SMMC and St Mark's Medical Center Foundation (Foundation) are related parties that are not financially interrelated organizations SMMC authorizes the Foundation to solicit contributions on its behalf In the absence of donor restrictions, the Foundation has discretionary control over the amounts and timing of its distributions to SMMC

On August 6, 2013, SMMC executed a line of credit with the Foundation with a maximum amount of $1,200 The note bears interest at 2 75% per annum and was payable on or before December 15, 2017, together with interest on the unpaid principal balance The note payable balance at June 30, 2014 and 2013, was $1,200 and $1,000, respectively, and is included in long-term debt in the accompanying consolidated balance sheets (see *Note 6*)

On December 15, 2009, SMMC executed a note payable to the Foundation for $315 The note bears interest at 2 75 % per annum and payable on or before December 15, 2014, together with interest on the unpaid principal balance The note payable balance at June 30, 2014 and 2013, was $315 and is included in long-term debt in the accompanying consolidated balance sheets (see *Note 6*)

In April 2014, the Foundation executed a note payable from SMMC for $297,000 to finance the buy-out of one of the SMMC's capital leases The note is payable in monthly installments of $12,634, through March 1, 2016 The payments include interest at an annual rate of 2 18% to St Mark's Medical Center Foundation The note payable balance was $261 at June 30, 2014

Note 12: Disclosure 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 are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of assets 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 (in thousands)

		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 funds	$ 18,673	$ 18,673	$ -	$ -
Equity securities	3,303	3,303	-	-
U S Treasury obligations	787	-	787	-
U S Government securities	749	749	-	-
Mutual funds	720	720	-	-
Corporate stocks and bonds	236	236	-	-
Bond funds	8,969	-	8,969	-
2013				
Money market funds	$ 18,105	$ 18,105	$ -	$ -
Equity securities	3,140	3,140	-	-
U S Treasury obligations	2,266	-	2,266	-
U S Government securities	1,235	1,235	-	-
Mutual funds	638	638	-	-
Corporate stocks and bonds	474	474	-	-
Bond Funds	5,012	-	5,012	-

Cash and cash equivalents, insurance annuities and a guaranteed investment contract are included in *Note 4* and are not subject to ASC Topic 820 fair value hierarchy

Investments

Where quoted market prices are available in an active market, securities 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 securities 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 securities are classified in Level 2 of the valuation hierarchy

The value of certain investments, classified as bond funds, are determined using net asset value as a practical expedient Investments for which CHC expects to have the ability to redeem its investments with the investee within 12 months after the reporting date are categorized as Level 2 Investments for which CHC does not expect to be able to redeem its investments with the investee within 12 months after the reporting date are categorized as Level 3 The bond funds may be redeemed weekly therefore the funds are classified as Level 2 for the years ended June 30, 2014 and 2013

Fair Value of Financial Instruments

The following table presents estimated fair values of CHC's financial instruments at June 30, 2014 and 2013, (in thousands)

	2014		2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Cash and cash equivalents	$ 43,438	$ 43,438	$ 39,058	$ 39,058
Investments and assets limited as to use	47,324	47,324	45,523	45,523
Financial liabilities				
Long-term debt	155,886	154,499	153,473	154,180

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 and Certificates of Deposit

The carrying amount approximates fair value

Notes Payable and Long-term Debt

Fair value is estimated based on the borrowing rates currently available to CHC for bonds with similar terms and maturities

Note 13: 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*

Malpractice and General Liability Claims

Estimates related to the accrual for medical malpractice claims are described in *Notes 1* and *5*

Litigation

In the normal course of business, CHC 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 CHC's self-insurance program (discussed elsewhere in these notes) or by commercial insurance (*e g* , allegations regarding employment practices or performance of contracts) CHC 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

Employee Health Insurance and Workers' Compensation Insurance

Estimates related to the accrual for self-funded employee health insurance are discussed in *Notes 1* and *5*

Regulatory Matter

BHSET encountered a series of regulatory findings in the 13 months beginning February 2013, some of which were deemed Immediate Jeopardy (IJ) citations by CMS Accordingly, BHSET entered into a Systems Improvement Agreement (SIA) with CMS Under the terms of the SIA, BHSET agreed to engage a team of independent consultants to analyze operations and provide written reports to CMS detailing their findings and recommendations Under the agreement, BHSET will work with the independent consultants in both the development and implementation of a detailed plan of the specific actions BHSET must take to return to and sustain full compliance Management of BHSET believes BHSET will return to full compliance in fiscal year 2015 and has not recorded any losses that may arise as a result of the findings

