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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

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

OMB No 1545-0047

2013

Open to Public Inspection

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

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

C Name of organization
Hays Medical Center Inc

Doing Business As

Number and street (or P O box if mail is not delivered to street address) 2220 Canterbury Drive | Room/suite

City or town, state or province, country, and ZIP or foreign postal code
Hays, KS 67601

D Employer identification number
48-0559088

E Telephone number
(785) 623-5000

G Gross receipts $ 192,987,694

F Name and address of principal officer
John Jeter MD
2220 Canterbury Drive
Hays, KS 67601

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

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

H(c) Group exemption number ▶

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

J Website: ▶ www haysmed com

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

L Year of formation 1944

M State of legal domicile KS

Part I Summary

1 Briefly describe the organization's mission or most significant activities
Hays Medical Center is a tax-exempt charitable organization under Section 501(c)(3) of the Internal Revenue Code and is licensed by the State of Kansas Department of Health and Environment The purpose of the Organization is to provide healthcare facilities and services for the care and treatment of inpatients and outpatients who are acutely ill or who otherwise require medical care and related services The core purpose of the Organization is to help people be healthy The Organization is striving to become the best tertiary care center in rural America

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	15
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	10
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	**5**	1,718
6	Total number of volunteers (estimate if necessary)	**6**	193
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	2,786
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	130,706	1,766,093
	9 Program service revenue (Part VIII, line 2g)	188,373,548	185,509,035
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	4,636,554	5,348,353
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	259,211	252,636
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	193,400,019	192,876,117
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	97,190,789	98,444,246
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶0		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	87,289,896	86,310,380
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	184,480,685	184,754,626
	19 Revenue less expenses Subtract line 18 from line 12	8,919,334	8,121,491

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	262,721,462	262,539,752
	21 Total liabilities (Part X, line 26)	99,540,527	81,603,570
	22 Net assets or fund balances Subtract line 21 from line 20	163,180,935	180,936,182

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including my knowledge and belief, it is true, correct, and complete Declaration of prepar preparer has any knowledge

Sign Here

******
Signature of officer

John Jeter MD CEO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name Heather R Eichem | Preparer's signature

Firm's name ▶ Wendling Noe Nelson & Johnson LLC

Firm's address ▶ 534 S Kansas Ave Suite 1500
Topeka, KS 666033491

May the IRS discuss this return with the preparer shown above? (see instructio

For Paperwork Reduction Act Notice, see the separate instructions.

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

Hays Medical Center is a tax-exempt charitable organization under Section 501(c)(3) of the Internal Revenue Code and is licensed by the State of Kansas Department of Health and Environment The purpose of the Organization is to provide healthcare facilities and services for the care and treatment of inpatients and outpatients who are acutely ill or who otherwise require medical care and related services The core purpose of the Organization is to help people be healthy The Organization is striving to become the best tertiary care center in rural America

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 $ 155,126,482 including grants of $) (Revenue $ 185,509,035)

Patient Care Program services consist of routine and ancillary department healthcare services provided by a healthcare organization as defined in Section 501(c)(3) of the IRS code Admissions Acute-5,151, Newborn ICU-61, Newborn-638, Skilled-98, Senior Focused Care-59, Rehabilitation-40, Total admissions-6,047 Patient days ICU/CPCU-7,047, Medical/Surgical-12,025, Oncology-1,749, Obstetrics-1,570, Pediatrics-216, Senior Focused Care-560, Rehabilitation-420, Skilled-960, Newborn ICU-355, Newborn-1,161, Total patient days-26,063 Other statistical information Surgical procedures-8,483, Cardiac caths-1,369, Emergency room visits-13,680, Outpatient procedures-155,577, Medical oncology service visits-6,679, Clinic visits-145,219

4b (Code) (Expenses $ including grants of $) (Revenue $)

4c (Code) (Expenses $ including grants of $) (Revenue $)

4d Other program services (Describe in Schedule O)
(Expenses $ including grants of $) (Revenue $)

4e **Total program service expenses ▶** 155,126,482

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b	Yes	
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? *If "Yes," complete Schedule I, Parts I and II*	**21**		No
22	Did the organization report more than $5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? *If so, complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**	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? *If "Yes," complete Schedule L, Part IV*	**28c**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**34**	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**	Yes	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	161		
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		1c	Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	1,718		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)		2b	Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .		3a	Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No" to line 3b, provide an explanation in Schedule O* . . .		3b	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		4a		No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .		5a		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		5b		No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		5c		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .		6a		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		6b		
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?		7a		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		7c		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		7e		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .		7f		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		7h		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		8		
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?		9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?		9b		
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?		12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O		13a		
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?		14a		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .		14b		

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	**1a**	15		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O				
b	Enter the number of voting members included in line 1a, above, who are independent	**1b**	10		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**			No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**			No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**			No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**			No
6	Did the organization have members or stockholders?	**6**			No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**			No
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	**7b**			No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	**8a**		Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**		Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**			No

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

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

Section C. Disclosure

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

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

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

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

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

▶George Harms CFO 2220 Canterbury Drive
Hays, KS 67601 (785) 623-5000

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) Nancy Curtis Board Member	50	X						0	0	0
(2) Dennis Bieker Board Member	50	X						0	0	0
(3) Kenneth Beran Treasurer	50	X		X				0	0	0
(4) Darrell Werth MD Physician/Board Member	40 00	X						598,551	0	33,411
(5) Daniel Schippers Chair	50	X		X				0	0	0
(6) Tom McDonald MD Board Member	50	X						0	0	0
(7) Jim Black DO Board Member	50	X						0	0	0
(8) Jayne Clarke Board Member	50	X						0	0	0
(9) Sharon Dreher Board Member	50	X						0	0	0
(10) Alan Moore Secretary	50	X		X				0	0	0
(11) DG Bickle Board Member	50	X						0	0	0
(12) Dr Kurt Rider Physician/Board Member	40 00	X						281,739	0	41,185
(13) John Jeter MD President & CEO	40 00	X		X				495,981	0	129,311
(14) Lee Hodny Physician/Board Member	40 00	X						742,838	0	41,185
(15) Mary Martin Board Member	50	X						0	0	0
(16) William Overbey Chief Financial Officer (through 1/27/2014)	40 00			X				256,963	0	79,858
(17) George Harms Chief Financial Officer (beginning 4/21/2014)	40 00			X				0	0	0

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) Dale Montgomery VP Facilities (through 6/28/2014)	40 00				X			595,027	0	56,365
(19) Bryce Young Chief Operating Officer	40 00				X			255,193	0	79,252
(20) D Bruce Whittington VP Human Resources	40 00				X			163,681	0	59,062
(21) Shae Veach VP Regional Dev	40 00				X			153,744	0	56,341
(22) Terry Siek Chief Nursing Officer	40 00				X			161,975	0	42,582
(23) Larry Watts Chief Medical Officer	40 00				X			289,255	0	67,094
(24) Christine Fisher Physician	40 00					X		910,279	0	29,265
(25) Alex De Carvalho Physician	40 00					X		1,058,951	0	29,265
(26) Vivek Sharma Physician	40 00					X		1,071,473	0	31,911
(27) Joel Fort Physician	40 00					X		732,954	0	38,685
(28) Richard Markiewicz Physician	40 00					X		883,208	0	20,849

1b	**Sub-Total** . . . . . ▶			
c	**Total from continuation sheets to Part VII, Section A** . . . . ▶			
d	**Total (add lines 1b and 1c)** . . . . . ▶	8,651,812	0	835,621

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 ▶ 120

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
Quest Diagnostics Inc PO Box 14730 St Louis MO 631504730	Lab Services	4,203,834
Sovereign Medical Corporation 1582 Charlton Road San Marino CA 91108	Pulmonology Services	1,597,400
Weatherby Locums Inc PO Box 972633 Dallas TX 753972633	Physician Coverage	1,397,308
Anesthesiologist Assoc of Hays PO Box 821 Hays KS 67601	Anesthesia Services	791,591
Executive Health Resources PO Box 822688 Philadelphia PA 191822688	EHR Compliance	622,395

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 ▶ 44

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	1,601,785			
	e	Government grants (contributions)	1e	164,308			
	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 . . . . . ▶		1,766,093			
Program Service Revenue			Business Code				
	2a	Net patient service revenue	621990	175,721,959	175,721,959		
	b	Services to CAH network and afill	900099	3,674,151	3,674,151		
	c	Fitness center	900099	1,657,756	1,657,756		
	d	Retail pharmacy	900099	1,240,734	1,240,734		
	e	EHR incentive payments	900099	923,422	923,422		
	f	All other program service revenue		2,291,013	2,291,013		
	g	**Total.** Add lines 2a–2f . . . . . ▶		185,509,035			
	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶		5,370,424			5,370,424
	4	Income from investment of tax-exempt bond proceeds . . ▶					
	5	Royalties . . . . . ▶					
			(i) Real	(ii) Personal			
	6a	Gross rents					
	b	Less rental expenses					
	c	Rental income or (loss)					
	d	Net rental income or (loss) . . . . . ▶					
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory		89,506			
	b	Less cost or other basis and sales expenses		111,577			
	c	Gain or (loss)		-22,071			
	d	Net gain or (loss) . . . . . ▶		-22,071			-22,071
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . .	a				
	b	Less direct expenses . . .	b				
	c	Net income or (loss) from fundraising events . . ▶					
	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	Rental income	900099	249,850			249,850
	b	Nursing mother's resources	446199	2,786		2,786	
	c						
	d	All other revenue					
	e	**Total.** Add lines 11a–11d . . . . . ▶		252,636			
	12	**Total revenue.** See Instructions . . . . . ▶		192,876,117	185,509,035	2,786	5,598,203

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns All other organizations must complete column (A)

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States See Part IV, line 21				
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	4,822,879	1,783,050	3,039,829	
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	75,666,880	64,509,373	11,157,507	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	2,763,421	2,588,948	174,473	
9 Other employee benefits	10,264,386	8,632,327	1,632,059	
10 Payroll taxes	4,926,680	4,083,566	843,114	
11 Fees for services (non-employees)				
a Management	229,818		229,818	
b Legal	436,938		436,938	
c Accounting				
d Lobbying				
e Professional fundraising services See Part IV, line 17				
f Investment management fees	228,239		228,239	
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	20,300,759	16,614,752	3,686,007	
12 Advertising and promotion	418,297	14,905	403,392	
13 Office expenses	497,341	346,308	151,033	
14 Information technology	2,110,749	1,307,103	803,646	
15 Royalties . .				
16 Occupancy	2,090,832	1,674,571	416,261	
17 Travel	364,664	280,557	84,107	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	984,675	706,979	277,696	
20 Interest	2,998,912	2,998,912		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	11,313,985	8,494,540	2,819,445	
23 Insurance	1,154,576	932,355	222,221	
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	18,004,501	18,004,501		
b Pharmaceuticals	12,882,757	12,882,757		
c Repairs and maintenance	4,062,204	3,572,528	489,676	
d Taxes and assessments	1,573,494	1,449,760	123,734	
e All other expenses	6,657,639	4,248,690	2,408,949	
25 **Total functional expenses.** Add lines 1 through 24e	184,754,626	155,126,482	29,628,144	0
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

				(A) Beginning of year		(B) End of year
Assets	1	Cash–non-interest-bearing		5,765	1	193,815
	2	Savings and temporary cash investments		4,262,222	2	6,840,012
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		30,002,457	4	28,762,873
	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		4,345,938	8	4,265,572
	9	Prepaid expenses and deferred charges		3,700,959	9	3,701,097
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 209,666,104			
	b	Less accumulated depreciation	10b 125,050,196	82,182,907	10c	84,615,908
	11	Investments—publicly traded securities		80,389,289	11	75,855,620
	12	Investments—other securities See Part IV, line 11		25,696,304	12	27,268,674
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets		538,200	14	538,200
	15	Other assets See Part IV, line 11		31,597,421	15	30,497,981
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		262,721,462	16	262,539,752
Liabilities	17	Accounts payable and accrued expenses		22,682,371	17	22,682,731
	18	Grants payable			18	
	19	Deferred revenue		115,499	19	63,545
	20	Tax-exempt bond liabilities		76,045,689	20	57,750,650
	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		696,968	25	1,106,644
	26	**Total liabilities.** Add lines 17 through 25		99,540,527	26	81,603,570
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		155,618,659	27	172,165,751
	28	Temporarily restricted net assets		7,562,276	28	8,770,431
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		163,180,935	33	180,936,182
	34	Total liabilities and net assets/fund balances		262,721,462	34	262,539,752

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	192,876,117
2	Total expenses (must equal Part IX, column (A), line 25)	2	184,754,626
3	Revenue less expenses Subtract line 2 from line 1	3	8,121,491
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	163,180,935
5	Net unrealized gains (losses) on investments	5	8,425,601
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	1,208,155
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	180,936,182

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Hays Medical Center Inc

Employer identification number
48-0559088

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

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

Section C. Computation of Public Support Percentage

14	Public support percentage for 2013 (line 6, column (f) divided by line 11, column (f))	**14**
15	Public support percentage for 2012 Schedule A, Part II, line 14	**15**

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

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

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

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

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

Facts And Circumstances Test		
Return Reference	Explanation	

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SCHEDULE C (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

2013

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	Employer identification number
Hays Medical Center Inc	48-0559088

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

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

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?	Yes		18,069
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			18,069
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Return Reference	Explanation
Part II-B, Line 1	Hays Medical Center, Inc , is a member of the Kansas Hospital Association and the American Hospital Association Both of these organizations engage in lobbying activities for hospital and general health care interests as part of the services provided to members

Part IV Supplemental Information *(continued)*

Return Reference	Explanation

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Hays Medical Center Inc

Employer identification number
48-0559088

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

		(a) Current year	(b) Prior year	(b) (c) Two years back	(d) Three years back	(e) Four years back
1a	Beginning of year balance	9,933,230	9,480,780	8,947,679	8,608,848	8,099,830
b	Contributions	154,338	106,926	167,515	119,796	332,063
c	Net investment earnings, gains, and losses	335,088	388,512	427,208	287,574	234,201
d	Grants or scholarships					
e	Other expenditures for facilities and programs	44,884	42,988	61,622	68,539	57,246
f	Administrative expenses					
g	End of year balance	10,377,772	9,933,230	9,480,780	8,947,679	8,608,848

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

- a Board designated or quasi-endowment ▶ 59 000 %
- b Permanent endowment ▶ 33 000 %
- c Temporarily restricted endowment ▶ 8 000 %

