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Form 990



Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

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

OMB No 1545-0047

2013

Open to Public Inspection

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

B Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization DICKENSON COMMUNITY HOSPITAL		D Employer identification number 77-0599553
	Doing Business As		
	Number and street (or P O box if mail is not delivered to street address) PO BOX 1440 1 HOSPITAL DRIVE	Room/suite	E Telephone number (276) 926-0319
	City or town, state or province, country, and ZIP or foreign postal code CLINTWOOD, VA 24228		G Gross receipts \$ 7,697,225
F Name and address of principal officer MARK LEONARD 100 15TH STREET NW NORTON, VA 24273			H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) H(c) Group exemption number ▶
I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () ◀(insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527			
J Website: ▶ WWW.MSHA.COM/DCH			
K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶			L Year of formation 2003
			M State of legal domicile VA

Part I

Summary

Activities & Governance	1	Briefly describe the organization's mission or most significant activities PART III - LINE 1 DICKENSON COMMUNITY HOSPITAL IS COMMITTED TO BRINGING LOVING CARE TO HEALTH CARE WE EXIST TO IDENTIFY AND RESPOND TO THE HEALTH CARE NEEDS OF INDIVIDUALS AND COMMUNITIES IN OUR REGION AND TO ASSIST THEM IN ATTAINING THEIR HIGHEST POSSIBLE LEVEL OF HEALTH PART I, LINE I - ORGANIZATION'S ACCOMPLISHMENTS WITH A SIGNIFICANT ELDERLY POPULATION AND MOUNTAINOUS TERRAIN, TRAVEL OUTSIDE THE IMMEDIATE AREA CAN BE CHALLENGING, ESPECIALLY IN THE WINTER RURAL LIFE OFTEN INCLUDES HAZARDOUS OCCUPATIONS, WHICH IS CERTAINLY TRUE OF DICKENSON COUNTY DUE TO THE HIGH EMPLOYMENT RATES IN THE COAL MINING INDUSTRY GIVEN THESE FACTORS, RURAL HOSPITALS MUST REMAIN FLEXIBLE AND DIVERSE IN THEIR FACILITIES AND THE SERVICES THEY OFFER THE COMMUNITY MOUNTAIN STATES HEALTH ALLIANCE AND NORTON COMMUNITY HOSPITAL BELIEVE THAT SUPPORTING THE SERVICES OF DICKENSON COMMUNITY HOSPITAL (DCH) TO ASSIST RESIDENTS IN ATTAINING A HIGH LEVEL OF HEALTH CONTINUES TO BE A CORE VALUE OF OUR BUSINESS AND CO
	2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets
	3	Number of voting members of the governing body (Part VI, line 1a)
	4	Number of independent voting members of the governing body (Part VI, line 1b)
	5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)
	6	Total number of volunteers (estimate if necessary)
Revenue	7a	Total unrelated business revenue from Part VIII, column (C), line 12
	b	Net unrelated business taxable income from Form 990-T, line 34
	8	Contributions and grants (Part VIII, line 1h)
	9	Program service revenue (Part VIII, line 2g)
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)
Expenses	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)
	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)
	14	Benefits paid to or for members (Part IX, column (A), line 4)
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)
	16a	Professional fundraising fees (Part IX, column (A), line 11e)
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶ ⁰
Net Assets or Fund Balances	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)
	18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)
	19	Revenue less expenses Subtract line 18 from line 12
		Beginning of Current Year
	20	Total assets (Part X, line 16)
	21	Total liabilities (Part X, line 26)
	End of Year	
22	Net assets or fund balances Subtract line 21 from line 20	

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		2015-04-30 Date		
	KEVIN MORRISON CFO Type or print name and title				
Paid Preparer Use Only	Prnt/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶			Firm's EIN ▶	
	Firm's address ▶			Phone no	
May the IRS discuss this return with the preparer shown above? (see instructions) <input type="checkbox"/> Yes <input type="checkbox"/> No					

Part IIIStatement 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

PART III - LINE 1 DICKENSON COMMUNITY HOSPITAL IS COMMITTED TO BRINGING LOVING CARE TO HEALTH CARE WE EXIST TO IDENTIFY AND RESPOND TO THE HEALTH CARE NEEDS OF INDIVIDUALS AND COMMUNITIES IN OUR REGION AND TO ASSIST THEM IN ATTAINING THEIR HIGHEST POSSIBLE LEVEL OF HEALTH PART I, LINE I - ORGANIZATION'S ACCOMPLISHMENTS WITH A SIGNIFICANT ELDERLY POPULATION AND MOUNTAINOUS TERRAIN, TRAVEL OUTSIDE THE IMMEDIATE AREA CAN BE CHALLENGING, ESPECIALLY IN THE WINTER RURAL LIFE OFTEN INCLUDES HAZARDOUS OCCUPATIONS, WHICH IS CERTAINLY TRUE OF DICKENSON COUNTY DUE TO THE HIGH EMPLOYMENT RATES IN THE COAL MINING INDUSTRY GIVEN THESE FACTORS, RURAL HOSPITALS MUST REMAIN FLEXIBLE AND DIVERSE IN THEIR FACILITIES AND THE SERVICES THEY OFFER THE COMMUNITY MOUNTAIN STATES HEALTH ALLIANCE AND NORTON COMMUNITY HOSPITAL BELIEVE THAT SUPPORTING THE SERVICES OF DICKENSON COMMUNITY HOSPITAL (DCH) TO ASSIST RESIDENTS IN ATTAINING A HIGH LEVEL OF HEALTH CONTINUES TO BE A CORE VALUE OF OUR BUSINESS AND CO

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 \$ 1,537,597 including grants of \$) (Revenue \$ 2,044,744)

EMERGENCY SERVICES OUR FULLY STAFFED 24-HOUR EMERGENCY DEPARTMENT IS AVAILABLE FOR PATIENTS IN A LIFE THREATENING SITUATION WE CAN PROVIDE AIR MEDICAL TRANSPORTATION TO A LARGER REGIONAL HOSPITAL FOR ANY PATIENT NEEDING A HIGHER LEVEL OF CARE THERE WERE 6,787 ED VISITS DURING FY14 THE EXPENSES REFLECT ONLY THE DIRECT EXPENSES FOR THE EMERGENCY DEPARTMENT AND DO NOT INCLUDE ANY INDIRECT EXPENSES

4b

(Code) (Expenses \$ 572,846 including grants of \$) (Revenue \$ 1,800,175)

RADIOLOGY OUR HIGHLY TRAINED TECHNICIANS CAN ADMINISTER ON-SITE PROCEDURES AND TESTING FOR CT SCANS, GENERAL RADIOLOGY (X-RAY), ULTRASOUND, AND BONE DENSITY TESTING THE HOSPITAL PERFORMED 7,563 RADIOLOGY PROCEDURES DURING FY14 THE EXPENSES REFLECT ONLY THE DIRECT EXPENSES FOR THE RADIOLOGY DEPARTMENT AND DO NOT INCLUDE ANY INDIRECT EXPENSES

4c

(Code) (Expenses \$ 648,439 including grants of \$) (Revenue \$ 1,661,590)

LABORATORY OUR EXPERIENCED STAFF OFFER COMPLETE AND COMPREHENSIVE SERVICES INCLUDING EMERGENCY & OUTPATIENT SERVICES, STAT TESTING, COMPREHENSIVE CHEMISTRY STUDIES, OCCUPATIONAL DRUG TESTING, HIGH SENSITIVE COUMADIN MONITORING, TRANSFUSION SERVICES, AND MORE WE PROVIDE LAB SERVICES 24 HOURS A DAY, 7 DAYS A WEEK DURING FY14, 60,919 LAB TESTS WERE PROCESSED THE EXPENSES REFLECT ONLY THE DIRECT EXPENSES FOR THE LABORATORY DEPARTMENT AND DO NOT INCLUDE ANY INDIRECT EXPENSES

(Code) (Expenses \$ 2,631,777 including grants of \$ 34,784) (Revenue \$ 2,159,793)

DURING FY14, DCH IMPLEMENTED AN ONLINE TOOL CALLED OWL (ONLINE WELLNESS LINK) OWL PROVIDES INPATIENTS WITH BETTER ACCESS TO THEIR HEALTH CARE INFORMATION SO THEY CAN VIEW A PORTION OF THEIR HEALTH CARE INFORMATION ONLINE, INCLUDING - A CONTINUITY OF CARE DOCUMENT WHICH PROVIDES A SUMMARY OF THE HOSPITAL VISIT - CURRENT MEDICATIONS - ALLERGIES AND ADVERSE REACTIONS - PAST MEDICAL HISTORY - CERTAIN LABORATORY AND RADIOLOGY RESULTS THE OWL PORTAL ALSO ALLOWS DCH CAREGIVERS TO EXCHANGE HEALTH INFORMATION, WHICH HAS LED TO SAFER, MORE QUALITY-ORIENTED AND STREAMLINED CARE FOR OUR PATIENTS WOUND CARE WAS INITIATED AT DICKENSON COMMUNITY HOSPITAL (DCH) THIS YEAR THE PROGRAM WAS AN OUTGROWTH FROM NORTON COMMUNITY HOSPITAL IN AN EFFORT TO REACH PATIENTS THAT COULD NOT ACCESS CARE WOUND CARE PATIENTS OFTEN HAVE MULTIPLE HEALTH ISSUES AND MANY TIMES TRAVEL IS VERY DIFFICULT FOR THEM THESE HARDSHIPS OFTEN CAUSED PATIENTS THE INABILITY TO ACCESS NECESSARY CARE PATIENTS SERVED AT DCH INCLUDE THOSE WITH DIABETIC ULCERS, VENOUS STASIS ULCERS, ARTERIAL ULCERS, NON-HEALING TRAUMATIC AND SURGICAL WOUNDS AND OTHER CHRONIC WOUND CONDITIONS THE CARE SPECIALISTS AT MOUNTAIN STATES WOUND CARE CENTERS USE A TEAM APPROACH WHICH INCLUDES, BUT IS NOT LIMITED TO WORKING TO ADDRESS THE UNDERLYING CAUSE OF THE PROBLEM, CONTROL INFECTION AND IMPROVE THE OVERALL HEALTH OF OUR PATIENTS AN EFFECTIVE PLAN CAN DECREASE PAIN AT WOUND SITE, DECREASE RECOVERY TIME, REDUCE COMPLICATIONS, REDUCE NEED FOR HOSPITALIZATION OR PROLONGED HOME CARE, HELP TO BETTER UNDERSTAND OUR PATIENT'S CONDITION AND TREATMENT OPTIONS, AND PREVENT RECURRENCE OF WOUNDS PROPER WOUND CARE TECHNIQUES HAVE PROVEN TO EXPEDITE WOUND HEALING AND TO REDUCE THE FINANCIAL COST TO PATIENTS AND THEIR FAMILIES WE ARE OFFERING THE NEW WOUND CARE PROGRAM ONE DAY A WEEK AND WILL ADJUST AS NEEDED DICKENSON COMMUNITY HOSPITAL'S SENIOR LIFE SOLUTIONS (SLS) PROGRAM CONTINUES SERVING THE BEHAVIORAL, EMOTIONAL, AND MENTAL HEALTH NEEDS OF INDIVIDUALS AGES 65 AND OVER SLS, AN INTENSIVE OUTPATIENT PSYCHIATRIC PROGRAM, PROVIDES GROUP, INDIVIDUAL AND FAMILY PSYCHOTHERAPY TREATMENT AT A MORE INTENSIVE RATE THAN TRADITIONAL OUTPATIENT THERAPY THE SLS DESIGN PROVIDES A BRIDGE BETWEEN TRADITIONAL OUTPATIENT SERVICES AND PSYCHIATRIC INPATIENT HOSPITALIZATION A TYPICAL PATIENT WILL RECEIVE NINE HOURS OF GROUP PSYCHOTHERAPY PER WEEK, WHICH IS DIVIDED INTO THREE ONE-HOUR SESSIONS A DAY, AT THREE DAYS PER WEEK SLS IMPLEMENTED AN ADDITIONAL ONE-HOUR GROUP SERVICE NAMED THE TRANSITION GROUP THIS ALLOWS PATIENTS THAT ARE SHOWING PROGRESS THROUGH SYMPTOM REDUCTION TO DECREASE TREATMENT HOURS IN A MANNER THAT MAINTAINS THEIR STABILITY DCH IS LOCATED IN A RURAL AREA AND THE SLS PROVIDES WARRANTED SERVICES TO A GROWING SENIOR POPULATION WHICH WAS PREVIOUSLY UNDERSERVED WITH HEALTHCARE INSURANCE COVERAGE CHANGING RAPIDLY, PATIENT PAYMENT RESPONSIBILITY IS INCREASING AT A RATE OF 5 TO 6 PERCENT EACH YEAR MOUNTAIN STATES INTRODUCED A NEW PAYMENT OPTION LAST YEAR THAT OFFERS MORE FLEXIBILITY TO OUR PATIENTS - THE ABILITY TO SPREAD PAYMENTS OVER A 36-MONTH PERIOD WITH NO INTEREST CHARGED OF COURSE, FOR PATIENTS THAT ARE UNABLE TO PAY THEIR ACCOUNT BALANCES, PATIENT REPRESENTATIVES ARE AVAILABLE TO DISCUSS FINANCIAL ASSISTANCE PROGRAMS DCH HAS PARTNERED WITH THE COMPANY FIRSTSOURCE SOLUTIONS USA TO WORK WITH SELF-PAYING PATIENTS WHO HAVE LIMITED FINANCIAL RESOURCES DURING FY14, FIRSTSOURCE REPRESENTATIVES WERE AVAILABLE TO DCH PATIENTS FIRSTSOURCE REPRESENTATIVES WERE ABLE TO DETERMINE GOVERNMENTAL MEDICAL ASSISTANCE (MEDICAID OR TENNCARE) ELIGIBILITY, AND TO HELP WITH THE APPLICATION PROCESS AND FOLLOW-UP ONCE A PERSON IS APPROVED FOR MEDICAID (OR TENNCARE) THROUGH THE PROGRAM OFFERED THROUGH DCH, THEY RETAIN COVERAGE FOR FUTURE MEDICAL CARE 124 PATIENTS WERE APPROVED FOR GOVERNMENTAL ASSISTANCE DURING THE YEAR FIRSTSOURCE IS COMPENSATED BY DCH DURING FY14, DCH'S COST FOR THIS PROGRAM WAS 9,855 THE HEAL (HEALTHY EATING ACTIVE LIVING) APPALACHIA PROGRAM, WHICH BATTLES CHILDHOOD OBESITY IN OUR REGION, HAS BEEN SELECTED AS A 2014 INDUCTEE INTO THE FIRST LADY OF VIRGINIA'S OPPORTUNITY HALL OF FAME THIS HONOR RELATES TO HEAL APPALACHIA'S WORK IN SOUTHWEST VIRGINIA HEAL APPALACHIA IS A COLLABORATIVE EFFORT OF MOUNTAIN STATES HEALTH ALLIANCE (MSHA) AND EAST TENNESSEE STATE UNIVERSITY IT WAS CREATED TO BUILD MOMENTUM IN THE FIGHT AGAINST CHILDHOOD OBESITY IN SOUTHERN APPALACHIA MSHA PROVIDES FUNDING FOR HEAL APPALACHIA ANNUAL GRANTS TO SUPPORT AND EMPOWER LOCAL ORGANIZATIONS TO CARRY OUT ACTIVITIES THAT MEASURABLY IMPACT CHILDHOOD OBESITY HEAL GRANTS HAVE BEEN AWARDED TO VIRGINIA SCHOOLS, NON-PROFIT AGENCIES AND COMMUNITIES PROMOTING YOUTH ACTIVITIES THE VIRGINIA HEALTH QUALITY CENTER (VHQC), A NONPROFIT HEALTH QUALITY CONSULTING COMPANY, SELECTED WINNERS IN SIX CATEGORIES FOR THEIR CONTRIBUTIONS TO IMPROVING HEALTH CARE FOR PATIENTS IN VIRGINIA MOUNTAIN STATES HEALTH ALLIANCE'S VIRGINIA HOSPITALS, WHICH INCLUDE DICKENSON COMMUNITY HOSPITAL, EARNED THE HONOR FOR THEIR PATIENT-CENTERED CARE THE WINNERS WERE ANNOUNCED DURING QUALITYSYNC, VHQC'S ANNUAL LEARNING EVENT, HELD IN RICHMOND, AND WERE SELECTED FROM NEARLY 30 NOMINATIONS "MSHA'S VIRGINIA HOSPITALS DEVELOPED AN INNOVATIVE APPROACH TO BRINGING A PATIENT-CENTERED APPROACH TO ALL OF ITS FACILITIES", THE VHQC STATED IN A NEWS RELEASE "BY ESTABLISHING 10 GUIDING PRINCIPLES AND INCORPORATING THEM INTO EACH HOSPITAL'S OPERATIONS, THIS ORGANIZATION HAS SIGNIFICANTLY IMPROVED PATIENT-PROVIDER RELATIONSHIPS, ENVIRONMENTS AND SERVICE DELIVERY"

4d

Other program services (Describe in Schedule O)

(Expenses \$ 2,631,777 including grants of \$ 34,784) (Revenue \$ 2,159,793)




















4e

Total program service expenses

5,390,659

Form 990 (2013)

Part IV Checklist of Required Schedules

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

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21	Yes	
22	Did the organization report more than \$5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i>	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If so, complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a		No
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b		
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V

Statements Regarding Other IRS Filings and Tax Compliance

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

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.		
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.		
1c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.		
2b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).		
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?		No
3b	If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O.		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		No
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		No
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
5c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		No
6b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
7a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		No
7b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
7c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		No
7d	If "Yes," indicate the number of Forms 8282 filed during the year.		
7e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		No
7f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		No
7g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
7h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		
9	Sponsoring organizations maintaining donor advised funds.		
9a	Did the organization make any taxable distributions under section 4966?		
9b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter		
10a	Initiation fees and capital contributions included on Part VIII, line 12.		
10b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		
11	Section 501(c)(12) organizations. Enter		
11a	Gross income from members or shareholders.		
11b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		
12b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
13a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.		
13b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.		
13c	Enter the amount of reserves on hand.		
14a	Did the organization receive any payments for indoor tanning services during the tax year?		No
14b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		

Part VI

Governance, Management, and Disclosure

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

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

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	10	
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
1b	Enter the number of voting members included in line 1a, above, who are independent	3	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	8a	Yes
8b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

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

		Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a	No
10b	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
11b	Describe in Schedule O the process, if any, used by the organization to review this Form 990		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	12a	Yes
12b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes
12c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	12c	Yes
13	Did the organization have a written whistleblower policy?	13	Yes
14	Did the organization have a written document retention and destruction policy?	14	Yes
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
15a	The organization's CEO, Executive Director, or top management official	15a	Yes
15b	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
16b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b	

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	VA
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> Other (explain in Schedule O)	
19	Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year	
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization KEVIN MORRISON 100 15TH STREET NW NORTON, VA 24273 (276) 439-1011	

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) ANN FLEMING DIRECTOR	50 59 50	X						0	753,909	73,411
(2) JOHN DOYLE DIRECTOR	10 00 40 00	X						0	254,343	34,109
(3) ROBERT LEONARD TREASURER	50 1 00	X						0	21,860	0
(4) BUFORD STURGILL DIRECTOR	50 1 00	X						0	18,170	0
(5) JOHN WRIGHT DIRECTOR	50 1 00	X						0	16,424	0
(6) JAMES MANICURE VICE CHAIR	50 1 00	X						0	15,359	0
(7) DONALD BAKER CHAIR	50	X						0	0	0
(8) ROGER DEEL DIRECTOR	50	X						0	0	0
(9) VONDA BUCHANAN SECRETARY	50	X						0	0	0
(10) LARRY YATES DIRECTOR	50	X						0	0	0
(11) MARK LEONARD CEO	6 00 49 00			X				0	277,284	46,286
(12) STEPHEN SAWYER CFO	6 00 49 00			X				0	153,220	21,317
(13) KEVIN MORRISON CFO	6 00 49 00			X				0	51,448	8,234
(14) ROY DEEL MD PHYSICIAN	40 00					X		0	105,529	18,832

Part VII

(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)								1,667,546	202,189	

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: **1**

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

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
PSYCHIATRIC MEDICAL CARE, PO BOX 30067 KNOXVILLE TN 379300067	MED DIRECTOR	105,107

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 ►1

Part VIII

Statement of Revenue

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

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514	
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d	21,980			
	e	Government grants (contributions)	1e	6,795			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f				
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f		28,775			
Program Service Revenue	2a	PATIENT SERVICES	Business Code 622110	6,918,364	6,918,364		
	b	WELLNESS PROGRAMS	622110	722,787	722,787		
	c						
	d						
	e						
	f	All other program service revenue					
	g	Total. Add lines 2a-2f		7,641,151			
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)	254	254		
4		Income from investment of tax-exempt bond proceeds					
5		Royalties					
6a		Gross rents	(i) Real	(ii) Personal			
		b	Less rental expenses				
		c	Rental income or (loss)				
		d	Net rental income or (loss)				
7a		Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other			
		b	Less cost or other basis and sales expenses		14,239		
		c	Gain or (loss)		14,239		
		d	Net gain or (loss)		14,239	14,239	
8a		Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	a				
		b	Less direct expenses	b			
		c	Net income or (loss) from fundraising events				
9a		Gross income from gaming activities See Part IV, line 19	a				
		b	Less direct expenses	b			
		c	Net income or (loss) from gaming activities				
10a		Gross sales of inventory, less returns and allowances	a				
		b	Less cost of goods sold	b			
		c	Net income or (loss) from sales of inventory				
Miscellaneous Revenue		Business Code					
11a	OTHER REVENUE	900099	10,658	10,658			
b	MEDICAL RECORDS	900099	2,148			2,148	
c							
d	All other revenue						
e	Total. Add lines 11a-11d		12,806				
12	Total revenue. See Instructions		7,697,225	7,666,302		2,148	