Investments

CHC 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 change could materially affect the amounts reported in the accompanying consolidated balance sheets

At June 30, 2014, one financial institution held approximately 44% of CHC's investments

Asset Retirement Obligation

As discussed in *Note 14*, CHC has recorded a liability for its conditional asset retirement obligations related to asbestos

Letter of Credit

On August 12, 2002, BHSET entered into an irrevocable letter of credit agreement (Letter of Credit) with a bank The Texas Workers' Compensation Commission (Commission) is the beneficiary under the Letter of Credit The Commission may draw funds from the Letter of Credit in the event BHSET becomes an impaired employer Amounts available under the Letter of Credit were approximately $1,200 at June 30, 2014 and 2013, respectively There were no amounts outstanding under the Letter of Credit at June 30, 2014 and 2013 The Letter of Credit expired on August 4, 2014, and was renewed for one year

Note 14: Asset Retirement Obligation

Accounting principles generally accepted in the United States of America require that an asset retirement obligation (ARO) associated with the retirement of a tangible long-lived asset be recognized as a liability in the period in which it is incurred or becomes determinable (as defined by the standard), even when the timing and/or method of settlement may be conditional on a future event CHC's conditional AROs primarily relate to asbestos contained in certain buildings owned by BHSET that are occupied Environmental regulations exist in Texas that require CHC to handle and dispose of asbestos in a special manner if a building undergoes major renovations or is demolished The liability has been recorded in other long-term liabilities on the accompanying consolidated balance sheets

A summary of changes in AROs for the years ended June 30, 2014 and 2013, is included in the table below

	2014	2013
Other long-term liability, beginning of year	$ 1,007	$ 1,013
Accretion expense and change in estimate	94	94
Obligations settled	(49)	(100)
Other long-term liability, end of year	$ 1,052	$ 1,007

Note 15: Patient Protection and Affordable Care Act

The *Patient Protection and Affordable Care Act* (PPACA) will substantially reform the United States health care system The legislation impacts multiple aspects of the health care system, including many provisions that change payments from Medicare, Medicaid and insurance companies Starting in 2014, the legislation requires the establishment of health insurance exchanges, which will provide individuals without employer-provided health care coverage the opportunity to purchase insurance It is anticipated that some employers currently offering insurance to employees will opt to have employees seek insurance coverage through the insurance exchanges It is possible the reimbursement rates paid by insurers participating in the insurance exchanges may be substantially different than rates paid under current health insurance products Another significant component of the PPACA is the expansion of the Medicaid program to a wide range of newly eligible individuals In anticipation of this expansion, payments under certain existing programs, such as Medicare disproportionate share, will be substantially decreased Each state's participation in an expanded Medicaid program is optional

The state of Texas has currently indicated that it will not expand the Medicaid program, which may result in revenues from newly covered individuals not offsetting CHC's reduced revenue from other Medicare/Medicaid programs

The PPACA is extremely complex and may be difficult for the federal government and each state to implement While the overall impact of the PPACA cannot currently be estimated, it is possible it will have a negative impact on CHC's net patient service revenue In addition, it is possible CHC will experience payment delays and other operational challenges during PPACA's implementation

Note 16: Subsequent Events

Subsequent to year end, the Artesia Special Hospital District (ASHD) notified CHC of its intention to terminate the AGH Hospital Operating Agreement at the end of the term On November 1, 2014, ASHD and CHC entered into a Hospital Transition Agreement whereby CHC transferred its corporate membership in AGH to ASHD ASHD and CHC also entered into a Transaction Service Agreement whereby CHC will provide ASHD, for up to 18 months, services to facilitate the transfer of the management of AGH to ASHD At June 30, 2014, the net assets of AGH were $37,444

On October 1, 2014, CHC acquired a long-term acute care hospital in Charlotte, North Carolina, for $5 2 million

In December 2014, the board of BHSET determined that the closure of inpatient services of Baptist Orange Hospital would likely occur in fiscal 2015 The carrying amount of land, buildings and improvements at Baptist Orange Hospital as of June 30, 2014, was approximately $21,500 Management is currently evaluating the impact to the BHSET and CHC financial statements, including impairment of long-lived assets

