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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 black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047

2010

Open to Public Inspection

A For the 2010 calendar year, or tax year beginning 07-01-2010 and ending 06-30-2011

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

C Name of organization
GASTON MEMORIAL HOSPITAL INC

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
2525 COURT DRIVE PO BOX 1747

City or town, state or country, and ZIP + 4
GASTONIA, NC 280531747

D Employer identification number
56-0619359

E Telephone number
(704) 834-2000

G Gross receipts $ 410,972,492

F Name and address of principal officer
DAVID O'CONNOR
2525 COURT DRIVE PO BOX 1747
GASTONIA, NC 280531747

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

H(b) Are all affiliates 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 CAROMONT ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1945 | **M** State of legal domicile NC

Part I Summary

1 Briefly describe the organization's mission or most significant activities
TO PROVIDE EXCEPTIONAL HEALTH CARE TO THE COMMUNITIES WE SERVE

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

3	Number of voting members of the governing body (Part VI, line 1a)	3	14
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	11
5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	5	3,023
6	Total number of volunteers (estimate if necessary)	6	291
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	619,518
b	Net unrelated business taxable income from Form 990-T, line 34	7b	74,649

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	373,678	119,286
9	Program service revenue (Part VIII, line 2g)	378,127,914	405,735,809
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	112,375	41,896
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	5,155,165	5,018,302
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	383,769,132	410,915,293
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	88,799	257,503
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)	157,119,443	163,004,927
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–24f)	200,992,995	214,831,055
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	358,201,237	378,093,485
19	Revenue less expenses Subtract line 18 from line 12	25,567,895	32,821,808

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	324,420,647	332,063,801
21	Total liabilities (Part X, line 26)	314,318,521	307,061,339
22	Net assets or fund balances Subtract line 21 from line 20	10,102,126	25,002,462

Part II Signature Block

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

Sign Here

****** | 2013-02-25
Signature of officer | Date

DAVID O'CONNOR CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check if self-employed ▶☐	PTIN
AMY BIBBY	AMY BIBBY			

Firm's name ▶ DIXON HUGHES GOODMAN LLP | Firm's EIN ▶

Firm's address ▶ 500 RIDGEFIELD COURT
ASHEVILLE, NC 28806 | Phone no ▶ (828) 254-2254

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

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III . . . . . ☐

1 Briefly describe the organization's mission

TO PROVIDE EXCEPTIONAL HEALTH CARE TO THE COMMUNITIES WE SERVE

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 exempt purpose achievements for each of the organization's three largest program services by expenses Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts 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 $ 351,817,543 including grants of $ 257,503) (Revenue $ 405,678,029)

GASTON MEMORIAL HOSPITAL PROVIDES INPATIENT, OUTPATIENT, EMERGENCY, AND SURGICAL SERVICES TO THE RESIDENTS OF GASTON COUNTY AND SURROUNDING AREAS AT ITS 435 BED ACUTE CARE FACILITY PLEASE SEE SCHEDULE O FOR A CONTINUATION OF OUR PROGRAM SERVICE ACCOMPLISHMENTS

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** ▶ $ 351,817,543

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 instruction)?	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		
6	Did the organization maintain any donor advised funds or any similar funds or accounts where 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, 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 term, permanent,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, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	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, XII, and XIII 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, and program service activities outside the United States? *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 assistance to any organization or entity located outside the U S ? *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 assistance to individuals located outside the U S ? *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 hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants and 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, questions 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–24d and complete Schedule K. If "No," go to line 25*	**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	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," 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 a grant selection committee member, or to a person related to such an individual? *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, Parts II, III, IV, and V, line 1*	**34**	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)?	**35**		No
a	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* ☐ **Yes** ☑ **No**			
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 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 to any question in this Part V . . . . . .

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	341		
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	3,023		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			2b	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			3a	Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," 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?			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 to any question 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	14		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	11		
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	Yes	
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		5		No
6	Does the organization have members or stockholders?		6	Yes	
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?		7a	Yes	
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?		7b	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?		8a	Yes	
b	Each committee with authority to act on behalf of the governing body?		8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		9		No

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

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

Section C. Disclosure

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

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 make these available Check all that apply

☐ Own website ☑ Another's website ☑ Upon request

19 Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public See Additional Data Table

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

DAVID O'CONNOR
2525 COURT DRIVE
GASTONIA, NC 28054
(704) 834-2000

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

Check if Schedule O contains a response to any question 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, and **current** key employees 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, and 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 (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(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) H SPURGEON MACKIE JR CHAIRMAN	1 00	X		X				0	0	0
(2) SHEILA S REILLY PHD VICE CHAIR	1 00	X		X				0	0	0
(3) DR ROBERT D CROUCH SECRETARY	1 00	X		X				0	0	0
(4) WILLIAM K GARY SR TREASURER	1 00	X		X				0	0	0
(5) MARY FRANCES FORRESTER DIRECTOR	1 00	X						0	0	0
(6) KELVIN C HARRIS MD DIRECTOR	1 00	X						0	231,676	17,761
(7) JAMES H HOWARD JR DIRECTOR	1 00	X						0	0	0
(8) JAMES R BEAM DIRECTOR	1 00	X						0	0	0
(9) RICHARD K CRAIG DIRECTOR	1 00	X						0	0	0
(10) MICKEY PRICE DIRECTOR	1 00	X						0	0	0
(11) DR KATHY DRUM DIRECTOR	1 00	X						0	0	0
(12) DAVID ALLEN SMITH DIRECTOR	1 00	X						0	0	0
(13) M VINCENT QUINN DIRECTOR	1 00	X						0	0	0
(14) W BARRY SMITH DIRECTOR	1 00	X						0	0	0
(15) DR JOHN L SCHEITLER CHIEF-OF-STAFF	1 00	X						20,855	0	0
(16) DR H CLAYTON THOMASON III PAST CHIEF-OF-STAFF	1 00	X						30,000	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 (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(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			
(17) VALINDA L RUTLEDGE CEO	40 00			X				1,076,425	0	38,634
(18) DAVID O'CONNOR CFO/ASST TREASURER	40 00			X				692,572	0	39,820
(19) MARIA LONG EVP GEN COUNSEL/ASST SEC	40 00			X				487,588	0	33,654
(20) JAMES D HUBER VP MEDICAL SERVICES	40 00				X			527,556	0	24,567
(21) STEVEN A RUBIN VP PRACTICE MANAGEMENT	40 00				X			461,803	0	48,507
(22) TERRY L JONES EVP/CAO	40 00				X			816,277	0	90,600
(23) W K HARWELL VP PATIENT CARE SERVICES - FORMER KE	40 00					X		446,012	0	139,707
(24) ANDREA K SERRA VP WELLNESS - FORMER KE	40 00					X		385,625	0	46,032
(25) MICHAEL R JOHNSON AVP, CIO	40 00					X		288,841	0	61,392
(26) ROWENA BUFFETT TIMMS VP OF PUBLIC POLICY	40 00					X		306,035	0	17,060
(27) KATHLEEN L BESSON VP OF CLINICAL OPS	40 00					X		276,676	0	44,064
(28) WAYNE F SHOVELIN FORMER CEO	0 00						X	5,914,978	0	0
1b Sub-Total . . . . . ▶										
c Total from continuation sheets to Part VII, Section A . . . . ▶										
d Total (add lines 1b and 1c) . . . . . ▶								11,731,243	231,676	601,798