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.	34,784	34,784		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.				
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.	45,981		45,981	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).				
7	Other salaries and wages.	3,175,849	2,463,491	712,358	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	75,774	60,790	14,984	
9	Other employee benefits.	221,500	209,588	11,912	
10	Payroll taxes.	191,601	173,585	18,016	
11	Fees for services (non-employees):				
a	Management.				
b	Legal.	4,988		4,988	
c	Accounting.	1,106		1,106	
d	Lobbying.				
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.				
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	1,334,285	1,261,875	72,410	
12	Advertising and promotion.	34,767		34,767	
13	Office expenses.	134,390	119,978	14,412	
14	Information technology.	35,141	23,219	11,922	
15	Royalties.				
16	Occupancy.	172,982	101,483	71,499	
17	Travel.	11,094	6,634	4,460	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	8,481	8,481		
20	Interest.				
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	289,183	212,281	76,902	
23	Insurance.	17,716	216	17,500	
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O):				
a	MEDICAL SUPPLIES & DRUGS	456,513	456,513		
b	MANAGEMENT FEES TO PARENT	358,433		358,433	
c	REPAIRS & MAINTENANCE	243,510	240,711	2,799	
d	LICENSES & PERMITS	13,573	13,573		
e	All other expenses	14,607	3,457	11,150	
25	Total functional expenses. Add lines 1 through 24e.	6,876,258	5,390,659	1,485,599	0
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		497,530	1	395,418
	2	Savings and temporary cash investments			2	
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		1,123,612	4	959,898
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		72,476	8	84,590
	9	Prepaid expenses and deferred charges		31,678	9	53,635
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	4,386,013		
	b	Less accumulated depreciation	10b	2,609,040	1,779,326	10c1,776,973
	11	Investments—publicly traded securities			11	
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		500,828	15	1,146,925
	16	Total assets. Add lines 1 through 15 (must equal line 34)		4,005,450	16	4,417,439
Liabilities	17	Accounts payable and accrued expenses		722,552	17	622,100
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		438,483	25	302,256
	26	Total liabilities. Add lines 17 through 25		1,161,035	26	924,356
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		2,840,969	27	3,483,447
	28	Temporarily restricted net assets		3,446	28	9,636
	29	Permanently restricted net assets			29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		2,844,415	33	3,493,083
	34	Total liabilities and net assets/fund balances		4,005,450	34	4,417,439

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	7,697,225
2	Total expenses (must equal Part IX, column (A), line 25)	2	6,876,258
3	Revenue less expenses Subtract line 2 from line 1	3	820,967
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	2,844,415
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	-172,299
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	3,493,083

Part XII Financial Statements and Reporting

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

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

SCHEDULE A
(Form 990 or 990EZ)

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 DICKENSON COMMUNITY HOSPITAL	Employer identification number 77-0599553
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Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

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

1	<input type="checkbox"/>	A church, convention of churches, or association of churches described in section 170(b)(1)(A)(i).
2	<input type="checkbox"/>	A school described in section 170(b)(1)(A)(ii). (Attach Schedule E)
3	<input checked="" type="checkbox"/>	A hospital or a cooperative hospital service organization described in section 170(b)(1)(A)(iii).
4	<input type="checkbox"/>	A medical research organization operated in conjunction with a hospital described in section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state _____
5	<input type="checkbox"/>	An organization operated for the benefit of a college or university owned or operated by a governmental unit described in section 170(b)(1)(A)(iv). (Complete Part II)
6	<input type="checkbox"/>	A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v).
7	<input type="checkbox"/>	An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in section 170(b)(1)(A)(vi). (Complete Part II)
8	<input type="checkbox"/>	A community trust described in section 170(b)(1)(A)(vi) (Complete Part II)
9	<input type="checkbox"/>	An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See section 509(a)(2). (Complete Part III)
10	<input type="checkbox"/>	An organization organized and operated exclusively to test for public safety See section 509(a)(4).
11	<input type="checkbox"/>	An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See section 509(a)(3). Check the box that describes the type of supporting organization and complete lines 11e through 11h a <input type="checkbox"/> Type I b <input type="checkbox"/> Type II c <input type="checkbox"/> Type III - Functionally integrated d <input type="checkbox"/> Type III - Non-functionally integrated
e	<input type="checkbox"/>	By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)
f	<input type="checkbox"/>	If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box
g	<input type="checkbox"/>	Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons? (i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization? (ii) A family member of a person described in (i) above? (iii) A 35% controlled entity of a person described in (i) or (ii) above?
h	<input type="checkbox"/>	Provide the following information about the supported organization(s)

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

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

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

Cat No 11285F

Schedule A (Form 990 or 990-EZ) 2013

Part II

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

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

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

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

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

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

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

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

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

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

Facts And Circumstances Test

Return Reference	Explanation	
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SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

OMB No 1545-0047

2013

Open to Public Inspection

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

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

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

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

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

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

Name of the organization DICKENSON COMMUNITY HOSPITAL	Employer identification number 77-0599553
--	--

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

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

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

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

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

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

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

Part II-A

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

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

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

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

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

Part II-B

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
	a Volunteers?		No	
	b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
	c Media advertisements?		No	
	d Mailings to members, legislators, or the public?		No	
	e Publications, or published or broadcast statements?		No	
	f Grants to other organizations for lobbying purposes?	Yes		308
	g Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
	h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
	i Other activities?		No	
	j Total. Add lines 1c through 1i.			308
	2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b If "Yes," enter the amount of any tax incurred under section 4912				
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912				
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?				

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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

Return Reference	Explanation
SCHEDULE C, PART IV	DCH HAD LOBBYING EXPENSES OF 308 WHICH REPRESENTS THE PORTION OF VIRGINIA HOSPITAL & HEALTHCARE ASSOCIATION DUES ATTRIBUTABLE TO DIRECT LOBBYING

[illegible]

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization DICKENSON COMMUNITY HOSPITAL	Employer identification number 77-0599553
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Part I

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

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

Part II

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

1

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

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

2

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

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

3

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

4

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

5

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

☐ Yes ☐ No

6

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

7

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

8

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

☐ Yes ☐ No

9

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

Part III

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

1a

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

b

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

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

▶ \$ _____

(ii) Assets included in Form 990, Part X

▶ \$ _____

2

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

a

Revenues included in Form 990, Part VIII, line 1

▶ \$ _____

b

Assets included in Form 990, Part X

▶ \$ _____

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

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

b ☐ Scholarly research

c ☐ Preservation for future generations

d ☐ Loan or exchange programs

e ☐ Other
- 4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII
- 5 During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

☐ Yes ☐ No

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

- 1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?

☐ Yes ☐ No
- b If "Yes," explain the arrangement in Part XIII and complete the following table
- c Beginning balance

d Additions during the year

e Distributions during the year

f Ending balance

	Amount
1c	
1d	
1e	
1f	
- 2a Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes ☐ No
- b If "Yes," explain the arrangement in Part XIII Check here if the explanation has been provided in Part XIII

☐

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

- | | (a)Current year | (b)Prior year | b (c)Two years back | (d)Three years back | (e)Four years back |
|--|-----------------|---------------|---------------------|---------------------|--------------------|
| 1a Beginning of year balance | | | | | |
| b Contributions | | | | | |
| c Net investment earnings, gains, and losses | | | | | |
| d Grants or scholarships | | | | | |
| e Other expenditures for facilities and programs | | | | | |
| f Administrative expenses | | | | | |
| g End of year balance | | | | | |
- 2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as
- a Board designated or quasi-endowment ▶

b Permanent endowment ▶

c Temporarily restricted endowment ▶
- The percentages in lines 2a, 2b, and 2c should equal 100%
- 3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by
- (i) unrelated organizations

(ii) related organizations
- 3a(i)

3a(ii)

3b

Yes

No
- b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?
- 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				
b Buildings		459,380	145,541	313,839
c Leasehold improvements		557,291	421,201	136,090
d Equipment		3,369,342	2,042,298	1,327,044
e Other				
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).) ▶				1,776,973

Part XI

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

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

Part XII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.

Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

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

Part XIII

Supplemental Information

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

Return Reference	Explanation
SCHEDULE D, PAGE 3, PART X	"THE ALLIANCE IS CLASSIFIED AS AN ORGANIZATION EXEMPT FROM INCOME TAXES UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE. AS SUCH, NO PROVISION FOR INCOME TAXES HAS BEEN MADE IN THE ACCOMPANYING CONSOLIDATED FINANCIAL STATEMENTS FOR THE ALLIANCE AND ITS TAX-EXEMPT SUBSIDIARIES. THE ALLIANCE'S TAXABLE SUBSIDIARIES ARE DISCUSSED IN NOTE L. THE ALLIANCE HAS NO SIGNIFICANT UNCERTAIN TAX POSITIONS AT JUNE 30, 2014 AND 2013. AT JUNE 30, 2014, TAX RETURNS FOR 2010 THROUGH 2013 ARE SUBJECT TO EXAMINATION BY THE INTERNAL REVENUE SERVICE."

[illegible]

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
DICKENSON COMMUNITY HOSPITAL

Employer identification number
77-0599553

Part I

Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a Yes	
b	If "Yes," was it a written policy?	1b Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year <input checked="" type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities		
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input checked="" type="checkbox"/> 200% <input type="checkbox"/> Other _____ %	3a Yes	
b	Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input checked="" type="checkbox"/> 400% <input type="checkbox"/> Other _____ %	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 Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5c	No
6a	Did the organization prepare a community benefit report during the tax year?	6a	No
b	If "Yes," did the organization make it available to the public?	6b	
	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)			75,060		75,060	1 090 %
b Medicaid (from Worksheet 3, column a)			1,239,691	659,587	580,104	8 440 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			1,314,751	659,587	655,164	9 530 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			9,855		9,855	0 140 %
f Health professions education (from Worksheet 5)			20,266		20,266	0 290 %
g Subsidized health services (from Worksheet 6)			619,040	145,858	473,182	6 880 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			34,584		34,584	0 500 %
j Total Other Benefits			683,745	145,858	537,887	7 820 %
k Total. Add lines 7d and 7j			1,998,496	805,445	1,193,051	17 350 %

Part IICommunity Building Activities

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1Physical improvements and housing						
2Economic development			200		200	
3Community support						
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building						
7Community health improvement advocacy						
8Workforce development						
9Other						
10Total			200		200	

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

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

1

Yes

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

2

1,255,986

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

3

879,190

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

Section B. Medicare

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

5

2,383,387

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

6

1,940,153

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

7

443,234

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

☐ Cost accounting system

☐ Cost to charge ratio

☒ Other

Section C. Collection Practices

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

9a

Yes

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

9b

Yes

Part IVManagement Companies and Joint Ventures

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

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

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)
DICKENSON COMMUNITY HOSPITAL

Name of hospital facility or facility reporting group

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

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

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No		
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		9	Yes		
10 Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>200 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		10	Yes		
11 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		11	Yes		
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)		12	Yes		
a <input checked="" type="checkbox"/> Income level					
b <input checked="" type="checkbox"/> Asset level					
c <input checked="" type="checkbox"/> Medical indigency					
d <input checked="" type="checkbox"/> Insurance status					
e <input checked="" type="checkbox"/> Uninsured discount					
f <input type="checkbox"/> Medicaid/Medicare					
g <input type="checkbox"/> State regulation					
h <input type="checkbox"/> Residency					
i <input type="checkbox"/> Other (describe in Part VI)					
13 Explained the method for applying for financial assistance?		13	Yes		
14 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	Yes		
a <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website					
b <input type="checkbox"/> The policy was attached to billing invoices					
c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms					
d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices					
e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility					
f <input checked="" type="checkbox"/> The policy was available upon request					
g <input type="checkbox"/> Other (describe in Part VI)					
Billing and Collections					
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?		15	Yes		
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP					
a <input type="checkbox"/> Reporting to credit agency					
b <input type="checkbox"/> Lawsuits					
c <input type="checkbox"/> Liens on residences					
d <input type="checkbox"/> Body attachments					
e <input type="checkbox"/> Other similar actions (describe in Section C)					
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP?				17	No
If "Yes," check all actions in which the hospital facility or a third party engaged					
a <input type="checkbox"/> Reporting to credit agency					
b <input type="checkbox"/> Lawsuits					
c <input type="checkbox"/> Liens on residences					
d <input type="checkbox"/> Body attachments					
e <input type="checkbox"/> Other similar actions (describe in Section C)					

Part V

Facility Information (continued)

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

☒

Notified individuals of the financial assistance policy on admission
- b

☒

Notified individuals of the financial assistance policy prior to discharge
- c

☒

Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills
- d

☐

Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- e

☐

Other (describe in Section C)

Policy Relating to Emergency Medical Care

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

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

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

Part V Facility Information (continued)

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

[illegible]

Part V

Facility Information *(continued)*

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

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

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

Part VI

Supplemental Information

Provide the following information

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

Form and Line Reference	Explanation
PART I, LINE 6A - RELATED ORGANIZATION INFORMATION	DCH DID NOT COMPLETE A COMMUNITY BENEFIT REPORT DURING FY14 WE ARE PREPARING A COMMUNITY BENEFIT REPORT IN FY15

Form and Line Reference	Explanation
PART I, LINE 7 - COSTING METHODOLOGY EXPLANATION	A COST TO CHARGE RATIO (WORKSHEET 2 "RATIO OF PATIENT CARE COST TO CHARGES") WAS USED TO CALCULATE LINE 7A FINANCIAL ASSISTANCE (CHARITY CARE) COST AND 7B MEDICAID LOSS. LINE 7E COMMUNITY HEALTH IMPROVEMENT INCLUDES COSTS THAT ARE TAKEN FROM ACTUAL EXPENSE REPORTS, WITH NO ADDITIONAL OVERHEAD INCLUDED IN THE COST. LINE 7F HEALTH PROFESSIONS EDUCATION IS COMPRISED OF INTERNSHIPS WITH SCHOOLS AND UNIVERSITIES, ALLOWING THEIR HEALTH PROFESSION STUDENTS TO GET HANDS-ON TRAINING AT A HOSPITAL AS PART OF THEIR EDUCATION AND TRAINING. OUR ORGANIZATIONAL DEVELOPMENT DEPARTMENT KEEPS DETAILED INFORMATION ON HOURS SPENT ON THESE STUDENT ACTIVITIES, THE NUMBER OF STUDENTS THAT ROTATE THROUGH OUR HOSPITALS, ETC. INFORMATION IS REPORTED FOR EACH HOSPITAL UNIT THAT PARTICIPATES. WE ONLY INCLUDE LABOR COSTS AND WE ONLY ASSUME A PERCENTAGE OF OUR TEAM MEMBERS' TIME IS DEVOTED TO THESE STUDENTS. FOR LINE 7G SUBSIDIZED HEALTH CARE SERVICES, WE USE OUR COST ACCOUNTING SYSTEM FOR MOST OF THE REPORTED SERVICES. WE ARE CAREFUL TO ENSURE NO DOUBLE COUNTING OF COST (FOR EXAMPLE, WE DO NOT INCLUDE CHARITY AND MEDICAID/TNCARE ALREADY REPORTED ON LINES 7A AND 7B). OUR COST ACCOUNTING SYSTEM INCLUDES ALL PATIENT SEGMENTS (INPATIENT, OUTPATIENT, EMERGENCY ROOM, ETC. AND ALL PAYER SOURCES, INCLUDING SELF-PAY). ALTHOUGH WE HAVE MANY SERVICE LINES WITHIN OUR HOSPITALS THAT LOSE MONEY, LOSSES FROM SERVICES THAT HOSPITALS ARE REQUIRED BY STATE LICENSURE TO PROVIDE ARE NOT CONSIDERED COMMUNITY BENEFIT. FOR THE SERVICE LINES WE DO REPORT, SUCH AS PSYCH AND WOUND CARE, WE USED OUR COST ACCOUNTING SYSTEM SINCE THESE ALREADY HAVE STANDARD FINANCIAL REPORTS. LINE 7I REPORTS CASH CONTRIBUTIONS.

Form and Line Reference	Explanation
PART II - COMMUNITY BUILDING ACTIVITIES	DCH LEADERS SUPPORT AND ENCOURAGE ALL TEAM MEMBERS TO VOLUNTEER TIME, MONEY AND SKILLS TO COMMUNITY SERVICE PROJECTS AND CHARITABLE ORGANIZATIONS SENIOR LEADERS AND BOARD MEMBERS SET A POSITIVE EXAMPLE FOR DCH TEAM MEMBERS, SERVING VOLUNTARILY ON COMMITTEES AND MANAGING BOARDS OF LOCAL SERVICE AND NON-PROFIT ORGANIZATIONS MANY ALSO SERVE AS MEMBERS AND CONSULTANTS ON PROFESSIONAL COMMITTEES AND TASK FORCES THAT AFFECT REGIONAL DEVELOPMENT IN HEALTHCARE AND EDUCATION

Form and Line Reference	Explanation
PART III, LINE 2 - BAD DEBT EXPENSE METHODOLOGY	SELF-PAY BALANCES INCLUDE ACCOUNTS AFTER PAYMENTS AND CONTRACTUAL ADJUSTMENTS (DISCOUNTS) HAVE BEEN POSTED FROM ALL THIRD-PARTY PAYERS - GENERALLY LEAVING THE PATIENT RESPONSIBLE FOR DEDUCTIBLES AND/OR CO- PAYMENTS OTHER SELF-PAY ACCOUNTS ARE FROM PATIENTS WITH NO INSURANCE OR THIRD-PARTY COVERAGE ALL PATIENTS WITH NO FORM OF THIRD-PARTY PAYER COVERAGE RECEIVE A 50% DISCOUNT AFTER THE NORMAL COLLECTION PROCESS HAS INDICATED AN ACCOUNT IS UNCOLLECTIBLE, DCH WRITES THE ACCOUNT OFF TO BAD DEBT THE HOSPITAL'S OVERALL SELF-PAY ACCOUNTS RECEIVABLE BALANCE IS EVALUATED ON AN ONGOING BASIS TO GATHER HISTORICAL INFORMATION TO APPLY TO THE CURRENT BALANCE IN OTHER WORDS, THE HOSPITAL EVALUATES PAST COLLECTION HISTORY ON ACCOUNTS WRITTEN OFF TO BAD DEBT AND APPLIES THE HISTORICAL UNPAID RATE TO THE CURRENT SELF-PAY ACCOUNTS RECEIVABLE BALANCE

Form and Line Reference	Explanation
PART III, LINE 3 BAD DEBT EXPENSE, PATIENTS ELIGIBLE FOR ASSISTANCE	IT IS IMPLAUSIBLE TO DETERMINE THE AMOUNT OF DCH'S BAD DEBT ASSOCIATED WITH THOSE PATIENTS WHO MAY HAVE MET THE CRITERIA SET FORTH IN OUR FINANCIAL ASSISTANCE POLICY WITHOUT HAVING A COMPLETED FINANCIAL ASSESSMENT WE ARE UNABLE TO DETERMINE OUR PATIENTS' FINANCIAL CIRCUMSTANCES UNLESS A COMPLETED FINANCIAL ASSESSMENT FORM IS VOLUNTARILY PROVIDED TO US WE CAN ASSERT THAT MORE THAN 97% OF OUR PATIENTS WHO HAVE PROVIDED COMPLETED FINANCIAL ASSESSMENT FORMS HAVE BEEN APPROVED FOR AT LEAST PARTIAL FINANCIAL ASSISTANCE MSHA'S PATIENT FINANCIAL SERVICES MANAGEMENT ESTIMATES THAT 70% OF DCH'S TOTAL BAD DEBT EXPENSE WAS ASSUMED ATTRIBUTABLE TO PATIENTS LIKELY ELIGIBLE FOR FINANCIAL ASSISTANCE WE HAVE MANY INSTANCES OF PATIENTS WITH LARGE ACCOUNT BALANCES AND NO HEALTH INSURANCE COVERAGE THAT WE ARE SURE WOULD QUALIFY FOR CHARITY CARE ALTHOUGH HOSPITAL TEAM MEMBERS ENCOURAGE THESE INDIVIDUALS TO COMPLETE OUR FINANCIAL ASSISTANCE APPLICATION, MANY WILL NOT DO SO EVEN WHEN THESE INDIVIDUALS ARE TOLD WE FEEL SURE THEY DO QUALIFY FOR FULL OR PARTIAL ASSISTANCE, THEY STILL REFUSE TO COMPLETE OUR FINANCIAL ASSISTANCE APPLICATION

Form and Line Reference	Explanation
BAD DEBT EXPENSE FOOTNOTE TO FINANCIAL STATEMENTS	THE TEXT TO MSHA'S FINANCIAL STATEMENTS THAT DESCRIBES BAD DEBT EXPENSE APPEARS ON PAGES 15-16 IN OUR MOST RECENT AUDITED FINANCIAL STATEMENTS (ATTACHED)