Subsequent events have been evaluated through December 19, 2014, which is the date the consolidated financial statements were available to be issued

Consolidating Information

VHA Southwest Community Health Corporation and Subsidiaries

Balance Sheet Information – Consolidating Schedule

June 30, 2014 and 2013

Assets

	AGH	BHSET	CCC	CHA	CHC	CCHST
Current Assets						
Cash and cash equivalents	$ 18,377	$ 13,689	$ 61	$ 189	$ 1,413	$ -
Short-term investments	-	489	-	-	4,535	-
Assets limited as to use, current	-	1,572	-	-	-	-
Patient accounts receivable, net of allowance	5,604	28,226	56	-	-	2
Estimated amounts due from or to third-party payers	(289)	8,025	-	-	-	-
Supplies	847	6,087	-	-	-	-
Prepaid expenses and other	654	5,958	36	40	1,301	55
Excess insurance coverage receivable, current	-	451	-	-	-	-
Total current assets	25,193	64,497	153	229	7,249	57
Assets Limited As To Use						
Held by trustee, self-insurance	-	13,038	-	-	3,711	-
Held by trustee, under bond indenture agreements	-	19,460	-	-	-	-
Externally restricted by donors	-	153	-	-	-	-
	-	32,651	-	-	3,711	-
Less amount required to meet current obligations	-	1,572	-	-	-	-
	-	31,079	-	-	3,711	-
Other Investments	2,176	364	-	-	9,544	-
Property and Equipment, At Cost						
Land and land improvements	130	8,117	-	-	-	-
Buildings and leasehold improvements	4,559	228,903	-	-	60	-
Equipment	11,342	136,905	697	-	1,181	-
Construction in progress	2,365	-	-	-	-	-
	18,396	373,925	697	-	1,241	-
Less accumulated depreciation	5,357	238,961	91	-	944	-
	13,039	134,964	606	-	297	-
Due from Related Party	792	-	-	-	4,502	-
Other Assets						
Goodwill and other intangible assets	-	2,242	-	-	-	-
Deferred financing costs	-	3,006	-	-	-	-
Other assets	-	1,518	-	-	40	-
Excess insurance coverage receivable	-	3,990	-	-	-	-
	-	10,756	-	-	40	-
Total assets	$ 41,200	$ 241,660	$ 759	$ 229	$ 25,343	$ 57

VHA Southwest Community Health Corporation and Subsidiaries

Balance Sheet Information – Consolidating Schedule (Continued)

June 30, 2014 and 2013

Assets

	CCHT	Consulting	WHS	SCH	SMMC	YCH
Current Assets						
Cash and cash equivalents	$ 2,396	$ 1,188	$ -	$ -	$ 1,324	$ 2,483
Short-term investments	-	-	-	-	-	-
Assets limited as to use, current	-	-	-	-	-	-
Patient accounts receivable, net of allowance	4,711	-	-	-	3,554	1,682
Estimated amounts due from or to third-party payers	102	-	-	-	824	535
Supplies	192	-	-	-	751	385
Prepaid expenses and other	142	1,340	-	-	735	357
Excess insurance coverage receivable, current	-	-	-	-	-	-
Total current assets	7,543	2,528	-	-	7,188	5,442
Assets Limited As To Use						
Held by trustee, self-insurance	-	-	-	-	8	-
Held by trustee, under bond indenture agreements	-	-	-	-	2,729	-
Externally restricted by donors	-	-	-	-	-	-
	-	-	-	-	2,737	-
Less amount required to meet current obligations	-	-	-	-	-	-
	-	-	-	-	2,737	-
Other Investments	-	650	-	8,855	-	-
Property and Equipment, At Cost						
Land and land improvements	-	-	-	-	1,072	1
Buildings and leasehold improvements	143	-	-	-	22,012	461
Equipment	2,366	153	-	-	10,836	9,328
Construction in progress	-	-	-	-	234	5,330
	2,509	153	-	-	34,154	15,120
Less accumulated depreciation	1,766	100	-	-	7,078	7,226
	743	53	-	-	27,076	7,894
Due From Related Party	-	3,147	-	-	249	-
Other Assets						
Goodwill and other intangible assets	-	-	-	-	-	-
Deferred financing costs	-	-	-	-	347	-
Other assets	-	-	-	-	791	-
Excess insurance coverage receivable	-	-	-	-	-	-
	-	-	-	-	1,138	-
Total assets	$ 8,286	$ 6,378	$ -	$ 8,855	$ 38,388	$ 13,336