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

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

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

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		350,356		350,356
b Buildings		76,025,820	37,152,752	38,873,068
c Leasehold improvements				
d Equipment		122,299,316	81,521,726	40,777,590
e Other		10,990,612	6,375,718	4,614,894
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				84,615,908

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A) Hedge funds	17,550,900	F
(B) Private equity funds	4,384,526	F
(C) Real estate limited partnership	5,333,248	F
Total. *(Column (b) must equal Form 990, Part X, col (B) line 12)* ▶	27,268,674	

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

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

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

(a) Description	(b) Book value
(1) Cash whose use is limited by Board or indenture agreement	6,998,943
(2) Interest receivable whose use is limited by Board or indenture agreement	75,911
(3) Interest in net assets of Hadley Foundation	8,770,431
(4) Other receivables	1,805,553
(5) Debt issue costs	608,266
(6) Other long-term assets	7,046,928
(7) Third party payor settlements	2,827,143
(8) Intercompany receivables	2,364,806
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	30,497,981

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

1 (a) Description of liability	(b) Book value
Federal income taxes	
Estimated third-party payor settlements	1,106,644
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	1,106,644

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

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

1	Total revenue, gains, and other support per audited financial statements			1	202,531,945
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	8,425,601		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIII)	2d	1,208,155		
e	Add lines **2a** through **2d**			2e	9,633,756
3	Subtract line **2e** from line **1**			3	192,898,189
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	-22,072		
c	Add lines **4a** and **4b**			4c	-22,072
5	Total revenue Add lines **3** and **4c.** (This must equal Form 990, Part I, line 12)			5	192,876,117

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	184,776,698
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	22,072		
d	Other (Describe in Part XIII)	2d			
e	Add lines **2a** through **2d**			2e	22,072
3	Subtract line **2e** from line **1**			3	184,754,626
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	0
5	Total expenses Add lines **3** and **4c.** (This must equal Form 990, Part I, line 18)			5	184,754,626

Part XIII Supplemental Information

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

Return Reference	Explanation
Part V, Line 4	The endowed funds held by the Hays Medical Center Foundation are used to help meet both the immediate and long range health care needs of patients of Hays Medical Center, Inc The Hays Medical Center Foundation provides grants and assistance to Hays Medical Center, Inc , for property and equipment acquisitions, education, and community health issues
Part X, Line 2	Management is not aware of any uncertainties in income tax positions
Part XI, Line 2d - Other Adjustments	Change in beneficial interest in net foundations
Part XI, Line 4b - Other Adjustments	Loss on disposal of equipment included as a revenue deduction in Part VIII

Part XIII Supplemental Information *(continued)*

Return Reference	Explanation

Additional Data

Software ID:
Software Version:
EIN: 48-0559088
Name: Hays Medical Center Inc

Form 990, Schedule D, Part IX, - Other Assets

(a) Description	**(b)** Book value
(1) Cash whose use is limited by Board or indenture agreement	6,998,943
(2) Interest receivable whose use is limited by Board or indenture agreement	75,911
(3) Interest in net assets of Hadley Foundation	8,770,431
(4) Other receivables	1,805,553
(5) Debt issue costs	608,266
(6) Other long-term assets	7,046,928
(7) Third party payor settlements	2,827,143
(8) Intercompany receivables	2,364,806

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Hays Medical Center Inc

Employer identification number
48-0559088

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year			
	☑ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for *free* care	3a	Yes	
	☐ 100% ☐ 150% ☐ 200% ☑ Other 13000 0000000000 %			
b	Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care	3b	Yes	
	☐ 200% ☐ 250% ☐ 300% ☐ 350% ☑ 400% ☐ Other ____ %			
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		
6a	Did the organization prepare a community benefit report during the tax year?	6a	Yes	
b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			1,400,813		1,400,813	0 760 %
b Medicaid (from Worksheet 3, column a)			9,685,004	7,167,368	2,517,636	1 360 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			11,085,817	7,167,368	3,918,449	2 120 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			1,850,878	1,669,612	181,266	0 100 %
f Health professions education (from Worksheet 5)			1,059,742	79,134	980,608	0 530 %
g Subsidized health services (from Worksheet 6)			56,201,806	43,778,407	12,423,399	6 720 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			8,170		8,170	0 %
j **Total.** Other Benefits			59,120,596	45,527,153	13,593,443	7 350 %
k **Total.** Add lines 7d and 7j			70,206,413	52,694,521	17,511,892	9 470 %

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support						
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy			82,500		82,500	0 040 %
8 Workforce development						
9 Other						
10 **Total**			82,500		82,500	0 040 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

			Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1	Yes	
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2 3,477,655		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit	3 243,436		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements			

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5 57,523,096		
6	Enter Medicare allowable costs of care relating to payments on line 5	6 63,952,320		
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7 -6,429,224		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used			

☐ Cost accounting system ☐ Cost to charge ratio ☑ Other

Section C. Collection Practices

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

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

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

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—see instructions)
How many hospital facilities did the organization operate during the tax year? **2**

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

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group Hays Medical Center Inc

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

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

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 130 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 400 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☑ Asset level			
c ☑ Medical indigency			
d ☑ Insurance status			
e ☑ Uninsured discount			
f ☑ Medicaid/Medicare			
g ☐ State regulation			
h ☑ Residency			
i ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted on the hospital facility's website			
b ☑ The policy was attached to billing invoices			
c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☑ The policy was posted in the hospital facility's admissions offices			
e ☑ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☑ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**15**	Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP?	**17**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			

Part V Facility Information *(continued)*

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

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

Policy Relating to Emergency Medical Care

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

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

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

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group Pawnee Valley Community Hospital Inc

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) 2

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

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 130 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 400 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☑ Asset level			
c ☑ Medical indigency			
d ☑ Insurance status			
e ☑ Uninsured discount			
f ☑ Medicaid/Medicare			
g ☐ State regulation			
h ☑ Residency			
i ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted on the hospital facility's website			
b ☑ The policy was attached to billing invoices			
c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☑ The policy was posted in the hospital facility's admissions offices			
e ☑ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☑ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**15**	Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP?	**17**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			

Part V Facility Information *(continued)*

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

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

Policy Relating to Emergency Medical Care

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

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

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

Part V Facility Information *(continued)*

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

Form and Line Reference	Explanation
See Additional Data Table	

Part V Facility Information *(continued)*

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

How many non-hospital health care facilities did the organization operate during the tax year? 4

	Name and address	Type of Facility (describe)
1	Hays Family Medicine 2509 Canterbury Hays, KS 67601	Family Medicine
2	Pawnee Valley Medical Associates 713 W 11th St Larned, KS 67550	Family Medicine
3	HaysMed Psychiatric Associates 205 E 7th St Hays, KS 67601	Psychiatric Services
4	Breast Care Center 2501 E 13th St Hays, KS 67601	Breast Care Services
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

Provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II and Part III, lines 2, 3, 4, 8 and 9b

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)

6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served

7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Form and Line Reference	Explanation
Part I, Line 7	Hays Medical Center, Inc 's, cost accounting system was used to calculate community health improvement services, health professions education, and subsidized health services costs A cost-to-charge ratio derived from Worksheet 2 was used to calculate financial assistance at cost and the community benefit expense attributable to serving Medicaid beneficiaries

Form and Line Reference	Explanation
Part I, Line 7g	Subsidized health services community benefit expenses include $51,086,039 of expenses attributable to physician clinics that have net operating losses

Form and Line Reference	Explanation
Part II, Community Building Activities	Hays Medical Center, Inc , helps to support the First Care Clinic in Hays, Kansas This clinic was established to help lower income individuals receive health care at a reduced cost Our support helps to increase the number of individuals in Hays, Kansas, who receive quality primary health care

Form and Line Reference	Explanation
Part III, Line 4	Text of the footnote that describes bad debt expense Accounts receivable are reduced by an allowance for uncollectible accounts In evaluating the collectability of accounts receivable, the HaysMed Group analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for uncollectible accounts and provision for bad debts Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for uncollectible accounts For receivables associated with services provided to patients who have third-party coverage, the HaysMed Group analyzes contractually due amounts and provides an allowance for uncollectible accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely) For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the HaysMed Group records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for uncollectible accounts Part III, Line 2 Costing methodology A cost-to-charge ratio derived from Worksheet 2 was used to calculate bad debt expense at cost Part III, Line 3 Methodology for bad debt cost for financial assistance eligible This amount was estimated based on historical information from our collection agency on the percentage of accounts referred to collection whose guarantor was indigent

Form and Line Reference	Explanation
Part III, Line 8	The Medicare cost report was the costing methodology used to determine Medicare allowable costs Allowable costs of care reported on line 6 were determined using amounts from Worksheet D, Part V and Worksheet D-1 in the Hays Medical Center, Inc , Medicare cost report for the fiscal year ended June 30, 2014

Form and Line Reference	Explanation
Part III, Line 9b	Whenever possible, the customer service representatives (CSR's) of Hays Medical Center, Inc , try to determine the estimated self-pay balance prior to the patient receiving services FAP eligibility is first considered at this point in time In addition, if full payment is not received or if payment is not made within 30 days, the CSR contacts the patient If it is determined that at least a 2-year payment plan cannot be established with the patient, the CSR will screen for charity care and request that the charity care application be completed by the patient

Form and Line Reference	Explanation
Part VI, Line 3	Information regarding the Hays Medical Center, Inc , charity care program is located on the Hays Medical Center, Inc , website for patients and community members to view, and the financial assistance application is also on the website to print off and complete In addition, if a customer service representative of Hays Medical Center, Inc , contacts a patient about a bill and in visiting with them they determine that the patient could possibly qualify for the Hospital's charity care policy, they will send the application to the patient as well

Form and Line Reference	Explanation
Part VI, Line 4	Hays Medical Center, Inc , is located in Hays, Kansas, which has a population of approximately 20,000 people, as of the 2010 census One of the State of Kansas Regents universities is also located in Hays, Kansas, so the population includes many college-aged students The median household income of Hays, Kansas, is $44,227 Approximately 5 7% of families and 15 6% of the population were below the poverty line Almost 6% of the Hospital's revenue is from services provided to patients eligible for Medicaid Hays Medical Center, Inc , is the only hospital in the city of Hays In addition, since this is a rural area and because it is the only hospital providing tertiary level care in the region, Hays Medical Center, Inc , provides certain services to the whole western half of the State of Kansas

Form and Line Reference	Explanation
Part VI, Line 5	Hays Medical Center, Inc , promotes the health of the community by extending medical privileges to most qualified, local physicians In addition, the majority of the Board of Directors live and work in the city of Hays, but they are not employed by Hays Medical Center, Inc

Form and Line Reference	Explanation
Part VI, Line 6	Hays Medical Center, Inc , is not a part of an affiliated health care system

Additional Data

Software ID:
Software Version:
EIN: 48-0559088
Name: Hays Medical Center Inc

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
Hays Medical Center, Inc	Part V, Section B, Line 3 The CHNA was conducted in collaboration with the Ellis County Health Department Two Town Hall meetings were organized to provide an objective consensus building method of reviewing and prioritizing county health issues During the Town Hall meetings, the group reflected on the size and seriousness of any health concerns cited and discussed current community health strengths The group identified and ranked top community health concerns, and all Town Hall attendees were encouraged to continue to contribute ideas by going online and taking a feedback survey that addresses any additional thoughts related to the CHNA All Town Hall priority-setting and scoring processes involved the input of a diverse group with knowledge and/or expertise in public health as well as persons who represent the broad interests of the community served by the Hospital Key stakeholders in attendance included representatives from Ellis County, Turning Point Professional Counseling, First Care Clinic, KaMMCO/KMC, Heartland Community Foundation, Regional Prevention Center, Community Assistance Center, Ellis County Health Department, representatives of USD 489 and representatives of Hays Medical Center The CHNA was coordinated and produced by VVV Research & Development, Inc , from Olathe, Kansas Annual description of the actions taken by the Medical Center during the fiscal year to address the significant health needs identified throught the most recently conducted CHNA HaysMed is dedicated to continually learning, engaging, and fulfilling the health needs of the community we serve As a result of this commitment the following is the annual description of the actions taken during the most recent fiscal year to address the significant health needs identified through the CHNA Aging Services - HaysMed continues to work collaboratively on palliative and post-acute care services with local Nursing Homes and other Aging Service Organizations Regular meetings take place with local Nursing Homes and Post-Acute facilities to talk about the coordination of care and how we can take better care of patients Low Cost Health Services and Access to Primary Care Services - HaysMed launched the opening of the Convenient Care Walk-In clinic in Hays This clinic is open Monday-Friday 8 am - 7 30 pm, Saturday 9 am - 4 30 pm, and Sunday 12 noon - 5 pm This clinic has provided a cost effective solution every day of the week for the community to utilize Mental Health Services - The HaysMed Psychiatric Associates continues to expand and take new patients in the Ellis Community An outreach of this clinic was established in Pawnee County and services have been expanded to allow additional services in this community We continue to work closely with Area Mental Health on ways to deliver Psychiatric services to include TelePsych consultations

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
Pawnee Valley Community Hospital, Inc	Part V, Section B, Line 3 The CHNA was conducted in collaboration with the Pawnee County Health Department A Town Hall meeting was organized to provide an objective consensus building method of reviewing and prioritizing county health issues During the Town Hall meeting, the group reflected on the size and seriousness of any health concerns cited and discussed current community health strengths The group identified and ranked top community health concerns, and all Town Hall attendees were encouraged to continue to contribute ideas by going online and taking a feedback survey that addresses any additional thoughts related to the CHNA All Town Hall priority-setting and scoring processes involved the input of a diverse group with knowledge and/or expertise in public health as well as persons who represent the broad interests of the community served by the Hospital Key stakeholders in attendance included representatives from United Way, Welcome Inn Senior Center, Center for Counseling, Elder Care, Inc , Smith Dental Clinic, Pawnee County Sheriff's Office, Larned Police Department, Pawnee County Health Department, County Commissioners, members of the Chamber of Commerce, members of the USD 495 School Board, school nurses of USD 495, local members of the media, local religious organizations, city council members, and representatives of Pawnee Valley Community Hospital The CHNA was coordinated and produced by VVV Research & Development, Inc , from Olathe, Kansas