Form and Line Reference	Explanation
PART III, LINE 8 - MEDICARE EXPLANATION	<p>MEDICARE ALLOWABLE COSTS WERE REPORTED USING DCH'S FILED MEDICARE COST REPORT (C/R) THE C/R USES A COST TO CHARGE RATIO BASED ON A STEP-DOWN ALLOCATION METHODOLOGY IN CARING FOR THE PATIENT, THERE ARE SEVERAL SERVICES THAT ARE CONSIDERED NON-ALLOWABLE SUCH AS TRANSPORTATION OF A PATIENT, COMFORT ITEMS TO INCLUDE A TELEVISION, MAGAZINES, OR A TELEPHONE ADDITIONAL NON-ALLOWABLE COSTS INCLUDE THE RECRUITMENT OF PHYSICIANS, PHYSICIAN GUARANTEES AND A PORTION (ALMOST 16%) OF THE BAD DEBT ASSOCIATED WITH THE CARE OF THE PATIENT MEDICARE LOSSES, INCLUDING SOME NON-ALLOWABLE COSTS, SHOULD BE COUNTED AS A COMMUNITY BENEFIT AS THIS IS THE COST OF CARE FOR SERVING THE AGING POPULATION ON PART III, SECTION B MEDICARE, LINE 7, DCH REPORTS A SURPLUS, OR GAIN, FROM MEDICARE HOWEVER, DCH ACTUALLY INCURRED A LOSS FROM MEDICARE DURING FY14 PER THE FORM 990 INSTRUCTIONS, WE HAVE NOT INCLUDED MEDICARE PAYMENTS OR ALLOWED COSTS ALREADY REPORTED AS SUBSIDIZED HEALTH SERVICES (COMMUNITY BENEFIT) IN PART I ALTHOUGH DCH'S TOTAL LOSS WAS NOT SIGNIFICANT, WE REALIZE THAT OUR HOSPITAL IS AN EXCEPTION DUE TO OUR SMALL SIZE AND THE FACT THAT OUR FACILITY FOCUSES ON OUTPATIENT CARE AND SERVES AS A CRITICAL ACCESS HOSPITAL OTHER HOSPITALS THAT PROVIDE SIGNIFICANT INPATIENT CARE TO A SICKER POPULATION OF PATIENTS PROVIDE A MUCH BROADER, AND MORE EXPENSIVE, LEVEL OF CARE, AND THOSE HOSPITALS OFTEN HAVE SIGNIFICANT MEDICARE LOSSES AS A PARTICIPATING PROVIDER IN THE MEDICARE PROGRAM, DCH IS REQUIRED TO PROVIDE THE FULL REGIMEN OF CARE FOR OUR MEDICARE POPULATION THERE ARE A NUMBER OF CARE REGIMENS THAT ARE COMPENSATED BY THE MEDICARE PROGRAM AT LEVELS BELOW OUR COST THEREFORE, IT IS ONLY LOGICAL TO ALLOW DCH TO REPORT THESE UNCOMPENSATED SERVICES AS A COMMUNITY BENEFIT BY MAKING THIS CHANGE, NON-PROFIT PROVIDERS WILL BE ENCOURAGED TO SUSTAIN IMPORTANT CARE DELIVERY MODELS FOR OUR AGING POPULATION IN SPITE OF THE FACT IT IS SOMETIMES ECONOMICALLY INJURIOUS</p>

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

Form and Line Reference	Explanation
PART VI, LINE 2 - NEEDS ASSESSMENT	<p>MSHA INCLUDED AMERICA'S HEALTH RANKINGS (AHR) IN ITS ASSESSMENT IN ORDER TO BETTER DEFINE THE HEALTH CARE NEEDS OF THE COMMUNITIES IT SERVES VIRGINIA RANKS 21ST AND TENNESSEE RANKS 45TH, HOWEVER, IT SHOULD BE NOTED THAT SOUTHWEST VIRGINIA (WHERE MSHA FACILITIES ARE LOCATED) CLOSELY RESEMBLES THE HEALTH RANKINGS FOR TENNESSEE AMERICA'S HEALTH RANKINGS ARE BASED ON A SERIES OF MEASURES INCLUDING SEVERAL HEALTH OUTCOMES AND HEALTH FACTORS A SURVEY WAS GIVEN TO 67 INDIVIDUALS REPRESENTING THE NINE COUNTIES IN WHICH MSHA OWNS A FACILITY THESE INDIVIDUALS INCLUDED PHYSICIANS, PUBLIC HEALTH LEADERS, NON-PROFIT DIRECTORS, SCHOOL NURSES AND OFFICIALS, AND BUSINESS LEADERS A SURVEY WAS GIVEN TO EACH INDIVIDUAL SEEKING FEEDBACK REGARDING AVAILABLE RESOURCES IN EACH AREA, THE HEALTH STATUS, HEALTH PRIORITIES, AND SUGGESTIONS FOR IMPROVEMENT THE MAJORITY OF RESPONSES SUGGESTED FOCUSING ON EDUCATION IN ORDER TO PROMOTE HEALTHY HABITS OTHER RESPONSES INCLUDED MAKE PHYSICAL EDUCATION A REQUIREMENT AS PART OF SCHOOL CURRICULUM, IMPROVE NATURAL TRAILS AND WALKWAYS, INCREASE COMMUNITY SUPPORT FOR SMOKE-FREE AREAS, PARTNER WITH LOCAL FARMER'S MARKETS, SHARE HEALTH INFORMATION BETWEEN PHARMACIES, NETWORK WITH SMALL BUSINESSES AND NON-PROFITS IN ORDER TO AVOID DUPLICATING RESOURCES, AND PROVIDE EARLY SCREENINGS FOR THE UNINSURED OR UNDERINSURED OVERALL, THE COMMUNITY MEMBERS GAVE MSHA'S CORE SERVICE AREA A HEALTH STATUS RANKING OF 4 24 OUT OF 10 (1 BEING THE LOWEST, 10 BEING THE HIGHEST) ALSO, ALL 67 PARTICIPANTS AGREED THAT OBESITY, CANCER, HEART DISEASE AND DIABETES WERE THE TOP HEALTH PRIORITIES IN EACH COUNTY AHR REPORTS THAT VIRGINIA AND TENNESSEE BOTH SAW AN INCREASE IN DIABETES AND OBESITY WITHIN THE PAST TEN YEARS AHR REPORTS 32% OF DICKENSON COUNTY'S CITIZENS SMOKE COMPARED TO 18% IN THE STATE OF VIRGINIA AND, 29% OF DICKENSON COUNTY'S ADULTS ARE CONSIDERED OBESE MSHA HAS PARTNERED WITH SCHOOLS, NON-PROFIT AGENCIES AND OTHERS ON VARIOUS INITIATIVES TO ADDRESS HEALTH ISSUES, OBESITY IN PARTICULAR</p>

Form and Line Reference	Explanation
PART VI, LINE 3 - PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	<p>DCH PROVIDES COMMUNICATION OF FINANCIAL ASSISTANCE ON ITS WEBSITE AND ON POSTERS LOCATED IN PROMINENT AREAS OF THE HOSPITAL SUCH AS ADMITTING AND THE EMERGENCY DEPARTMENTS PRINTED EDUCATIONAL MATERIALS INCLUDING FINANCIAL ASSISTANCE CONTACT INFORMATION ARE ALSO PROVIDED IN EACH PATIENT'S PAPERWORK POSTERS AND REFERENCE MATERIALS ARE WRITTEN IN BOTH ENGLISH AND SPANISH ADMITTING STAFF ARE TRAINED TO EDUCATE PATIENTS ON DCH'S FINANCIAL ASSISTANCE POLICY DCH ALSO HAS FINANCIAL COUNSELORS TO PROVIDE FURTHER INFORMATION AND ASSISTANCE TO PATIENTS REGARDING DCH'S FINANCIAL ASSISTANCE POLICY THESE COUNSELORS ALSO HELP UNINSURED PATIENTS DETERMINE SOURCES OF PAYMENT FOR MEDICAL BILLS AND HELP PATIENTS DETERMINE ELIGIBILITY FOR PROGRAMS SUCH AS MEDICAID/TNCARE DCH HAS PARTNERED WITH THE COMPANY FIRSTSOURCE SOLUTIONS USA TO WORK WITH SELF-PAYING PATIENTS WHO HAVE LIMITED FINANCIAL RESOURCES DURING FY14, FIRSTSOURCE REPRESENTATIVES WERE AVAILABLE TO DCH PATIENTS FIRSTSOURCE REPRESENTATIVES WERE ABLE TO DETERMINE GOVERNMENTAL MEDICAL ASSISTANCE (MEDICAID OR TENNCARE) ELIGIBILITY, AND TO HELP WITH THE APPLICATION PROCESS AND FOLLOW-UP ONCE A PERSON IS APPROVED FOR MEDICAID OR TNCARE THROUGH THE PROGRAM OFFERED THROUGH DCH, THEY RETAIN COVERAGE FOR FUTURE MEDICAL CARE 124 PATIENTS WERE APPROVED FOR GOVERNMENTAL ASSISTANCE DURING THE YEAR FIRSTSOURCE IS COMPENSATED BY DCH DURING FY14, DCH'S COST FOR THIS PROGRAM WAS 9,855</p>

Form and Line Reference	Explanation
PART VI, LINE 4 - COMMUNITY INFORMATION	DCH IS LOCATED IN CLINTWOOD, DICKENSON COUNTY, WHICH IS IN RURAL SOUTHWEST VIRGINIA SOUTHWEST VIRGINIA (SWVA) IS LOCATED WITHIN THE APPALACHIAN MOUNTAINS, SPECIFICALLY THE BLUE RIDGE MOUNTAIN REGION SWVA IS CONSIDERED RURAL AND MUCH DIFFERENT THAN THE REST OF THE STATE SWVA HAS BEEN AND REMAINS A MAJOR COAL MINING REGION DICKENSON COUNTY IS A FEDERALLY DESIGNATED MEDICALLY UNDERSERVED AREA AND HAS A HIGH RATE OF INDIVIDUALS WHO ARE UNINSURED THE POPULATION OF DICKENSON COUNTY IS 15,749 AND ACCORDING TO THE U S CENSUS BUREAU, THE TOWN OF CLINTWOOD HAS A POPULATION OF 1,565 THE LATEST CENSUS BUREAU DATA ESTIMATES THE MEDIAN AGE OF RESIDENTS OF DICKENSON COUNTY IS 43 6, WHICH IS OLDER THAN THE MEDIAN AGE OF 37 5 IN VIRGINIA THE BUREAU ESTIMATES DICKENSON COUNTY MEDIAN HOUSEHOLD INCOME AT 33,318 COMPARED TO 62,666 FOR THE STATE OF VIRGINIA, 28% OF DICKENSON COUNTY'S CHILDREN LIVE IN POVERTY COMPARED TO 16% STATEWIDE

Form and Line Reference	Explanation
PART VI, LINE 5 - PROMOTION OF COMMUNITY HEALTH	<p>DCH PROVIDES LOCAL ACCESS TO DIAGNOSTIC SERVICES TO THE RESIDENTS OF THE AREA, WHO OTHERWISE WOULD HAVE TO DRIVE 45 MINUTES FOR HEALTH CARE SERVICES, THIS CONTINUES TO BE A VALUABLE RESOURCE TO THE RESIDENTS OF THE AREA BY AIDING WITH TRANSPORTATION ISSUES RESOLVING ACCESS LIMITATIONS FOR SPECIALTY SERVICES, AND PROVIDING RELIEF TO THE SPECIAL HEALTH PROBLEMS OF OUR AREA DCH OPERATES AND SUBSIDIZES A PRIMARY CARE CLINIC POOR MENTAL HEALTH DAYS ARE WHEN A PERSON INDICATES THEIR ACTIVITIES ARE LIMITED DUE TO MENTAL HEALTH DIFFICULTIES THIS IS A GENERAL INDICATION OF THE POPULATION'S ABILITY TO FUNCTION ON A DAY-TO-DAY BASIS WHEN THE CHNA WAS CONDUCTED, THE STATE OF VIRGINIA REPORTED 3 2 DAYS COMPARED TO DICKENSON COUNTY'S 6 DAYS (ALMOST DOUBLE THE STATE AVERAGE) ALSO, THERE IS ONLY 1 MENTAL HEALTH PROVIDER FOR EVERY 3,097 RESIDENTS IN THE COUNTY COMPARED TO 1 FOR EVERY 724 STATEWIDE DCH HAS IMPLEMENTED PROGRAMS TO PROVIDE MENTAL HEALTH SERVICES TO HELP REDUCE THIS CONCERN FOR DICKENSON COUNTY THE PSYCH SERVICES DCH PROVIDED DURING FY14 RESULTED IN A LOSS OF 342,021 DCH IS DEDICATED TO OPERATING EFFICIENTLY SO THAT WASTE IS MINIMIZED DCH'S LEADERSHIP REMAINS MINDFUL OF MANAGING THE HOSPITAL'S LIMITED RESOURCES SO THAT ADEQUATE FACILITIES AND EQUIPMENT ARE AVAILABLE FOR THE CARE OF OUR PATIENTS VARIOUS CHECKS AND BALANCES ARE ESTABLISHED TO ENSURE THAT EXPENDITURES FOR OPERATING EXPENSES AND CAPITAL COSTS ARE REASONABLE AND NECESSARY IN MOST YEARS, DCH DOES NOT ENJOY NET OPERATING SURPLUSES AND RELIES ON SUBSIDIZATION FROM ITS OWNER NORTON COMMUNITY HOSPITAL DICKENSON COMMUNITY HOSPITAL IS A 25-BED CRITICAL ACCESS HOSPITAL THE HOSPITAL PERFORMS LIMITED INPATIENT PROCEDURES IN AN EFFORT TO REDUCE OPERATING COSTS THE HOSPITAL IS A SUBSIDIARY OF NORTON COMMUNITY HOSPITAL, INC WHO IS THE SOLE MEMBER OF DCH THE MAJORITY OF DCH'S GOVERNING BODY IS COMPRISED OF PERSONS WHO RESIDE IN THE ORGANIZATION'S PRIMARY SERIVCE AREA ONLY TWO DIRECTORS, ANN FLEMING AND JOHN DOYLE, EMPLOYEES OF MSHA, LIVE OUTSIDE OF THE AREA PHYSICIANS THAT REQUEST PRIVILEGES WHO ARE QUALIFIED AND CREDENTIALLED ARE EXTENDED PRIVILEGES BY DCH</p>

Form and Line Reference	Explanation
PART VI, LINE 6 - AFFILIATED HEALTH CARE SYSTEM	DCH IS A 25-BED, CRITICAL ACCESS HOSPITAL OPERATED UNDER THE DIRECTION OF A 10-MEMBER BOARD OF DIRECTORS PRIMARILY COMPRISED OF LOCAL COMMUNITY RESIDENTS DCH IS ACCREDITED BY THE AMERICAN OSTEOPATHIC ASSOCIATION DCH IS OWNED BY NORTON COMMUNITY HOSPITAL (NCH) DCH HAS A LOAN AGREEMENT WITH NCH THAT PROVIDES FOR NCH TO ASSIST IN SUBSIDIZING DCH'S OPERATING EXPENSES NCH IS MAJORITY OWNED BY MOUNTAIN STATES HEALTH ALLIANCE (MSHA) BASED IN JOHNSON CITY, TENNESSEE MSHA IS INTEGRATED BOTH VERTICALLY AND HORIZONTALLY AND IS THE LARGEST REGIONAL HEALTHCARE SYSTEM WITH 14 HOSPITALS MSHA PROVIDES CARE TO PEOPLE IN 29 COUNTIES IN TENNESSEE, VIRGINIA, KENTUCKY, AND NORTH CAROLINA DCH SERVES AS THE COUNTY'S PRIMARY HEALTH SERVICE PROVIDER PATIENTS BENEFIT FROM DCH'S AFFILIATION WITH A HEALTHCARE SYSTEM WHERE THEY CAN BE EFFICIENTLY MOVED ALONG AN INTEGRATED, COMPREHENSIVE CONTINUUM OF CARE AS THEIR HEALTH STATUS DICTATES PATIENTS CAN BE MOVED TO THE SYSTEM'S FLAGSHIP FACILITY JOHNSON CITY MEDICAL CENTER WHICH IS A TERTIARY CARE FACILITY PROVIDING ADVANCED TREATMENT OPTIONS DCH OPERATES A 24-HOUR EMERGENCY DEPARTMENT TO TREAT PATIENTS IN LIFE THREATENING SITUATIONS FOR ANY PATIENT WHO NEEDS A HIGHER LEVEL OF CARE THAN DCH CAN PROVIDE, AIR MEDICAL TRANSPORTATION IS AVAILABLE THROUGH WINGS AIR RESCUE WINGS III IS BASED IN JENKINS, KENTUCKY AND CAN QUICKLY RESPOND AND HAVE ANY PATIENT TRANSPORTED TO NORTON COMUMUNITY HOSPITAL (7 MINUTES), JOHNSON CITY MEDICAL CENTER (20 MINUTES) AND OTHER REGIONAL HOSPITALS WHEN MINUTES COUNT

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

Additional Data

Software ID:
Software Version:
EIN: 77-0599553
Name: DICKENSON COMMUNITY 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
FACILITY 1, DICKENSON COMMUNITY HOSPITAL - PART V, LINE 3	
FACILITY 1, DICKENSON COMMUNITY HOSPITAL - PART V, LINE 4	EACH HOSPITAL WITHIN THE MSHA SYSTEM COMPLETED A CHNA, FOR THOSE HOSPITALS THAT ARE LOCATED IN THE SAME COUNTY, ONLY ONE COMMUNITY GROUP WAS SURVEYED FOR INSTANCE, DICKENSON COMMUNITY HOSPITAL AND NORTON COMMUNITY HOSPITAL HAD ONE COMMUNITY GROUP SURVEYED THESE TWO COMMUNITIES SERVE SIMILAR COMMUNITIES, AND HAVE SIMILAR HEALTH RANKINGS ACCORDING TO AMERICA'S HEALTH RANKINGS EVEN THOUGH ONLY ONE COMMUNITY GROUP SERVED ON BEHALF OF THE TWO HOSPITALS LISTED, STATISTICAL DATA WAS COLLECTED FOR EACH INDIVIDUALLY DCH'S CHNA WAS CONDUCTED WITH ALL MSHA HOSPITALS TO INCLUDE JOHNSON CITY MEDICAL CENTER, FRANKLIN WOODS COMMUNITY HOSPITAL, INDIAN PATH MEDICAL CENTER, SYCAMORE SHOALS HOSPITAL, JOHNSON COUNTY COMMUNITY HOSPITAL, RUSSELL COUNTY MEDICAL CENTER, JOHNSTON MEMORIAL HOSPITAL, SMYTH COUNTY COMMUNITY HOSPITAL AND NORTON COMMUNITY HOSPITAL
FACILITY 1, DICKENSON COMMUNITY HOSPITAL - PART V, LINE 7	MSHA PUBLISHED ITS COMMUNITY HEALTH NEEDS ASSESSMENT ON JUNE 29, 2012 THE DATA INCLUDED WAS COLLECTED OVER THE COURSE OF 2011 AND 2012 AN IMPLEMENTATION PLAN WAS CREATED FOR EACH HOSPITAL, AND EACH HOSPITAL'S BOARD APPROVED THE IMPLEMENTATION PLAN DURING THE MONTHS OF MAY AND JUNE 2012 MSHA ANNUALLY TRACKS PROGRESS OF IMPLEMENTATION STRATEGIES FOR EACH HOSPITAL DUE TO LACK OF RESOURCES, SOME OF MSHA FACILITIES WERE UNABLE TO ADDRESS ISSUES THAT WERE IDENTIFIED
FACILITY 1, DICKENSON COMMUNITY HOSPITAL - PART V, LINE 20D	UNINSURED PATIENTS RECEIVE A 50% DISCOUNT, AND, BASED ON OTHER FACTORS SUCH AS INCOME OR MEDICAL INDIGENCY, MAY QUALIFY FOR AN ADDITIONAL DISCOUNT ALLOWABLE AMOUNTS FOR INSURED PATIENTS ARE BASED ON THE NEGOTIATED RATE WITH COMMERCIAL INSURANCE OR MEDICARE

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
DICKENSON COMMUNITY HOSPITAL

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

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

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

OMB No 1545-0047

2013

Open to Public
Inspection

Employer identification number
77-0599553

Part I

General Information on Grants and Assistance

- 1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?