VHA Southwest Community Health Corporation and Subsidiaries

Balance Sheet Information – Consolidating Schedule (Continued)

June 30, 2014 and 2013

Assets

	CCBH	CCHM	CCCH	CCHH	Eliminations	Total
Current Assets						
Cash and cash equivalents	$ 1.177	$ 140	$ 265	$ 736	$ -	$ 43.438
Short-term investments	-	-	-	-	-	5.024
Assets limited as to use, current	-	-	-	-	-	1.572
Patient accounts receivable, net of allowance	5.957	1.210	2.448	2.098	-	55.548
Estimated amounts due from or to third-party payers	(2.515)	-	(330)	(29)	-	6.323
Supplies	30	68	127	-	-	8.487
Prepaid expenses and other	103	43	56	28	-	10.848
Excess insurance coverage receivable, current	-	-	-	-	-	451
Total current assets	4.752	1.461	2.566	2.833	-	131.691
Assets Limited As To Use						
Held by trustee, self-insurance	-	-	-	-	-	16.757
Held by trustee, under bond indenture agreements	-	-	-	-	-	22.189
Externally restricted by donors	-	-	-	-	-	153
	-	-			-	39.099
Less amount required to meet current obligations	-	-	-	-	-	1.572
	-	-	-	-	-	37.527
Other Investments	-	-	11	-	(18.399)	3.201
Property and Equipment, At Cost						
Land and land improvements	-	-	-	-	-	9.320
Buildings and leasehold improvements	-	-	-	-	-	256.138
Equipment	16	231	764	-	-	173.819
Construction in progress	-	309	-	-	-	8.238
	16	540	764	-	-	447.515
Less accumulated depreciation	2	44	542	-	-	262.111
	14	496	222	-	-	185.404
Due from Related Party	-	-	-	-	(8.690)	-
Other Assets						
Goodwill and other intangible assets	-	-	-	-	-	2.242
Deferred financing costs	-	-	-	-	-	3.353
Other assets	-	-	-	-	-	2.349
Excess insurance coverage receivable	-	-	-	-	-	3.990
	-	-	-	-	-	11.934
Total assets	$ 4.766	$ 1.957	$ 2.799	$ 2.833	$ (27.089)	$ 369.757

VHA Southwest Community Health Corporation and Subsidiaries

Balance Sheet Information – Consolidating Schedule (Continued)

June 30, 2014 and 2013

Liabilities and Net Assets

	AGH	BHSET	CCC	CHA	CHC	CCHST
Current Liabilities						
Current maturities of long-term debt	$ -	$ 6,440	$ 83	$ -	$ 468	$ -
Accounts payable	1,505	15,217	5	-	2,782	(1)
Accrued expenses	2,251	16,021	241	49	4,569	-
Amounts due under UPL programs	-	746	-	-	-	-
Estimated self-insurance costs, current	-	1,572	-	-	-	-
Total current liabilities	3,756	39,996	329	49	7,819	(1)
Estimated Self-insurance costs	-	13,897	-	-	242	-
Long-term Debt	-	130,455	205	-	559	-
Due to Related Party	-	424	4,767	-	-	44
Other Long-term Liabilities	-	1,053	-	-	-	-
Total liabilities	3,756	185,825	5,301	49	8,620	43
Net Assets						
CHC	37,434	54,860	(4,542)	180	16,723	14
Noncontrolling interest	-	826	-	-	-	-
Total unrestricted net assets	37,434	55,686	(4,542)	180	16,723	14
Temporarily restricted	10	149	-	-	-	-
Total net assets	37,444	55,835	(4,542)	180	16,723	14
Total liabilities and net assets	$ 41,200	$ 241,660	$ 759	$ 229	$ 25,343	$ 57

VHA Southwest Community Health Corporation and Subsidiaries

Balance Sheet Information – Consolidating Schedule (Continued)