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 in reportable compensation from the organization ▶ 113

			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	Yes	
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *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

(A) Name and business address	(B) Description of services	(C) Compensation
SHARED (SIEMENS) MEDICAL SOLUTIONS 51 VALLEY STREAM PARKWAY MALVERN, PA 19355	INFORMATION SYSTEMS	4,991,005
MORRISON MANAGEMENT SPECIALISTS INC 3 WACHOVIA CENTER STE 3000 401 S CHARLOTTE, NC 28202	FOOD SERVICES MANAGEMENT	4,248,818
ARAMARK CTS 12483 COLLECTIONS CENTER DRIVE CHICAGO, IL 60693	BIOMED SERVICES	2,140,200
GASTON ANESTHESIA ASSOCIATES PO BOX 601713 CHARLOTTE, NC 28260	CRNA SERVICES	2,126,193
REHABCARE GROUP 7733 FORSYTH BLVD STE 1700 ST LOUIS, MO 63105	OP REHAB SERVICES	1,268,959

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 in compensation from the organization ▶ 46

Part VIII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a Federated campaigns . . 1a					
	b Membership dues 1b					
	c Fundraising events 1c					
	d Related organizations . . . 1d					
	e Government grants (contributions) 1e					
	f All other contributions, gifts, grants, and similar amounts not included above 1f	119,286				
	g Noncash contributions included in lines 1a-1f $					
	h **Total.** Add lines 1a-1f . . . . . ▶		119,286			
Program Service Revenue		Business Code				
	2a PATIENT SERVICES REVEN	621500	404,550,934	404,068,809	482,125	
	b PARTNERSHIP INCOME	541900	853,266	851,585	1,681	
	c AUXILIARY INCOME	621500	331,609	219,897	111,712	
	d					
	e					
	f All other program service revenue					
	g **Total.** Add lines 2a–2f . . . . . ▶		405,735,809			
	3 Investment income (including dividends, interest and other similar amounts) . . . . . ▶		99,095			99,095
	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					
	b Less cost or other basis and sales expenses		57,199			
	c Gain or (loss)		-57,199			
	d Net gain or (loss) . . . . . ▶		-57,199			-57,199
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 PHARMACY REVENUE	621500	2,173,456			2,173,456
	b CAFETERIA & VENDING IN	722210	2,048,851			2,048,851
	c DISCOUNTS & REBATES	621500	537,738	537,738		
	d All other revenue		258,257		24,000	234,257
	e **Total.** Add lines 11a–11d . . . . . ▶		5,018,302			
	12 **Total revenue.** See Instructions . . . ▶		410,915,293	405,678,029	619,518	4,498,460

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) but are not required to complete columns (B), (C), and (D).

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 U S See Part IV, line 21	257,503	257,503		
2 Grants and other assistance to individuals in the U S See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	4,508,634	919,053	3,589,581	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	54,468	54,468		
7 Other salaries and wages	127,338,862	116,843,848	10,495,014	
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	5,979,786	5,343,975	635,811	
9 Other employee benefits	15,821,584	14,199,224	1,622,360	
10 Payroll taxes	9,301,593	8,312,586	989,007	
a Fees for services (non-employees) Management	509,315		509,315	
b Legal	418,205	57,011	361,194	
c Accounting	27,388		27,388	
d Lobbying	263,852		263,852	
e Professional fundraising services *See Part IV, line 17*				
f Investment management fees				
g Other	39,084,210	35,888,182	3,196,028	
12 Advertising and promotion	1,056,718	138,623	918,095	
13 Office expenses	2,655,004	1,568,135	1,086,869	
14 Information technology	373,125	373,125		
15 Royalties				
16 Occupancy	9,167,315	9,167,315		
17 Travel	123,150	63,134	60,016	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	799,649	324,511	475,138	
20 Interest	11,114,018	11,114,018		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	26,833,269	26,833,269		
23 Insurance	1,369,881		1,369,881	
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a MEDICAL SUPPLIES	73,237,048	72,963,654	273,394	
b BAD DEBT	40,115,742	40,115,742		
c EQUIPMENT	5,529,915	5,497,322	32,593	
d RECRUITING	1,681,816	1,647,401	34,415	
e MISCELLANEOUS	418,078	135,444	282,634	
f All other expenses	53,357		53,357	
25 **Total functional expenses.** Add lines 1 through 24f	378,093,485	351,817,543	26,275,942	0
26 **Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		-3,285	1	-5,240
	2	Savings and temporary cash investments			2	
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		33,966,858	4	43,641,842
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	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) Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		5,676,105	8	6,558,153
	9	Prepaid expenses and deferred charges		7,706,644	9	8,288,591
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 490,703,793			
	b	Less accumulated depreciation	10b 285,794,159	207,276,220	10c	204,909,634
	11	Investments—publicly traded securities		17,892	11	9,873
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11		349,220	13	380,625
	14	Intangible assets		2,311,646	14	2,311,646
	15	Other assets See Part IV, line 11		67,119,347	15	65,968,677
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		324,420,647	16	332,063,801
Liabilities	17	Accounts payable and accrued expenses		34,757,005	17	39,454,843
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		219,898,498	20	213,332,101
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*			21	
	22	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 Complete Part X of Schedule D		59,663,018	25	54,274,395
	26	**Total liabilities.** Add lines 17 through 25		314,318,521	26	307,061,339
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		10,102,126	27	24,995,463
	28	Temporarily restricted net assets			28	6,999
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117, 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		10,102,126	33	25,002,462
	34	Total liabilities and net assets/fund balances		324,420,647	34	332,063,801