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
Pawnee Valley Community Hospital, Inc	Part V, Section B, Line 7 Annual description of the actions taken by the Hospital during the fiscal year to address the significant health needs identified throught the most recen tly conducted CHNA Community Wellness - Community Wellness was #1 on the health needs - ar eas of future focus survey with 50 votes, 22 7% Comments from the town hall meeting inclu ded, "Community is desperately in need of a wellness facility " and "Community needs nutri tional education " Being overweight/obese, smoking, drinking in excess, not exercising etc can lead to poor health Pawnee County's ranking in adult obesity is at 34% compared to Kansas' county average of 30% Physical inactivity ranked 30% compared to Kansas' average of 28% Heart disease and diabetes rank high in Pawnee County According to the Town Hall meeting, developing a community wellness program and facility was the highest ranked reque st In lieu of this, PVCH leadership and county officials believe that this is not somethi ng that the hospital and county should be solely involved in orchestrating Rather, the de velopment and on-going maintenance of a wellness program and facility should be collaborat ive with other agencies and entities We identified a key list of organizations that were considered to be part of the wellness coalition to identify and develop a plan The follow ing is a list of candidates for the coalition PRIDE, PVCH, PVCH Foundation, USD 495, USD 495 Foundation, Recreation Commission, Pawnee County Health Department, City of Larned, Ch amber of Commerce, CHO, Pawnee County Extension Office and Pawnee County Economic Developm ent Commission The Wellness Coalition has reached out to several different entities (i e YMCA) to come to Larned/Pawnee County to develop a wellness center in the community Alth ough several entities looked at Larned as a potential site for a wellness facility, no ser ious proposals from these inquiries Medical Oncology Services - Medical Oncology Services was #5 on the health needs - areas of future focus survey with 25 votes, 11 4% Comments included "We have a lot of people in Pawnee County with cancer A cancer treatment center would be really helpful " , "There is a need for more specialized service appropriate for the size of town that Larned is " , and "Specialty services are lacking including OB, Can cer, and Mental Health " The age adjusted cancer mortality rate per 100,000 population is significantly higher than the NW KS 10 counties and Kansas Pawnee County 195 9, NW KS 10 169 8 and Kansas 188 In order to implement an effective oncology service line, many factor s must come together The following information outlined the plans for implementation of t he PVCH oncology service line We have had the great fortune of being able to partner with the Dreiling/Schmidt Cancer Institute at HMC In lieu of this partnership, we were able t o establish an outreach clinic with Dr Abuerreish heading up the program It is vitally i mportant to maintain the relationship with both primary care medical staff as well as spec ialists This will ensure consistent continuity for our patients as they move through the continuum of their cancer treatment course There are many additional components that need to be implemented at PVCH prior to providing cancer treatment services PVCH leadership ha d originally established that the program would start once we were in the new facility - s pring of 2013 A task force committee was established with members from both PVCH and Drei ling/Schmidt Cancer Institute The committee functioned as the backbone for developing all operational plans for the cancer therapy service line This included, but was not limited to, a financial feasibility analysis, budget preparation, hiring experienced human resour ces, purchasing equipment, developing policies and procedures, advertising, and patient fo llow-up It is important to note that if the financial proforma didn't show favorable prof itability than we would not proceed with the program The overall success of the program w ill be measured by community and patient feedback as well as volume growth Additionally, the success is highly dependent on community and physician support It will be important t o advertise the oncology service line to regional primary care and medical oncologists Af ter further analysis by the committee and the Hospital, it was shown that offering oncolog y services at PVCH was outside of the scope of services PVCH could offer to the community Mental Health & Counseling - Mental Health & Counseling was #3 on the health needs - areas of future focus survey with 29 votes, 12 7% Comments included, "Specialty services are l acking including mental health " , "Local psycho-social/emotional counseling services - A lot of families that move into Larned seem to struggle with functioning at a productive le vel The poor functioning of the adults is trickling down to produce children with low fun ctioning mental capabilities, poor coping skills a

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
Pawnee Valley Community Hospital, Inc	nd increased emotional/behavioral issues These children are then set up to repeat the cyc le " , "Yes, mental health needs are not met for those in the community We as community m embers must travel for services " , and "Difficult to acquire care for mental health " Res earch data showed Alzheimer's disease - Pawnee county 33 6%, Kansas 28% Inadequate social support - Pawnee county - 20%, Kansas 16% Uninsured - Pawnee county - 17%, Kansas 15% N umber of mental health persons served increasing over a three year period 149 to 176 - an 18% increase Pawnee County has at least 10 Foster Care Homes providing out of home care for children removed from homes A multitude of organizations provide some type of mental health and counseling services These services can be divided between primarily role such as the Center for Counseling and Consultation, secondary role such as school counselors, s ocial workers employed in medical setting, and tertiary where clients are assisted with an d referred to mental health services At this time, most entities that provide any type of mental and behavioral services find themselves in a situation where any added services mu st also come with the funding to support them Keeping this in mind, a work plan was devel oped that addressed goals to lay the ground work for improving and enhancing the capacity for mental health services using the current agencies' capabilities and resources Based o n this information, Pawnee County had several opportunities to work towards better mental health care These included 1) Enhancing mental health for Pawnee County infants and chil dren birth through school age by increasing the number of infants and children screened us ing the Ages and Stages Social/Emotional Tool, 2) Enhancing the mental health of Pawnee Co unty women who are pregnant or post-partum by increasing the number of pregnant and post-p artum women screened using the Edenburg screening tool, and 3) Improving primary mental se rvice access for Pawnee County residents by decreasing the barriers to mental health servi ces in Pawnee County The following are several areas to be addressed and why the Hospital was not able to address those needs OB Services - offering OB Services is outside of the scope of services that we can provide as a critical access hospital We do, however, how h ave Dr Goodwin offering pre-natal care for expecting mothers in the community Nutrition Education - we were planning on addressing this area with the Wellness Facility When we w ere unable to move forward with the Wellness Facility, we were not able to move this initi ative forward Home Health & Hospice - after further analysis it was determined that this initiative was outside of the Hospital's scope and available manpower Dental Services for the Uninsured - with a limited amount of dentists in the county, we were unable to provid e this service to the community in the scope that the community was wanting it to happen Increase Selection of Healthy Eating O ptions - we were planning on addressing this area wi th the Wellness Facility When we were unable to move forward with the Wellness Facility, we were not able to move this initiative forward

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
Hays Medical Center, Inc	Part V, Section B, Line 14g Hays Medical Center will proactively seek out applicants who may be in need of financial assistance Hays Medical Center will post notice of this policy to all patients/guarantors through its registration, pre-registration, and financial counseling process This policy will also be posted in prominent areas of the Hospital

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
Pawnee Valley Community Hospital, Inc	Part V, Section B, Line 14g Pawnee Valley Community Hospital, Inc (PVCH) will proactively seek out applicants who may be in need of financial assistance PVCH will post notice of this policy to all patients/guarantors through its registration, pre-registration, and financial counseling process This policy will also be posted in prominent areas of the Hospital

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
Hays Medical Center, Inc	Part V, Section B, Line 20d The Hospital used the look-back method based on actual paid claims by Medicare and all other private health insurers paying claims to the Hospital

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
Pawnee Valley Community Hospital, Inc	Part V, Section B, Line 20d The Hospital used the look-back method based on actual paid claims by Medicare and all other private health insurers paying claims to the Hospital

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Hays Medical Center Inc

Employer identification number
48-0559088

Part I Questions Regarding Compensation

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

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

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

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

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

Part III Supplemental Information

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

Return Reference	Explanation
Part I, Line 1a	Benefits identified include tax indemnification on health claims This benefit is available to the CEO and is included in taxable income
Part I, Line 4b	Contributions to plan John Jeter, M D - $73,126 William Overbey - $38,906 Bryce Young - $38,300 Dale Montgomery - $22,708 D Bruce Whittington $23,465 Shae Veach $22,713 Terry Siek $24,289 Larry Watts $42,692 Distributions from plan Dale Montgomery $447,917
Part I, Line 6	A portion of incentive compensation for officers and key employees is determined by net earnings exceeding budget for the fiscal year

Additional Data

Software ID:
Software Version:
EIN: 48-0559088
Name: Hays Medical Center Inc

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
Darrell Werth MD Physician/Board Member	(I) (II)	598,500 0	0 0	51 0	14,025 0	19,386 0	631,962 0	0 0
Dr Kurt Rider Physician/Board Member	(I) (II)	265,193 0	0 0	16,546 0	14,025 0	27,160 0	322,924 0	0 0
John Jeter MD President & CEO	(I) (II)	487,508 0	0 0	8,473 0	104,651 0	24,660 0	625,292 0	0 0
Lee Hodny Physician/Board Member	(I) (II)	347,500 0	382,903 0	12,435 0	14,025 0	27,160 0	784,023 0	0 0
William Overbey Chief Financial Officer (through 1/2	(I) (II)	256,872 0	0 0	91 0	52,931 0	26,927 0	336,821 0	0 0
Dale Montgomery VP Facilities (through 6/28/2014)	(I) (II)	148,885 0	0 0	446,142 0	36,733 0	19,632 0	651,392 0	100,115 0
Bryce Young Chief Operating Officer	(I) (II)	252,835 0	0 0	2,358 0	52,325 0	26,927 0	334,445 0	0 0
D Bruce Whittington VP Human Resources	(I) (II)	153,931 0	0 0	9,750 0	32,656 0	26,406 0	222,743 0	0 0
Shae Veach VP Regional Dev	(I) (II)	150,223 0	0 0	3,521 0	31,235 0	25,106 0	210,085 0	0 0
Terry Siek Chief Nursing Officer	(I) (II)	161,923 0	0 0	52 0	33,198 0	9,384 0	204,557 0	0 0
Larry Watts Chief Medical Officer	(I) (II)	284,616 0	0 0	4,639 0	49,440 0	17,654 0	356,349 0	0 0
Christine Fisher Physician	(I) (II)	579,231 0	294,553 0	36,495 0	14,025 0	15,240 0	939,544 0	0 0
Alex De Carvalho Physician	(I) (II)	532,885 0	525,912 0	154 0	14,025 0	15,240 0	1,088,216 0	0 0
Vivek Sharma Physician	(I) (II)	500,000 0	571,422 0	51 0	14,025 0	17,886 0	1,103,384 0	0 0
Joel Fort Physician	(I) (II)	350,000 0	382,903 0	51 0	14,025 0	24,660 0	771,639 0	0 0
Richard Markiewicz Physician	(I) (II)	392,308 0	307,086 0	183,814 0	8,925 0	11,924 0	904,057 0	0 0

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Hays Medical Center Inc

Employer identification number
48-0559088

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	Kansas Development Finance Authority	48-1066589	48543BJD1	11-22-2005	23,635,944	Construction		X		X		X
B	Kansas Development Finance Authority	48-1066589	48543BLY2	11-02-2010	46,930,167	Refinancing of previous bond and equipment		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	8,505,000	3,560,000		
2	Amount of bonds legally defeased				
3	Total proceeds of issue	23,635,944	46,930,167		
4	Gross proceeds in reserve funds	2,037,125			
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrows				
7	Issuance costs from proceeds	316,000	667,574		
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	23,319,944	29,962,593		
11	Other spent proceeds		16,300,000		
12	Other unspent proceeds				
13	Year of substantial completion	2006	2012		

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X	X					
15	Were the bonds issued as part of an advance refunding issue?	X			X				
16	Has the final allocation of proceeds been made?	X		X					
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X		X				
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X				
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶								
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶								
6	Total of lines 4 and 5								
7	Does the bond issue meet the private security or payment test?		X		X				
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X				
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of								
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1 141-12 and 1 145-2?		X		X				

Part IV Arbitrage

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

Part IV Arbitrage *(Continued)*

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

Part V Procedures To Undertake Corrective Action

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

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

Return Reference	Explanation
Date Rebate Computation Performed	Issuer Name Kansas Development Finance Authority Date the Rebate Computation was Performed 11/01/2010

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Hays Medical Center Inc

Employer identification number
48-0559088

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) Ann Jeter	Family member of John Jeter, CEO	18,820	Payments for consulting services		No
(2) Jeter Law Firm	Partnership more than 5% owned by family member of John Jeter, CEO	5,799	Payments for legal services		No
(3) Lynette Pfannenstiel	Family member of D G Bickle, current director	97,496	Employment arrangement		No
(4) Arlene Werth	Family member of Darrell Werth, MD, current director	66,849	Employment arrangement		No
(5) John T Jeter	Son to John Jeter, CEO	22,446	Employment arrangement		No
(6) Kelsey Overbey	Daughter of William Overbey, CFO through January 2014	15,653	Employment arrangement		No

Part V Supplemental Information

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

Return Reference	Explanation

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Hays Medical Center Inc

Employer identification number
48-0559088

990 Schedule O, Supplemental Information

Return Reference	Explanation
Form 990, Part VI, Section B, line 11	Form 990 was reviewed with the officers and Board Finance committee
Form 990, Part VI, Section B, line 12c	Officers, directors, and key employees, along with all associates, are required to complet e a conflict of interest statement annually The statements are used to monitor and enforc e compliance with the policy
Form 990, Part VI, Section B, line 15	The CEO's, officers', and key employees' salaries are reviewed annually by an independent consulting group and the Compensation Committee, which is made up of members of the Board
Form 990, Part VI, Section C, line 19	These documents are not made available to the public Financial statements are released to bond holders on a quarterly basis
Form 990, Part IX, line 11g	Contract labor Program service expenses 330,478 Management and general expenses 32,545 Fundraising expenses 0 Total expenses 363,023 Medical professional fees Program service expenses 9,415,435 Management and general expenses 263,779 Fundraising expenses 0 Tota l expenses 9,679,214 Laboratory services Program service expenses 4,526,047 Management and general expenses 0 Fundraising expenses 0 Total expenses 4,526,047 Consulting servi ces Program service expenses 93,439 Management and general expenses 122,741 Fundraising expenses 0 Total expenses 216,180 Recruiting fees Program service expenses 0 Manageme nt and general expenses 146,000 Fundraising expenses 0 Total expenses 146,000 Non-medic al professional fees Program service expenses 708,493 Management and general expenses 1, 247,051 Fundraising expenses 0 Total expenses 1,955,544 Collection and billing fees Pr ogram service expenses 9,270 Management and general expenses 463,285 Fundraising expense s 0 Total expenses 472,555 Other purchased services Program service expenses 1,531,590 Management and general expenses 1,410,606 Fundraising expenses 0 Total expenses 2,942,1 96
Form 990, Part XI, line 9	Change in net assets of foundations 1,208,155