June 30, 2014 and 2013

Liabilities and Net Assets

	CCHT	Consulting	WHS	SCH	SMMC	YCH
Current Liabilities						
Current maturities of long-term debt	$ 107	$ -	$ -	$ -	$ 3,386	$ 1,739
Accounts payable	293	94	-	-	1,675	542
Accrued expenses	1,385	1,920	-	-	2,322	983
Amounts due under UPL programs	-	-	-	-	715	-
Estimated self-insurance costs, current	-	-	-	-	-	-
Total current liabilities	1,785	2,014	-	-	8,098	3,264
Estimated Self-insurance costs	-	-	-	-	-	-
Long-term Debt	467	-	-	-	20,242	-
Due to Related Party	204	-	544	-	-	1,025
Other Long-term Liabilities	-	-	-	-	133	-
Total liabilities	2,456	2,014	544	-	28,473	4,289
Net Assets						
CHC	5,830	4,364	(544)	8,855	9,915	8,955
Noncontrolling interest	-	-	-	-	-	-
Total unrestricted net assets	5,830	4,364	(544)	8,855	9,915	8,955
Temporarily restricted	-	-	-	-	-	92
Total net assets	5,830	4,364	(544)	8,855	9,915	9,047
Total liabilities and net assets	$ 8,286	$ 6,378	$ -	$ 8,855	$ 38,388	$ 13,336

VHA Southwest Community Health Corporation and Subsidiaries

Balance Sheet Information – Consolidating Schedule (Continued)

June 30, 2014 and 2013

Liabilities and Net Assets

	CCBH	CCHM	CCCH	CCHH	Eliminations	Total
Current Liabilities						
Current maturities of long-term debt	$ -	$ 50	$ 47	$ -	$ -	$ 12,320
Accounts payable	1,319	803	1,065	1,604	-	26,903
Accrued expenses	1,871	697	311	177	-	32,797
Amounts due under UPL programs	-	-	-	-	-	1,461
Estimated self-insurance costs, current	-	-	-	-	-	1,572
Total current liabilities	3,190	1,550	1,423	1,781	-	75,053
Estimated Self-insurance costs	-	-	-	-	-	14,139
Long-term Debt	-	2,123	1,223	500	-	155,774
Due to Related Party	230	1,154	128	115	(8,690)	(55)
Other Long-term Liabilities	-	-	-	-	-	1,186
Total liabilities	3,420	4,827	2,774	2,396	(8,690)	246,097
Net Assets						
CHC	1,346	(2,870)	25	437	(18,399)	122,583
Noncontrolling interest	-	-	-	-	-	826
Total unrestricted net assets	1,346	(2,870)	25	437	(18,399)	123,409
Temporarily restricted	-	-	-	-	-	251
Total net assets	1,346	(2,870)	25	437	(18,399)	123,660
Total liabilities and net assets	$ 4,766	$ 1,957	$ 2,799	$ 2,833	$ (27,089)	$ 369,757

VHA Southwest Community Health Corporation and Subsidiaries

Statement of Operations and Changes in Net Assets Information – Consolidating Schedule

Year Ended June 30, 2014 and 2013

	AGH	BHSET	CCC	CHA	CHC	CCHST
Unrestricted Revenues, Gains and Other Support						
Patient service revenue (net of contractual allowances and discounts)	$ 50,283	$ 247,570	$ -	$ -	$ -	$ -
Provision for uncollectible accounts	6,518	23,989	-	-	-	-
Net patient service revenue less provision for uncollectible accounts	43,765	223,581	-	-	-	-
Ad valorem tax revenue	6,525	-	-	-	-	-
Other	1,093	11,412	-	300	6	-
Total unrestricted revenues, gains and other support	51,383	234,993	-	300	6	-
Expenses and Losses						
Salaries and wages	20,634	91,874	1,458	-	6,729	-
Employee benefits	3,408	17,936	197	-	1,381	-
Purchased services and professional fees	7,656	38,428	(65)	-	534	-
Supplies, rent and other costs	10,312	66,685	276	283	1,164	-
Corporate allocation	872	1,661	(847)	-	(3,845)	-
Depreciation and amortization	1,136	14,800	91	-	103	-
Interest	21	6,614	14	-	29	-
Gain on disposal of property and equipment	-	(30)	-	-	-	-
Total expenses and losses	44,039	237,968	1,124	283	6,095	-
Operating Income (Loss)	7,344	(2,975)	(1,124)	17	(6,089)	-
Other Income (Expense)						
Contributions received	-	154	-	-	-	-
Investment return	14	657	-	-	798	-
Loss on refinancing of debt	-	(4,903)	-	-	-	-
Other	-	-	-	-	4,689	-
Total other income (expense)	14	(4,092)	-	-	5,487	-