Part XI Reconcilliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI . . . . . ☑

1	Total revenue (must equal Part VIII, column (A), line 12)	1	410,915,293
2	Total expenses (must equal Part IX, column (A), line 25)	2	378,093,485
3	Revenue less expenses Subtract line 2 from line 1	3	32,821,808
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	10,102,126
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-17,921,472
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	25,002,462

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question 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
b	Were the organization's financial statements audited by an independent accountant?	2b	Yes	
c	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	2c	Yes	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both ☐ Separate basis ☑ Consolidated basis ☐ Both consolidated and separated basis			
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.**

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
GASTON MEMORIAL HOSPITAL INC

Employer identification number
56-0619359

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 - Other

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 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? Yes	(iv) No	(v) Did you notify the organization in col (i) of your support? Yes	(v) No	(vi) Is the organization in col (i) organized in the U S ? Yes	(vi) No	(vii) Amount of support
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) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(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) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(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 2010 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 2009 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2010.** 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—2009.** If the organization did not check the 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—2010.** 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—2009.** 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)** 2006	**(b)** 2007	**(c)** 2008	**(d)** 2009	**(e)** 2010	**(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)** 2006	**(b)** 2007	**(c)** 2008	**(d)** 2009	**(e)** 2010	**(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 section501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

15	Public Support Percentage for 2010 (line 8 column (f) divided by line 13 column (f))	**15**	
16	Public support percentage from 2009 Schedule A, Part III, line 15	**16**	

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2010** (line 10c column (f) divided by line 13 column (f))	**17**	
18	Investment income percentage from **2009** Schedule A, Part III, line 17	**18**	

19a **33 1/3% support tests—2010.** 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—2009.** 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.** Supplemental Information. Complete this part to 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).

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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.**

OMB No 1545-0047

2010

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 35a (Proxy Tax), then

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

Name of the organization	Employer identification number
GASTON MEMORIAL HOSPITAL INC	56-0619359

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 funtion 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
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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable 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)).

		(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?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV	Yes		263,852
j	Total lines 1c through 1i			263,852
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 carryover 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) if BOTH Part III-A, lines 1 and 2 are answered "No" OR if Part III-A, line 3 is answered "Yes".

1	Dues, assessments and similar amounts from members	1	
2	Section 162(e) non-deductible 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

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, and Part II-B, line 1i. Also, complete this part for any additional information

Identifier	Return Reference	Explanation
EXPLANATION OF OTHER LOBBYING ACTIVITIES	PART II-B, LINE 1I	ANNUAL DUES WERE PAID TO THE NORTH CAROLINA HOSPITAL ASSOCIATION AND THE AMERICAN HOSPITAL ASSOCIATION, OF WHICH $25,112 WAS DETERMINED TO BE EXPENDITURES USED IN LOBBYING ACTIVITIES BY THESE ORGANIZATIONS AN ADDITIONAL $238,740 IN LEGAL FEES WERE PAID FOR LOBBYING EXPENDITURES

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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, 11, or 12.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
GASTON MEMORIAL HOSPITAL INC

Employer identification number
56-0619359

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 may 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 pleasure)
☐ Preservation of an historically importantly land area
☐ Protection of natural habitat
☐ Preservation of a certified historic structure
☐ Preservation of open space

2 Complete lines 2a–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	2d	

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable 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 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIV, 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, 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 XIV, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116, 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 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 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 XIV

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 XIV 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 XIV

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

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance	6,513				
b Contributions					
c Investment earnings or losses	966				
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses	480				
g End of year balance	6,999				

2 Provide the estimated percentage of the year end balance held as

- a Board designated or quasi-endowment ▶ 100 000 %
- b Permanent endowment ▶
- c Term endowment ▶

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

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

Part VI Investments—Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		3,501,129		3,501,129
b Buildings		267,380,455	118,189,925	149,190,530
c Leasehold improvements				
d Equipment		203,864,992	162,915,961	40,949,031
e Other		15,957,217	4,688,273	11,268,944
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				204,909,634

Part VII Investments—Other Securities. See Form 990, Part X, line 12.

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

Part VIII Investments—Program Related. See Form 990, Part X, line 13.

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

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1) PREPAID PENSION OBLIGATION	36,084,752
(2) DEFERRED FINANCING COSTS	4,760,905
(3) OTHER RECEIVABLES	3,655,234
(4) 457B PLAN ASSETS	4,342,068
(5) DEFERRED CHARGE - INTEREST RATE SWAP	17,125,718
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	65,968,677

Part X Other Liabilities. See Form 990, Part X, line 25.

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
457B PLAN LIABILITY	4,342,068
ESTIMATED 3RD PARTY SETTLEMENTS	32,804,817
CAPITAL LEASE OBLIGATION	1,792
INTEREST RATE SWAP LIABILITY	17,125,718
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	54,274,395

2. Fin 48 (ASC 740) Footnote In Part XIV, 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 (ASC740)

Part XI Reconciliation of Change in Net Assets from Form 990 to Financial Statements

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	410,915,293
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	378,093,485
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	32,821,808
4	Net unrealized gains (losses) on investments	4	-47
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	-17,921,425
9	Total adjustments (net) Add lines 4 - 8	9	-17,921,472
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	14,900,336

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements			1	368,966,543
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	-47		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIV)	2d	-41,948,703		
e	Add lines **2a** through **2d**			2e	-41,948,750
3	Subtract line **2e** from line **1**			3	410,915,293
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 XIV)	4b			
c	Add lines **4a** and **4b**			4c	0
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	410,915,293

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements			1	336,144,782
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIV)	2d			
e	Add lines **2a** through **2d**			2e	0
3	Subtract line **2e** from line **1**			3	336,144,782
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 XIV)	4b	41,948,703		
c	Add lines **4a** and **4b**			4c	41,948,703
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	378,093,485

Part XIV Supplemental Information

Complete this part to 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, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b Also complete this part to provide any additional information