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Hays Medical Center Inc

Employer identification number
48-0559088

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	(g) No
(1) Hays Medical Center Foundation 2220 Canterbury Hays, KS 67601 48-1179684	Provide grants and allocations to Hays Medical Center, Inc	KS	501(c)(3)	Line 11a, I	Hays Medical Center Inc	Yes	
(2) HaysMed Partners Inc 2220 Canterbury Hays, KS 67601 27-0877152	Owns management contract for Pawnee Valley Community Hospital	KS	501(c)(3)	Line 3	Hays Medical Center Inc	Yes	
(3) Pawnee Valley Community Hospital Inc 2220 Canterbury Hays, KS 67601 48-1253246	Hospital operated by Hays Medical Center	KS	501(c)(3)	Line 3	HaysMed Partners Inc	Yes	

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	

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

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

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

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

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) Hays Medical Center Foundation	C	1,601,785	Actual cash
(2) Hays Medical Center Foundation	Q	231,677	Actual cost
(3) Pawnee Valley Community Hospital Inc	L	427,087	Actual cost
(4) Pawnee Valley Community Hospital Inc	O	333,255	Actual cost
(5) Pawnee Valley Community Hospital Inc	K	86,130	Rent agreement
(6) Pawnee Valley Community Hospital Inc	Q	2,090,000	Contractual formula

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

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

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

Part VII Supplemental Information

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

Return Reference	Explanation

Additional Data

Software ID:
Software Version:
EIN: 48-0559088
Name: Hays Medical Center Inc

Form 990, Schedule R, Part V - Transactions With Related Organizations

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
Hays Medical Center Foundation	C	1,601,785	Actual cash
Hays Medical Center Foundation	Q	231,677	Actual cost
Pawnee Valley Community Hospital Inc	L	427,087	Actual cost
Pawnee Valley Community Hospital Inc	O	333,255	Actual cost
Pawnee Valley Community Hospital Inc	K	86,130	Rent agreement
Pawnee Valley Community Hospital Inc	Q	2,090,000	Contractual formula

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Form **4562**
Department of the Treasury
Internal Revenue Service (99)

Depreciation and Amortization
(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

OMB No 1545-0172

2013

Attachment Sequence No **179**

Name(s) shown on return	Business or activity to which this form relates	**Identifying number**
Hays Medical Center Inc	Form 990 Page 10	48-0559088

Part I **Election To Expense Certain Property Under Section 179**

Note: *If you have any listed property, complete Part V before you complete Part I.*

1	Maximum amount (see instructions)	1	500,000
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,000,000
4	Reduction in limitation Subtract line 3 from line 2 If zero or less, enter -0-	4	
5	Dollar limitation for tax year Subtract line 4 from line 1 If zero or less, enter -0- If married filing separately, see instructions	5	

6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost

7	Listed property Enter the amount from line 29	7	
8	Total elected cost of section 179 property Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2012 Form 4562	10	
11	Business income limitation Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2014 Add lines 9 and 10, less line 12 ▶	13	

Note: *Do not use Part II or Part III below for listed property. Instead, use Part V.*

Part II **Special Depreciation Allowance and Other Depreciation (Do not include listed property) (See instructions)**

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	11,313,985

Part III **MACRS Depreciation (Do not include listed property.) (See instructions.)**

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2013	17	
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ ☐		

Section B—Assets Placed in Service During 2013 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27 5 yrs	MM	S/L	
			27 5 yrs	MM	S/L	
i Nonresidential real property			39 yrs	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2013 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

Part IV **Summary** (see instructions.)

21	Listed property Enter amount from line 28	21	
22	**Total.** Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21 Enter here and on the appropriate lines of your return Partnerships and S corporations—see instructions	22	11,313,985
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V **Listed Property** (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)

Note: *For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete* ***only*** *24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.*

Section A—Depreciation and Other Information (Caution: *See the instructions for limits for passenger automobiles.***)**

24a Do you have evidence to support the business/investment use claimed? ☐ **Yes** ☐ **No** | **24b** If "Yes," is the evidence written? ☐ **Yes** ☐ **No**

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation/ deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)						**25**		
26 Property used more than 50% in a qualified business use								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use								
		%				S/L -		
		%				S/L -		
		%				S/L -		
28 Add amounts in column (h), lines 25 through 27 Enter here and on line 21, page 1						**28**		
29 Add amounts in column (i), line 26 Enter here and on line 7, page 1							**29**	

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person
If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
30 Total business/investment miles driven during the year (**do not** include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal(noncommuting) miles driven												
33 Total miles driven during the year Add lines 30 through 32												
	Yes	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **are not** more than 5% owners or related persons (see instructions)

	Yes	**No**
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions)		
Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles		

Part VI **Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2013 tax year (see instructions)					
43 Amortization of costs that began before your 2013 tax year				**43**	
44 Total. Add amounts in column (f) See the instructions for where to report				**44**	

CONSOLIDATED FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

HAYS MEDICAL CENTER, INC., AND AFFILIATES

JUNE 30, 2014 AND 2013

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Wendling Noe Nelson Johnson LLC

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Hays Medical Center, Inc.

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information presented on pages 33 - 41 is 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.

Wendling Noe Nelson & Johnson LLC

Topeka, Kansas
November 18, 2014

CONSOLIDATED FINANCIAL STATEMENTS

HAYS MEDICAL CENTER, INC., AND AFFILIATES

CONSOLIDATED BALANCE SHEETS

June 30,

ASSETS

	2014	2013
CURRENT ASSETS		
Cash and cash equivalents	$ 11,809,610	$ 7,227,418
Assets whose use is limited		740,975
Patient accounts receivable, net of allowance for uncollectible accounts of $6,355,714 in 2014 and $7,461,714 in 2013	31,093,395	32,015,242
Other receivables, net of allowance for uncollectible accounts of $1,086,131 in 2014 and $838,182 in 2013	1,830,036	2,550,397
Estimated third-party payor settlements	2,927,011	1,157,616
Inventories	4,531,336	4,588,113
Prepaid expenses	3,814,871	3,811,806
Total current assets	56,006,259	52,091,567
ASSETS WHOSE USE IS LIMITED		
Internally designated for capital improvements	108,162,023	111,533,542
By indenture agreement - held by trustee	2,037,125	6,552,108
Foundation assets	28,279,179	25,617,266
Beneficial interest in net assets of foundations	10,279,814	8,478,943
	148,758,141	152,181,859
Less amounts required to meet current obligations		740,975
	148,758,141	151,440,884
PROPERTY AND EQUIPMENT, NET	84,615,908	82,182,907
OTHER ASSETS		
Debt issue costs, net of accumulated amortization of $387,598 in 2014 and $329,222 in 2013	608,266	893,903
Other	7,585,125	6,381,209
	8,193,391	7,275,112
Total assets	$ 297,573,699	$ 292,990,470

The accompanying notes are an integral part of these statements.

LIABILITIES AND NET ASSETS

	2014	2013
CURRENT LIABILITIES		
Current maturities of long-term debt	$ 2,225,000	$ 2,130,000
Accounts payable	5,595,324	6,583,665
Estimated third party payor settlements	1,271,643	777,968
Accrued compensation	8,246,848	8,235,179
Other current liabilities	2,997,547	3,208,820
Total current liabilities	20,336,362	20,935,632
DEFERRED COMPENSATION PAYABLE	6,868,590	5,655,819
LONG-TERM DEBT, less current maturities	55,525,650	73,915,689
DUE TO PAWNEE COUNTY	4,195,896	2,847,963
Total liabilities	86,926,498	103,355,103
NET ASSETS		
Unrestricted	191,257,538	171,742,474
Temporarily restricted	15,942,112	14,597,529
Permanently restricted	3,447,551	3,295,364
Total net assets	210,647,201	189,635,367
Total liabilities and net assets	$ 297,573,699	$ 292,990,470

HAYS MEDICAL CENTER, INC., AND AFFILIATES

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS

Years ended June 30,

	2014				2013			
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues, gains, and other support								
Patient service revenue	$ 205,018,206	$ -	$ -	$ 205,018,206	$ 207,206,847	$ -	$ -	$ 207,206,847
Provision for bad debts	(14,409,420)			(14,409,420)	(17,188,428)			(17,188,428)
Net patient service revenue	190,608,786	-	-	190,608,786	190,018,419	-	-	190,018,419
Other revenues	8,065,601			8,065,601	9,610,345			9,610,345
Net assets released from restrictions used for operations	1,744,478	(1,744,478)			103,823	(103,823)		
Total revenues, gains, and other support	200,418,865	(1,744,478)	-	198,674,387	199,732,587	(103,823)	-	199,628,764
Expenses								
Salaries and wages	84,599,884			84,599,884	82,947,879			82,947,879
Employee benefits	19,701,019			19,701,019	19,693,613			19,693,613
Supplies and other	75,205,067			75,205,067	77,501,593			77,501,593
Depreciation and amortization	11,313,985			11,313,985	10,566,217			10,566,217
Interest	2,998,912			2,998,912	2,913,301			2,913,301
Loss on debt extinguishment	570,066			570,066				-
Total expenses	194,388,933	-	-	194,388,933	193,622,603	-	-	193,622,603
Income (loss) from operations	6,029,932	(1,744,478)	-	4,285,454	6,109,984	(103,823)	-	6,006,161
Other income and expenses								
Gifts and bequests	208,676	703,417	147,287	1,059,380	228,547	258,892	2,779	490,218
Investment income	6,522,250	168,106		6,690,356	5,708,593	316 424		6,025,017
Investment fees and related expenses	(228,239)			(228,239)	(231,935)			(231,935)
Loss on disposal of assets	(22,072)			(22,072)	(163,773)			(163,773)
Other	1,146			1,146	500			500
Change in beneficial interest in net assets of foundations		2,217,538		2,217,538		1,187,325	100,000	1,287,325
Fund-raising and other expenses	(605,146)			(605,146)	(570,437)			(570,437)
	5,875,615	3,089,061	147,287	9,112,963	4,971,495	1,762,641	102,779	6,836,915
Excess of revenues over expenses	11,906,547	1,344,583	147,287	13,398,417	11,081,479	1,658,818	102,779	12,843,076
Change in net unrealized gains and losses	10,513,022			10,513,022	5,694,259			5,694,259
Net transfers to Pawnee County	(1,551,670)			(1,551,670)	(470,050)			(470,050)
Change in amount due to Pawnee County	(1,347,935)			(1,347,935)	(1,152,850)			(1,152,850)
Other					122,622			122,622
Transfers between classifications	(4,900)		4,900					
Change in net assets	19,515,064	1 344,583	152,187	21,011,834	15,275,460	1,658,818	102,779	17,037,057
Net assets at beginning of year	171,742,474	14,597,529	3,295,364	189,635,367	156,467,014	12,938 711	3,192,585	172,598,310
Net assets at end of year	$ 191,257,538	$ 15,942,112	$ 3,447,551	$ 210,647,201	$ 171,742,474	$ 14,597,529	$ 3,295 364	$ 189,635,367

The accompanying notes are an integral part of these statements.

HAYS MEDICAL CENTER, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended June 30,

	2014	2013
Cash flows from operating activities		
Change in net assets	$ 21,011,834	$ 17,037,057
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	11,313,985	10,566,217
Amortization of deferred debt issue costs, bond premium, and bond discount	(24,468)	(25,471)
Loss on debt extinguishment	570,066	
Provision for bad debts	14,409,420	17,188,428
Loss on disposal of assets	22,072	163,773
Undistributed portion of change in beneficial interest in net assets of foundations	(1,800,871)	(820,659)
Gifts and bequests of assets whose use is limited	(1,059,381)	(480,629)
Net realized and unrealized losses (gains) on assets whose use is limited	(14,084,394)	(8,306,934)
Investment income reinvested in assets whose use is limited	(3,051,818)	(3,557,123)
Increase in amount due to Pawnee County	2,899,603	1,622,900
Changes in assets and liabilities		
Patient accounts receivable	(13,487,573)	(17,064,644)
Other receivables	720,361	(267,960)
Estimated third-party payor settlements	(1,275,720)	243,394
Inventories	56,777	179,041
Prepaid expenses	(3,065)	61,531
Accounts payable	(178,118)	(593,984)
Accrued and deferred compensation	1,224,440	718,198
Other liabilities	(211,273)	541,168
Net cash provided by operating activities	17,051,877	17,204,303
Cash flows from investing activities		
Purchases of property and equipment	(14,668,786)	(23,748,262)
Proceeds from sale of equipment	89,505	
Increase in deferred compensation plan assets, net	(1,203,916)	(1,058,671)
Sale of other assets		83,333
Change in assets whose use is limited, net	23,420,182	7,202,049
Net cash used by investing activities	7,636,985	(17,521,551)

The accompanying notes are an integral part of these statements.

HAYS MEDICAL CENTER, INC., AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS - CONTINUED

Years ended June 30,

	2014	2013
Cash flows from financing activities		
Payments on long-term debt	$ (18,555,000)	$ (2,040,000)
Net transfers to Pawnee County	(1,551,670)	(470,050)
Net cash used by financing activities	(20,106,670)	(2,510,050)
Net change in cash and cash equivalents	4,582,192	(2,827,298)
Cash and cash equivalents at beginning of year	7,227,418	10,054,716
Cash and cash equivalents at end of year	$ 11,809,610	$ 7,227,418
Cash paid during the year for interest	$ 3,261,987	$ 3,771,624

The accompanying notes are an integral part of these statements.

HAYS MEDICAL CENTER, INC., AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014 and 2013

NOTE A - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization

Hays Medical Center, Inc. (the Medical Center), was formed on April 8, 1991, by the merger of Hadley Regional Medical Center, Inc., and St. Anthony Hospital of Hays, Kansas, Inc. The Medical Center is a Kansas not-for-profit corporation organized to operate an acute care hospital facility located in Hays, Kansas, and to provide health-related services to residents of its service area.

Hays Medical Center Foundation, Inc. (the HMC Foundation), was formed in May 1996. The HMC Foundation is a Kansas not-for-profit corporation organized to support the activities and mission of the Medical Center. The Medical Center is the sole voting member of the HMC Foundation.