☐ Yes ☒ No
- 2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) ST MARY'S HEALTH WAGON 119 NUMBER TEN ST CLINCHCO,VA 24226	04-3739083	501C3	34,584				INDIGENT SUPPORT

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

1

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

Part III

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

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

Part IV

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

Return Reference	Explanation
SCHEDULE I, PAGE 4, PART IV	SCHEDULE I, PART I, LINE 2 DICKENSON COMMUNITY HOSPITAL IS A SMALL, RURAL HOSPITAL WITH LIMITED FINANCIAL RESOURCES DURING FY14, THE HOSPITAL MADE ONE CHARITABLE DONATION TO ST MARY'S HEALTH WAGON, AN ORGANIZATION THAT PROVIDES QUALITY HEALTH CARE TO MEDICALLY UNDERSERVED PEOPLE IN THE MOUNTAINS OF SOUTHWEST VIRGINIA MOST DONATION REQUESTS ARE MADE THROUGH AN APPLICATION PROCESS WHERE THE APPLICANT DESCRIBES HOW THE MONEY WILL BE USED, HOW IT BENEFITS THE COMMUNITY, HOW OUR DONATION WILL CORRELATE WITH HEALTH NEEDS IDENTIFIED BY OUR COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA), AND THE AGREEMENT THAT THE DONEE WILL PROVIDE FOLLOW-UP OF HOW OUR DONATION WAS USED (WHO BENEFITED, ETC) NOT ALL OF OUR DONATIONS ARE RESTRICTED TO OUR CHNA, BUT MANY ARE MSHA'S SOCIAL RESPONSIBILITY COMMITTEE REVIEWS MOST DONATION REQUESTS TO DETERMINE WHICH REQUESTS MSHA, INCLUDING DCH, WILL FUND THERE ARE MANY FACTORS THAT ARE CONSIDERED DURING THE REVIEW PROCESS BY THE COMMITTEE, SUCH AS OUR BUDGET CONSTRAINTS, IF THE APPLICANT HAS ALREADY RECEIVED A DONATION FROM A MSHA FACILITY, HOW THE REQUESTING ORGANIZATION FITS WITH OUR CNHA, ETC

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
DICKENSON COMMUNITY HOSPITAL

Employer identification number
77-0599553

Part I Questions Regarding Compensation

	Yes	No
<div>1a</div> <div>Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.</div> <div><div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Discretionary spending account</div></div><div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div></div>		
<div>b</div> <div>If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain.</div>	1b	
<div>2</div> <div>Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?</div>	2	
<div>3</div> <div>Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.</div> <div><div><div><input checked="" type="checkbox"/> Compensation committee</div><div><input checked="" type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Form 990 of other organizations</div></div><div><div><input checked="" type="checkbox"/> Written employment contract</div><div><input checked="" type="checkbox"/> Compensation survey or study</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div></div>		
<div>4</div> <div>During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization:</div>		
<div>a</div> <div>Receive a severance payment or change-of-control payment?</div>	4a	No
<div>b</div> <div>Participate in, or receive payment from, a supplemental nonqualified retirement plan?</div>	4b	Yes
<div>c</div> <div>Participate in, or receive payment from, an equity-based compensation arrangement?</div> <div>If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.</div>	4c	No
<div></div> <div>Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.</div>		
<div>5</div> <div>For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:</div>		
<div>a</div> <div>The organization?</div>	5a	No
<div>b</div> <div>Any related organization?</div> <div>If "Yes," to line 5a or 5b, describe in Part III.</div>	5b	No
<div>6</div> <div>For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:</div>		
<div>a</div> <div>The organization?</div>	6a	No
<div>b</div> <div>Any related organization?</div> <div>If "Yes," to line 6a or 6b, describe in Part III.</div>	6b	No
<div>7</div> <div>For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III.</div>	7	No
<div>8</div> <div>Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III.</div>	8	No
<div>9</div> <div>If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?</div>	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)ANN FLEMING DIRECTOR	(i) (ii)	383,151	87,911	282,847	55,452	17,959	827,320	242,724
(2)JOHN DOYLE DIRECTOR	(i) (ii)	205,695	36,289	12,359	11,861	22,248	288,452	
(3)MARK LEONARD CEO	(i) (ii)	231,276	34,299	11,709	20,324	25,962	323,570	
(4)STEPHEN SAWYER CFO	(i) (ii)	137,425	7,708	8,087	4,278	17,039	174,537	

Part III Supplemental Information

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

Return Reference	Explanation
SCHEDULE J, PAGE 1, PART I, LINE 4	ANN FLEMING 0 39,222 0 MARK LEONARD 0 11,913 0
SCHEDULE J, PART III	PART I, LINE 3 SALARY AND BENEFITS OF DCH'S CEO ARE SUBJECT TO THE MOUNTAIN STATES HEALTH ALLIANCE (MSHA) COMPENSATION COMMITTEE PROCESS, WHEREBY THE MSHA CEO RECOMMENDS THE SALARY AND IT IS REVIEWED AND APPROVED BY THE COMPENSATION COMMITTEE, BASED UPON MARKET DATA MADE AVAILABLE BY THIRD PARTY CONSULTANTS. THE COMPENSATION COMMITTEE HAS FINAL APPROVAL OF MSHA'S CEO RECOMMENDATIONS FOR PAY AND BENEFITS FOR THE DCH CEO. WE USE AN OUTSIDE, INDEPENDENT CONSULTING FIRM TO PROVIDE CONSULTATION ON EXECUTIVE PAY AS WELL AS OUR EXECUTIVE PAY AT RISK PLAN. PART I, LINE 4B ANN FLEMING AND MARK LEONARD PARTICIPATED IN A 457(F) RETIREMENT PLAN PROVIDED BY MOUNTAIN STATES HEALTH ALLIANCE (MSHA). THE 457(F) PLAN IS A NONQUALIFIED TAX-DEFERRED COMPENSATION PLAN AVAILABLE TO A SELECT GROUP OF KEY EXECUTIVES FOR THE INTENT OF SUPPORTING RETENTION AND TO OFFER A COMPETITIVE TOTAL RETIREMENT PROGRAM. ACCOUNT BALANCES HAVE A "SUBSTANTIAL RISK OF FORFEITURE." IN ADDITION TO CREDITOR RISK, SUBSTANTIAL RISK OF FORFEITURE IS CREATED THROUGH DEFAULT RISK IF THE PARTICIPANT'S EMPLOYMENT WITH MSHA IS TERMINATED PRIOR TO AGE 65. HOWEVER, THE 457(F) PLAN CONTAINS A NON-COMPETE PROVISION THAT PROVIDES THE ACCOUNT BALANCE TO BE PAID IN A LUMP SUM AFTER THE EXECUTIVE SATISFIES THE TWO-YEAR NON-COMPETE PERIOD. THIS PROVISION APPLIES TO EMPLOYER CONTRIBUTIONS IF THE EXECUTIVE HAS PROVIDED ELIGIBLE SERVICE FOR SIX OR MORE YEARS. (ELIGIBLE SERVICE IS OFFICER SERVICE THAT PERMITTED THE EXECUTIVE TO PARTICIPATE IN THE PLAN.) THE EXECUTIVE WILL RECEIVE THE ENTIRE ACCOUNT BALANCE IF HE/SHE BECOMES DISABLED, DIES OR IF THE EXECUTIVE TERMINATES FOR "GOOD REASON" OR IS INVOLUNTARILY TERMINATED WITHOUT "GOOD CAUSE" WITHIN A 24-MONTH PERIOD AFTER A CHANGE-OF-CONTROL OCCURS. DISTRIBUTIONS FROM THIS PLAN ARE SUBJECT TO FEDERAL, STATE, AND LOCAL TAXES ON THE ENTIRE ACCOUNT BALANCE UPON DISTRIBUTION.

Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

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

OMB No 1545-0047
2013
Open to Public Inspection

Name of the organization
DICKENSON COMMUNITY HOSPITAL

Employer identification number
77-0599553

Part I Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).
Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

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

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

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

Part II Loans to and/or From Interested Persons.
Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

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

Part III Grants or Assistance Benefitting Interested Persons.
Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

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

Part IVBusiness Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) ROY R DEEL	FAMILY MEMBER	189,021	EMPLOYMENT		No

Part VSupplemental Information

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

Return Reference	Explanation
SCHEDULE L, PART V	1 (A) NAME OF PERSON ROY R DEEL 1 (B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION FAMILY MEMBER OF ROGER DEEL, DCH BOARD MEMBER 1 (D) DESCRIPTION OF TRANSACTION ROGER DEEL, DCH BOARD MEMBER, IS A FAMILY MEMBER OF ROY DEEL, AN EMPLOYEE OF DICKENSON COMMUNITY HOSPITAL

SCHEDULE O
(Form 990 or 990-EZ)**Supplemental Information to Form 990 or 990-EZ**

**Complete to provide information for responses to specific questions on
Form 990 or to provide any additional information.**

▶ Attach to Form 990 or 990-EZ.

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

2013**Open to Public
Inspection**

Name of the organization
DICKENSON COMMUNITY HOSPITAL

Employer identification number

77-0599553

Return Reference	Explanation
FORM 990 - ORGANIZATION'S MISSION	<p>PART III - LINE 1 DICKENSON COMMUNITY HOSPITAL IS COMMITTED TO BRINGING LOVING CARE TO HEALTH CARE. WE EXIST TO IDENTIFY AND RESPOND TO THE HEALTH CARE NEEDS OF INDIVIDUALS AND COMMUNITIES IN OUR REGION AND TO ASSIST THEM IN ATTAINING THEIR HIGHEST POSSIBLE LEVEL OF HEALTH. PART I, LINE 1 - ORGANIZATION'S ACCOMPLISHMENTS. WITH A SIGNIFICANT ELDERLY POPULATION AND MOUNTAINOUS TERRAIN, TRAVEL OUTSIDE THE IMMEDIATE AREA CAN BE CHALLENGING, ESPECIALLY IN THE WINTER. RURAL LIFE OFTEN INCLUDES HAZARDOUS OCCUPATIONS, WHICH IS CERTAINLY TRUE OF DICKENSON COUNTY DUE TO THE HIGH EMPLOYMENT RATES IN THE COAL MINING INDUSTRY. GIVEN THESE FACTORS, RURAL HOSPITALS MUST REMAIN FLEXIBLE AND DIVERSE IN THEIR FACILITIES AND THE SERVICES THEY OFFER THE COMMUNITY. MOUNTAIN STATES HEALTH ALLIANCE AND NORTON COMMUNITY HOSPITAL BELIEVE THAT SUPPORTING THE SERVICES OF DICKENSON COMMUNITY HOSPITAL (DCH) TO ASSIST RESIDENTS IN ATTAINING A HIGH LEVEL OF HEALTH CONTINUES TO BE A CORE VALUE OF OUR BUSINESS AND COMMUNITY SUPPORT. DCH IS A FEDERALLY DESIGNATED CRITICAL ACCESS HOSPITAL. THIS FACILITY IS LOCATED IN ONE OF THE POOREST REGIONS OF VIRGINIA. IN ADDITION TO EMERGENCY, OUTPATIENT, AND RADIOLOGY SERVICES, THE HOSPITAL PROVIDES PULMONARY FUNCTION TESTING, CARDIAC ULTRASOUND AND CT SCANNING SERVICES. DCH PROVIDES LOCAL ACCESS TO DIAGNOSTIC SERVICES TO THE RESIDENTS OF THE AREA, WHO OTHERWISE WOULD HAVE TO DRIVE 45 MINUTES FOR HEALTHCARE SERVICES. DCH IS THE ONLY HOSPITAL IN DICKENSON COUNTY, VA. PREVIOUSLY, HOSPITAL ADMISSIONS REQUIRED PATIENTS TO BE TRANSFERRED TO ANOTHER FACILITY OUTSIDE THE COUNTY WHICH CREATED AN INCONVENIENCE TO THE PATIENT AS WELL AS THEIR FAMILY. AND, THERE ARE ADDITIONAL COSTS INCURRED WHEN A PATIENT IS ADMITTED TO A FACILITY OUTSIDE THE COUNTY. BY KEEPING PATIENTS AT DCH, THE PATIENT IS CLOSER TO HOME AND FAMILY SO TIME AND MONEY ARE SAVED BY THE PATIENT AND HIS/HER FAMILY.</p>

Return Reference	Explanation	
	FORM 990, PAGE 2, PART III, LINE 4D	<p>DURING FY 14, DCH IMPLEMENTED AN ONLINE TOOL CALLED OWL (ONLINE WELLNESS LINK) OWL PROVIDE S INPATIENTS WITH BETTER ACCESS TO THEIR HEALTH CARE INFORMATION SO THEY CAN VIEW A PORTIO N OF THEIR HEALTH CARE INFORMATION ONLINE, INCLUDING - A CONTINUITY OF CARE DOCUMENT WHIC H PROVIDES A SUMMARY OF THE HOSPITAL VISIT - CURRENT MEDICATIONS - ALLERGIES AND ADVERSE R ECTIONS - PAST MEDICAL HISTORY - CERTAIN LABORATORY AND RADIOLOGY RESULTS THE OWL PORTAL ALSO ALLOWS DCH CAREGIVERS TO EXCHANGE HEALTH INFORMATION, WHICH HAS LED TO SAFER, MORE QU ALITY-ORIENTED AND STREAMLINED CARE FOR OUR PATIENTS WOUND CARE WAS INITIATED AT DICKENSO N COMMUNITY HOSPITAL (DCH) THIS YEAR THE PROGRAM WAS AN OUTGROWTH FROM NORTON COMMUNITY H OSPITAL IN AN EFFORT TO REACH PATIENTS THAT COULD NOT ACCESS CARE WOUND CARE PATIENTS OFT EN HAVE MULTIPLE HEALTH ISSUES AND MANY TIMES TRAVEL IS VERY DIFFICULT FOR THEM THESE HAR DSHIPS OFTEN CAUSED PATIENTS THE INABILITY TO ACCESS NECESSARY CARE PATIENTS SERVED AT DC H INCLUDE THOSE WITH DIABETIC ULCERS, VENOUS STASIS ULCERS, ARTERIAL ULCERS, NON- HEALING T RAUMATIC AND SURGICAL WOUNDS AND OTHER CHRONIC WOUND CONDITIONS THE CARE SPECIALISTS AT M OUNTAIN STATES WOUND CARE CENTERS USE A TEAM APPROACH WHICH INCLUDES, BUT IS NOT LIMITED T O WORKING TO ADDRESS THE UNDERLYING CAUSE OF THE PROBLEM, CONTROL INFECTION AND IMPROVE T HE OVERALL HEALTH OF OUR PATIENTS AN EFFECTIVE PLAN CAN DECREASE PAIN AT WOUND SITE, DEC REASE RECOVERY TIME, REDUCE COMPLICATIONS, REDUCE NEED FOR HOSPITALIZATION OR PROLONGED HO ME CARE, HELP TO BETTER UNDERSTAND OUR PATIENT'S CONDITION AND TREATMENT OPTIONS, AND PREV ENT RECURRENCE OF WOUNDS PROPER WOUND CARE TECHNIQUES HAVE PROVEN TO EXPEDITE WOUND HEALI NG AND TO REDUCE THE FINANCIAL COST TO PATIENTS AND THEIR FAMILIES WE ARE OFFERING THE NE W WOUND CARE PROGRAM ONE DAY A WEEK AND WILL ADJUST AS NEEDED DICKENSON COMMUNITY HOSPITA L'S SENIOR LIFE SOLUTIONS (SLS) PROGRAM CONTINUES SERVING THE BEHAVIORAL, EMOTIONAL, AND MENTAL HEALTH NEEDS OF INDIVIDUALS AGES 65 AND OVER SLS, AN INTENSIVE OUTPATIENT PSYCHIA TR IC PROGRAM, PROVIDES GROUP, INDIVIDUAL AND FAMILY PSYCHOTHERAPY TREATMENT AT A MORE INTENS IVE RATE THAN TRADITIONAL OUTPATIENT THERAPY THE SLS DESIGN PROVIDES A BRIDGE BETWEEN TRA DITIONAL OUTPATIENT SERVICES AND PSYCHIATRIC INPATIENT HOSPITALIZATION A TYPICAL PATIENT WILL RECEIVE NINE HOURS OF GROUP PSYCHOTHERAPY PER WEEK, WHICH IS DIVIDED INTO THREE ONE-H OUR SESSIONS A DAY , AT THREE DAYS PER WEEK SLS IMPLEMENTED AN ADDITIONAL ONE-HOUR GROUP S ERVICE NAMED THE TRANSITION GROUP THIS ALLOWS PATIENTS THAT ARE SHOWING PROGRESS THROUGH SYMPTOM REDUCTION TO DECREASE TREATMENT HOURS IN A MANNER THAT MAINTAINS THEIR STABILITY DCH IS LOCATED IN A RURAL AREA AND THE SLS PROVIDES WARRANTED SERVICES TO A GROWING SENIOR POPULATION WHICH WAS PREVIOUSLY UNDERSERVED WITH HEALTHCARE INSURANCE COVERAGE CHANGING RAPIDLY , PATIENT PAYMENT RESPONSIBILTY IS INCREASING AT A RATE OF 5 TO 6 PERCENT EACH YEAR MOUNTAIN STATES INTRODUCED A NEW PAYMENT OPTION LAST YEAR THAT OFFERS MORE FLEXIBILITY T O OUR PATIENTS - THE ABILITY TO SPREAD PAYMENTS OVER A 36-MONTH PERIOD WITH NO INTEREST CH ARGED OF COURSE, FOR PATIENTS THAT ARE UNABLE TO PAY THEIR ACCOUNT BALANCES, PATIENT RESP RESENTATIVES ARE AVAILABLE TO DISCUSS FINANCIAL ASSISTANCE PROGRAMS DCH HAS PARTNERED WIT H THE COMPANY FIRSTSOURCE SOLUTIONS USA TO WORK WITH SELF-PAYING PATIENTS WHO HAVE LIMITED FINANCIAL RESOURCES DURING FY 14, FIRSTSOURCE REPRESENTATIVES WERE AVAILABLE TO DCH PATIE NTS FIRSTSOURCE REPRESENTATIVES WERE ABLE TO DETERMINE GOVERNMENTAL MEDICAL ASSISTANCE (M EDICAID OR TENNCARE) ELIGIBILITY , AND TO HELP WITH THE APPLICATION PROCESS AND FOLLOW-UP ONCE A PERSON IS APPROVED FOR MEDICAID (OR TENNCARE) THROUGH THE PROGRAM OFFERED THROUGH D CH, THEY RETAIN COVERAGE FOR FUTURE MEDICAL CARE 124 PATIENTS WERE APPROVED FOR GOVERNMEN TAL ASSISTANCE DURING THE YEAR FIRSTSOURCE IS COMPENSATED BY DCH DURING FY 14, DCH'S COST FOR THIS PROGRAM WAS 9,855 THE HEAL (HEALTHLY EATING ACTIVE LIVING) APPALACHIA PROGRAM, WHICH BATTLES CHILDHOOD OBESITY IN OUR REGION, HAS BEEN SELECTED AS A 2014 INDUCTEE INTO T HE FIRST LADY OF VIRGINIA'S OPPORTUNITY HALL OF FAME THIS HONOR RELATES TO HEAL APPALACHI A'S WORK IN SOUTHWEST VIRGINIA HEAL APPALACHIA IS A COLLABORATIVE EFFORT OF MOUNTAIN STAT ES HEALTH ALLIANCE (MSHA) AND EAST TENNESSEE STATE UNIVERSITY IT WAS CREATED TO BUILD MOM ENTUM IN THE FIGHT AGAINST CHILDHOOD OBESITY IN SOUTHERN APPALACHIA MSHA PROVIDES FUNDING FOR HEAL APPALACHIA ANNUAL GRANTS TO SUPPORT AND EMPOWER LOCAL ORGANIZATIONS TO CARRY OUT ACTIVITIES THAT MEASURABLY IMPACT CHILDHOOD OBESITY HEAL GRANTS HAVE BEEN AWARDED TO VIRGINIA SCHOOLS, NON-PROFIT AGENCIES AND COMMUNITIES PROMOTING YOUTH ACTIVITIES THE VIRGINIA HEALTH QUALITY CENTER (VHQC), A NONPROFIT HEALTH QUALITY CONSULTING COMPANY, SELECTED WI NNERS IN SIX CATEGORIES FOR THEIR CONTRIBUTIONS TO IMPROVING HEALTH CARE FOR PATIENTS IN V IRGINIA MOUNTAIN STATES HEALTH ALLIANCE'S VIRGINI</p>

Return Reference	Explanation	
	FORM 990, PAGE 2, PART III, LINE 4D	A HOSPITALS, WHICH INCLUDE DICKENSON COMMUNITY HOSPITAL, EARNED THE HONOR FOR THEIR PATIENT-CENTERED CARE. THE WINNERS WERE ANNOUNCED DURING QUALITY SYNC, VHQC'S ANNUAL LEARNING EVENT, HELD IN RICHMOND, AND WERE SELECTED FROM NEARLY 30 NOMINATIONS. "MSHA'S VIRGINIA HOSPITALS DEVELOPED AN INNOVATIVE APPROACH TO BRINGING A PATIENT-CENTERED APPROACH TO ALL OF ITS FACILITIES", THE VHQC STATED IN A NEWS RELEASE. "BY ESTABLISHING 10 GUIDING PRINCIPLES AND INCORPORATING THEM INTO EACH HOSPITAL'S OPERATIONS, THIS ORGANIZATION HAS SIGNIFICANTLY IMPROVED PATIENT-PROVIDER RELATIONSHIPS, ENVIRONMENTS AND SERVICE DELIVERY."

Return Reference	Explanation
FORM 990, PART V	LINE 2A W-2 EMPLOYEES DICKENSON COMMUNITY HOSPITAL (DCH) TEAM MEMBERS ARE PAID BY NORTON COMMUNITY HOSPITAL, SOLE MEMBER OF DCH, EXCEPT FOR THE CEO AND CFO WHO ARE PAID BY MOUNTAIN STATES HEALTH ALLIANCE. THE CEO AND CFO SALARY AND BENEFIT COSTS ARE ALLOCATED BETWEEN NCH AND DCH. NORTON COMMUNITY HOSPITAL BILLS DCH FOR ITS SHARE OF SALARY AND BENEFITS AND THE EXPENSE IS RECORDED ON DCH'S BOOKS.

Return Reference	Explanation
FORM 990, PAGE 6, PART VI, LINE 6	THE CORPORATION IS ORGANIZED AS A VIRGINIA NON-STOCK, NON-PROFIT CORPORATION. DICKENSON COMMUNITY HOSPITAL IS A 100% OWNED SUBSIDIARY OF NORTON COMMUNITY HOSPITAL, INC.

Return Reference	Explanation
FORM 990, PAGE 6, PART VI, LINE 7A	THE BOARD OF DIRECTORS OF NORTON COMMUNITY HOSPITAL ANNUALLY ELECT MEMBERS TO THE BOARD OF DIRECTORS FOR DICKENSON COMMUNITY HOSPITAL. A REQUIREMENT OF AT LEAST (1) MEMBER IS TO BE FROM DICKENSON COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY. NORTON COMMUNITY HOSPITAL IS THE SOLE OWNER OF DICKENSON COMMUNITY HOSPITAL. MOUNTAIN STATES HEALTH ALLIANCE IS THE MAJORITY OWNER OF NORTON COMMUNITY HOSPITAL.