Identifier	Return Reference	Explanation
DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS	PART V, LINE 4	THE ORGANIZATION'S ENDOWMENT FUNDS ARE USED FOR ONCOLOGY MEDICATIONS
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	THE SYSTEM IS A NOT-FOR-PROFIT CORPORATION AS DESCRIBED IN SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE AND IS EXEMPT FROM FEDERAL INCOME TAXES ON RELATED INCOME PURSUANT TO SECTION 501 (A) OF THE CODE THE SYSTEM HAS DETERMINED THAT IT DOES NOT HAVE ANY UNRECOGNIZED TAX BENEFITS OR OBLIGATIONS AS OF JUNE 30, 2011 AND 2010, RESPECTIVELY
PART XI, LINE 8 - OTHER ADJUSTMENTS		EQUITY TRANSFER -17,921,425
PART XII, LINE 2D - OTHER ADJUSTMENTS		BAD DEBT -40,115,744 SWAP INTEREST EXPENSE - 1,832,959
PART XIII, LINE 4B - OTHER ADJUSTMENTS		BAD DEBT 40,115,744 SWAP INTEREST EXPENSE 1,832,959

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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.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
GASTON MEMORIAL HOSPITAL INC

Employer identification number
56-0619359

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," is it a written policy?	1b	Yes	
2	If the organization has multiple hospitals, 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 hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
a	Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care to low income individuals? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☐ 100% ☐ 150% ☑ 200% ☐ Other _____ %	3a	Yes	
b	Does the organization use FPG to determine eligibility for providing *discounted* care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care . . . . . ☐ 200% ☐ 250% ☑ 300% ☐ 350% ☐ 400% ☐ Other _____ %	3b	Yes	
c	If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? . . .	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		No
6a	Does the organization prepare a community benefit report during the tax year?	6a	Yes	
6b	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 Worksheets 1 and 2)			13,811,326		13,811,326	4 090 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			61,404,820	51,517,409	9,887,411	2 930 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)			822,409	694,576	127,833	0 040 %
d **Total** Financial Assistance and Means-Tested Government Programs			76,038,555	52,211,985	23,826,570	7 060 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			2,283,238	5,000	2,278,238	0 670 %
f Health professions education (from Worksheet 5)			3,171,427		3,171,427	0 940 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8)			597,214		597,214	0 180 %
j **Total** Other Benefits			6,051,879	5,000	6,046,879	1 790 %
k **Total.** Add lines 7d and 7j			82,090,434	52,216,985	29,873,449	8 850 %

Part II **Community Building Activities** during the tax year, and describe in Part VI how its 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						
8	Workforce development			1,898,904		1,898,904	0 560 %
9	Other						
10	**Total**			1,898,904		1,898,904	0 560 %

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 Healthcare Financial Management Association Statement No 15?	1	Yes		
2	Enter the amount of the organization's bad debt expense (at cost)	2	12,531,533		
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's financial assistance policy	3	1,083,546		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	126,962,175
6	Enter Medicare allowable costs of care relating to payments on line 5	6	109,077,053
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	17,885,122
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	Does the organization have a written debt collection policy?	9a	Yes		
b	If "Yes," does the organization's collection policy contain provisions on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance? Describe in Part VI	9b	Yes		

Part IV **Management Companies and Joint Ventures**

	(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, measured by total revenue per facility, from largest to smallest)

How many hospital facilities did the organization operate during the tax year? 1

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	GASTON MEMORIAL HOSPITAL INCORPORATED 2525 COURT DRIVE GASTONIA,NC 28054	X	X					X		4 DIAGNOSTIC IMAGING CENTERS AND 6 OP SERIVCE CENTER

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size, measured by total revenue per facility, from largest to smallest)

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

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

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the description required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments 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

Identifier	ReturnReference	Explanation
		PART I, LINE 3C REGARDLESS OF INCOME, ASSETS ARE ALSO USED TO DETERMINE IF A PATIENT QUALIFIES FOR CHARITY BELOW IS THE VERBIAGE FROM THIS POLICY EXEMPT ASSETSTHE PRIMARY RESIDENCE ON UP TO (1) ACRE OF LAND, ONE AUTOMOBILE FOR EACH WORKING AGED ADULT, AND OTHER ASSETS, INCLUDING BUT NOT LIMITED TO, RETIREMENT FUNDS, INVESTMENTS AND OTHER FINANCIAL ASSETS, CASH VALUE OF LIFE INSURANCE POLICIES, AND EQUITY IN PROPERTY OR REAL ASSETS, TOTALING UP TO $25,000 ARE EXEMPT FROM CONSIDERATION AS ASSETS IN DETERMINING CHARITY CARE ELIGIBILITY ANNUAL INCOME FROM PROPERTY OF REAL ASSETS WILL BE DEDUCTED FROM THE AMOUNT OF EQUITY IN THE ASSET WHEN CALCULATING THE EXEMPTION

Identifier	ReturnReference	Explanation
		PART I, LINE 7 THE COSTING METHODOLOGY USED IS A COST ACCOUNTING SYSTEM ALL PATIENT SEGMENTS ARE INCLUDED THIS SYSTEM ASSIGNS DIRECT COSTS TO SUPPLIES, PROCEDURES, ROUTINE AND SPECIALTY ROOM RATES BASED ON THE DEPARTMENT OF ORIGINATION FIXED COSTS ARE ALLOCATED BASED ON STATISTICAL BASIS THESE COSTS ARE THEN AGGREGATED AT THE PATIENT LEVEL AND TABULATED BY PAYOR TYPE NO COST TO CHARGE RATIOS WERE USED IN THE CALCULATIONS

Identifier	ReturnReference	Explanation
		PART I, LINE 7G THESE COSTS DO NOT INCLUDE ANY AMOUNTS ASSOCIATED WITH A PHYSICIAN'S CLINIC

Identifier	ReturnReference	Explanation
		PART I, L7 COL(F) $40,115,744 BAD DEBT EXPENSE REMOVED FROM TOTAL EXPENSES PRIOR TO CALCULATING PERCENT OF TOTAL EXPENSE

Identifier	ReturnReference	Explanation
		PART II WORKFORCE DEVELOPMENT - CAROMONT HEALTH'S RECRUITMENT OF PHYSICIANS INTO THE FIVE COUNTIES THE SYSTEM SERVES IS DRIVEN BY THE CHANGING LANDSCAPE OF HEALTHCARE REFORM THE SYSTEM RECRUITS BASED ON IDENTIFIED COMMUNITY HEALTHCARE NEEDS THE SYSTEM'S GOAL IS TO BE PRO-ACTIVE AND ANTICIPATORY SO THAT THE HEALTHCARE NEEDS OF THE COMMUNITY ARE MET IN A QUALITY DRIVEN AND CONVENIENT MANNER