During September 2009, the Medical Center formed Hays Med Partners - Pawnee County, Inc. (HMed), a Kansas not-for-profit corporation. The Medical Center is the sole voting member of HMed. HMed was formed solely to hold a membership interest in another not-for-profit corporation and has no assets, liabilities, net assets, or results from operations. During March 2010, HMed entered into a change of membership agreement and became the sole voting member of St. Joseph Memorial Hospital, Inc. (SJMH). SJMH's corporate name was changed to Pawnee Valley Community Hospital, Inc. (PVCH), in April 2010. Upon execution of the change in membership agreement, PVCH entered into an affiliation agreement with the County of Pawnee, Kansas (Pawnee County), to operate a critical access hospital located in Larned, Kansas. Pawnee County owns all fixed assets, including land, buildings, and equipment used by PVCH. Under the affiliation agreement, Pawnee County gives PVCH use of those assets and agrees to subsidize any operating losses incurred by PVCH.

Pawnee Valley Community Hospital Foundation (the PVCH Foundation) was formed in March 2012. The PVCH Foundation is a Kansas not-for-profit corporation organized to support the activities and mission of PVCH. PVCH and Pawnee County are the only members of the PVCH Foundation.

2. Basis of reporting

The consolidated financial statements of Hays Medical Center, Inc., and Affiliates (the HaysMed Group), include the accounts of the Medical Center, the HMC Foundation, PVCH, and HMed, all of which are under common control and management. Significant intercompany accounts and transactions have been eliminated.

3. Use of estimates

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

NOTE A - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. Cash and cash equivalents

For purposes of the accompanying consolidated statements of cash flows, the HaysMed Group considers all highly-liquid debt instruments purchased with a maturity of one year or less to be cash equivalents, except for amounts classified as assets whose use is limited.

5. Allowance for uncollectible accounts

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

6. Inventories

Inventories consist primarily of supplies and are stated at the lower of cost or market, with cost determined on the first-in, first-out method.

7. Assets whose use is limited

Assets whose use is limited include assets set aside by the Medical Center's Board of Directors for future capital improvements, over which the Board retains control and may, at its discretion, subsequently use for other purposes; assets held by a trustee under indenture agreements; the HMC Foundation's assets which are to be used for the benefit of the Medical Center; the Medical Center's beneficial interest in the net assets of Hadley Foundation, Inc.; and PVCH's beneficial interest in the net assets of the PVCH Foundation.

NOTE A - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

8. Property and equipment

Property and equipment (including assets recorded as capital leases) are stated at cost. Depreciation and amortization of property and equipment are provided on the straight-line method over the estimated useful lives of the assets. The estimated lives used are substantially in conformity with useful lives established by the American Hospital Association.

The costs of maintenance and repairs are charged to operating expenses as incurred. The costs of significant additions, renewals, and betterments to depreciable properties are capitalized and depreciated over the remaining or extended estimated useful lives of the item or the properties. Gains and losses on disposition of property and equipment are included in other income.

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

Management annually evaluates property and equipment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. No impairment losses were recorded for the years ended June 30, 2014 and 2013.

9. Costs of borrowing

Interest costs, including amortization of deferred debt issuance costs, bond discounts, and bond premiums, incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets.

Costs incurred in connection with the issuance of long-term debt are amortized using the interest method over the term of the related debt.

10. 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. Permanently restricted net assets have been restricted by donors to be maintained in perpetuity.

NOTE A - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

11. Consolidated statement of operations and changes in net assets

For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as revenues and expenses. Peripheral or incidental transactions are reported as other income.

12. Net patient service revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

13. Donor-restricted gifts

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

14 Charity care

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

15. Excess of revenues over expenses

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

NOTE A - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

16. Income taxes

The Medical Center, the HMC Foundation, PVCH, the PVCH Foundation, and HMed are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxes on their related income pursuant to Section 501(a) of the Code. Management is not aware of any uncertainties in income tax positions. For all entities, the years ended June 30, 2014, 2013, 2012, and 2011, remain subject to examination by both federal and state taxing authorities.

17. Subsequent events

The HaysMed Group has evaluated subsequent events through November 18, 2014, which is the date the consolidated financial statements were available to be issued.

NOTE B - NET PATIENT SERVICE REVENUE

The HaysMed Group has agreements with third-party payors that provide for reimbursement to the HaysMed Group at amounts different from its established charge rates. The amounts reported on the consolidated balance sheets as estimated third-party payor settlements consist of the estimated differences between the contractual amounts for providing covered services and the interim payments received for those services. A summary of the payment arrangements with major third-party payors follows:

Medicare - Inpatient acute care, skilled nursing, and rehabilitation services rendered to Medicare program beneficiaries by the Medical Center are paid at prospectively determined rates per discharge. Inpatient psychiatric services rendered to Medicare program beneficiaries by the Medical Center are paid at prospectively determined rates per day. Outpatient services rendered to Medicare program beneficiaries by the Medical Center are paid at prospectively determined rates per occasion of service. Physician services, other than rural health clinic (RHC) services, rendered to Medicare program beneficiaries by the HaysMed Group are paid based on a prospectively determined fee schedule. Prospectively determined rates vary according to patient classification systems that are based on clinical, diagnostic, and other factors. RHC physician services are paid based on cost reimbursement methodologies. The Medical Center is paid for cost reimbursable and other items at tentative rates with final settlement determined after submission of annual cost reports by the Medical Center and audits or reviews thereof by the Medicare administrative contractor. The Medical Center's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization. The Medical Center's Medicare cost reports have been audited or reviewed by the Medicare administrative contractor through June 30, 2012.

NOTE B - NET PATIENT SERVICE REVENUE - Continued

PVCH is a critical access hospital for purposes of the Medicare program. Hospital services rendered to Medicare program beneficiaries by PVCH are paid under cost reimbursement methodologies. PVCH is paid for cost reimbursable items at tentative rates with final settlements determined after submission of annual cost reports by PVCH and audits or reviews thereof by the Medicare administrative contractor. PVCH's Medicare cost reports have been audited or reviewed by the Medicare administrative contractor through June 30, 2012. PVCH's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization.

Medicaid - Services rendered to Medicaid program beneficiaries by the Medical Center, except RHC physician services, are paid at prospectively determined rates. Prior to January 1, 2013, RHC physician services were paid based on cost reimbursement methodologies. After December 31, 2012, RHC physician services are paid at prospectively determined rates per occasion of service. The Medical Center is paid for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Medical Center and reviews thereof by the state Medicaid agency. The Medical Center's Medicaid cost reports have been reviewed by the state Medicaid agency through June 30, 2008.

Prior to January 2013, hospital services rendered by PVCH to Medicaid program beneficiaries not enrolled in a Medicaid managed care plan were paid under cost reimbursement methodologies. Hospital services rendered by PVCH to all other Medicaid program beneficiaries were paid at prospectively determined rates. After December 31, 2012, hospital services rendered to all Medicaid program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. PVCH is paid for cost reimbursable items at tentative rates with final settlements determined after submission of annual cost reports by PVCH and reviews thereof by the state Medicaid agency. PVCH's Medicaid cost reports have been reviewed by the state Medicaid agency through June 30, 2012.

Blue Cross and Blue Shield - All services rendered to patients who are insured by Blue Cross-Blue Shield are paid on the basis of prospectively determined rates per discharge or discounts from established charges.

The Medical Center and PVCH have also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. Payments under these agreements are based on prospectively determined rates or discounts from established charges.

NOTE B - NET PATIENT SERVICE REVENUE - Continued

A summary of net patient service revenue follows:

	2014	2013
Gross patient service charges		
Inpatient	$ 217,314,724	$ 228,487,545
Outpatient	268,878,752	251,728,458
Physician clinics	63,782,024	59,273,697
Hospice	570,011	607,973
	550,545,511	540,097,673
Contractual adjustments	(328,071,671)	(316,733,474)
Uninsured patient discounts	(9,845,884)	(6,822,193)
Charity care	(6,430,686)	(7,759,585)
Administrative discounts	(1,179,064)	(1,575,574)
Patient service revenue	205,018,206	207,206,847
Provision for bad debts	(14,409,420)	(17,188,428)
Net patient service revenue	$ 190,608,786	$ 190,018,419

The HaysMed Group recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, the HaysMed Group recognizes revenue on the basis of its standard rates less a discount given to all uninsured patients as a matter of policy. This discount was 25 percent through April 30, 2013, and 40 percent thereafter. On the basis of historical experience, a significant portion of the HaysMed Group's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the HaysMed Group records a significant provision for bad debts related to uninsured patients in the period the services are provided. Patient service revenue, net of contractual adjustments, charity care, and other discounts (but before the provision for bad debts) by major payor sources is as follows:

	2014	2013
Medicare	$ 76,654,383	$ 77,297,801
Medicaid	5,939,094	6,376 958
Blue Cross	66,000,377	66,234,339
Other third-party payors	48,168,312	43,359,853
Patients	8,256,040	13,937,896
Patient service revenue	$ 205,018,206	$ 207,206,847

Revenue from the Medicare and Medicaid programs accounted for approximately 37 percent and 3 percent, respectively, of the HaysMed Group's patient service revenue net of contractual adjustments, charity care, and other discounts during 2014, and approximately 37 percent and 3 percent of the HaysMed Group's patient service revenue net of contractual adjustments, charity care, and other discounts during 2013. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

NOTE B - NET PATIENT SERVICE REVENUE Continued

In 2009, Centers for Medicare & Medicaid Services (CMS) expanded the Recovery Audit Contractor (RAC) program to all 50 states. The RAC program was implemented to detect Medicare overpayments not identified through existing claims review mechanisms and uses private companies paid on a contingency basis. Although the HaysMed Group believes its claims submitted to the Medicare program are accurate, it has had claims audited and denied by the RAC program The HaysMed Group is in various stages of appeal levels for these denied claims and intends to vigorously appeal any future claims denied by the RAC program. The HaysMed Group has estimated that approximately $2,827,000 and $949,000 in denied claims will be overturned upon appeal at June 30, 2014 and 2013, respectively. This amount is included in estimated third-party payor settlements in the consolidated balance sheets.

The HaysMed Group is dedicated to providing both services and leadership in caring for the needy and accepts all patients regardless of their ability to pay The HaysMed Group provides such care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Since the HaysMed Group does not attempt to collect amounts initially determined to qualify as charity care, such charges are not included in net patient service revenue. The costs incurred in providing these services of approximately $2,008,000 and $2,344,000 during the years ended June 30, 2014 and 2013, respectively, are included in the HaysMed Group's operating expenses and are estimated using the Medical Center's and PVCH's overall cost-to-charge ratios, including other operating revenue In addition, the HaysMed Group provides care for medically indigent patients covered under the Medicaid welfare program at rates substantially below standard charges.

NOTE C - ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

The HaysMed Group's allowance for uncollectible accounts for self-pay patients was 49 percent and 48 percent of self-pay accounts receivable at June 30, 2014 and 2013, respectively. In addition, the HaysMed Group's net bad debt write-offs were $15,559,309 and $17,073,814 for the years ended June 30, 2014 and 2013, respectively The decrease in net bad debt write-offs was the result of a 14 percent decrease in gross patient service charges for uninsured patients during the year ended June 30, 2014, and a policy change regarding discounts for uninsured patients. The HaysMed Group increased its uninsured discount from 25 percent to 40 percent during May 2013. The HaysMed Group did not change its charity care policy during the years ended June 30, 2014 or 2013. The HaysMed Group does not maintain a material allowance for uncollectible accounts from third-party payors, nor did it have significant write-offs from third-party payors.

NOTE D - ASSETS WHOSE USE IS LIMITED

Assets whose use is limited that are required and available to meet obligations classified as current liabilities are reported in current assets. Investments are stated at fair value. The composition of assets whose use is limited, other than the HaysMed Group's beneficial interest in the net assets of Hadley Foundation, Inc., is as follows:

	2014	2013
Internally designated for capital improvements		
Cash and cash equivalents	$ 4,961,818	$ 6,201,440
U.S. Government obligations	1,754,226	870,450
U.S. Government agency obligations	2,178,504	2,762,560
Corporate bonds	4,692,904	10,597,046
Fixed income mutual funds	11,866,929	21,592,849
Mortgage backed securities	9,793,565	620,361
Common stocks	15,858,993	15,288,892
Domestic equity mutual funds	9,468,033	14,495,403
Foreign equity mutual funds	13,960,845	8,648,226
Commodity mutual funds	6,281,621	4,684,822
Hedge funds	17,350,900	16,350,749
Private equity funds	4,384,526	4,493,930
Real estate limited partnership	5,333,248	4,851,625
Interest receivable	75,911	75,189
	$ 108,162,023	$ 111,533,542
By indenture agreement - held by trustee		
Cash and cash equivalents	$ 2,037,125	$ 5,723,428
U.S. Government agency obligations		828,680
	$ 2,037,125	$ 6,552,108
Foundation assets		
Cash and cash equivalents	$ 2,424,517	$ 2,909,126
U.S. Government obligations	368,691	163,863
U.S. Government agency obligations	457,863	520,053
Corporate bonds	986,322	890,252
Fixed income mutual funds	2,516,788	4,085,235
Mortgage backed securities	2,058,343	116,783
Common stocks	5,271,022	4,040,205
Domestic equity mutual funds	2,077,301	2,801,733
Foreign equity mutual funds	2,905,262	1,653,836
Commodity mutual funds	1,325,903	885,645
Hedge funds	3,688,725	3,078,038
Private equity funds	921,509	845,985
Real estate limited partnership	1,120,905	913,321
Pledges receivable, net	1,890,387	2,511,386
Beneficial interest in remainder trust	190,000	185,000
Interest receivable	15,641	16,805
	$ 28,279,179	$ 25,617,266

NOTE D - ASSETS WHOSE USE IS LIMITED - Continued

Assets whose use is limited by indenture agreement are held by the trustee in the following accounts:

	2014	2013
Construction project account	$ -	$ 3,314,959
Debt service reserve account	2,037,125	3,237,149
	$ 2,037,125	$ 6,552,108

Investment income and gains and losses for assets whose use is limited, cash equivalents, and other assets are comprised of the following:

	2014	2013
From assets limited as to use		
Investment income	$ 3,051,378	$ 3,375,334
Realized gains on sales	3,571,372	2,612,675
	6,622,750	5,988,009
From cash and other assets	67,606	37,008
Total investment return	$ 6,690,356	$ 6,025,017

The HMC Foundation's pledges receivable represent unconditional promises to give cash or other assets by donors. The pledges receivable are stated at their net realizable value. The HMC Foundation is currently conducting a major capital campaign to assist in funding the construction of a patient tower at the Medical Center. Pledges to the campaign are considered temporarily restricted by implicit donor restrictions. Expected future cash receipts of pledges receivable for the capital campaign and other projects are as follows at June 30, 2014:

Gross amounts due in	
Less than one year	$ 574,550
One to five years	1,189,637
More than five years	151,200
	1,915,387
Less allowance for uncollectible pledges	(25,000)
	$ 1,890,387

NOTE D - ASSETS WHOSE USE IS LIMITED - Continued

The Hadley Foundation, Inc. (Hadley), was established to raise funds to support the purposes of religious, charitable, scientific, literary, and educational organizations that are exempt under Section 501(c)(3) of the Internal Revenue Code. The Medical Center has been the primary beneficiary of the assets. Distributions are made at the discretion of the Board of Directors of Hadley. Since the Medical Center has been the primary beneficiary of Hadley's assets, the Medical Center and Hadley are financially interrelated organizations. As such, the Medical Center recognizes as an asset its interest in the net assets of Hadley. At the end of each reporting period, it adjusts the interest for its share of the change in net assets of Hadley occurring during that period. Transactions occurring between the two organizations have been eliminated during the preparation of these consolidated financial statements.