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

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

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

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

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

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

Return Reference	Explanation
FORM 990, PART IX, LINE 11G	PHYSICIAN FEES 1,185,677 0 0 TRANSCRIPTION & CODING 0 19,112 0 HEALTH INFO & LAB TESTS 30,746 0 0 LINEN & ENVIRONMENTAL SERV 0 48,934 0 VARIOUS FEES 45,452 4,364 0

Return Reference	Explanation
FORM 990, PART XI, LINE 9	RESTRICTED CONTRIBUTIONS & GRANTS 6,190 ELIMINATION OF INTERCOMPANY REC/PAY -159,442 PENSION LIABILITY ADJUSTMENT -19,047 TOTAL TO FORM 990, PART XI, LINE 9 -172,299

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
DICKENSON COMMUNITY HOSPITAL

Employer identification number
77-0599553

Part I Identification of Disregarded Entities Complete if the organization answered "Yes" on Form 990, Part IV, line 33.					
(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II Identification of Related Tax-Exempt Organizations Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.							
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
See Additional Data Table							

Part III

Identification of Related Organizations Taxable as a Partnership

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) INTEGRATED SOLUTIONS HEALTH NETWORK 509 MED TECH PARKWAY SUITE 100 JOHNSON CITY, TN 37604 62-1711997	INVESTMENT	TN	NA					No			No	
(2) EMMAUS COMMUNITY HEALTHCARE LLC 6070 HWY 11E PINEY FLATS, TN 37686 20-0577483	MED SERV	TN	NA					No			No	
(3) MEDICAL SPECIALISTS OF JC LLC 2528 WESLEY STREET SUITE 2 JOHNSON CITY, TN 37601 27-2199037	MED SERV	TN	NA					No			No	
(4) EAST TN AMBULATORY SURGERY CTR 701 MED TECH PARKWAY SUITE 100 JOHNSON CITY, TN 37604 62-1787537	MED SERV	TN	NA					No			No	

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end- of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
See Additional Data Table									

Part V

Transactions With Related Organizations

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

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

1

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

a

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

b

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

c

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

d

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

e

Loans or loan guarantees by related organization(s)

f

Dividends from related organization(s)

g

Sale of assets to related organization(s)

h

Purchase of assets from related organization(s)

i

Exchange of assets with related organization(s)

j

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

k

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

l

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

m

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

n

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

o

Sharing of paid employees with related organization(s)

p

Reimbursement paid to related organization(s) for expenses

q

Reimbursement paid by related organization(s) for expenses

r

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

s

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

Yes

No

1a

No

1b

No

1c

Yes

1d

No

1e

No

1f

No

1g

No

1h

No

1i

No

1j

No

1k

No

1l

No

1m

No

1n

No

1o

Yes

1p

Yes

1q

No

1r

No

1s

No

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

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved

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

[illegible]

Part VII

Supplemental Information

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

Return Reference	Explanation
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Additional Data

Software ID:
Software Version:
EIN: 77-0599553
Name: DICKENSON COMMUNITY 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) NORTON COMMUNITY HOSPITAL 100 15TH STREET NW NORTON, VA 24273 54-0566029	HOSPITAL	VA	501C3	3	NA		No
(1) MOUNTAIN STATES HEALTH ALLIANCE 400 N STATE OF FRANKLIN ROAD JOHNSON CITY, TN 37604 62-0476282	HOSPITAL	TN	501C3	3	NA		No
(2) SMYTH COUNTY COMMUNITY HOSPITAL 245 MEDICAL PARK DRIVE MARION, VA 24354 54-0794913	HOSPITAL	VA	501C3	3	MSHA		No
(3) JOHNSTON MEMORIAL HOSPITAL 16000 JOHNSTON MEMORIAL DRIVE ABINGDON, VA 24211 54-0544705	HOSPITAL	VA	501C3	3	NA		No
(4) ABINGDON PHYSICIAN PARTNERS 16000 JOHNSTON MEMORIAL DRIVE ABINGDON, VA 24211 20-5485346	MED SERV	VA	501C3	11A	JMH		No
(5) MOUNTAIN STATES FOUNDATION 2335 KNOB CREEK ROAD STE 101 JOHNSON CITY, TN 37604 58-1418862	FUNDRAISER	TN	501C3	11A	MSHA		No
(6) MSHA AUXILIARY 400 N STATE OF FRANKLIN ROAD JOHNSON CITY, TN 37604 58-1418345	SUPPORT	TN	501C3	11A	MSHA		No
(7) APPALACHIAN EMERGENCY PHYSICIANS 1021 W OAKLAND AVENUE STE 207 JOHNSON CITY, TN 37604 80-0592504	MED SERV	VA	501C3	11A	NA		No

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No
COMMUNITY HOME CARE INC 1460 PARK AVENUE NORTON, VA 24273 54-1453810	DME	VA	NA	C CORP					No
SOUTHWEST COMMUNITY HEALTH SERV PO BOX 880 MARION, VA 24354 54-1460695	MED SERV	VA	NA	C CORP					No
BLUE RIDGE MEDICAL MANAGEMENT CORP 1021 W OAKLAND AVENUE STE 207 JOHNSON CITY, TN 37604 62-1490616	MED SERV	TN	NA	C CORP					No
MEDISERVE 1021 W OAKLAND AVENUE SUITE 207 JOHNSON CITY, TN 37604 62-1212286	DME	TN	NA	C CORP					No
MOUNTAIN STATES PROPERTIES 1021 W OAKLAND AVENUE SUITE 207 JOHNSON CITY, TN 37604 62-1845895	PROP MGMT	TN	NA	C CORP					No
MOUNTAIN STATES PHYSICIANS GRP INC 1021 W OAKLAND AVENUE SUITE 207 JOHNSON CITY, TN 37604 62-1700412	HEALTHCARE	TN	NA	C CORP					No
WILSON PHARMACY INC PO BOX 5289 JOHNSON CITY, TN 37602 62-0329587	PHARMACY	TN	NA	C CORP					No
CRESTPOINT HEALTH INSURANCE CO INC 509 MED TECH PARKWAY SUITE 100 JOHNSON CITY, TN 37604 62-0381170	INSURANCE	TN	NA	C CORP					No



MOUNTAIN STATES HEALTH ALLIANCE

Audited Consolidated Financial Statements (and Supplemental Schedules)

Years Ended June 30, 2014 and 2013



MOUNTAIN STATES HEALTH ALLIANCE

Audited Consolidated Financial Statements (and Supplemental Schedules) ***(Dollars in Thousands)***

Years Ended June 30, 2014 and 2013

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Mountain States Health Alliance:

We have audited the accompanying consolidated financial statements of Mountain States Health Alliance and its subsidiaries (the Alliance), which comprise the consolidated balance sheets as of June 30, 2014 and 2013, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatements, 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 Alliance'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 Alliance'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 Mountain States Health Alliance and its subsidiaries as of June 30, 2014 and 2013, and the results of their operations, changes in net assets, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental 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 audit 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 consolidated 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

Perdew J. Grubbs: Associate PC

Knoxville, Tennessee
October 29, 2014

MOUNTAIN STATES HEALTH ALLIANCE

Consolidated Balance Sheets *(Dollars in Thousands)*

	<i>June 30,</i>	
	<i>2014</i>	<i>2013</i>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 59,185	\$ 74,902
Current portion of investments	25,029	20,386
Patient accounts receivable, less estimated allowances for uncollectible accounts of \$47,853 in 2014 and \$49,449 in 2013	161,318	164,187
Other receivables, net	45,502	33,468
Inventories and prepaid expenses	30,838	31,073
TOTAL CURRENT ASSETS	321,872	324,016
INVESTMENTS, less amounts required to meet current obligations	648,475	601,352
PROPERTY, PLANT AND EQUIPMENT, net	881,429	884,293
OTHER ASSETS		
Goodwill	156,613	154,391
Net deferred financing, acquisition costs and other charges	25,841	28,480
Other assets	48,350	46,544
TOTAL OTHER ASSETS	230,804	229,415
	\$ 2,082,580	\$ 2,039,076

MOUNTAIN STATES HEALTH ALLIANCE

Consolidated Balance Sheets - Continued ***(Dollars in Thousands)***

	<i>June 30,</i>	
	<i>2014</i>	<i>2013</i>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued interest payable	\$ 18,648	\$ 19,706
Current portion of long-term debt and capital lease obligations	30,618	34,417
Accounts payable and accrued expenses	87,126	94,302
Accrued salaries, compensated absences and amounts withheld	72,181	63,665
Estimated amounts due to third-party payers, net	10,463	26,775
TOTAL CURRENT LIABILITIES	219,036	238,865
OTHER LIABILITIES		
Long-term debt and capital lease obligations, less current portion	1,075,069	1,090,348
Estimated fair value of derivatives	10,603	8,185
Estimated professional liability self-insurance	8,957	8,758
Other long-term liabilities	35,974	19,937
TOTAL LIABILITIES	1,349,639	1,366,093
COMMITMENTS AND CONTINGENCIES -		
Notes D, F, G, and N		
NET ASSETS		
Unrestricted net assets		
Mountain States Health Alliance	541,979	490,414
Noncontrolling interests in subsidiaries	178,547	169,614
TOTAL UNRESTRICTED NET ASSETS	720,526	660,028
Temporarily restricted net assets		
Mountain States Health Alliance	12,204	12,776
Noncontrolling interests in subsidiaries	84	52
TOTAL TEMPORARILY RESTRICTED NET ASSETS	12,288	12,828
Permanently restricted net assets	127	127
TOTAL NET ASSETS	732,941	672,983
	\$ 2,082,580	\$ 2,039,076

See notes to consolidated financial statements.

MOUNTAIN STATES HEALTH ALLIANCE***Consolidated Statements of Operations***
(Dollars in Thousands)

	<i>Year Ended June 30,</i>	
	<i>2014</i>	<i>2013</i>
Revenue, gains and support:		
Patient service revenue, net of contractual allowances and discounts	\$ 1,050,426	\$ 1,045,245
Provision for bad debts	(122,642)	(112,497)
Net patient service revenue	927,784	932,748
Premium revenue	10,683	1,003
Net investment gain	50,703	40,980
Net derivative gain	3,219	7,118
Other revenue, gains and support	62,457	77,455
TOTAL REVENUE, GAINS AND SUPPORT	1,054,846	1,059,304
Expenses and losses:		
Salaries and wages	340,589	355,590
Physician salaries and wages	77,636	74,258
Contract labor	4,282	3,942
Employee benefits	69,173	74,590
Fees	115,606	105,891
Supplies	163,699	162,955
Utilities	17,052	16,857
Medical costs	10,292	1,039
Other	79,980	80,211
Loss on early extinguishment of debt - Note F	4,622	-
Depreciation	69,437	78,941
Amortization	1,742	2,260
Interest and taxes	44,392	43,203
TOTAL EXPENSES AND LOSSES	998,502	999,737
EXCESS OF REVENUE, GAINS AND SUPPORT OVER EXPENSES AND LOSSES	\$ 56,344	\$ 59,567

MOUNTAIN STATES HEALTH ALLIANCE

Consolidated Statements of Changes in Net Assets (Dollars in Thousands)

Year Ended June 30, 2014

	<i>Mountain States Health Alliance</i>	<i>Noncontrolling Interests</i>	<i>Total</i>
UNRESTRICTED NET ASSETS:			
Excess of Revenue, Gains and Support over Expenses and Losses	\$ 48,058	\$ 8,286	\$ 56,344
Pension and other defined benefit plan adjustments	194	194	388
Net assets released from restrictions used for the purchase of property, plant and equipment	3,313	-	3,313
Noncontrolling interest in acquired subsidiary	-	914	914
Distributions to noncontrolling interests	-	(461)	(461)
INCREASE IN UNRESTRICTED NET ASSETS	51,565	8,933	60,498
TEMPORARILY RESTRICTED NET ASSETS:			
Restricted grants and contributions	4,693	88	4,781
Net assets released from restrictions	(5,265)	(56)	(5,321)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	(572)	32	(540)
INCREASE IN TOTAL NET ASSETS	50,993	8,965	59,958
NET ASSETS, BEGINNING OF YEAR	503,317	169,666	672,983
NET ASSETS, END OF YEAR	\$ 554,310	\$ 178,631	\$ 732,941

MOUNTAIN STATES HEALTH ALLIANCE

Consolidated Statements of Changes in Net Assets - Continued ***(Dollars in Thousands)***

Year Ended June 30, 2013

	<i>Mountain States Health Alliance</i>	<i>Noncontrolling Interests</i>	<i>Total</i>
UNRESTRICTED NET ASSETS:			
Excess of Revenue, Gains and Support over Expenses and Losses	\$ 52,692	\$ 6,875	\$ 59,567
Pension and other defined benefit plan adjustments	(172)	(171)	(343)
Net assets released from restrictions used for the purchase of property, plant and equipment	1,506	-	1,506
Distributions to noncontrolling interests	-	(49)	(49)
INCREASE IN UNRESTRICTED NET ASSETS	54,026	6,655	60,681
TEMPORARILY RESTRICTED NET ASSETS:			
Restricted grants and contributions	4,969	21	4,990
Net assets released from restrictions	(3,416)	(19)	(3,435)
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	1,553	2	1,555
INCREASE IN TOTAL NET ASSETS	55,579	6,657	62,236
NET ASSETS, BEGINNING OF YEAR	447,738	163,009	610,747
NET ASSETS, END OF YEAR	\$ 503,317	\$ 169,666	\$ 672,983

MOUNTAIN STATES HEALTH ALLIANCE

Consolidated Statements of Cash Flows *(Dollars in Thousands)*

	<i>Year Ended June 30.</i>	
	<i>2014</i>	<i>2013</i>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 59,958	\$ 62,236
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Provision for depreciation and amortization	71,789	81,786
Provision for bad debts	122,642	112,497
Loss on early extinguishment of debt	4,622	-
Change in estimated fair value of derivatives	2,761	(457)
Equity in net income of joint ventures, net	(369)	(636)
Loss (gain) on disposal of assets	(3,489)	(1)
Amounts received on interest rate swap settlements	(5,980)	(6,661)
Gain on escrow restructuring	-	(13,847)
Gain on swap settlement	-	(3,020)
Capital Appreciation Bond accretion and other	2,629	3,910
Restricted contributions	(4,781)	(4,990)
Pension and other defined benefit plan adjustments	(388)	343
Increase (decrease) in cash due to change in:		
Patient accounts receivable	(115,380)	(129,218)
Other receivables, net	(11,880)	(3,192)
Inventories and prepaid expenses	959	(2,263)
Trading securities	(46,451)	(17,845)
Other assets	(2,492)	(1,073)
Accrued interest payable	(1,058)	1,181
Accounts payable and accrued expenses	(6,666)	(20,263)
Accrued salaries, compensated absences and amounts withheld	8,006	8,076
Estimated amounts due to third-party payers, net	(16,312)	4,757
Estimated professional liability self-insurance	199	(586)
Other long-term liabilities	16,425	556
Total adjustments	14,786	9,054
NET CASH PROVIDED BY OPERATING ACTIVITIES	74,744	71,290
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(63,851)	(105,751)
Purchases of land held for expansion	(573)	(5,769)
Acquisitions, net of cash acquired	(4,256)	-
Purchases of held-to-maturity securities	(5,978)	(8,722)
Net distribution from joint ventures and unconsolidated affiliates	661	732
Proceeds from sale of property, plant and equipment	2,858	335
NET CASH USED IN INVESTING ACTIVITIES	(71,139)	(119,175)

MOUNTAIN STATES HEALTH ALLIANCE

Consolidated Statements of Cash Flows - Continued ***(Dollars in Thousands)***

	<i>Year Ended June 30,</i>	
	<i>2014</i>	<i>2013</i>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on long-term debt and capital lease obligations, including deposits to escrow	(38,768)	(75,066)
Payment of acquisition and financing costs	(3,826)	(2,314)
Proceeds from issuance of long-term debt and other financing arrangements	11,916	117,085
Payment on termination of derivative agreements	-	(7,375)
Gain on escrow restructuring	-	13,847
Net amounts received on interest rate swap settlements	5,980	6,661
Restricted contributions received	5,376	4,842
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(19,322)	57,680
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(15,717)	9,795
CASH AND CASH EQUIVALENTS, beginning of year	74,902	65,107
CASH AND CASH EQUIVALENTS, end of year	\$ 59,185	\$ 74,902
SUPPLEMENTAL INFORMATION AND NON-CASH TRANSACTIONS:		
Cash paid for interest	\$ 40,546	\$ 37,023
Cash paid for federal and state income taxes	\$ 854	\$ 616
Construction related payables in accounts payable and accrued expenses	\$ 8,604	\$ 11,598
Supplemental cash flow information regarding acquisitions - Note A:		
Assets acquired, net of cash	\$ 12,715	\$ -
Liabilities assumed	(8,459)	-
Acquisitions, net of cash acquired	\$ 4,256	\$ -

During the year ended June 30, 2014, the Alliance refinanced previously issued debt of \$318,385.

MOUNTAIN STATES HEALTH ALLIANCE

Notes to Consolidated Financial Statements (Dollars in Thousands)

Years Ended June 30, 2014 and 2013

NOTE A--ORGANIZATION AND OPERATIONS

Mountain States Health Alliance (the Alliance) is a tax-exempt entity with operations primarily located in Washington, Sullivan, Unicoi, and Carter counties of Tennessee and Smyth, Wise, Dickenson, Russell and Washington counties of Virginia. The initial funds for the establishment of the Alliance in 1945 were provided by individuals and various institutions.

The primary operations of the Alliance consist of eleven acute and specialty care hospitals, as follows:

- Johnson City Medical Center (JCMC) - licensed for 658 beds
- Indian Path Medical Center (IPMC) - licensed for 261 beds
- Smyth County Community Hospital (SCCH) - licensed for 153 beds
- Norton Community Hospital (NCH) - licensed for 129 beds
- Sycamore Shoals Hospital (SSH) - licensed for 121 beds
- Johnston Memorial Hospital (JMH) - licensed for 116 beds
- Franklin Woods Community Hospital (FWCH) - licensed for 80 beds
- Russell County Medical Center (RCMC) - licensed for 78 beds
- Unicoi County Memorial Hospital (UCMH) - licensed for 48 beds
- Dickenson Community Hospital (DCH) - licensed for 25 beds
- Johnson County Community Hospital (JCCH) - licensed for 2 beds

The Alliance has a 50.1% interest in JMH. JMH is also the sole member of Abingdon Physician Partners (APP), a non-taxable corporation that owns and manages physician practices.

The Alliance has a 50.1% interest in NCH. NCH is also the sole member or shareholder of DCH and Norton Community Physician Services, LLC (NCPS), a taxable corporation that consists of physician practices and a pharmacy and Community Home Care (CHC), a taxable corporation that provides home medical equipment.

The Alliance has an 80% interest in SCCH. SCCH is the sole shareholder of Southwest Community Health Services, Inc. (SWCH), a taxable entity that operates a pharmacy and provides other health services.

The activities and accounts of JMH, NCH and SCCH are included in the accompanying consolidated financial statements.

Effective November 1, 2013, the Alliance acquired substantially all the assets, and certain liabilities, of Unicoi County Memorial Hospital from Unicoi County, Tennessee. To effectuate the acquisition, the Alliance paid approximately \$2,500 and committed to construct a new facility within five years.

MOUNTAIN STATES HEALTH ALLIANCE

Notes to Consolidated Financial Statements - Continued *(Dollars in Thousands)*

Years Ended June 30, 2014 and 2013

The accounts and activities of UCMH since acquisition are included in the accompanying consolidated financial statements.

The Alliance is the sole shareholder of Blue Ridge Medical Management Corporation (BRMM), a for-profit entity that owns and manages physician practices and provides other healthcare services to patients in Tennessee and Virginia. BRMM is either the sole shareholder, a significant shareholder, or member of the following consolidated organizations:

Mountain States Physician Group, Inc. (MSPG). A company that contracts with physicians to provide services to BRMM physician practices.

Mountain States Properties, Inc. (MSPI). A company that owns and manages real estate (primarily medical office buildings) and provides rehabilitation and fitness services.

Mediserve Medical Equipment of Kingsport, Inc (Mediserve): A company that provides durable medical equipment services.

Kingsport Ambulatory Surgery Center (KASC) (d.b.a. Kingsport Day Surgery). A joint venture operating as an outpatient surgery center which performs procedures primarily in otolaryngology, orthopedics, ophthalmology, and general surgery. BRMM has a 43% ownership of KASC and maintains control over KASC through a management agreement. The accounts and activities of KASC are included in the accompanying consolidated financial statements.

Emmaus Community Healthcare LLC (d.b.a. Piney Flats Urgent Care (PFUC)). A for-profit entity that provides urgent care patient services. BRMM has a 75% ownership of PFUC. The accounts and activities of PFUC are included in the accompanying consolidated financial statements.

Mountain States Pharmacy (MSP): A for-profit company that owns and operates retail pharmacies.

East Tennessee Ambulatory Surgery Center (ETASC): Effective January 1, 2014, BRMM acquired a controlling 66.1% ownership in ETASC and recognized approximately \$2,244 of goodwill as a result of the transaction. The accounts and activities of ETASC since acquisition are included in the accompanying consolidated financial statements.

The Alliance is the primary beneficiary of the activities of Mountain States Foundation, Inc. (MSF), a not-for-profit foundation formed to coordinate fundraising and development activities of the Alliance. The Alliance is also the beneficiary of the Mountain States Health Alliance Auxiliary (Auxiliary), a not-for-profit organization formed to coordinate volunteer activities of the Alliance.

MOUNTAIN STATES HEALTH ALLIANCE

Notes to Consolidated Financial Statements - Continued *(Dollars in Thousands)*

Years Ended June 30, 2014 and 2013

The activities and accounts of MSF and the Auxiliary are included in the accompanying consolidated financial statements.

The Alliance is a 99.8% shareholder of Integrated Solutions Health Network, LLC (ISHN). The primary function of ISHN is to establish, operate and administer a provider-sponsored health care delivery network. ISHN is the sole shareholder of the following subsidiaries:

CrestPoint Health Insurance Company (CHIC): A for-profit insurance company licensed in the State of Tennessee which provides network access and administration and third-party administrator services. CHIC has a risk-based contract with the Center for Medicare & Medicaid Services (CMS) to provide or arrange for the provision of healthcare services to senior citizens who have Medicare Part A, Medicare Part B and Medicare Part D entitlements.

AnewCare Collaborative (AnewCare): A for-profit accountable care organization which participates in CMS's Medicare Shared Savings Program.

NOTE B--SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation: The accompanying consolidated financial statements include the accounts of the Alliance and its consolidated subsidiaries after elimination of all significant intercompany accounts and transactions.