Identifier	ReturnReference	Explanation
		PART III, LINE 4 THE SYSTEM DESCRIBED IN PART 1 LINE 7 WAS USED FOR PART III LINE 2 TOTAL CHARGES AND THE CHARGES WRITTEN OFF TO BAD DEBT WERE TABULATED AT THE PATIENT LEVEL THE DETAILED COST OF THE PATIENT WAS MULTIPLIED BY THE RATIO OF CHARGES WRITTEN OFF/TOTAL CHARGES PER PATIENT TO ASSIGN THE COST TO THE PATIENT BECAUSE OF THIS COST BASED METHOD, DISCOUNTS AND PAYMENTS WOULD BE THE DIFFERENCE BETWEEN THE TOTAL CHARGES AND THE CHARGES WRITTEN OFF TO BAD DEBT RATIONALE FOR PART III, LINE 3 CHARGES FOR SERVICES PROVIDED IN THE EMERGENCY DEPT ARE EVALUATED FOR CHARITY BASED ON MEANS TESTING CHARGES FOR SERVICES PROVIDED ELSEWHERE IN THE HOSPITAL ARE EVALUATED FOR CHARITY BASED ON APPLICATIONS FILED BY PATIENTS IF NO APPLICATION IS FILED, THE UNPAID AMOUNT IS WRITTEN-OFF TO BAD DEBT THE % OF PATIENTS QUALIFYING FOR CHARITY IN THE EMERGENCY DEPT WAS APPLIED TO THE REMAINDER OF THE HOSPITAL TO DETERMINE THE % OF BAD DEBT PATIENTS WHO COULD HAVE BEEN CHARITY THE BAD DEBT WRITE-OFFS WERE CONVERTED TO COST USING THE METHODOLOGIES DESCRIBED ABOVE THE ORGANIZATION'S FINANCIAL STATEMENTS DO NOT CONTAIN A FOOTNOTE ON BAD DEBT EXPENSE BAD DEBT EXPENSE IS REPORTED AS A DEDUCTION FROM PATIENT REVENUE

Identifier	ReturnReference	Explanation
		PART III, LINE 8 THE MEDICARE COST REPORT STANDARD COSTING METHODOLOGY WAS FOLLOWED WHEN FILING THE COST REPORT THIS IS A STEP DOWN METHODOLOGY THAT APPLIES THE AVERAGE PATIENT COST TO MEDICARE PATIENTS THE COST REPORT ALSO DOES NOT ALLOW HOSPITALS TO REPORT ALL OPERATING COSTS BECAUSE OF THESE TWO ISSUES, THE MEDICARE COST REPORT METHODOLOGY UNDERSTATES THE TRUE COST OF TREATING MEDICARE PATIENTS

Identifier	ReturnReference	Explanation
		PART III, LINE 9B THE POLICY CONTAINS PROVISIONS ON THE COLLECTION PRACTICES TO BE FOLLOWED FOR PATIENTS WHO ARE KNOWN TO QUALIFY FOR CHARITY CARE OR FINANCIAL ASSISTANCE BELOW IS VERBIAGE FROM THE CHARITY POLICY GASTON MEMORIAL HOSPITAL OFFERS MEDICAL SERVICES FREE OR AT A REDUCED RATE THROUGH THE CHARITY CARE PROGRAM DETERMINATION OF FULL OR PARTIAL CHARITY CARE WILL BE BASED ON THE PATIENT'S INCOME, FAMILY SIZE, AND ASSETS POTENTIAL ELIGIBILITY EXISTS ONLY AFTER REIMBURSEMENT EFFORTS FROM ALL OTHER THIRD PARTY RESOURCES, FEDERAL, STATE, AND LOCAL ASSISTANCE PROGRAMS HAVE BEEN EXHAUSTED

Identifier	ReturnReference	Explanation
		PART I, LINE 6A THE ORGANIZATION COMMUNITY BENEFIT REPORT MADE AVAILABLE TO THE PUBLIC CONTAINS COMMUNITY BENEFITS FOR ALL RELATED ORGANIZATIONS TO THE HOSPITAL

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 CAROMONT HEALTH ESTABLISHES COMMUNITY PRIORITIES THROUGH A NUMBER OF MECHANISMS - LEADERSHIP OPINIONS ARE SOUGHT TO HELP IDENTIFY NEEDED SERVICES IN THE COMMUNITY TELEPHONE SURVEYS ARE CONDUCTED ON A PERIODIC BASIS TO GATHER OPINIONS FROM RESIDENTS IN THE SERVICE AREA, THE MOST RECENT STUDY WAS COMPLETED IN THE SPRING OF 2009 - PATIENT SATISFACTION DATA IS ANALYZED TO DETERMINE WHERE AND/OR HOW SERVICES NEED TO BE IMPROVED - SERVICE AREA DATA (VITAL STATISTICS, DEMOGRAPHICS AND UTILIZATION) ARE ANALYZED FOR TRENDS THIS INFORMATION IS COORDINATED WITH PUBLIC HEALTH DATA TO DETERMINE VOIDS AND SERVICE AREA HEALTH PROBLEMS - FINDINGS FROM COMMUNITY SURVEYS/REPORTS PUBLISHED BY OTHER ORGANIZATIONS (UNITED WAY, CHAMBER OF COMMERCE, PARTNERSHIP FOR CHILDREN, GASTON COUNTY, ETC) ARE GATHERED AND REVIEWED FOR PERTINENCE TO COMMUNITY HEALTH PROBLEMS - GASTON MEMORIAL HOSPITAL THROUGH THE GCHC IN CONJUNCTION WITH THE GASTON COUNTY HEALTH DEPARTMENT CONDUCTS A COMMUNITY ASSESSMENT EVERY FOUR YEARS THE MOST RECENT STUDY WAS FALL, 2008 THIS ASSESSMENT GATHERS OPINIONS AND IS COMBINED WITH PUBLIC HEALTH DATA TO DETERMINE THE TOP FOUR COMMUNITY-WIDE HEALTH ISSUES SERVICE AREA STRENGTHS, WEAKNESSES AND OPPORTUNITIES ARE USED AS A BASIS FOR ESTABLISHING COMMUNITY PRIORITIES ALL THIS INFORMATION IS USED TO ESTABLISH ORGANIZATIONAL PRIORITIES, IDENTIFY AGENCIES AND ORGANIZATIONS TO BE INVOLVED IN RESOLVING COMMUNITY ISSUES, AND IMPLEMENT PROGRAMS TO RESOLVE IDENTIFIED ISSUES GOALS, OBJECTIVES AND STRATEGIES ARE ESTABLISHED AND THE PROGRESS IS EVALUATED ON AN ANNUAL BASIS - BOARD MEMBERS, SENIOR MANAGEMENT AND DEPARTMENT DIRECTORS ARE INVOLVED IN NUMEROUS ORGANIZATIONS THROUGH THIS NETWORK OF RELATIONSHIPS, FURTHER INFORMATION ABOUT THE COMMUNITY AND THE NEEDS OF AREA RESIDENTS AND ORGANIZATIONS ARE USED IN THE DEVELOPMENT OF PROGRAMS AND SERVICES AVAILABLE THOUGH CAROMONT HEALTH