The PVCH Foundation, was established to raise funds to support the purposes of religious, charitable, scientific, literary, and educational organizations that are exempt under Section 501(c)(3) of the Internal Revenue Code. PVCH has been the primary beneficiary of the assets. Distributions are made at the discretion of the Board of Directors of the PVCH Foundation. Since PVCH has been the primary beneficiary of the PVCH Foundation's assets, PVCH and the PVCH Foundation are financially interrelated organizations. As such, PVCH recognizes as an asset its interest in the net assets of the PVCH Foundation. At the end of each reporting period, it adjusts the interest for its share of the change in net assets of the PVCH Foundation occurring during that period. Transactions occurring between the two organizations have been eliminated during the preparation of these consolidated financial statements.

NOTE E - PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows:

	2014	2013
Land	$ 350,356	$ 350,356
Land improvements	10,738,069	10,483,596
Buildings	76,025,820	70,412,923
Fixed equipment	47,149,592	42,999,703
Major movable equipment	75,149,724	68,665,742
	209,413,561	192,912,320
Less accumulated depreciation	125,050,196	115,238,274
	84,363,365	77,674,046
Construction in progress	252,543	4,508,861
	$ 84,615,908	$ 82,182,907

NOTE F - EMPLOYEE HEALTH INSURANCE

The HaysMed Group sponsors a self-insured employee health insurance plan and reinsures a portion of its risk under that plan. The reinsurance arrangement generally covers claims totaling over $165,000 for each covered individual on an annual basis. Covered employees also provide part of the funds to pay claims through monthly contributions at predetermined rates. The HaysMed Group retains an agent to process and settle claims. Estimated claims incurred by beneficiaries of the health insurance plan that were unpaid at June 30, 2014 and 2013, were $1,736,256 and $1,583,190, respectively, and are included in other current liabilities.

NOTE G - LONG-TERM DEBT

Long-term debt is summarized as follows:

	2014	2013
2.00% to 5.00% KDFA Health Facilities Revenue Bonds, Series 2010Q, with varying maturities through May 15, 2035, including unamortized premium of $21,325 in 2014 and $62,273 in 2013	$ 43,171,325	$ 44,097,273
4.00% to 5.25% KDFA Health Facilities Revenue Bonds, Series 2005L, with varying maturities through November 15, 2022, including unamortized premium of $89,325 in 2014 and $125,925 in 2013	14,579,325	15,860,925
5.10% to 5.125% KDFA Health Facilities Revenue Bonds, Series 2003L, redeemed in whole during November 2013		16,087,491
	57,750,650	76,045,689
Less current maturities	2,225,000	2,130,000
	$ 55,525,650	$ 73,915,689

The KDFA Health Facilities Revenue Bonds, Series 2003L (the 2003 bonds), were issued in November 2003 in the amount of $16,425,000. The proceeds of the 2003 bonds were used, together with other available funds of the Medical Center, to (1) construct an addition to the existing building, (2) fund a debt service reserve fund for the 2003 bonds, and (3) pay certain costs related to the issuance of the 2003 bonds. The 2003 bonds were redeemed in whole on November 15, 2013, at 100 percent of the principal amount plus accrued interest at the redemption date. As a result of this transaction, the Medical Center recognized a debt extinguishment loss of $570,066. The loss consists of the write off of unamortized debt issue costs and bond premium.

NOTE G - LONG-TERM DEBT - Continued

The KDFA Health Facilities Revenue Bonds, Series 2005L (the 2005L bonds), were issued in November 2005 in the amount of $22,995,000. The proceeds of the 2005L bonds were used, together with other available funds of the Medical Center, to (1) advance refund outstanding revenue bonds, (2) fund a debt service reserve fund for the 2005L bonds, and (3) pay certain costs related to the issuance of the 2005L bonds.

The KDFA Health Facilities Revenue Bonds, Series 2005M (the 2005M bonds), were issued in November 2005 in the amount of $17,950,000. The proceeds of the 2005M bonds were used to (1) immediately refund outstanding revenue bonds, and (2) pay certain costs related to the issuance of the 2005M bonds.

The KDFA Health Facilities Revenue Bonds, Series 2010Q (the 2010 bonds), were issued in November 2010 in the amount of $46,710,000. The proceeds of the 2010 bonds were used, together with other available funds of the Medical Center, to (1) immediately refund the 2005M bonds, (2) remodel and expand existing facilities, and (3) pay certain costs related to the issuance of the 2010 bonds

The 2003 bonds, the 2005L bonds, the 2005M bonds, and the 2010 bonds (collectively the KDFA bonds) were issued by the Kansas Development Finance Authority (the Authority) on behalf of the Medical Center. In connection with the issuance of each series of the KDFA bonds, the Medical Center issued to the Authority its Master Indenture Note (the master notes), in principal amounts equal to the principal amount of each series of the KDFA bonds. The master notes were issued pursuant to a master trust indenture dated January 1, 1997, as amended by seven supplemental master trust indentures with various dates. The terms of the related loan agreements and the master notes require payments by the Medical Center which will be sufficient to provide for the payment of the principal and interest on the KDFA bonds. The master notes entitle the Authority, as the holder thereof, to the protection of the covenants restrictions, and other obligations imposed upon the members of the group obligated under the master trust indenture (the obligated group) on a parity with any future master indenture notes issued thereunder; provided that future master indenture notes may be additionally secured as permitted by the master trust indenture.

The members of the obligated group are jointly and severally obligated on all master indenture notes which are issued pursuant to the master trust indenture. As of June 30, 2014, the only members of the obligated group were the Medical Center and the HMC Foundation.

The obligations of the obligated group under the master trust indenture are secured by a pledge of unrestricted revenues of the members, subject to the right of the obligated group to dispose of or encumber property as defined and permitted in the master trust indenture

The master trust indenture, the supplemental master trust indentures, and the related loan agreements for the 2003L bonds and the 2005L bonds require the Medical Center to maintain adequately funded debt service reserve funds with the bond trustee. Such funds were maintained and are included with assets whose use is limited in the consolidated financial statements.

NOTE G - LONG-TERM DEBT - Continued

The master trust indenture, the supplemental master trust indentures, and the related loan agreements for the KDFA bonds include certain restrictive covenants relating to the acquisition and disposition of property, incurrence of additional indebtedness, level of fees and rates charged, level of days cash on hand, and level of indebtedness with respect to unrestricted net assets. The covenant in the master trust indenture regarding level of fees and rates charged requires that fees and rates for services be set at levels sufficient for the obligated group to produce income available for debt service in each fiscal year equal to 115 percent of the maximum annual debt service requirements of all debt outstanding for such fiscal year. The covenant in the supplemental master trust indentures regarding the level of days cash on hand requires that those levels equal or exceed 75 days cash on hand at December 31 and June 30 of each fiscal year. The covenant in the supplemental master trust indentures regarding the level of indebtedness with respect to unrestricted net assets requires that the level of indebtedness divided by the sum of indebtedness and unrestricted net assets not exceed 65 percent.

Scheduled principal repayments on long-term debt for the next five years and thereafter are as follows:

	Total
2015	$ 2,225,000
2016	2,330,000
2017	2,445,000
2018	2,545,000
2019	2,655,000
Thereafter	45,440,000
	$ 57,640,000

Total interest costs are summarized as follows:

	2014	2013
Total interest incurred	$ 3,145,444	$ 3,760,628
Amortization of bond premium	(77,547)	(95,754)
Amortization of bond discount	4,705	11,907
Amortization of deferred debt issue costs	48,374	58,376
	3,120,976	3,735,157
Less		
Interest earned on borrowed funds held by trustee offset against capitalized interest costs	(14)	(35,419)
Net capitalized interest costs	(122,050)	(786,437)
Interest expense	$ 2,998,912	$ 2,913,301

NOTE H - DUE TO PAWNEE COUNTY

PVCH has an affiliation agreement with Pawnee County (see Note A1). The affiliation agreement can be terminated by either PVCH or Pawnee County by giving 180 days notice to the other party. If the affiliation agreement is terminated, PVCH must transfer all of its net assets to Pawnee County, excluding any property and equipment purchased and owned by PVCH for which it received no reimbursement from Pawnee County for the purchase. Any such property and equipment owned by PVCH at the time of the termination of the affiliation agreement must be purchased from PVCH by Pawnee County at a price equal to the book value of the property and equipment. Accordingly, PVCH has recorded a liability to Pawnee County for the unrestricted net assets that will revert to Pawnee County if the affiliation agreement is terminated. This liability is classified as a long-term liability in the consolidated balance sheets since the affiliation agreement is not expected to be terminated within one year of the consolidated balance sheet date.

NOTE I - 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. Temporarily restricted net assets are available from the following sources for the following purposes or periods.

	2014	2013
HMC Foundation		
Use by various Medical Center departments	$ 1,048,817	$ 974,720
Purchase of property and equipment for the Medical Center	4,423,481	4,958,866
Use for the Medical Center in future periods	190,000	185,000
Hadley Foundation		
Use for the Medical Center in future periods	9,870,431	8,478,943
PVCH Foundation		
Use for PVCH in future periods	409,383	
	$ 15,942,112	$ 14,597,529

Permanently restricted net assets have been restricted by donors to be maintained in perpetuity. Permanently restricted net assets consist of the following:

	2014	2013
HMC Foundation endowments for the the Medical Center		
Income to be used for specific purposes designated by donors	$ 2,397,804	$ 2,345,617
Income unrestricted as to use	49,747	49,747
Hadley Foundation endowments for the Medical Center		
Income unrestricted as to use	1,000,000	900,000
	$ 3,447,551	$ 3,295,364

NOTE J - ENDOWMENT FUNDS

The Board of Trustees of the HMC Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the HMC Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the HMC Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the HMC Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1) The duration and preservation of the fund.

2) The purposes of the HMC Foundation and the donor-restricted endowment fund.

3) General economic conditions.

4) The possible effect of inflation and deflation.

5) The expected total return from income and the appreciation of investments.

6) Other resources of the HMC Foundation.

7) The investment policies of the HMC Foundation.

The net asset classification of endowment funds is as follows at June 30, 2014.

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$ -	$ 795,714	$3,447,551	$ 4,243,265
Board-designated endowment funds	6,134,507			6,134,507
Total endowment funds	$6,134,507	$ 795,714	$3,447,551	$10,377,772

NOTE J - ENDOWMENT FUNDS - Continued

Changes in Board and donor endowed net assets for the year ended June 30, 2014, are summarized as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	$6,006,791	$ 631,075	$3,295,364	$ 9,933,230
Net investment income	127,113	207,975		335,088
Gifts and bequests	2,151		152,187	154,338
Appropriation of endowment assets for expenditure	(1,548)	(43,336)		(44,884)
Endowment net assets, end of year	$6,134,507	$ 795,714	$3,447,551	$10,377,772

The net asset classification of endowment funds is as follows at June 30, 2013:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$ -	$ 631,075	$3,295,364	$ 3,926,439
Board-designated endowment funds	6,006,791			6,006,791
Total endowment funds	$6,006,791	$ 631,075	$3,295,364	$ 9,933,230

Changes in Board and donor endowed net assets for the year ended June 30, 2013, are summarized as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	$5,860,673	$ 427,522	$3,192,585	$ 9,480,780
Net investment income	142,535	245,977		388,512
Gifts and bequests	4,147		102,779	106,926
Appropriation of endowment assets for expenditure	(564)	(42,424)		(12,388)
Endowment net assets, end of year	$6,006,791	$ 631,075	$3,295,364	$ 9,933,230

NOTE J - ENDOWMENT FUNDS - Continued

Return objectives and risk parameters

The HMC Foundation has adopted an investment policy for endowment assets that attempts to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the HMC Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield of the S&P 500 index while assuming a moderate level of investment risk.

Endowed funds are credited with earnings equal to the average total investment portfolio return for the past three years. A portion of the annual endowed fund investment earnings is also designated as an increase to the corpus to maintain the purchasing power of the original gift. This annual designation is determined by the Consumer Price Index for all Urban Consumers (CPI-U). The HMC Foundation expects its endowment funds, over time, to provide an average rate of return of approximately CPI-U plus 5 percent.

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, the HMC Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The HMC Foundation targets a diversified asset allocation based upon time horizon, risk tolerances, performance expectations, and asset class preferences as identified by the Board of Trustees.

NOTE K - OTHER OPERATING REVENUES

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 electronic health record (EHR) technology. These provisions of ARRA are intended to promote the adoption and meaningful use of interoperable health information technology and qualified EHR technology.

The HaysMed Group recognizes revenue for EHR incentive payments when the hospital facilities and physician practices have attested that they have demonstrated meaningful use of certified EHR technology for the applicable period. The demonstration of meaningful use is based on meeting a series of objectives and varies among hospital facilities and physician practices and between the Medicare and Medicaid programs. Additionally, meeting the series of objectives in order to demonstrate meaningful use becomes progressively more stringent as its implementation is phased in through stages as outlined by CMS. The Medical Center received approximately $923,400 and $1,430,000 in EHR incentive payments during the years ended June 30, 2014 and 2013, respectively. These amounts are included in other operating revenues in the consolidated statements of operations and changes in net assets.

NOTE K - OTHER OPERATING REVENUES - Continued

The HaysMed Group incurs both capital expenditures and operating expenses in connection with the implementation of its EHR initiatives. The amounts and timing of these expenditures do not directly correlate with the timing of the HaysMed Group's recognition of EHR incentive payments as revenue.