VHA Southwest Community Health Corporation and Subsidiaries

Statement of Operations and Changes in Net Assets Information – Consolidating Schedule (Continued)

Year Ended June 30, 2014 and 2013

	CCHT	Consulting	WHS	SCH	SMMC	YCH
Unrestricted Revenues, Gains and Other Support						
Patient service revenue (net of contractual allowances and discounts)	$ 27,092	$ -	$ -	$ -	$ 29,106	$ 19,112
Provision for uncollectible accounts	(178)	-	-	-	4,325	1,730
Net patient service revenue less provision for uncollectible accounts	27,270	-	-	-	24,781	17,382
Ad valorem tax revenue	-	-	-	-	-	-
Other	6	4,701	-	-	2,998	227
Total unrestricted revenues, gains and other support	27,276	4,701	-	-	27,779	17,609
Expenses and Losses						
Salaries and wages	9,336	2,637	-	-	10,062	7,171
Employee benefits	1,969	375	-	-	2,058	1,901
Purchased services and professional fees	6,918	157	-	-	3,378	3,216
Supplies, rent and other costs	5,132	1,322	-	-	7,354	3,691
Corporate allocation	609	-	-	-	370	422
Depreciation and amortization	187	39	-	-	2,169	634
Interest	7	-	-	-	945	88
Gain on disposal of property and equipment	-	-	-	-	-	-
Total expenses and losses	24,158	4,530	-	-	26,336	17,123
Operating Income (Loss)	3,118	171	-	-	1,443	486
Other Income (Expense)						
Contributions received	-	-	-	-	-	2,000
Investment return	-	-	-	-	11	10
Loss on refinancing of debt	-	-	-	-	-	-
Other	-	855		-	-	-
Total other income (expense)	-	855	-	-	11	2,010

VHA Southwest Community Health Corporation and Subsidiaries

Statement of Operations and Changes in Net Assets Information – Consolidating Schedule (Continued)

Year Ended June 30, 2014 and 2013

	CCBH	CCHM	CCCH	CCHH	Eliminations	Total
Unrestricted Revenues, Gains and Other Support						
Patient service revenue (net of contractual allowances and discounts)	$ 9,092	$ 2,300	$ 1,980	$ 3,360	$ -	$ 389,895
Provision for uncollectible accounts	116	23	28	34	-	36,585
Net patient service revenue less provision for uncollectible accounts	8,976	2,277	1,952	3,326	-	353,310
Ad valorem tax revenue	-	-	-	-	-	6,525
Other	1	14	-	-	(300)	20,458
Total unrestricted revenues, gains and other support	8,977	2,291	1,952	3,326	(300)	380,293
Expenses and Losses						
Salaries and wages	2,959	2,300	784	1,100	-	157,044
Employee benefits	702	476	173	227	(2,168)	28,635
Purchased services and professional fees	1,483	699	592	779	(300)	63,475
Supplies, rent and other costs	2,257	1,372	616	651	(143)	100,971
Corporate allocation	227	222	100	119	-	(90)
Depreciation and amortization	3	44	31	-	-	19,237
Interest	-	48	12	13	(86)	7,705
Gain on disposal of property and equipment	-	-	-	-	-	(30)
Total expenses and losses	7,631	5,161	2,308	2,889	(2,697)	376,947
Operating Income (Loss)	1,346	(2,870)	(356)	437	2,397	3,346
Other Income (Expense)						
Contributions received	-	-	381	-	-	2,535
Investment return	-	-	-	-	(86)	1,404
Loss on refinancing of debt	-	-	-	-	-	(4,903)
Other	-	-	-	-	(2,311)	3,233
Total other income (expense)	-	-	381	-	(2,397)	2,269

VHA Southwest Community Health Corporation and Subsidiaries

Statement of Operations and Changes in Net Assets Information – Consolidating Schedule (Continued)