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 PATIENTS ARE NOTIFIED IN SEVERAL WAYS ABOUT THEIR ELIGIBILITY FOR ASSISTANCE BROCHURES ARE DISTRIBUTED AND VERBAL COMMUNICATION BETWEEN STAFF AND PATIENT IS PROACTIVE IN ADDITION, THE HOSPITAL HAS HIRED STAFF TO ASSIST UNINSURED AND UNDERINSURED PATIENTS WITH ENROLLMENT IN VARIOUS PUBLIC PROGRAMS, INCLUDING MEDICAID

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 GASTON COUNTY, WHICH IS THE COUNTY LOCATED TO THE WEST OF THE CHARLOTTE NC, IS THE HOSPITAL'S PRIMARY MARKET LINCOLN, CLEVELAND, AND MECKLENBURG COUNTIES ARE THE HOSPITAL'S SECONDARY MARKET THERE ARE NO OTHER ACUTE CARE HOSPITALS IN THE PRIMARY SERVICE AREA ACCORDING TO THE U S CENSUS BUREAU, GASTON COUNTY HAD A POPULATION OF 206,086 (2010), A MEDIAN HOUSEHOLD INCOME OF $43,253 (2006-2010), AND 16 6% PERSONS BELOW POVERTY LEVEL (2006-2010) DURING FISCAL YEAR 2011, 8% OF THE HOSPITAL'S GROSS CHARGES WERE FROM UNINSURED PATIENTS AND 17% WAS FROM MEDICAID PATIENTS

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 STEPS TOWARDS ACCOUNTABLE CARETHE INSTITUTE FOR HEALTHCARE IMPROVEMENT HAS ESTABLISHED A TRIO OF OBJECTIVES CALLED THE TRIPLE AIM, WHICH CAROMONT HEALTH HAS ADOPTED - IMPROVE THE HEALTH OF THE POPULATION - ENHANCE THE PATIENT EXPERIENCE (QUALITY, ACCESS, RELIABILITY) - CONTROL COSTSTHESE THREE OBJECTIVES ARE ALL CRITICAL COMPONENTS IN BEING WHAT IS KNOWN IN THE INDUSTRY AS AN ACCOUNTABLE CARE ORGANIZATION (ACO) IN OUR STEPS TOWARD BECOMING AN ACO, CAROMONT HEALTH IS UNDERTAKING CHANGES THAT WILL LEAD TO BETTER COORDINATED CARE WITH BETTER OUTCOMES AT LOWER COSTS FOR PATIENTS WE ARE ALSO EMBRACING THE "MEDICAL HOME" CONCEPT, WHICH IS A NATIONAL INITIATIVE DESIGNED TO IMPROVE HEALTH CARE QUALITY MEDICAL HOMES ARE PATIENT CENTERED, TEAM-BASED APPROACHES TO CARE THAT HAVE BEEN SHOWN TO REDUCE HOSPITAL ADMISSIONS AND DECREASE COSTS COMMUNITY HEALTHOUR COMMUNITY HEALTH INITIATIVES ARE FOCUSED PRIMARILY ON DISEASE PREVENTION AND BETTER MANAGEMENT OF CHRONIC ILLNESSES THAT INCLUDES WORKING WITH LOCAL EMPLOYERS ON INNOVATIVE PROGRAMS AND COLLABORATING WITH OUR HEALTH CARE NEIGHBORS THROUGH INNOVATION AND A FOCUS ON COMMUNITY WELLNESS, CAROMONT HEALTH IS DETERMINED TO MAKE UPCOMING CHANGES IN HEALTHCARE TO HAVE A POSITIVE IMPACT ON THE PEOPLE WE SERVE TOBACCO CESSATION PROGRAMIN ORDER TO PROVIDE A HEALTHY ENVIRONMENT FOR OUR PATIENTS, FAMILIES AND STAFF, CAROMONT HEALTH AND ITS AFFILIATE CAMPUSES HAVE BEEN TOBACCO-FREE SINCE JANUARY 2007 IN FEBRUARY 2011, CAROMONT RECEIVED THE "GOLD STAR STANDARD HOSPITALS" DESIGNATION FROM NORTH CAROLINA PREVENTION PARTNERS FOR EXCELLENCE IN OUR EMPLOYEE TOBACCO CESSATION PROGRAMS ALL EMPLOYEES WHO USE TOBACCO MAY PARTICIPATE IN A "QUIT PROGRAM", WHICH PROVIDES THEM WITH INCENTIVES IF THEY QUIT USING TOBACCO AND REMAIN TOBACCO-FREE FOR AT LEAST SIX MONTHS GASTON COUNTY HEALTH SUMMITCAROMONT HEALTH HOSTED A HIGH PROFILE, PUBLIC CONVERSATION ABOUT THE HEALTH OF OUR COMMUNITY DURING THE 2011 GASTON COUNTY HEALTH SUMMIT, WHICH WAS HELD IN LATE MARCH THE EVENT BROUGHT TOGETHER LEADERS FROM ORGANIZATIONS AND BUSINESSES SUCH AS CAROMONT HEALTH, COMMUNITY HEALTH PARTNERS, GASTON COMMUNITY HEALTHCARE COMMISSION, GASTON COUNTY DEPARTMENT OF SOCIAL SERVICES, GASTON COUNTY HEALTH DEPARTMENT, GASTON FAMILY HEALTH SERVICES, PATHWAYS, PHARR YARNS AND THE YMCA ATTENDEES DISCUSSED WHERE OUR COMMUNITY STANDS IN TERMS OF HEALTH, INCLUDING WAYS TO IMPROVE HEALTH AND THE RELATIONSHIP BETWEEN BUSINESSES AND A COMMUNITY'S HEALTHCARE PROVIDERS THE GASTON COUNTY HEALTH COALITION'S GOAL IS TO IMPROVE THE HEALTH STATUS OF OUR COMMUNITY, PARTICULARLY IN TERMS OF CHRONIC DISEASE MANAGEMENT COMMUNITY CONVERSATIONS SUCH AS THE GASTON COUNTY HEALTH SUMMIT ARE HELPING DIVERSE GROUPS WORK TOGETHER TO MEET THOSE GOALS HEALTHNET GASTONHEALTHNET GASTON (HNG) IS A PROGRAM DESIGNED TO PROVIDE COMPREHENSIVE HEALTH CARE SERVICES TO LOW-INCOME, UNINSURED RESIDENTS OF GASTON COUNTY ITS SERVICES INCLUDE A MEDICAL HOME/PRIMARY CARE PHYSICIAN SERVICES, SPECIALTY PHYSICIAN SERVICES, MEDICATION ASSISTANCE, CASE MANAGEMENT/HEALTH COACHING ACTIVITIES, AND HOSPITAL SERVICES HNG OPERATES THROUGH THE LEADERSHIP AND COLLABORATION OF ITS FOUR FOUNDING STRATEGIC PARTNERS, INCLUDING GASTON MEMORIAL HOSPITAL, GASTON FAMILY HEALTH SERVICES, COMMUNITY HEALTH PARTNERS, GASTON COMMUNITY HEALTH CARE COMMISSION OTHER STRATEGIC PARTNERS INVOLVED WITH THIS INITIATIVE INCLUDE COMMUNITY 241 PHYSICIANS, GASTON COUNTY DEPARTMENT OF SOCIAL SERVICES, GASTON COUNTY HEALTH DEPARTMENT, AND OTHER LOCAL LEADERS COMMUNITY HEALTH IMPROVEMENT ADVOCACYCAROMONT HEALTH HAS SIGNIFICANTLY IMPACTED ITS COMMUNITY IN PROVIDING MANY DIFFERENT HEALTH IMPROVEMENT PROJECTS, GROUPS, EVENTS, EDUCATION PROGRAMS, ETC