NOTE L - FUNCTIONAL EXPENSES

The HaysMed Group provides general health care services to residents of its service area. Expenses related to providing these services are as follows:

	2014	2013
Health care services	$ 168,127,293	$ 165,995,281
General and administrative	26,261,640	27,627,322
	$ 194,388,933	$ 193,622,603

NOTE M - PENSION PLANS

Through December 31, 2013, the Hays Medical Center, Inc. Employees' Pension Plan, a defined contribution pension plan with a money purchase and a 403(b) arrangement, provided for employer contributions equal to 3.50 percent of participants' eligible wages and additional employer contributions matching participant contributions, not to exceed 2.00 percent of the participants' eligible wages. Effective January 1, 2014, the Plan now provides for employer contributions matching participant contributions, not to exceed 6.00 percent of the participants' eligible wages. Additionally, participants may contribute up to the 403(b) elective deferral limits allowed by law. The contributions are invested as directed by the participants. To be eligible, participants must have completed six months of service and be at least 21 years of age.

The Medical Center also maintains a nonqualified executive benefit plan to provide certain key employees with life and disability insurance and deferred compensation benefits in excess of normal pension benefits. Insurance benefits are based on annual salary amounts and deferred compensation benefits are contributed by the Medical Center at 15 percent of annual compensation. Deferred compensation contributions by the Medical Center were $300,988 for the year ended June 30, 2014, and $328,797 for the year ended June 30, 2013.

In 2003, the Medical Center established a nonqualified 457(b) deferred compensation plan. This plan allows certain key employees the option of deferring compensation of $17,500 for calendar years 2014 and 2013, in addition to the employees' contributions to the pension plan.

The amounts contributed and deferred under the nonqualified plans remain general assets of the Medical Center until distributed to the participants. Total pension expense under these arrangements was $3,343,020 for the year ended June 30, 2014, and $3,748,079 for the year ended June 30, 2013.

NOTE N - PROFESSIONAL LIABILITY INSURANCE

For the years ended June 30, 2014 and 2013, the HaysMed Group was insured for professional liability under a comprehensive hospital liability policy provided by an independent insurance carrier with limits of $200,000 per occurrence up to an annual aggregate of $600,000 for all claims made during the policy year. The HaysMed Group is further covered by the Kansas Health Care Stabilization Fund for claims in excess of its comprehensive hospital liability policy up to $800,000 pursuant to any one judgment or settlement against the HaysMed Group for any one party, subject to an aggregate limitation for all judgments or settlements arising from all claims made in the policy year in the amount of $2,400,000. The policy provided by the independent insurance carrier provides for umbrella liability coverage in excess of the underlying limits set forth above in the amount of $1,000,000 per occurrence with an aggregate amount in any policy year of $3,000,000. The HaysMed Group also carries excess liability coverage for general liability and professional liability of $10,000,000 for each occurrence and in the aggregate. All coverage is on a claims-made basis. The above policies have been renewed for the policy period from January 1, 2014 to January 1, 2015. The HaysMed Group intends to renew this coverage on that date and is aware of no reason why such coverage would be denied at that time.

No accrual for possible losses attributable to incidents that may have occurred but that have not been identified under the HaysMed Group's incident reporting system has been made because the amount is not reasonably estimable. Based on historical experience and present conditions, it is the opinion of management that any claims or expenses related to periods prior to June 30, 2014, will have no material effect on the consolidated financial statements of the HaysMed Group.

NOTE O - OPERATING LEASES

The HaysMed Group leases various buildings and equipment under operating leases with terms ending through the year ending June 30, 2020

Rental expense from these operating leases was $1,444,142 and $1,475,152 for the years ended June 30, 2014 and 2013, respectively. Scheduled future minimum rental payments for operating leases that have initial or remaining noncancellable lease terms in excess of one year as of June 30, 2014, are as follows:

2015	$ 756,588
2016	712,109
2017	638,696
2018	299,482
2019	30,550
	$ 2,437,425

NOTE P - CONCENTRATION OF CREDIT RISK

At June 30, 2014, the HaysMed Group had uninsured balances on deposit with financial institutions of approximately $18,163,000. Of that amount, approximately $12,181,000 was invested in an overnight repurchase account collateralized by U.S. government or other highly-liquid securities. While not insured or guaranteed by the U.S. government, management believes the credit risk related to these other liquid asset investments is minimal.

The HaysMed Group grants credit without collateral to its patients, most of who are area residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors is summarized as follows:

	2014	2013
Medicare	37%	37%
Medicaid	7	7
Blue Cross	18	18
Other third-party payors	20	17
Patients	18	21
	100%	100%

NOTE Q - PLEDGED ASSETS

At June 30, 2014 and 2013, $395,000 in certificates of deposit was pledged to the State of Kansas as security against future unemployment claims.

NOTE R - CONTINGENCIES

The HaysMed Group is involved in litigation arising in the normal course of business. After consulting with legal counsel, it is management's opinion that these matters will be resolved without material adverse effect to the HaysMed Group's consolidated financial position or consolidated results from operations.

NOTE S - FAIR VALUE OF FINANCIAL INSTRUMENTS

The HaysMed Group has adopted the provisions of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 820, *Fair Value Measurement*, which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

FASB ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB ASC 820 also establishes a fair value hierarchy that gives highest priority to use of observable inputs and lowest priority to use of unobservable inputs. The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the HaysMed Group has the ability to access.

NOTE S - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

Level 2 inputs to the valuation methodology are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs to the valuation methodology are unobservable, supported by little or no market activity, and are significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following is a description of the valuation methodologies used by the HaysMed Group for assets measured at fair value on a recurring basis:

Fixed income mutual funds; common stocks; domestic equity, foreign equity, and commodity mutual funds; and publicly traded private equity funds are valued at unadjusted quoted prices for identical securities in active markets.

U.S. Government obligations, U.S. Government agency obligations, corporate bonds, and mortgage backed securities are valued at prices provided by independent pricing services.

Hedge funds consist of three hedge funds that invest in other hedge funds and are valued at the net asset value per share of the investments as provided by an independent pricing service. Redemption provisions vary by fund, and are generally allowed semi-annually with 60 to 95 days notice.

The private equity fund included in the Level 3 hierarchy is a limited partnership that invests in private equity funds or other partnerships that are not publicly traded and is valued at the net asset value of the Medical Center's interest in partners' capital. Redemptions are not allowed until 2022, at which time the general partner can exercise up to three one-year extensions of the lockup period.

The real estate limited partnership is valued at the net asset value of the Medical Center's interest in partners' capital. Redemptions are allowed quarterly with 60 days notice.

NOTE S - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

The following table sets forth, by level, the HaysMed Group's assets measured at fair value on a recurring basis.

	June 30, 2014			
	Level 1	Level 2	Level 3	Total
U.S. Government obligations	$	$ 2,122,918	$ -	$ 2,122,918
U.S. Government agency obligations		2,636,368		2,636,368
Corporate bonds		5,679,225		5,679,225
Fixed income mutual funds	14,383,717			14,383,717
Mortgage backed securities		11,851,908		11,851,908
Common stocks	21,130,015			21,130,015
Domestic equity mutual funds	11,545,334			11,545,334
Foreign equity mutual funds	16,926,107			16,926,107
Commodity mutual funds	7,607,524			7,607,524
Hedge funds			21,239,625	21,239,625
Private equity funds	2,336,185		1,969,850	5,306,035
Real estate limited partnership			6,454,152	6,454,152
	$ 74,928,882	$ 22,290,419	$ 29,663,627	$ 126,882,928

	June 30, 2013			
	Level 1	Level 2	Level 3	Total
U.S. Government obligations	$ -	$ 1,034,313	$ -	$ 1,034,313
U.S. Government agency obligations		4,111,293		4,111,293
Corporate bonds		11,487,298		11,487,298
Fixed income mutual funds	25,678,084			25,678,084
Mortgage backed securities		737,144		737,144
Common stocks	19,329,097			19,329,097
Domestic equity mutual funds	17,297,136			17,297,136
Foreign equity mutual funds	10,302,062			10,302,062
Commodity mutual funds	5,570,467			5,570,467
Hedge funds			19,428,787	19,428,787
Private equity funds	4,474,952		864,963	5,339,915
Real estate limited partnership			5,764,946	5,764,946
	$ 82,651,798	$ 17,370,048	$ 26,058,696	$ 126,080,542

NOTE S - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

Activity for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the year ended June 30, 2014, is summarized as follows:

	Hedge funds	Private equity limited partnership	Real estate limited partnership	Total
Balance at June 30, 2013	$19,428,787	$ 864,963	$ 5,764,946	$26,058,696
Purchases		897,419		897,419
Unrealized gains included in other changes in net assets	1,810,838	207,468	689,206	2,707,512
Balance at June 30, 2014	$21,239,625	$ 1,969,850	$ 6,454,152	$29,663,627

Activity for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the year ended June 30, 2013, is summarized as follows:

	Hedge funds	Private equity limited partnership	Real estate limited partnership	Total
Balance at June 30, 2012	$10,502,927	$ 928,363	$ 4,597,672	$16,028,962
Realized gains (losses) included in investment income	(6,556)			(6,556)
Purchases	8,150,000	302,772	700,000	9,152,772
Distributions		(374,402)		(374,402)
Sales	(540,243)			(540,243)
Unrealized gains included in other changes in net assets	1,322,659	8,230	467,274	1,798,163
Balance at June 30, 2013	$19,428,787	$ 864,963	$ 5,764,946	$26,058,696

The following methods and assumptions were used by the HaysMed Group in estimating the fair value of its financial instruments, other than financial instruments measured at fair value on a recurring basis:

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

Patient accounts receivable: The carrying amount reported in the consolidated balance sheets for patient accounts receivable approximates their fair value.

NOTE S - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

Other receivables: The carrying amount reported in the consolidated balance sheets for other receivables approximates their fair value.

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

Assets whose use is limited: HMC Foundation assets not measured at fair value on a recurring basis consist primarily of cash, cash equivalents, pledges receivable, and interest receivable. The carrying amounts reported in the consolidated balance sheets for these items approximate their fair value.

Accounts payable, accrued expenses, and other current liabilities: The carrying amounts reported in the consolidated balance sheets for accounts payable, accrued compensation, and other current liabilities approximate their fair value.

Long-term debt: The carrying value of the bonds payable was $57,750,650 at June 30, 2014. Fair value of those bonds based on quoted prices in active markets was $60,830,274 at June 30, 2014.

SUPPLEMENTARY INFORMATION

HAYS MEDICAL CENTER, INC., AND AFFILIATES

SUPPLEMENTARY CONSOLIDATING SCHEDULE, BALANCE SHEET INFORMATION

June 30, 2014

	Hays Medical Center, Inc	Hays Medical Center Foundation, Inc.	Eliminating and consolidating entries	Bond Obligated Group subtotal	Pawnee Valley Community Hospital	Eliminating and consolidating entries	Consolidated
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	$ 7,033,827	$ -	$ -	$ 7,033,827	$ 4,775,783	$ -	$ 11,809,610
Assets whose use is limited							-
Patient accounts receivable	28,762,873			28,762,873	2,330,522		31,093,395
Other receivables	1,805,553			1,805,553	24,483		1,830,036
Estimated third-party payor settlements	2,827,143			2,827,143	99,868		2,927,011
Intercompany receivables	2,364,807		(24,447)	2,340,360		(2,340,360)	
Inventories	4,265,574			4,265,574	265,762		4,531,336
Prepaid expenses	3,701,097			3,701,097	113,774		3,814,871
Total current assets	50,760,874	-	(24,447)	50,736,427	7,610,192	(2,340,360)	56,006,259
ASSETS WHOSE USE IS LIMITED							
Internally designated for capital improvements	108,162,023			108,162,023			108,162,023
By indenture agreement - held by trustee	2,037,125			2,037,125			2,037,125
Foundation assets		29,379,179	(1,100,000)	28,279,179			28,279,179
Beneficial interest in net assets of foundations	8,770,431		1,100,000	9,870,431	409,383		10,279,814
	118,969,579	29,379,179	-	148,348,758	409,383	-	148,758,141
Less amounts required to meet current obligations							
	118,969,579	29,379,179	-	148,348,758	409,383	-	148,758,141
PROPERTY AND EQUIPMENT, NET	84,615,908	-	-	84,615,908	-	-	84,615,908
OTHER ASSETS							
Debt issue costs	608,266			608,266			608,266
Other	7,585,125			7,585,125			7,585,125
	8,193,391	-		8,193,391	-	-	8,193,391
Total assets	$ 262,539,752	$ 29,379,179	$ (24,447)	$ 291,894,484	$ 8,019,575	$ (2,340,360)	$ 297,573,699

HAYS MEDICAL CENTER, INC., AND AFFILIATES

SUPPLEMENTARY CONSOLIDATING SCHEDULE, BALANCE SHEET INFORMATION - CONTINUED

June 30, 2014

	Hays Medical Center, Inc.	Hays Medical Center Foundation, Inc.	Eliminating and consolidating entries	Bond Obligated Group subtotal	Pawnee Valley Community Hospital	Eliminating and consolidating entries	Consolidated
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Current maturities of long-term debt	$ 2,225,000	$ -	$ -	$ 2,225,000	$ -	$ -	$ 2,225,000
Accounts payable	5,271,406	53,096		5,324,502	270,822		5,595,324
Estimated third-party payor settlements	1,106,643			1,106,643	165,000		1,271,643
Accrued compensation	7,756,769			7,756,769	490,079		8,246,848
Other current liabilities	2,849,512			2,849,512	148,035		2,997,547
Intercompany payables		24,447	(24,447)		2,340,360	(2,340,360)	
Total current liabilities	19,209,330	77,543	(24,447)	19,262,426	3,414,296	(2,340,360)	20,336,362
DEFERRED COMPENSATION PAYABLE	6,868,590			6,868,590			6,868,590
LONG-TERM DEBT, less current maturities	55,525,650			55,525,650			55,525,650
DUE TO PAWNEE COUNTY					4,195,896		4,195,896
Total liabilities	81,603,570	77,543	(24,447)	81,656,666	7,610,192	(2,340,360)	86,926,498
NET ASSETS							
Unrestricted	172,165,751	19,091,787		191,257,538			191,257,538
Temporarily restricted	8,770,431	6,762,298		15,532,729	409,383		15,942,112
Permanently restricted		3,447,551		3,447,551			3,447,551
Total net assets	180,936,182	29,301,636	-	210,237,818	409,383	-	210,647,201
Total liabilities and net assets	$ 262,539,752	$ 29,379,179	$ (24,447)	$ 291,894,484	$ 8,019,575	$ (2,340,360)	$ 297,573,699