Noncontrolling Interests in Subsidiaries: The Alliance's accompanying consolidated financial statements include all assets, liabilities, revenues, expenses, and changes in net assets, including amounts attributable to the noncontrolling interests. Noncontrolling interests represent the portion of equity (net assets) in a subsidiary not attributable, directly or indirectly, to the Alliance. For the years ending June 30, 2014 and 2013, the Alliance attributed an Excess of Revenue, Gains and Support over Expenses and Losses of \$8,286 and \$6,875, respectively, to the noncontrolling interests in JMH, NCH, SCCH, KASC, PFUC, ETASC and ISHN based on the noncontrolling interests' respective ownership percentage.

Use of Estimates: The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents: Cash and cash equivalents include all highly liquid investments with a maturity of three months or less when purchased. Cash and cash equivalents designated as assets

MOUNTAIN STATES HEALTH ALLIANCE

Notes to Consolidated Financial Statements - Continued ***(Dollars in Thousands)***

Years Ended June 30, 2014 and 2013

limited as to use or uninvested amounts included in investment portfolios are not included as cash and cash equivalents.

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

Investments which the Alliance has the positive intent and ability to hold to maturity are classified as held-to-maturity and are stated at amortized cost. On June 30, 2013, the Alliance determined that it no longer intended to hold certain of its held-to-maturity investment portfolios to maturity and reclassified investments with an amortized cost of \$161,929 into the trading designation. As a result, the Alliance recognized net unrealized gains of approximately \$8,255 in the accompanying 2013 Consolidated Statement of Operations. The investments that remain designated as held-to-maturity are limited as to use under a safekeeping agreement or are otherwise unavailable for disposition.

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

Investments in joint ventures are generally reported under the equity method of accounting, which approximates the Alliance's equity in the underlying net book value, unless the ownership structure requires consolidation. Other assets include investments in joint ventures of \$1,364 and \$2,057 at June 30, 2014 and 2013, respectively.

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

Property, Plant and Equipment: Property, plant and equipment is stated on the basis of cost, or if donated, at the fair value at the date of gift. Generally, depreciation is computed by the straight-line method over the estimated useful life of the asset. During 2014, the Alliance changed its estimates of depreciable lives for certain classes of property and equipment. Management evaluated the useful lives of certain classes of equipment and determined that, based on information available to them, the previously assigned lives were not consistent with actual usage of such assets. As a result,

MOUNTAIN STATES HEALTH ALLIANCE

Notes to Consolidated Financial Statements - Continued ***(Dollars in Thousands)***

Years Ended June 30, 2014 and 2013

management extended the depreciable lives of certain classes of property and equipment to better reflect the actual usage pattern. The impact of this change in estimated useful lives was to decrease depreciation expense in the Consolidated Statement of Operations for the year ended June 30, 2014 by approximately \$7,500.

Equipment held under capital lease obligations is amortized under the straight-line method over the shorter of the lease term or estimated useful life. Amortization of buildings and equipment held under capital leases is shown as a part of depreciation expense and accumulated depreciation in the accompanying consolidated financial statements. Renewals and betterments are capitalized and depreciated over their useful life, whereas costs of maintenance and repairs are expensed as incurred.

Interest costs incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. The amount capitalized is net of investment earnings on assets limited as to use derived from borrowings designated for capital assets.

The Alliance reviews capital assets for indications of potential impairment when there are changes in circumstances related to a specific asset. If this review indicates that the carrying value of these assets may not be recoverable, the Alliance estimates future cash flows from operations and the eventual disposition of such assets. If the sum of these undiscounted future cash flows is less than the carrying amount of the asset, a write-down to estimated fair value is recorded. The Alliance did not recognize any impairment losses during 2014 and 2013.

Other assets include property held for resale and property held for expansion of \$20,793 and \$20,220, respectively, at June 30, 2014 and 2013. Property held for resale and property held for expansion primarily represent land contributed to, or purchased by, the Alliance plus costs incurred to develop the infrastructure of such land. Management annually evaluates its investment and records non-temporary declines in value when it is determined the ultimate net realizable value is less than the recorded amount. No such declines were identified in 2014 and 2013.

Goodwill. Goodwill represents the difference between the acquisition cost of assets and the estimated fair value of net tangible and any separately identified intangible assets. Goodwill is evaluated for impairment at least annually. The reporting unit for evaluation of the majority of the Alliance's goodwill is the aggregate acute-care operations. Management performed an evaluation of goodwill for impairment considering qualitative and quantitative factors and does not believe the goodwill associated with any of its reporting units is impaired as of June 30, 2014. Management's estimates utilized in the evaluation contain significant estimates and it is reasonably possible that such estimates could change in the near term.

Deferred Financing, Acquisition Costs and Other Charges: Other assets include deferred financing, acquisition costs and other charges of \$25,841 and \$28,480 at June 30, 2014 and 2013, respectively.

MOUNTAIN STATES HEALTH ALLIANCE

Notes to Consolidated Financial Statements - Continued *(Dollars in Thousands)*

Years Ended June 30, 2014 and 2013

Deferred financing costs are amortized over the life of the respective bond issue principally using the average bonds outstanding method.

Prior to 2009, the Alliance routinely financed interest rate swap and other derivative transaction issuance costs through modification of future settlement terms. As such, the unamortized issuance costs of these derivatives are included as deferred financing costs in the accompanying Consolidated Balance Sheets and are being amortized over the term of the respective derivative instrument. The unpaid issuance costs are included as a part of the estimated fair value of derivatives in the accompanying Consolidated Balance Sheets. Beginning in 2009, interest rate swap and derivative transaction issuance costs were expensed as incurred.

Derivative Financial Instruments. The Alliance is a party to various interest rate swaps. These financial instruments are not designated as hedges and have been presented at estimated fair market value in the accompanying Consolidated Balance Sheets as either current or long-term liabilities, based upon the remaining term of the instrument. Changes in the estimated fair value of these derivatives are included in the Consolidated Statements of Operations as part of net derivative gain.

Estimated Professional Liability Self-Insurance and Other Long-Term Liabilities: Self-insurance liabilities include estimated reserves for reported and unreported professional liability claims and are recorded at the estimated net present value of such claims. Other long-term liabilities include contributions payable and obligations under deferred compensation arrangements, a defined benefit pension plan, a post-retirement employee benefit plan as well as other liabilities which management estimates are not payable within one year.

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

Patient accounts receivable are reported net of both an estimated allowance for uncollectible accounts and an estimated allowance for contractual adjustments. The contractual allowance represents the difference between established billing rates and estimated reimbursement from Medicare, Medicaid, TennCare and other third-party payment programs. Current operations include a provision for bad debts in the Consolidated Statements of Operations estimated based upon the age of the patient accounts receivable, historical writeoffs and recoveries and any unusual circumstances (such as local, regional or national economic conditions) which affect the collectibility of receivables, including management's assumptions about conditions it expects to exist and courses of

MOUNTAIN STATES HEALTH ALLIANCE

Notes to Consolidated Financial Statements - Continued *(Dollars in Thousands)*

Years Ended June 30, 2014 and 2013

action it expects to take. The primary uncertainty lies with uninsured patient receivables and deductibles, co-payments or other amounts due from individual patients. Additions to the allowance for uncollectible accounts result from the provision for bad debts. Patient accounts written off as uncollectible are deducted from the allowance for uncollectible accounts.

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

Charity Care: The Alliance accepts all patients regardless of their ability to pay. A patient is classified as a charity patient by reference to certain established policies of the Alliance and various guidelines outlined by the Federal Government. These policies define charity as those services for which no payment is anticipated and, as such, charges at established rates are not included in net patient service revenue. Charges forgone, based on established rates, totaled approximately \$109,550 and \$103,084 during 2014 and 2013, respectively. The estimated direct and indirect cost of providing these services totaled approximately \$23,733 and \$24,709 in 2014 and 2013, respectively. Such costs are determined using a ratio of cost to charges analysis with indirect cost allocated.

In addition to the charity care services, the Alliance provides a number of other services to benefit the poor for which little or no payment is received. Medicare, Medicaid, TennCare and State indigent programs do not cover the full cost of providing care to beneficiaries of those programs. The Alliance also provides services to the community at large for which it receives little or no payment.

Excess of Revenue, Gains and Support Over Expenses and Losses. The Consolidated Statements of Operations and the Consolidated Statements of Changes in Net Assets includes the caption Excess of Revenue, Gains and Support Over Expenses and Losses (the Performance Indicator). Changes in unrestricted net assets which are excluded from the Performance Indicator, consistent with industry practice, include contributions of long-lived assets or amounts restricted to the purchase of long-lived assets, certain pension and related adjustments, and transactions with noncontrolling interests.

Income Taxes: The Alliance is classified as an organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, no provision for income taxes has been made in the accompanying consolidated financial statements for the Alliance and its tax-exempt subsidiaries. The Alliance's taxable subsidiaries are discussed in Note L. The Alliance has no

MOUNTAIN STATES HEALTH ALLIANCE

Notes to Consolidated Financial Statements - Continued *(Dollars in Thousands)*

Years Ended June 30, 2014 and 2013

significant uncertain tax positions at June 30, 2014 and 2013. At June 30, 2014, tax returns for 2010 through 2013 are subject to examination by the Internal Revenue Service

Temporarily and Permanently Restricted Net Assets: Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose. When a donor or time restriction expires; that is, when a stipulated time restriction ends or purpose restriction is fulfilled, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the Consolidated Statements of Operations and Changes in Net Assets as net assets released from restrictions. The Alliance's policy is to net contribution and grant revenues against related expenses and present such amounts as a part of other revenue, gains and support in the Consolidated Statements of Operations. Permanently restricted net assets have been restricted by donors to be maintained by the Alliance in perpetuity.

Premium Revenue: Premiums earned include premiums from individuals and Medicare. Medicare revenue includes premiums based on predetermined prepaid rates under Medicare risk contracts. Premiums are recognized in the month in which the members are entitled to health care services. Premiums collected in advance are deferred and recorded as unearned premium revenue. Premium deficiency losses are recognized when it is probable that expected future claim expenses will exceed future premiums on existing contracts. CHIC evaluated the need for a premium deficiency reserve and recorded an estimated reserve of \$2,000 at June 30, 2014.

Medicare Shared Savings Program (MSSP): AnewCare, an Accountable Care Organization (ACO), participates in CMS's Medicare Shared Savings Program which is designed to facilitate coordination and cooperation among providers to improve the quality of care for Medicare beneficiaries and reduce unnecessary costs. ACOs participating in the program are assigned beneficiaries by CMS and are entitled to share in the savings if they are able to lower growth in Medicare Parts A and B fee-for-service costs while meeting performance standards on quality of care. The program is based on performance periods, the first of which specific to AnewCare was the period of July 2012 to December 2013. Utilizing statistical data and the methodology employed by CMS, AnewCare estimated and recognized \$2,644 of net shared savings through June 30, 2013. Upon completion of the initial performance period, total net shared savings of \$4,745 were recognized. For the second performance period, AnewCare has estimated \$1,625 of net shared savings as of June 30, 2014. Variability is inherent in the estimation methodology and due to uncertainties in the estimation; it is probable that management's estimates of shared savings, if any, will change by the end of the second performance period, and such change could be significant.

Electronic Health Record (EHR) Incentives: The American Recovery and Reinvestment Act of 2009 (ARRA) provides for incentive payments under the Medicare and Medicaid programs for certain hospitals and physician practices that demonstrate meaningful use of certified EHR technology. The incentive payments are calculated based upon estimated discharges, charity care and other input data

MOUNTAIN STATES HEALTH ALLIANCE

Notes to Consolidated Financial Statements - Continued *(Dollars in Thousands)*

Years Ended June 30, 2014 and 2013

and are recorded upon the Alliance's attainment of program and attestation criteria. The incentive payments are subject to regulatory audit. During the years ending June 30, 2014 and 2013, the Alliance recognized EHR incentive revenues of \$18,269 and \$22,474, respectively. EHR incentive revenues are included in other revenue, gains and support in the accompanying Consolidated Statements of Operations. The Alliance incurs both capital expenditures and operating expenses in connection with the implementation of its various EHR initiatives. The amount and timing of these expenditures does not directly correlate with the timing of the Alliance's receipt or recognition of the EHR incentive payments.

Medical Costs The cost of health care services is recognized in the period in which services are provided. Medical costs include an estimate of the cost of services provided to CHIC members by third-party providers, which have been incurred but not reported to CHIC. The estimate for incurred but not reported claims is based on actuarial projections of costs using historical paid claims and industry data. Due to uncertainties in the estimation, it is at least reasonably possible that management's estimates of incurred but not reported claims will change in 2015, although the amount of the change cannot be estimated.

Subsequent Events The Alliance evaluated all events or transactions that occurred after June 30, 2014, through October 29, 2014, the date the consolidated financial statements were available to be issued. During this period management did not note any material recognizable subsequent events that required recognition or disclosure in the June 30, 2014 consolidated financial statements, other than as discussed in Note Q.

Reclassifications Certain 2013 amounts have been reclassified to conform with the 2014 presentation in the accompanying consolidated financial statements.

NOTE C--INVESTMENTS

Assets limited as to use are summarized by designation or restriction as follows at June 30:

	<i>2014</i>	<i>2013</i>
Designated or restricted:		
Under safekeeping agreements	\$ 8,220	\$ 8,254
By Board to satisfy regulatory requirements	6,759	2,096
Under bond indenture agreements:		
For debt service and interest payments	55,123	60,823
For capital acquisitions	16,127	36,989
	86,229	108,162
Less: amount required to meet current obligations	(25,029)	(20,386)
	<u>\$ 61,200</u>	<u>\$ 87,776</u>

MOUNTAIN STATES HEALTH ALLIANCE

Notes to Consolidated Financial Statements - Continued *(Dollars in Thousands)*

Years Ended June 30, 2014 and 2013

Assets limited as to use consist of the following at June 30:

	<i>2014</i>	<i>2013</i>
Cash, cash equivalents and money market funds	\$ 54,437	\$ 57,190
U.S. Government securities	8,683	11,164
U.S. Agency securities	19,835	30,407
Corporate and foreign bonds	2,354	7,530
Municipal obligations	920	1,871
	<u>\$ 86,229</u>	<u>\$ 108,162</u>

Trading securities consist of the following at June 30:

	<i>2014</i>	<i>2013</i>
Cash, cash equivalents and money market funds	\$ 47,126	\$ 9,488
U.S. Government securities	30,721	18,481
U.S. Agency securities	39,084	19,620
Corporate and foreign bonds	96,749	172,350
Municipal obligations	21,409	17,749
Preferred and asset backed securities	3,497	3,491
U.S. equity securities	1,868	10,944
Mutual funds	253,301	186,028
Alternative investments	54,761	37,353
	<u>\$ 548,516</u>	<u>\$ 475,504</u>

Held-to-maturity securities (other than assets limited as to use) are carried at amortized cost and consist of the following at June 30:

	<i>2014</i>	<i>2013</i>
Cash, cash equivalents and money market funds	\$ 220	\$ 75
Corporate and foreign bonds	35,131	33,060
Municipal obligations	3,408	4,937
	<u>\$ 38,759</u>	<u>\$ 38,072</u>

Held-to-maturity securities had gross unrealized gains and losses of \$206 and \$456, respectively, at June 30, 2014 and \$15 and \$1,421, respectively, at June 30, 2013. At June 30, 2014, the Alliance held securities within the held-to-maturity portfolio with a fair value and unrealized loss of \$13,513 and \$456, respectively, which had been at an unrealized loss position for over one year. At June 30,

MOUNTAIN STATES HEALTH ALLIANCE

Notes to Consolidated Financial Statements - Continued *(Dollars in Thousands)*

Years Ended June 30, 2014 and 2013

2013, the Alliance held no securities within the held-to-maturity portfolio which had been in an unrealized loss position for over one year. At June 30, 2014, the contractual maturities of held-to-maturity securities were \$17,625 due in one year or less, \$5,411 due from one to five years and \$15,723 due after five years

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

	<i>2014</i>	<i>2013</i>
Interest and dividend income, net of fees	\$ 12,074	\$ 13,881
Net realized gains on the sale of securities	15,311	3,074
Change in net unrealized gains on securities	23,318	24,025
	<u>\$ 50,703</u>	<u>\$ 40,980</u>

The Alliance is a member of Premier Inc.'s (Premier) group purchasing organization and in connection with this membership, the Alliance held a non-controlling interest in Premier that was accounted for using the cost method of accounting. In October 2013, Premier completed an initial public offering (IPO) and a restructuring of the company. In connection with the restructuring, the Alliance received 860,499 Class B Units and concurrently sold approximately 16% of the units back to Premier. The Alliance recognized a gain of approximately \$3,500 on the sale, which is included within other revenue, gains and support in the 2014 Consolidated Statement of Operations.

The Alliance has the ability to convert its remaining Class B units into cash or Premier's Class A common stock over a seven year vesting period. The Alliance recorded an investment in Premier relative to the estimated fair value of the remaining Class B units of approximately \$14,713. In addition, as the vesting period is tangential to the Alliance's continued participation in the group purchasing contract, the Alliance recorded a liability equivalent to the estimated fair value of the Class B units, which is included within other long-term liabilities in the 2014 Consolidated Balance Sheet. The liability is being amortized as a vendor incentive over the seven year vesting period. During 2014, the Alliance recognized approximately \$2,995 related to the first vesting period (Tranche 1), which is included within other revenue, gains and support in the 2014 Consolidated Statement of Operations.

NOTE D--DERIVATIVE TRANSACTIONS

The Alliance is a party to a number of derivative transactions. These derivatives have not been designated as hedges and are valued at estimated fair value in the accompanying Consolidated Balance Sheets. Management's primary objective in holding such derivatives is to introduce a variable rate component into its fixed rate debt structure. Under the terms of these agreements, changes in the interest rate environment could have a significant effect on the Alliance. Net deferred

MOUNTAIN STATES HEALTH ALLIANCE

Notes to Consolidated Financial Statements - Continued *(Dollars in Thousands)*

Years Ended June 30, 2014 and 2013

financing, acquisition costs and other charges include \$5,447 and \$5,791 at June 30, 2014 and 2013, respectively, related to these swaps.

The Alliance is subject to an enforceable master netting arrangement in the form of an ISDA agreement with Bank of America, Merrill Lynch. Under the terms of this agreement, offsetting of derivative contracts is permitted in the event of default of either party to the agreement. The ISDA agreement requires that the Alliance post additional collateral for the derivatives' fair market value deficits above specified levels. As of June 30, 2014 and 2013, the Alliance was not required to post additional collateral.

The following is a summary of the interest rate swap agreements at June 30, 2014 and 2013:

<i>Notional Amount</i>	<i>Term</i>	<i>Counterparty</i>	<i>Payments:</i>		<i>Estimated Fair Value</i>	
			<i>Receive</i>	<i>Pay</i>	<i>2014</i>	<i>2013</i>
\$170,000	4/2006-4/2026	Bank of America, Merrill Lynch	1.07% 4/2013-4/2014 1.14% 5/2014-4/2016	0.00%	\$ 3,089	\$ 3,895
\$95,000	4/2006-4/2026	Bank of America, Merrill Lynch	1.08% 4/2013-4/2014 1.14% 5/2014-4/2016	0.00%	1,748	2,205
\$173,030	4/2006-4/2034	Bank of America, Merrill Lynch	1.12% 4/2013-4/2014 1.16% 5/2014-4/2016	0.00%	(1,884)	(710)
\$82,055	12/2007-7/2033	Bank of America, Merrill Lynch	67% USD-LIBOR-BBA	0.312% + USD-SIFMA	(9,365)	(9,322)
\$50,000	2/2008-7/2038	Bank of America, Merrill Lynch	67% (USD-LIBOR-BBA + 0.15%)	USD-SIFMA	(4,210)	(4,218)
\$20,400	7/2007-7/2015	Bank of America, Merrill Lynch	1.05% + USD-SIFMA	4.50%	63	35
					(10,559)	(8,115)
\$4,680	7/2010-7/2015	First Tennessee Bank	0.00%	USD-LIBOR-BBA	(44)	(70)
					<u>\$ (10,603)</u>	<u>\$ (8,185)</u>

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

	<i>2014</i>	<i>2013</i>
Settlement income and other	\$ 5,980	\$ 6,661
Change in estimated fair value	(2,761)	457
	<u>\$ 3,219</u>	<u>\$ 7,118</u>

These fair values are based on the estimated amount the Alliance would receive, or be required to pay, to enter into equivalent agreements at the valuation date and include an estimated credit value

MOUNTAIN STATES HEALTH ALLIANCE

Notes to Consolidated Financial Statements - Continued *(Dollars in Thousands)*

Years Ended June 30, 2014 and 2013

adjustment. Due to the nature of these financial instruments, such estimates of fair value are subject to significant change in the near term.

The Alliance was a party to a total return swap which terminated in 2009. In 2013, the Alliance and counterparty reached a settlement agreement. A gain of approximately \$3,020 was recognized on the settlement, which is included within other revenue, gains and support in the accompanying 2013 Consolidated Statement of Operations.

NOTE E--PROPERTY, PLANT AND EQUIPMENT

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

	<i>2014</i>	<i>2013</i>
Land	\$ 60,722	\$ 60,180
Buildings and leasehold improvements	760,853	718,489
Property and improvements held for leasing	80,824	77,767
Equipment and information technology infrastructure	700,748	664,469
Buildings and equipment held under capital lease	340	671
	<u>1,603,487</u>	<u>1,521,576</u>
Less: Allowances for depreciation and amortization	<u>(757,641)</u>	<u>(704,002)</u>
	845,846	817,574
Construction in progress (Note N)	35,583	66,719
	<u>\$ 881,429</u>	<u>\$ 884,293</u>

Accumulated depreciation and amortization on property and improvements held for leasing purposes is \$27,500 and \$25,146 at June 30, 2014 and 2013, respectively. Net interest capitalized was \$1,533 and \$4,419 for the years ended June 30, 2014 and 2013, respectively.