Identifier	ReturnReference	Explanation
		PART VI, LINE 7 CAROMONT HEALTH IN GASTONIA, NORTH CAROLINA IS A REGIONAL, INDEPENDENT, NOT-FOR-PROFIT HEALTH CARE SYSTEM IT ENCOMPASSES GASTON MEMORIAL HOSPITAL WITH 435-BEDS, COURTLAND TERRACE, A 96-BED SKILLED NURSING FACILITY, GASTON HOSPICE WHICH INCLUDES THE 12-BED ROBIN JOHNSON HOUSE INPATIENT FACILITY, AND CAROMONT MEDICAL GROUP, A NETWORK OF 44 PRIMARY AND SPECIALTY PHYSICIAN OFFICES CAROMONT HEALTH'S VISION IS TO BE A NATIONALLY RECOGNIZED LEADER AND VALUED PARTNER IN PROMOTING INDIVIDUAL HEALTH AND VIBRANT COMMUNITIES COURTLAND TERRACE IS A 96-BED SKILLED NURSING FACILITY GASTON HOSPICE HOSTS THE 12 BED ROBIN JOHNSON HOUSE INPATIENT FACILITY CAROMONT MEDICAL GROUP IS A NETWORK OF 45 PRIMARY AND SPECIALTY PHYSICIAN OFFICES IN 5 COUNTIES AND IN 2 STATES CAROMONT HEALTH HAS 3 OFF-SITE IMAGING LOCATIONS, 2 SAME-DAY SURGERY CENTERS AND 1 OCCUPATIONAL MEDICINE CLINIC THE GASTON MEMORIAL HOSPITAL FOUNDATION (A SUBSIDIARY OF CAROMONT HEALTH) WAS ESTABLISHED IN 1985 IN ADDITION TO THE FOUNDATION UTILIZING ITS INVESTMENT EARNINGS FOR DONATIONS, CAROMONT HEALTH DONATES UP TO 10% OF ITS OPERATING INCOME TO THE GMH FOUNDATION EACH YEAR DURING FISCAL YEAR 2011, OVER $700,000 IN DONATIONS WERE DISTRIBUTED TO CHARITABLE CAUSES THROUGHOUT GASTON COUNTY FUNDS WERE GIVEN FOR THE FOLLOWING ORGANIZATIONS GASTON FAMILY HEALTH SERVICES, GASTON TOGETHER, HEALTH NET GASTON, UNITED WAY, ALLIANCE CHILD/YOUTH IN ADDITION, FOUNDATION GRANTS WERE PROVIDED TO FOR THE FOLLOWING INDIGENT MEDICATIONS TRANSITIONAL CARE, GREAT 100, AND WAYNE F SHOVELIN SCHOLARSHIP

Identifier	ReturnReference	Explanation
REPORTS FILED WITH STATES	PART VI, LINE 7	NC

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
GASTON MEMORIAL HOSPITAL INC

Employer identification number
56-0619359

Part I General Information on Grants and Assistance

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

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

Part II Grants and Other Assistance to Governments and Organizations in the United States.

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than $5,000. Check this box if no one recipient received more than $5,000. Part II can be duplicated if additional space is needed. . . . ▶ ☐

1 (a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
See Additional Data Table							

2 Enter total number of section 501(c)(3) and government organizations . . . ▶ 18

3 Enter total number of other organizations . . . ▶ 2

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22. Use Schedule I-1 (Form 990) if additional space is needed.

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

Part IV **Supplemental Information.** Complete this part to provide the information required in Part I, line 2, and any other additional information.