HAYS MEDICAL CENTER, INC., AND AFFILIATES

SUPPLEMENTARY CONSOLIDATING SCHEDULE, STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS INFORMATION

Year ended June 30, 2014

	Hays Medical Center, Inc.	Hays Medical Center Foundation, Inc.	Eliminating and consolidating entries	Bond Obligated Group subtotal	Pawnee Valley Community Hospital	Eliminating and consolidating entries	Consolidated
Revenues, gains, and other support							
Patient service revenue	$ 188,746,885	$ -	$ -	$ 188,746,885	$ 16,271,321	$ -	$ 205,018,206
Provision for bad debts	(13,024,926)			(13,024,926)	(1,384,494)		(14,409,420)
Net patient service revenue	175,721,959	-	-	175,721,959	14,886,827	-	190,608,786
Other revenues	10,204,021			10,204,021	295,237	(2,433,657)	8,065,601
Total revenues, gains, and other support	185,925,980	-	-	185,925,980	15,182,064	(2,433,657)	198,674,387
Expenses							
Salaries and wages	79,843,984			79,843,984	4,755,900		84,599,884
Employee benefits	18,495,916			18,495,916	1,205,103		19,701,019
Supplies and other	71,303,524			71,303,524	6,335,200	(2,433,657)	75,205,067
Depreciation and amortization	11,313,985			11,313,985			11,313,985
Interest	2,998,912			2,998,912	4,613	(4,613)	2,998,912
Loss on debt extinguishment	570,066			570,066			570,066
Total expenses	184,526,387	-	-	184,526,387	12,300,816	(2,438,270)	194,388,933
Income from operations	1,399,593	-	-	1,399,593	2,881,248	4,613	4,285,454
Other income and expenses							
Gifts and bequests	1,601,785	1,648,317	(2,201,785)	1,048,317	11,063		1,059,380
Investment income	5,370,424	1,318,397		6,688,821	6,148	(4,613)	6,690,356
Investment fees and related expenses	(228,239)			(228,239)			(228,239)
Loss on disposal of assets	(22,072)			(22,072)			(22,072)
Other					1,146		1,146
Change in beneficial interest in net assets of foundations	1,208,155		600,000	1,808,155	409,363		2,217,538
Fund-raising and other expenses		(2,206,931)	1,601,785	(605,146)			(605,146)
	7,930,053	759,783	-	8,689,836	427,740	(4,613)	9,112,963
Excess of revenues over expenses	9,329,646	759,783	-	10,089,429	3,308,988	-	13,398,417
Change in net unrealized gains and losses	8,425,601	2,087,421		10,513,022			10,513,022
Net transfers to Pawnee County					(1,551,670)		(1,551,670)
Change in amount due to Pawnee County					(1,347,935)		(1,347,935)
Change in net assets	17,755,247	2,847,204	-	20,602,451	409,383	-	21,011,834
Net assets at beginning of year	163,180,935	26,454,432		189,635,367			189,635,367
Net assets at end of year	$ 180,936,182	$ 29,301,636	$ -	$ 210,237,818	$ 409,383	$ -	$ 210,647,201

HAYS MEDICAL CENTER, INC., AND AFFILIATES

SUPPLEMENTARY CONSOLIDATING SCHEDULE, BALANCE SHEET INFORMATION

June 30, 2013

	Hays Medical Center, Inc.	Hays Medical Center Foundation, Inc.	Eliminating and consolidating entries	Bond Obligated Group subtotal	Pawnee Valley Community Hospital	Eliminating and consolidating entries	Consolidated
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	$ 4,267,987	$ -	$ -	$ 4,267,987	$ 2,959,431	$ -	$ 7,227,418
Assets whose use is limited	740,975			740,975			740,975
Patient accounts receivable	30,002,457			30,002,457	2,012,785		32,015,242
Other receivables	2,449,969			2,449,969	100,428		2,550,397
Estimated third-party payor settlements	948,819			948,819	208,797		1,157,616
Intercompany receivables	1,899,388		(56,087)	1,843,301		(1,843,301)	
Inventories	4,345,938			4,345,938	242,175		4,588,113
Prepaid expenses	3,700,959			3,700,959	110,847		3,811,806
Total current assets	48,356,492	-	(56,087)	48,300,405	5,634,463	(1,843,301)	52,091,567
ASSETS WHOSE USE IS LIMITED							
Internally designated for capital improvements	111,533,542			111,533,542			111,533,542
By indenture agreement - held by trustee	6,552,108			6,552,108			6,552,108
Foundation assets		26,533,933	(916,667)	25,617,266			25,617,266
Beneficial interest in net assets of foundations	7,562,276		916,667	8,478,943			8,478,943
	125,647,926	26,533,933	-	152,181,859	-	-	152,181,859
Less amounts required to meet current obligations	740,975			740,975			740,975
	124,906,951	26,533,933	-	151,440,884	-	-	151,440,884
PROPERTY AND EQUIPMENT, NET	82,182,907	-	-	82,182,907	-	-	82,182,907
OTHER ASSETS							
Debt issue costs	893,903			893,903			893,903
Other	6,381,209			6,381,209			6,381,209
	7,275,112	-	-	7,275,112	-	-	7,275,112
Total assets	$ 262,721,462	$ 26,533,933	$ (56,087)	$ 289,199,308	$ 5,634,463	$ (1,843,301)	$ 292,990,470

HAYS MEDICAL CENTER, INC., AND AFFILIATES

SUPPLEMENTARY CONSOLIDATING SCHEDULE, BALANCE SHEET INFORMATION CONTINUED

June 30, 2013

	Hays Medical Center, Inc	Hays Medical Center Foundation, Inc	Eliminating and consolidating entries	Bond Obligated Group subtotal	Pawnee Valley Community Hospital	Eliminating and consolidating entries	Consolidated
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Current maturities of long-term debt	$ 2,130,000	$ -	$ -	$ 2,130,000	$ -	$ -	$ 2,130,000
Accounts payable	6,306,320	23,414		6,329,734	253,931		6,583,665
Estimated third-party payor settlements	696,968			696,968	81,000		777,968
Accrued compensation	7,753,101			7,753,101	482,078		8,235,179
Other current liabilities	3,082,630			3,082,630	126,190		3,208,620
Intercompany payables		56,087	(56,087)		1,843,301	(1,843,301)	
Total current liabilities	19,969,019	79,501	(56,087)	19,992,433	2,786,500	(1,843,301)	20,935,632
DEFERRED COMPENSATION PAYABLE	5,655,819			5,655,819			5,655,819
LONG-TERM DEBT, less current maturities	73,915,689			73,915,689			73,915,689
DUE TO PAWNEE COUNTY					2,847,963		2,847,963
Total liabilities	99,540,527	79,501	(56,087)	99,563,941	5,634,463	(1,843,301)	103,355,103
NET ASSETS							
Unrestricted	155,618,659	16,123,815		171,742,474			171,742,474
Temporarily restricted	7,562,276	7,035,253		14,597,529			14,597,529
Permanently restricted		3,295,364		3,295,364			3,295,364
Total net assets	163,180,935	26,454,432	-	189,635,367	-		189,635,367
Total liabilities and net assets	$ 262,721,462	$ 26,533,933	$ (56,087)	$ 289,199,308	$ 5,634,463	$ (1,843,301)	$ 292,990,470

HAYS MEDICAL CENTER, INC., AND AFFILIATES

SUPPLEMENTARY CONSOLIDATING SCHEDULE, STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS INFORMATION

Year ended June 30, 2013

	Hays Medical Center, Inc.	Hays Medical Center Foundation, Inc.	Eliminating and consolidating entries	Bond Obligated Group subtotal	Pawnee Valley Community Hospital	Eliminating and consolidating entries	Consolidated
Revenues, gains, and other support							
Patient service revenue	$ 192,404,935	$ -	$ -	$192,404,935	$ 14,801,912	$ -	$207,206,847
Provision for bad debts	(15,323,929)			(15,323,929)	(1,864,499)		(17,188,428)
Net patient service revenue	177,081,006	-	-	177,081,006	12,937,413	-	190,018,419
Other revenues	11,682,459			11,682,459	219,711	(2,291,825)	9,610,345
Total revenues, gains, and other support	188,763,465	-	-	188,763,465	13,157,124	(2,291,825)	199,628,764
Expenses							
Salaries and wages	78,530,495			78,530,495	4,417,384		82,947,879
Employee benefits	18,535,839			18,535,839	1,157,774		19,693,613
Supplies and other	73,702,898			73,702,898	5,874,537	(2,075,842)	77,501,593
Depreciation and amortization	10,566,217			10,566,217			10,566,217
Interest	2,913,301			2,913,301	6,817	(6,817)	2,913,301
Total expenses	184,248,750	-	-	184,248,750	11,456,512	(2,082,659)	193,622,603
Income from operations	4,514,715	-	-	4,514,715	1,700,612	(209,166)	6,006,161
Other income and expenses							
Gifts and bequests		580,629	(100,000)	480,629	9,589		490,218
Investment income	4,800,327	1,225,947		6,026,274	5,560	(6,817)	6,025,017
Investment fees and related expenses	(231,935)			(231,935)			(231,935)
Loss on disposal of assets	(163,773)			(163,773)			(163,773)
Other					500		500
Change in beneficial interest in net assets of foundations	1,187,325		100,000	1,287,325			1,287,325
Fund-raising and other expenses		(570,437)		(570,437)			(570,437)
	5,591,944	1,236,139	-	6,828,083	15,649	(6,817)	6,836,915
Excess of revenues over expenses	10,106,659	1,236,139	-	11,342,798	1,716,261	(215,983)	12,843,076
Change in net unrealized gains and losses	4,616,975	1,077,284		5,694,259			5,694,259
Net transfers to Pawnee County					(470,050)		(470,050)
Change in amount due to Pawnee County					(1,152,850)		(1,152,850)
Other					(93,361)	215,983	122,622
Change in net assets	14,723,634	2,313,423	-	17,037,057	-	-	17,037,057
Net assets at beginning of year	148,457,301	24,141,009		172,598,310			172,598,310
Net assets at end of year	$ 163,180,935	$ 26,454,432	$ -	$189,635,367	$ -	$ -	$189,635,367

HAYS MEDICAL CENTER INC., AND AFFILIATES

SCHEDULE OF ASSETS, LIABILITIES, AND NET ASSETS

FOR HAYS MEDICAL CENTER FOUNDATION, INC.

June 30,

ASSETS

	2014	2013
Cash and cash equivalents	$ 2,424,517	$ 2,909,126
U.S. Government and agency obligations	826,554	683,916
Corporate bonds	986,322	890,252
Fixed income mutual funds	2,516,788	4,085,235
Mortgage backed securities	2,058,343	116,783
Common stocks	5,271,022	4,040,205
Equity mutual funds	5,042,563	4,455,569
Commodity mutual funds	1,325,903	885,645
Private equity funds	921,509	845,985
Real estate limited partnership	1,120,905	913,321
Hedge funds	3,688,725	3,078,038
Pledges receivable, net of allowance for uncollectible pledges of $25,000 in 2014 and 2013	2,990,387	3,428,053
Beneficial interest in remainder trust	190 000	185,000
Interest receivable	15,641	16,805
Total assets	$ 29,379,179	$ 26,533,933

LIABILITIES AND NET ASSETS

Accounts payable	$ 53,096	$ 23,414
Due to Hays Medical Center	24,447	56,087
Total liabilities	77,543	79,501
Net assets		
Unrestricted	19,091,787	16,123,815
Temporarily restricted	6,762,298	7,035,253
Permanently restricted	3,447,551	3,295,364
Total net assets	29,301,636	26,454,432
Total liabilities and net assets	$ 29,379,179	$ 26,533,933

HAYS MEDICAL CENTER, INC., AND AFFILIATES

SCHEDULE OF ASSETS, LIABILITIES, AND NET ASSETS

FOR PAWNEE VALLEY COMMUNITY HOSPITAL

June 30,

ASSETS

	2014	2013
CURRENT ASSETS		
Cash and cash equivalents	$ 4,775,783	$ 2,959,431
Patient accounts receivable, net of allowance for uncollectible accounts of $525,000 in 2014 and $575,000 in 2013	2,330,522	2,012,785
Other receivables	24,483	100,428
Estimated third-party payor settlements	99,868	208,797
Inventories	265,762	242,175
Prepaid expenses	113,774	110,847
Total current assets	7,610,192	5,634,463
Beneficial interest in net assets of foundation	409,383	
Total assets	$ 8,019,575	$ 5,634,463

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	$ 270,822	$ 253,931
Estimated third-party payor settlements	165,000	81,000
Accrued compensation	490,079	482,078
Other current liabilities	148,035	126,190
Due to Hays Medical Center	2,340,360	1,843,301
Total current liabilities	3,414,296	2,786,500
DUE TO PAWNEE COUNTY	4,195,896	2,847,963
Total liabilities	7,610,192	5,634,463
NET ASSETS		
Temporarily restricted	409,383	-
Total liabilities and net assets	$ 8,019,575	$ 5,634,463

HAYS MEDICAL CENTER, INC., AND AFFILIATES

SCHEDULE OF OPERATIONS AND CHANGES IN NET ASSETS

FOR PAWNEE VALLEY COMMUNITY HOSPITAL

Year ended June 30,

	2014	2013
Revenues, gains, and other support		
Patient service revenue	$ 16,271,321	$ 14,801,912
Provision for bad debts	(1,384,494)	(1,864,499)
Net patient service revenue	14,886,827	12,937,413
Other revenues	295,237	219,711
Total revenues, gains, and other support	15,182,064	13,157,124
Expenses		
Salaries and wages	4,755,900	4,417,384
Employee benefits	1,205,103	1,157,774
Supplies and other	6,335,200	5,874,537
Interest	4,513	6,817
Total expenses	12,300,816	11,456,512
Income from operations	2,881,248	1,700,612
Other income		
Gifts and bequests	11,063	9,589
Investment income	6,148	5,560
Other	1,146	500
Change in beneficial interest in net assets of foundation	409,383	
	427,740	15,649
Excess of revenues over expenses	3,308,988	1,716,261
Transfers to Pawnee County	(1,551,670)	(470,050)
Change in amount due to Pawnee County	(1,347,935)	(1,152,850)
Other		(93,361)
Change in net assets	409,383	-
Net assets at beginning of year		
Net assets at end of year	$ 409,383	$ -