Year Ended June 30, 2014 and 2013

	AGH	BHSET	CCC	CHA	CHC	CCHST
Excess (Deficiency) of Revenues Over Expenses	$ 7,358	$ (7,067)	$ (1,124)	$ 17	$ (602)	$ -
Contributions and grants for acquisition of property and equipment	-	280	-	-	-	-
Investment return, change in unrealized gains and losses on other than trading securities	-	(47)	-	-	-	-
Net assets released from restriction	-	-	-	-	-	-
Distributions to members	-	-	-	-	706	-
Transfers from (to) affiliates	-	-	-	-	-	-
Distributions to noncontrolling interest	-	(215)	-	-	-	-
Change in ownership interest in joint venture	-	209	-	-	-	-
Increase (Decrease) in Unrestricted Net Assets	7,358	(6,840)	(1,124)	17	104	-
Temporarily Restricted Net Assets						
Contributions received	-	8	-	-	-	-
Net assets released from restriction	-	(27)	-	-	-	-
Increase in temporarily restricted net assets	-	(19)	-	-	-	-
Change in Net Assets	7,358	(6,859)	(1,124)	17	104	-
Net Assets, Beginning of Year	30,086	62,694	(3,418)	163	16,619	14
Net Assets, End of Year	$ 37,444	$ 55,835	$ (4,542)	$ 180	$ 16,723	$ 14

VHA Southwest Community Health Corporation and Subsidiaries

Statement of Operations and Changes in Net Assets Information – Consolidating Schedule (Continued)

Year Ended June 30, 2014 and 2013

	CCHT	Consulting	WHS	SCH	SMMC	YCH
Excess (Deficiency) of Revenues Over Expenses	$ 3,118	$ 1,026	$ -	$ -	$ 1,454	$ 2,496
Contributions and grants for acquisition of property and equipment	-	-	-	-	-	-
Investment return, change in unrealized gains and losses on other than trading securities	-	-	-	-	-	-
Net assets released from restriction	-	-	-	-	-	-
Distributions to members	(3,528)	-	-	-	-	-
Transfer from (to) affiliates	-	-	-	-	-	-
Distributions to noncontrolling interest	-	-	-	-	-	-
Change in ownership interest in joint venture	-	-	-	-	-	-
Increase (Decrease) in Unrestricted Net Assets	(410)	1,026	-	-	1,454	2,496
Temporarily Restricted Net Assets						
Contributions received	-	-	-	-	-	2
Net assets released from restriction	-	-	-	-	-	-
Increase in temporarily restricted net assets	-	-	-	-	-	2
Change in Net Assets	(410)	1,026	-	-	1,454	2,498
Net Assets, Beginning of Year	6,240	3,338	(544)	8,855	8,461	6,548
Net Assets, End of Year	$ 5,830	$ 4,364	$ (544)	$ 8,855	$ 9,915	$ 9,046

VHA Southwest Community Health Corporation and Subsidiaries

Statement of Operations and Changes in Net Assets Information – Consolidating Schedule (Continued)

Year Ended June 30, 2014 and 2013

	CCBH	CCHM	CCCH	CCHH	Eliminations	Total
Excess (Deficiency) of Revenues Over Expenses	$ 1,346	$ (2,870)	$ 25	$ 437	$ -	$ 5,615
Contributions and grants for acquisition of property and equipment	-	-	-	-	-	280
Investment return, change in unrealized gains and losses on other than trading securities	-	-	-	-	-	(47)
Net assets released from restriction	-	-	-	-	-	-
Distributions to members	-	-	-	-	-	(2,822)
Transfers from (to) affiliates	-	-	-	-	-	-
Distributions to noncontrolling interest	-	-	-	-	-	(215)
Change in ownership interest in joint venture	-	-	-	-	-	209
Increase (Decrease) in Unrestricted Net Assets	1,346	(2,870)	25	437	-	3,020
Temporarily Restricted Net Assets						
Contributions received	-				-	10
Net assets released from restriction	-				-	(27)
Increase in temporarily restricted net assets	-				-	(17)
Change in Net Assets	1,346	(2,870)	25	437	-	3,003
Net Assets, Beginning of Year	-	-		-	(18,399)	120,657
Net Assets, End of Year	$ 1,346	$ (2,870)	$ 25	$ 437	$ (18,399)	$ 123,660