The Alliance entered into an Amendment and Mutual Release Agreement with a vendor whereby the Alliance waived its right to take any action with respect to prior contracts in exchange for professional services, primarily related to accelerated deployment of information systems. The Alliance recognized approximately \$282 and \$3,386 in 2014 and 2013, respectively, as additions to property, plant and equipment with an offsetting gain related to the agreed-upon value of such professional services. The Alliance anticipates recognition of additional amounts in future periods.

MOUNTAIN STATES HEALTH ALLIANCE

Notes to Consolidated Financial Statements - Continued (Dollars in Thousands)

Years Ended June 30, 2014 and 2013

NOTE F--LONG-TERM DEBT AND OTHER FINANCING ARRANGEMENTS

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

Description	Rate as of June 30, 2014	Outstanding Balance	
		2014	2013
2013 Hospital Revenue and Refunding Revenue Bonds:			
\$61,180 variable rate tax-exempt term bond, due August 2031	1.13%	\$ 328,665	\$ -
\$48,600 variable rate tax-exempt term bond, due August 2032	0.91%		
\$13,350 variable rate tax-exempt term bond, due August 2038	1.13%		
\$89,620, variable rate tax-exempt term bonds, due August 2042	1.10% - 1.21%		
\$16,235, variable rate tax-exempt term bond, due August 2043	0.05%		
\$99,680 variable rate taxable term bond due August 2043	0.12%		
2012 Hospital Revenue Bonds (net of unamortized premium of \$1,756 and \$1,817 at June 30, 2014 and 2013, respectively)			
\$55,000 fixed rate tax-exempt term bond, due August 2042	5.00%	56,756	94,697
2011 Hospital Revenue and Refunding and Improvement Bonds			
\$6,445 variable rate taxable term bond, due July 2026	0.12%	104,710	229,919
\$76,930 variable rate tax-exempt term bonds, due July 2033	0.07%		
\$21,335 variable rate tax-exempt term bond, due July 2033 (JMH)	1.10%		
2010 Hospital Revenue Refunding Bonds, (net of unamortized premium of \$1,523 and \$1,604 at June 30, 2014 and 2013, respectively)			
\$41,600 fixed rate tax-exempt serial bonds, through 2020	4.00% to 5.00%	180,993	188,549
\$4,355 fixed rate tax-exempt term bond, due July 2023	5.00%		
\$14,985 fixed rate tax-exempt term bond, due July 2025	5.38%		
\$4,250 fixed rate tax-exempt term bond, due July 2028	5.50%		
\$19,230 fixed rate tax-exempt term bond, due July 2030	5.63%		
\$95,050 fixed rate tax-exempt term bonds, due July 2038	6.00% - 6.50%		
2009 Hospital Revenue Bonds, (net of unamortized discount of \$2,267 and \$2,359 at June 30, 2014 and 2013, respectively)			
\$16,990 fixed rate tax-exempt term bonds, due July 2019	7.25%	119,813	122,256
\$21,730 fixed rate tax-exempt term bonds, due July 2029	7.50%		
\$83,360 fixed rate tax-exempt term bonds, due July 2038	7.75% - 8.00%		
2008 Hospital Revenue Bond: Refunded in 2014		-	65,210
2007B Taxable Hospital Revenue Bonds			
\$19,515 variable rate taxable term bond due July 2019	0.13%	19,515	123,335
2006 Hospital First Mortgage Revenue Bonds, (net of unamortized premium of \$129 and \$135 at June 30, 2014 and 2013, respectively)			
\$4,680 fixed rate tax-exempt serial bonds, through 2019	5.00%	167,864	168,485
\$7,375 fixed rate tax-exempt term bond, due July 2026	5.25%		
\$20,505 fixed rate tax-exempt term bond, due July 2031	5.50%		
\$135,175 fixed rate tax-exempt term bond, due July 2036	5.50%		
2001 Hospital First Mortgage Revenue Bond:			
\$20,400 fixed rate tax-exempt term bond, due July 2026	4.50%	20,400	21,400

MOUNTAIN STATES HEALTH ALLIANCE

Notes to Consolidated Financial Statements - Continued (Dollars in Thousands)

Years Ended June 30, 2014 and 2013

Description	Rate as of June 30, 2014	Outstanding Balance	
		2014	2013
2000 Hospital First Mortgage Revenue and Refunding Bonds.			
\$43,995 fixed rate tax-exempt term bonds, due July 2026	8.50%	81,006	80,485
\$37,011 fixed rate tax-exempt Capital Appreciation Bonds, interest and principal due July 2026 through 2030	6.63%		
Capitalized lease obligations secured by equipment			
Various monthly principal and interest payments through December 2016	Various	806	1,240
Master installment payment agreements			
Various payments through May 2014	Unspecified	-	3,823
Notes payable secured by real estate			
Various principal and interest payments through 2017	Various	5,542	5,878
Promissory notes secured by assets of PFUC			
Various monthly principal and interest payments through 2019	3.00% - 3.75%	918	985
Term note			
Monthly principal payments of \$60 plus variable rate interest beginning November 2012 through September 2015; remaining principal due October 2015	1.14%	16,883	17,607
Notes payable secured by equipment			
Various monthly principal and interest payments through 2016	Various	790	896
Promissory note secured by assets of KASC			
Monthly principal payments of \$7 beginning April 2014 through February 2019; remaining principal due March 2019	3.25%	431	-
Promissory note secured by assets of ETASC			
Monthly principal payments of \$8 plus variable rate interest beginning January 2011 through August 2015; remaining principal due September 2015	3.25%	595	-
		1,105,687	1,124,765
Less current portion		(30,618)	(34,417)
		<u>\$ 1,075,069</u>	<u>\$ 1,090,348</u>

Series 2013 Bonds: In July 2013, the Alliance issued \$16,235 (Series 2013A) Hospital Revenue Bonds, \$99,680 (Series 2013B) Hospital Refunding Revenue Bonds, \$13,350 (Series 2013C) Hospital Refunding Revenue Bonds and \$28,310 (Series 2013G) Hospital Revenue Bonds through The Health and Educational Facilities Board of the City of Johnson City, Tennessee and \$61,180 (Series 2013D) Hospital Refunding Revenue Bonds, \$9,880 (Series 2013E) Hospital Refunding Revenue Bonds, \$51,430 (Series 2013F) Hospital Refunding Revenue Bonds and \$48,600 (Series 2013H) Hospital Refunding Revenue Bonds through the Industrial Development Authority of Smyth County, Virginia (collectively, the Series 2013 Bonds).

The proceeds from the Series 2013A Bonds were used to finance or refinance capital improvements and equipment acquisitions and to pay issuance costs associated with these Bonds. The proceeds from the remaining Series 2013 Bonds were used to refinance outstanding indebtedness, specifically related to the Series 2007B-2, 2008A, 2008B, 2011C, 2011D, 2012B and 2012C Bonds, and to pay issuance costs associated with these Bonds.

MOUNTAIN STATES HEALTH ALLIANCE

Notes to Consolidated Financial Statements - Continued *(Dollars in Thousands)*

Years Ended June 30, 2014 and 2013

Capital Appreciation Bonds: The Series 2000 Bonds include \$14,680 of insured Capital Appreciation Bonds. Such bonds bear a 0% coupon rate and have a yield of 6.625% annually. The Alliance recognizes interest expense and increases the amount of outstanding debt each year based upon this yield. Total principal and interest due at maturity (2026 through 2030) is \$93,675.

Other. Outstanding tax-exempt bond obligations that were insured under municipal bond insurance policies were \$81,006 and \$80,485 at June 30, 2014 and 2013, respectively. Under terms of these policies, the insurer guarantees the Alliance's payment of principal and interest. At June 30, 2014 and 2013, the Alliance held \$212,360 and \$417,290, respectively, in variable rate demand bonds with letter of credit support and \$240,530 and \$39,055, respectively, in variable rate bonds held under direct purchase agreements.

Early Redemption: Essentially all of the Alliance's bonds are subject to redemption prior to maturity, including optional, mandatory sinking fund and extraordinary redemption, at various dates and prices as described in the respective Bond indentures and other documents.

Derecognized Bonds: In previous years, the advance refunded previously issued debt by placing required funds in irrevocable trusts in order to satisfy remaining scheduled principal and interest payments of the outstanding debt. Management, upon advice of legal counsel, believes the amounts deposited in such irrevocable trust accounts have contractually relieved the Alliance of any future obligations with respect to this debt, and the debt is not a considered liability of the Alliance. Therefore, such debt has been derecognized. Debt outstanding and not recognized in the Consolidated Balance Sheet at June 30, 2014 due to previous advance refundings totaled approximately \$196,290.

The assets placed in the irrevocable trust accounts are also not recognized as assets of the Alliance. These assets consist primarily of various investments, as permitted by bond indentures and other documents, including United States Treasury obligations, an investment contract with MBIA Insurance Corporation (MBIA) in the original amount of \$54,300, as well as the Series 2000C and 2000D Bonds which were purchased with the proceeds of the 2000A and 2000B Bonds specifically for the purpose of utilizing the Series 2000C and 2000D Bonds in the irrevocable trust. Therefore, certain of the assets held in the irrevocable trust accounts have future income streams contingent upon payments by the Alliance.

The Alliance instructed the trustee of the advance refunded 1998C Bonds to liquidate certain investments held in the related irrevocable trust account and to redeem a portion of the 1998C Bonds with the proceeds from the liquidation. The fair value of the liquidated assets exceeded the payment necessary to redeem the 1998C Bonds and the excess was paid to the Alliance. As a result of this transaction, the Alliance recognized a net gain of \$13,847 which is included in other revenue, gains and support in the accompanying 2013 Consolidated Statements of Operations.

MOUNTAIN STATES HEALTH ALLIANCE

Notes to Consolidated Financial Statements - Continued *(Dollars in Thousands)*

Years Ended June 30, 2014 and 2013

Financing Arrangements: The Alliance has granted a deed of trust on JCMC and SSH to secure the payment of the outstanding bonds indebtedness. The bonds are also secured by the Alliance's receivables, inventories and other assets as well as certain funds held under the documents pursuant to which the bonds were issued. The JMH Series 2011 Hospital Refunding and Improvement Revenue Bonds are secured by pledged revenues of JMH, as defined in the Credit Agreement.

Certain members of the Alliance and JMH are each members of separate Obligated Groups. The bond indentures, master trust indentures, letter of credit agreements and loan agreements related to the various bond issues and notes payable contain covenants with which the respective Obligated Groups must comply. These requirements include maintenance of certain financial and liquidity ratios, deposits to trustee funds, permitted indebtedness, use of facilities and disposals of property. These covenants also require that failure to meet certain debt service coverage tests will require the deposit of all daily cash receipts of the Alliance into a trust fund. Management has represented the Alliance and JMH are in compliance with all such covenants at June 30, 2014.

During 2014, the Alliance recognized a \$4,622 loss on early extinguishment of debt representing the write off of previously deferred and unamortized financing costs generally related to the refunded portion of the Series 2012 Bonds, Series 2008 Bonds, Series 2011 Bonds and Series 2007B Bonds.

The scheduled maturities and mandatory sinking fund payments of the long-term debt and capital lease obligations (excluding interest), exclusive of net unamortized original issue discount and premium, at June 30, 2014 are as follows:

<u>Year Ending June 30,</u>	
2015	\$ 30,618
2016	42,329
2017	27,647
2018	24,793
2019	25,924
Thereafter	<u>953,235</u>
	1,104,546
Net premium	<u>1,141</u>
	<u><u>\$ 1,105,687</u></u>

NOTE G—SELF-INSURANCE PROGRAMS

The Alliance is substantially self-insured for professional and general liability claims and related expenses. The Alliance maintains a \$25,000 umbrella liability policy that attaches over the self-

MOUNTAIN STATES HEALTH ALLIANCE

Notes to Consolidated Financial Statements - Continued *(Dollars in Thousands)*

Years Ended June 30, 2014 and 2013

insurance limits of \$10,000 per claim and a \$15,000 annual aggregate retention. The Alliance's insurance program also provides professional liability coverage for certain affiliates and joint ventures.

The Alliance is also substantially self-insured for workers' compensation claims in the State of Tennessee and has established estimated liabilities for both reported and unreported claims. The Alliance maintains a stop-loss policy that attaches over the self-insurance limits of \$1,000 per occurrence and \$1,000 annual aggregate retention. In the State of Virginia, the Alliance is not self-insured and maintains workers' compensation insurance through commercial carriers.

At June 30, 2014, the Alliance is involved in litigation relating to medical malpractice and workers' compensation and other claims arising in the ordinary course of business. There are also known incidents occurring through June 30, 2014 that may result in the assertion of additional claims, and other unreported claims may be asserted arising from services provided in the past. Alliance management has estimated and accrued for the cost of these unreported claims based on historical data and actuarial projections. The estimated net present value of malpractice and workers' compensation claims, both reported and unreported, as of June 30, 2014 and 2013 was \$13,220 and \$12,348, respectively. The discount rate utilized was 5% at June 30, 2014 and 2013.

Additionally, the Alliance is self-insured for employee health claims and recognizes expense each year based upon actual claims paid and an estimate of claims incurred but not yet paid, including a catastrophic claims reserve based on historical claims in excess of \$75. Such amount is included in accounts payable and accrued expenses in the Consolidated Balance Sheets.

NOTE H--NET PATIENT SERVICE REVENUE

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

	<i>2014</i>	<i>2013</i>
Third-party payers	\$ 937,150	\$ 946,979
Patients	113,276	98,266
Patient service revenue	<u>\$ 1,050,426</u>	<u>\$ 1,045,245</u>

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

The Alliance also provides services to uninsured and underinsured patients that do not qualify for financial assistance. Based on historical experience, a significant portion of uninsured and

MOUNTAIN STATES HEALTH ALLIANCE

Notes to Consolidated Financial Statements - Continued ***(Dollars in Thousands)***

Years Ended June 30, 2014 and 2013

underinsured patients are unable or unwilling to pay the portion of their bill for which they are financially responsible and a significant provision for bad debts is recorded in the period the services are provided.

The Alliance's allowance for doubtful accounts totaled \$47,853 and \$49,449 at June 30, 2014 and 2013, respectively. The allowance for doubtful accounts remained consistent at 23% of patient accounts receivable, net of contractual allowances, at June 30, 2014 and 2013. Management's estimate of the allowance for doubtful accounts is a significant estimate subject to change in the near term. The provision for bad debts associated with the Alliance's ancillary service lines are not significant.

NOTE I--THIRD-PARTY REIMBURSEMENT

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

Reimbursement under the State of Tennessee's Medicaid waiver program (TennCare) for inpatient and outpatient services is administered by various managed care organizations (MCOs) and is based on diagnosis related group assignments, a negotiated per diem or fee schedule basis. The Alliance also receives additional supplemental payments from the State of Tennessee through the essential access program. These payments recognized totaled \$6,225 and \$8,455 for the years ended June 30, 2014 and 2013, respectively. Additionally, during the year ending June 30, 2014, the Alliance recorded approximately \$4,097 related to additional supplemental funding through the State of Tennessee as management believes such funding is applicable to 2014. Such payments are not guaranteed in future periods.

The Virginia Medicaid program reimbursement for inpatient hospital services is based on a prospective payment system using both a per case and per diem methodology. Additional payments are made for the allowable costs of capital. Payments for outpatient services were based on Medicare cost reimbursement principles and settled through the filing of an annual Medicaid cost report through December 31, 2013. Beginning January 1, 2014, payments for outpatient services are transitioning from cost-based reimbursement principles to a prospective payment system. Full implementation of this transition is expected to take place over multiple years.

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Notes to Consolidated Financial Statements - Continued ***(Dollars in Thousands)***

Years Ended June 30, 2014 and 2013

Amounts earned under the contractual agreements with the Medicare and Medicaid programs are subject to review and final determination by fiscal intermediaries and other appropriate governmental authorities or their agents. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. The impact of final settlements of cost reports or changes in estimates increased net patient service revenue by \$6,201 and \$1,328 in 2014 and 2013, respectively.

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

During 2014, the Alliance recognized \$5,600 of estimated receivables from amounts previously recouped as a result of audits and reviews of governmental programs. Such amounts are based on the Alliance's historical experience with appeals of such recoupments. However, such amounts are subject to significant changes in the near term.

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

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

NOTE J--EMPLOYEE BENEFIT PLANS

The Alliance sponsors a retirement plan (the Plan) which covers substantially all employees. The Plan is a defined contribution plan which consists principally of employer-funded contributions. During 2014 and 2013, the Alliance made contributions to the Plan under a stratified system, whereby the Alliance's contribution percentage is based on each employee's years of service. Employees of certain other subsidiaries are covered by other plans, although such plans are not significant. The total expense related to defined contribution plans for the years ended June 30, 2014 and 2013 was \$13,850 and \$16,121, respectively.

MOUNTAIN STATES HEALTH ALLIANCE

Notes to Consolidated Financial Statements - Continued *(Dollars in Thousands)*

Years Ended June 30, 2014 and 2013

NCH maintains a defined benefit pension plan and a post-retirement employee benefit plan. The accrued unfunded pension liability was \$2,086 and \$3,028, and the accrued unfunded post-retirement liability was \$5,857 and \$4,943 at June 30, 2014 and 2013, respectively.

The Alliance sponsors a secured executive benefit program (SEBP) for certain key executives. Contributions to the plan by the Alliance are based on an annual amount of funding necessary to produce a target benefit for the participants at their retirement date, although the Alliance does not guarantee any level of benefit will be achieved. The Alliance contributed \$511 and \$1,020 to the plan during 2014 and 2013, respectively. Other assets at June 30, 2014 and 2013 include \$11,302 and \$10,721, respectively, related to the Alliance's portion of the benefits which are recoverable upon the death of the participant. In addition, the Alliance sponsors a Section 457(f) plan for certain key executives. The Alliance contributed \$231 and \$294 to the Section 457(f) plan during 2014 and 2013, respectively.

NOTE K--CONCENTRATION OF RISK

The Alliance has locations primarily in upper East Tennessee and Southwest Virginia which is considered a geographic concentration. The Alliance grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payer agreements. Net patient service revenue from Washington County, Tennessee operations were approximately 52% and 51% of total net patient service revenue in 2014 and 2013, respectively.

The mix of receivables from patients and third-party payers based on charges at established rates is as follows as of June 30. The patient responsibility related to charges for which the third-party has not yet paid is included within the third-party payer categories.

	<i>2014</i>	<i>2013</i>
Medicare	39%	38%
TennCare/Medicaid	18%	16%
Commercial	28%	28%
Other third-party payers	8%	9%
Patients	7%	9%
	<u>100%</u>	<u>100%</u>

Approximately 88% of the consolidated total revenue, gains and support were related to the provision of healthcare services during 2014 and 2013. Admitting physicians are primarily practitioners in the regional area.

MOUNTAIN STATES HEALTH ALLIANCE

Notes to Consolidated Financial Statements - Continued ***(Dollars in Thousands)***

Years Ended June 30, 2014 and 2013

Employees at two of the Alliance's Virginia hospitals are covered under a collective bargaining agreement which extends through February 2017.

The Hospital maintains bank accounts at various financial institutions covered by the Federal Deposit Insurance Corporation (FDIC). At times throughout the year, the Alliance may maintain bank account balances in excess of the FDIC insured limit. Management believes the credit risk associated with these deposits is not significant.

The Alliance routinely invests in investment vehicles as listed in Note C. The Alliance's investment portfolio is managed by outside investment management companies. Investments in corporate and foreign bonds, municipal obligations, money market funds, equities and other vehicles that are held by safekeeping agents are not insured or guaranteed by the U.S. government.

NOTE L--INCOME TAXES

BRMM and its subsidiaries file a consolidated federal tax return and separate state tax returns. As of June 30, 2014 and 2013, BRMM and its subsidiaries had net operating loss carryforwards for consolidated federal purposes of \$27,085 and \$33,620, respectively, related to operating loss carryforwards, which expire through 2031. At June 30, 2014 and 2013, BRMM had state net operating loss carryforwards of \$74,191 and \$71,637, respectively, which expire through 2028. The net operating loss carryforwards may be offset against future taxable income to the extent permitted by the Internal Revenue Code and Tennessee Code Annotated.

At June 30, 2014 and 2013, SWCH had federal and state net operating loss carryforwards of \$5,884 and \$5,906, respectively, which expire through 2033. The net operating loss carryforwards may be off-set against future taxable income to the extent permitted by the Internal Revenue Code and tax codes of the Commonwealth of Virginia.

Net deferred tax assets related to these carryforwards and other deferred tax assets have been substantially offset through valuation allowances equal to these amounts. Income taxes paid relate primarily to state taxes for certain subsidiaries and federal alternative minimum tax.

NOTE M--RELATED PARTY TRANSACTIONS

The Alliance enters into transactions with entities affiliated with certain members of the Board of Directors including transactions to construct Alliance facilities and provide professional services to the Alliance. Board members refrain from discussion and abstain from voting on transactions with entities with which they are related.

MOUNTAIN STATES HEALTH ALLIANCE

Notes to Consolidated Financial Statements - Continued *(Dollars in Thousands)*

Years Ended June 30, 2014 and 2013

NOTE N—OTHER COMMITMENTS AND CONTINGENCIES

Construction in Progress: Construction in progress at June 30, 2014 represents costs incurred related to various hospital and medical office building facility renovations and additions and information technology infrastructure. The Alliance has outstanding contracts and other commitments related to the completion of these projects, and the cost to complete these projects is estimated to be approximately \$48,844 at June 30, 2014. The Alliance does not expect any significant costs to be incurred for infrastructure improvements to assets held for resale.

Physician Contracts: BRMM employs physicians to provide services to BRMM's physician practices through employment agreements which provide annual compensation, plus incentives based upon specified productivity and performance (quality measures). These contracts have various terms.

In addition, the Alliance has entered into contractual relationships with non-employed physicians to provide services in Upper East Tennessee and Southwest Virginia. These contracts guarantee certain base payments and allowable expenses and have terms of varying lengths. Amounts drawn and outstanding under each agreement are treated as a loan bearing interest at various rates and are subject to repayment over a specified period. The physician notes may also be amortized by virtue of the physician's continued practice in the specified community during the repayment period. A net receivable of \$853 and \$884 related to these agreements is included in the accompanying Consolidated Balance Sheets at June 30, 2014 and 2013, respectively.

Employee Scholarships: The Alliance offers scholarships to certain individuals which require that the recipients return to the Alliance to work for a specified period of time after they complete their degree. Amounts due are then forgiven over a specific period of time as provided in the individual contracts. If the recipient does not return and work the required period of time, the funds disbursed on their behalf become due immediately and interest is charged until the funds are repaid. Other receivables at June 30, 2014 and 2013 include \$8,685 and \$9,021, respectively, related to students in school, graduates working at the Alliance and amounts due from others who are no longer in the scholarship program, net of an estimated allowance.

Operating Leases and Maintenance Contracts: Total lease expense for the years ended June 30, 2014 and 2013 was \$7,901 and \$8,739, respectively. Future minimum lease payments for each of the next five years and in the aggregate for the Alliance's noncancellable operating leases with remaining lease terms in excess of one year are as follows:

MOUNTAIN STATES HEALTH ALLIANCE

Notes to Consolidated Financial Statements - Continued *(Dollars in Thousands)*

Years Ended June 30, 2014 and 2013

<i>Year Ending June 30,</i>	
2015	\$ 6,996
2016	6,389
2017	4,084
2018	3,292
2019	3,025
Thereafter	12,500
	<u>\$ 36,286</u>

Other: The Alliance is a party to various transactions and agreements in the normal course of business, which include purchase and re-purchase agreements, put arrangements and other commitments, which may bind the Alliance to undertake additional transactions or activities in the future.

Healthcare Industry: Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

NOTE O--FAIR VALUE MEASUREMENT

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

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

Investment in Joint Ventures: It is not practical to estimate the fair market value of the investments in joint ventures.

MOUNTAIN STATES HEALTH ALLIANCE

Notes to Consolidated Financial Statements - Continued *(Dollars in Thousands)*

Years Ended June 30, 2014 and 2013

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

Long-Term Debt. The estimated fair value of the Alliance's long-term debt at June 30, 2014 and 2013, is approximately \$1,172,357 and \$1,168,846, respectively, and would be classified in level 2 in the fair value hierarchy. The fair value of long-term debt is estimated based upon quotes obtained from brokers for bonds and discounted future cash flows using current market rates for other debt. For long-term debt with variable interest rates, the carrying value approximates fair value.

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

- Level 1 - Inputs based on quoted market prices for identical assets or liabilities in active markets at the measurement date.
- Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data. The Alliance's Level 2 investments are valued primarily using the market valuation approach.
- Level 3 - Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 includes values determined using pricing models, discounted cash flow methodologies, or similar techniques reflecting the Alliance's own assumptions.

In instances where the determination of the fair value hierarchy measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Alliance's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

The following table sets forth, by level within the fair value hierarchy, the financial instruments measured at fair value as of June 30, 2014 and 2013:

MOUNTAIN STATES HEALTH ALLIANCE

Notes to Consolidated Financial Statements - Continued (Dollars in Thousands)

Years Ended June 30, 2014 and 2013

	<i>Total</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
June 30, 2014				
Cash, cash equivalents and money market funds	\$ 95,459	\$ 95,459	\$ -	\$ -
U.S. Government securities	35,569	35,569	-	-
U.S. Agency securities	54,905	54,905	-	-
Corporate and foreign bonds	99,103	-	99,103	-
Municipal obligations	21,409	-	21,409	-
Preferred and asset backed securities	3,497	-	3,497	-
U.S. equity securities	1,868	1,868	-	-
Mutual funds	253,301	177,067	76,234	-
Alternative investments	69,474	-	54,761	14,713
Total assets	\$ 634,585	\$ 364,868	\$ 255,004	\$ 14,713
Derivative agreements	\$ (10,603)	\$ -	\$ -	\$ (10,603)
June 30, 2013				
Cash, cash equivalents and money market funds	\$ 66,075	\$ 66,075	\$ -	\$ -
U.S. Government securities	25,905	25,905	-	-
U.S. Agency securities	45,997	45,997	-	-
Corporate and foreign bonds	179,880	-	179,880	-
Municipal obligations	17,749	-	17,749	-
Preferred and asset backed securities	3,491	-	3,491	-
U.S. equity securities	10,944	10,944	-	-
Mutual funds	186,028	125,479	60,548	-
Alternative investments	37,353	-	37,353	-
Total assets	\$ 573,422	\$ 274,400	\$ 299,021	\$ -
Derivative agreements	\$ (8,185)	\$ -	\$ -	\$ (8,185)

Fair values for the Alliance's fixed maturity securities are based on prices provided by the Alliance's investment managers and its custodian bank, which use a variety of pricing sources to determine market valuations. Fair values of equity securities have been determined by the Alliance from market quotations.

Alternative Investments: The Alliance generally uses net asset value per unit as provided by external investment managers without further adjustment as the practical expedient estimate of the fair value of its alternative investment in a real estate fund, consistent with the provisions of FASB ASC 820, *Fair Value Measurement*. Accordingly, such values may differ from values that would have been used had an active market for the investments existed. The real estate fund invests primarily in U.S. commercial real estate. The Alliance may request redemption of all or a portion of its interests as of the end of a calendar quarter by delivering written notice to the fund managers at least 60 days prior to the end of the quarter. Such redemptions are subject to the capital requirements of the fund manager.

MOUNTAIN STATES HEALTH ALLIANCE

Notes to Consolidated Financial Statements - Continued *(Dollars in Thousands)*

Years Ended June 30, 2014 and 2013

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

Derivative Agreements: The valuation of the Alliance's derivative agreements is determined using market valuation techniques, including discounted cash flow analysis on the expected cash flows of each agreement. This analysis reflects the contractual terms of the agreement, including the period to maturity, and uses certain observable market-based inputs. The fair values of interest rate agreements are determined by netting the discounted future fixed cash payments (or receipts) and the discounted expected variable cash receipts (or payments). The variable cash receipts (or payments) are based on the expectation of future interest rates and the underlying notional amount. The Alliance also incorporates credit valuation adjustments (CVAs) to appropriately reflect both its own nonperformance or credit risk and the respective counterparty's nonperformance or credit risk in the fair value measurements. The CVA on the Alliance's interest rate swap agreements at June 30, 2014 and 2013 resulted in a decrease in the fair value of the related liability of \$4,584 and \$3,080, respectively.

A certain portion of the inputs used to value its interest rate swap agreements, including the forward interest rate curves and market perceptions of the Alliance's credit risk used in the CVAs, are unobservable inputs available to a market participant. As a result, the Alliance has determined that the interest rate swap valuations are classified in Level 3 of the fair value hierarchy.

The following tables provide a summary of changes in the fair value of the Alliance's Level 3 financial assets and liabilities during the fiscal years ended June 30, 2014 and 2013:

	<i>Alternative Investment</i>	<i>Derivatives, Net</i>
July 1, 2012	\$ -	\$ (19,381)
Total unrealized/realized gains in the Performance Indicator, net	-	457
Net investment income	-	399
Settlements	-	10,340
June 30, 2013	-	(8,185)
Total unrealized/realized gains in the Performance Indicator, net	-	(2,761)
Net investment income	-	343
Additions	14,713	-
June 30, 2014	\$ 14,713	\$ (10,603)

MOUNTAIN STATES HEALTH ALLIANCE

Notes to Consolidated Financial Statements - Continued ***(Dollars in Thousands)***

Years Ended June 30, 2014 and 2013

NOTE P--OPERATING EXPENSES BY FUNCTIONAL CLASSIFICATION

The Alliance does not present expense information by functional classification because its resources and activities are primarily related to providing healthcare services. Further, since the Alliance receives substantially all of its resources from providing healthcare services in a manner similar to business enterprises, other indicators contained in these consolidated financial statements are considered important in evaluating how well management has discharged their stewardship responsibilities.

NOTE Q--SUBSEQUENT EVENTS

The Alliance signed an agreement to form a joint venture with HealthSouth Corporation to own and operate James H. & Cecile C. Quillen Rehabilitation Hospital (Quillen). At closing, HealthSouth will obtain a 50.1% ownership of the free-standing 60-bed inpatient rehabilitation hospital. Quillen will be managed by HealthSouth Corporation under a long-term management contract. The formation of the joint venture is subject to customary closing conditions including regulatory approvals. Management anticipates closing the joint venture transaction by the end of the calendar year 2014.

Supplemental Schedules

MOUNTAIN STATES HEALTH ALLIANCE

Consolidated Balance Sheets
(Smyth County Community Hospital and Subsidiary and
Norton Community Hospital and Subsidiaries)
(Dollars in Thousands)

June 30, 2014

	<i>Smyth County Community Hospital and Subsidiary</i>	<i>Norton Community Hospital and Subsidiaries</i>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,465	\$ 5,581
Patient accounts receivable, less estimated allowances for uncollectible accounts	7,099	10,583
Other receivables, net	1,235	1,706
Inventories and prepaid expenses	1,035	1,882
Estimated amounts due from third-party payers, net	-	113
Receivables from affiliates, net	560	319
TOTAL CURRENT ASSETS	12,394	20,184
INVESTMENTS, less amounts required to meet current obligations	21,335	30,089
PROPERTY, PLANT AND EQUIPMENT, net	71,083	45,438
OTHER ASSETS		
Net deferred financing, acquisition costs and other charges	148	218
Other assets	741	-
TOTAL OTHER ASSETS	889	218
	\$ 105,701	\$ 95,929

MOUNTAIN STATES HEALTH ALLIANCE

Consolidated Balance Sheets - Continued
(Smyth County Community Hospital and Subsidiary and
Norton Community Hospital and Subsidiaries)
(Dollars in Thousands)

June 30, 2014

	<i>Smyth County Community Hospital and Subsidiary</i>	<i>Norton Community Hospital and Subsidiaries</i>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued interest payable	\$ 16	\$ 15
Current portion of long-term debt and capital lease obligations	1,102	147
Accounts payable and accrued expenses	2,125	4,007
Accrued salaries, compensated absences and amounts withheld	2,171	4,503
Estimated amounts due to third-party payers, net	35	-
TOTAL CURRENT LIABILITIES	5,449	8,672
OTHER LIABILITIES		
Long-term debt and capital lease obligations, less current portion	15,966	21,096
Estimated professional liability self-insurance	395	567
Other long-term liabilities	943	7,646
TOTAL LIABILITIES	22,753	37,981
NET ASSETS		
Unrestricted net assets	82,938	57,786
Temporarily restricted net assets	10	162
TOTAL NET ASSETS	82,948	57,948
	\$ 105,701	\$ 95,929

MOUNTAIN STATES HEALTH ALLIANCE

***Consolidated Statements of Operations and Changes in Net Assets
(Smyth County Community Hospital and Subsidiary and Norton
Community Hospital and Subsidiaries)
(Dollars in Thousands)***

Year Ended June 30, 2014

	<i>Smyth County Community Hospital and Subsidiary</i>	<i>Norton Community Hospital and Subsidiaries</i>
UNRESTRICTED NET ASSETS:		
Revenue, gains and support:		
Patient service revenue, net of contractual allowances and discounts	\$ 45,406	\$ 77,273
Provision for bad debts	(4,138)	(9,611)
Net patient service revenue	41,268	67,662
Net investment gain	2,148	1,904
Other revenue, gains and support	2,975	5,629
TOTAL REVENUE, GAINS AND SUPPORT	46,391	75,195
Expenses and losses:		
Salaries and wages	17,620	23,622
Physician salaries and wages	261	5,906
Contract labor	112	533
Employee benefits	3,611	8,554
Fees	9,284	9,059
Supplies	5,300	8,319
Utilities	976	1,301
Other	4,740	9,256
Loss on early extinguishment of debt	177	321
Depreciation	4,276	4,420
Amortization	27	8
Interest and taxes	162	349
TOTAL EXPENSES AND LOSSES	46,546	71,648
EXCESS (DEFICIT) OF REVENUE, GAINS AND SUPPORT OVER EXPENSES AND LOSSES	(155)	3,547
Pension and postretirement liability adjustments	-	388
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	(155)	3,935

MOUNTAIN STATES HEALTH ALLIANCE

Consolidated Statements of Operations and Changes in Net Assets - Continued
(Smyth County Community Hospital and Subsidiary and Norton
Community Hospital and Subsidiaries)
(Dollars in Thousands)

Year Ended June 30, 2014

	<i>Smyth County Community Hospital and Subsidiary</i>	<i>Norton Community Hospital and Subsidiaries</i>
TEMPORARILY RESTRICTED NET ASSETS:		
Restricted grants and contributions	17	97
Net assets released from restrictions	(43)	(26)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	(26)	71
INCREASE (DECREASE) IN TOTAL NET ASSETS	(181)	4,006
NET ASSETS, BEGINNING OF YEAR	83,129	53,942
NET ASSETS, END OF YEAR	<u>\$ 82,948</u>	<u>\$ 57,948</u>

MOUNTAIN STATES HEALTH ALLIANCE

Consolidating Balance Sheet (Obligated Group and Other Entities) (Dollars in Thousands)

June 30, 2014

	<i>Obligated Group</i>	<i>Other Entities</i>	<i>Eliminations</i>	<i>Total</i>
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 27,419	\$ 31,766	\$ -	\$ 59,185
Current portion of investments	25,029	-	-	25,029
Patient accounts receivable, less estimated allowance for uncollectible accounts	134,586	26,732	-	161,318
Other receivables, net	29,894	15,608	-	45,502
Inventories and prepaid expenses	22,856	7,982	-	30,838
TOTAL CURRENT ASSETS	239,784	82,088	-	321,872
INVESTMENTS, less amounts required to meet current obligations	449,295	199,180	-	648,475
EQUITY IN AFFILIATES	336,532	-	(336,532)	-
PROPERTY, PLANT AND EQUIPMENT, net	639,370	242,059	-	881,429
OTHER ASSETS				
Goodwill	152,283	4,330	-	156,613
Net deferred financing, acquisition costs and other charges	24,506	1,335	-	25,841
Other assets	39,995	8,355	-	48,350
TOTAL OTHER ASSETS	216,784	14,020	-	230,804
	\$ 1,881,765	\$ 537,347	\$ (336,532)	\$ 2,082,580

MOUNTAIN STATES HEALTH ALLIANCE

Consolidating Balance Sheet – Continued (Obligated Group and Other Entities) (Dollars in Thousands)

June 30, 2014

	Obligated Group	Other Entities	Eliminations	Total
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accrued interest payable	\$ 18,613	\$ 35	\$ -	\$ 18,648
Current portion of long-term debt and capital lease obligations	27,311	3,307	-	30,618
Accounts payable and accrued expenses	71,739	15,387	-	87,126
Accrued salaries, compensated absences and amounts withheld	54,710	17,471	-	72,181
Payables to (receivables from) affiliates, net	13,760	(13,760)	-	-
Estimated amounts due to third-party payers, net	10,068	395	-	10,463
TOTAL CURRENT LIABILITIES	196,201	22,835	-	219,036
OTHER LIABILITIES				
Long-term debt and capital lease obligations, less current portion	1,037,407	37,662	-	1,075,069
Estimated fair value of derivatives, net	10,666	(63)	-	10,603
Estimated professional liability self-insurance	7,747	1,210	-	8,957
Other long-term liabilities	33,495	2,479	-	35,974
TOTAL LIABILITIES	1,285,516	64,123	-	1,349,639
NET ASSETS				
Unrestricted net assets				
Mountain States Health Alliance	541,979	329,803	(329,803)	541,979
Noncontrolling interests in subsidiaries	41,855	131,402	5,290	178,547
TOTAL UNRESTRICTED NET ASSETS	583,834	461,205	(324,513)	720,526
Temporarily restricted net assets				
Mountain States Health Alliance	12,204	11,887	(11,887)	12,204
Noncontrolling interests in subsidiaries	84	5	(5)	84
TOTAL TEMPORARILY RESTRICTED NET ASSETS	12,288	11,892	(11,892)	12,288
Permanently restricted net assets				
	127	127	(127)	127
TOTAL NET ASSETS	596,249	473,224	(336,532)	732,941
	\$ 1,881,765	\$ 537,347	\$ (336,532)	\$ 2,082,580

MOUNTAIN STATES HEALTH ALLIANCE

Consolidating Statement of Operations (Obligated Group and Other Entities) (Dollars in Thousands)

Year Ended June 30, 2014

	Obligated Group	Other Entities	Eliminations	Total
Revenue, gains and support:				
Patient service revenue, net of contractual allowances and discounts	\$ 873,422	\$ 178,164	\$ (1,160)	\$ 1,050,426
Provision for bad debts	(103,913)	(18,729)	-	(122,642)
Net patient service revenue	769,509	159,435	(1,160)	927,784
Premium revenue	-	10,683	-	10,683
Net investment gain	34,846	15,889	(32)	50,703
Net derivative gain	2,497	722	-	3,219
Other revenue, gains and support	71,579	98,296	(107,418)	62,457
Equity in net gain of affiliates	1,510	11,182	(12,692)	-
TOTAL REVENUE, GAINS AND SUPPORT	879,941	296,207	(121,302)	1,054,846
Expenses:				
Salaries and wages	283,993	62,198	(5,602)	340,589
Physician salaries and wages	57,829	74,738	(54,931)	77,636
Contract labor	2,833	1,692	(243)	4,282
Employee benefits	59,268	15,483	(5,578)	69,173
Fees	116,527	33,896	(34,817)	115,606
Supplies	138,127	25,731	(159)	163,699
Utilities	13,087	3,969	(4)	17,052
Medical Costs	-	10,292	-	10,292
Other	56,890	29,828	(6,738)	79,980
Loss on early extinguishment of debt	4,622	-	-	4,622
Depreciation	52,544	16,893	-	69,437
Amortization	1,691	51	-	1,742
Interest and taxes	42,734	1,680	(22)	44,392
TOTAL EXPENSES	830,145	276,451	(108,094)	998,502
EXCESS OF REVENUE, GAINS AND SUPPORT OVER EXPENSES AND LOSSES	\$ 49,796	\$ 19,756	\$ (13,208)	\$ 56,344

MOUNTAIN STATES HEALTH ALLIANCE

Consolidating Statement of Changes in Net Assets (Obligated Group and Other Entities) (Dollars in Thousands)

Year Ended June 30, 2014

	Obligated Group		Total	Other Entities		Total		
	Mountain States Health Alliance	Noncontrolling Interests	Obligated Group	Mountain States Health Alliance	Noncontrolling Interests	Other Entities	Eliminations	Total
UNRESTRICTED NET ASSETS:								
Excess of Revenue, Gains and Support over Expenses and Losses	\$ 48,057	\$ 1,739	\$ 49,796	\$ 14,412	\$ 5,344	\$ 19,756	\$ (13,208)	\$ 56,344
Pension and other defined benefit plan adjustments	194	194	388	(10)	(9)	(19)	19	388
Net assets released from restrictions used for the purchase of property, plant and equipment	3,313	-	3,313	3,313	-	3,313	(3,313)	3,313
Noncontrolling interest in acquired subsidiary	-	-	-	-	914	914	-	914
Distributions to noncontrolling interests	-	-	-	-	(461)	(461)	-	(461)
Net asset transfers	-	-	-	882	1,669	2,551	(2,551)	-
INCREASE IN UNRESTRICTED NET ASSETS	51,564	1,933	53,497	18,597	7,457	26,054	(19,053)	60,498
TEMPORARILY RESTRICTED NET ASSETS:								
Restricted grants and contributions	4,693	52	4,745	4,047	42	4,089	(4,053)	4,781
Net assets released from restrictions	(3,264)	(22)	(5,286)	(4,691)	(38)	(4,729)	4,694	(5,321)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	(571)	30	(541)	(644)	4	(640)	641	(540)
INCREASE IN TOTAL NET ASSETS	50,993	1,963	52,956	17,953	7,461	25,414	(18,412)	59,958
NET ASSETS, BEGINNING OF YEAR	503,317	39,976	543,293	323,864	123,946	447,810	(318,120)	672,983
NET ASSETS, END OF YEAR	\$ 554,310	\$ 41,939	\$ 596,249	\$ 341,817	\$ 131,407	\$ 473,224	\$ (336,532)	\$ 732,941

See note to supplemental schedules

MOUNTAIN STATES HEALTH ALLIANCE

Note to Supplemental Schedules

Year Ended June 30, 2014

NOTE A--OBLIGATED GROUP MEMBERS

As described in Note F to the consolidated financial statements, the Alliance has granted a deed of trust on JCMC and SSH to secure the payment of the outstanding bonds. The bonds are also secured by the Alliance's receivables, inventories and other assets as well as certain funds held under the documents pursuant to which the bonds were issued. The members pledged pursuant to the Amended and Restated Master Trust Indenture between Mountain States Health Alliance and the Bank of New York Mellon Trust Company, NA as Master Trustee include Johnson City Medical Center Hospital, Indian Path Medical Center, Franklin Woods Community Hospital, Sycamore Shoals Hospital, Johnson County Community Hospital, Russell County Medical Center, Unicoi County Memorial Hospital, Norton Community Hospital (hospital only), Smyth County Community Hospital (hospital only) and Blue Ridge Medical Management Corporation (parent company only), collectively defined as the Obligated Group (Obligated Group).

The supplemental consolidating schedules include the accounts of the members of the Obligated Group after elimination of all significant intergroup accounts and transactions. Certain other subsidiaries of the Alliance are not pledged to secure the payment of the outstanding bonds as they are not part of the Obligated Group. These affiliates have been accounted for within the Obligated Group based upon the Alliance's original and subsequent investments, as adjusted for the Alliance's pro rata share of income or losses and any distributions, and are included as a part of equity in affiliates in the supplemental consolidating balance sheet.