Identifier	Return Reference	Explanation
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 OTHER ORGANIZATIONS THAT RECEIVE GRANT FUNDS MAY BE REQUIRED TO SUBMIT MONTHLY REPORTS THAT ARE MONITORED BY MANAGEMENT AND/OR THE BOARD OF DIRECTORS ALL GRANTS DECISIONS ARE DOCUMENTED

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 56-0619359
Name: GASTON MEMORIAL HOSPITAL INC

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
CATAWBA LANDS CONSERVANCY105 W MOREHEAD STREET CHARLOTTE,NC 28232	58-1969605	501(C)(3)	5,000		FMV		COMMUNITY ASSISTANCE
CHARLOTTE CHAMBER OF COMMERCEPO BOX 32785 CHARLOTTE,NC 28232	56-0173610	501(C)(3)	10,000		FMV		COMMUNITY ASSISTANCE

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
UNITED WAY OF GASTON COUNTY200 EAST FRANKLIN BLVD GASTONIA,NC 28052	56-0653356	501(C)(3)	7,590		FMV		COMMUNITY ASSISTANCE
COMMUNITY FOUNDATION OF GASTON COUNTY1201 E GARRISON BLVD GASTONIA,NC 28053	58-1340834	501(C)(3)	22,500		FMV		COMMUNITY ASSISTANCE

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
CRAMERTON POLICE DEPT 155 NORTH MAIN ST CRAMERTON,NC 28032	58-0891982	GOVERNMENTAL	22,842		FMV		COMMUNITY ASSISTANCE
DANIEL STOWE GARDENS 6500 SOUTH NEW HOPE ROAD BELMONT,NC 28012	20-8362933	501(C)(3)	20,000		FMV		COMMUNITY ASSISTANCE

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
GASTON ARTS COUNCIL PO BOX 242 GASTONIA,NC 28053	56-1257449	501(C)(3)	6,000		FMV		COMMUNITY ASSISTANCE
GASTON COLLEGE FOUNDATION201 HIGHWAY 321 SOUTH DALLAS,NC 28034	23-7079454	501(C)(3)	5,000		FMV		COMMUNITY ASSISTANCE

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
GASTON COUNTY SCHOOLS943 OSCEOLA STREET GASTONIA,NC 28053	56-6001032	GOVERNMENTAL	10,000		FMV		COMMUNITY ASSISTANCE
GASTON GAZETTEPO BOX 1538 GASTONIA,NC 28053	58-0904885	N/A	6,750		FMV		COMMUNITY ASSISTANCE

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
GASTON HOSPICE258 E GARRISON BLVD GASTONIA,NC 28054	58-1341530	501(C)(3)	5,000		FMV		COMMUNITY ASSISTANCE
GASTON REGIONAL CHAMBER601 W FRANKLIN BLVD GASTONIA,NC 28053	56-0232990	GOVERNMENTAL	32,275		FMV		COMMUNITY ASSISTANCE

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
GASTONIA GRIZZLIESPO BOX 177 GASTONIA,NC 28053	42-1554288	501(C)(3)	7,000		FMV		COMMUNITY ASSISTANCE
HEALTHCORPS FOUNDATION191 7TH AVE NEW YORK,NY 10011	26-1269358	501(C)(3)	10,000		FMV		COMMUNITY ASSISTANCE

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
HOLY ANGELS FOUNDATION6600 WILKINSON BLVD BELMONT,NC 28012	56-1762654	501(C)(3)	10,150		FMV		COMMUNITY ASSISTANCE
MOUNT HOLLY FARMER'S MKT120 OAKLAND STREET MT HOLLY,NC 28120	26-0464156	N/A	5,000		FMV		COMMUNITY ASSISTANCE

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
MOUNT HOLLYDAYSPO BOX 787 MT HOLLY,NC 28120	26-2310697	501(C)(3)	12,000		FMV		COMMUNITY ASSISTANCE
NC PREVENTION PARTNERS88 VILCOM CIRCLE CHAPEL HILL,NC 27514	31-1722051	501(C)(3)	5,000		FMV		COMMUNITY ASSISTANCE

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
NC PHYSICIANS HEALTH PROGRAM220 HORIZON DRIVE SUITE 201 RALEIGH,NC 27615	56-1846599	501(C)(3)	5,500		FMV		COMMUNITY ASSISTANCE
THE MINT MUSEUM500 S TRYON STREET CHARLOTTE,NC 28202	56-0670666	501(C)(3)	10,000		FMV		COMMUNITY ASSISTANCE

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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, question 23.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
GASTON MEMORIAL HOSPITAL INC

Employer identification number
56-0619359

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 orprovision of all 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 officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**	Yes	
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply			
	☑ 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 from the organization or a related organization?	**4a**	Yes	
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**	Yes	
	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 Regs 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) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a

(A) Name		(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 in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) KELVIN C HARRIS MD	(i)	0	0	0	0	0	0	0
	(ii)	161,344	69,928	404	5,100	12,661	249,437	0
(2) VALINDA L RUTLEDGE	(i)	577,086	316,937	182,402	3,613	35,021	1,115,059	30,281
	(ii)	0	0	0	0	0	0	0
(3) DAVID O'CONNOR	(i)	322,191	135,109	235,272	7,350	32,470	732,392	81,255
	(ii)	0	0	0	0	0	0	0
(4) MARIA LONG	(i)	240,185	107,347	140,056	7,350	26,304	521,242	54,573
	(ii)	0	0	0	0	0	0	0
(5) JAMES D HUBER	(i)	274,883	140,994	111,679	7,211	17,356	552,123	70,783
	(ii)	0	0	0	0	0	0	0
(6) STEVEN A RUBIN	(i)	217,271	94,066	150,466	6,796	41,711	510,310	56,875
	(ii)	0	0	0	0	0	0	0
(7) TERRY L JONES	(i)	341,070	325,548	149,659	7,350	83,250	906,877	82,864
	(ii)	0	0	0	0	0	0	0
(8) W K HARWELL	(i)	221,202	96,137	128,673	6,724	132,983	585,719	55,017
	(ii)	0	0	0	0	0	0	0
(9) ANDREA K SERRA	(i)	184,674	75,521	125,430	5,614	40,418	431,657	48,208
	(ii)	0	0	0	0	0	0	0
(10) MICHAEL R JOHNSON	(i)	230,017	45,810	13,014	7,108	54,284	350,233	0
	(ii)	0	0	0	0	0	0	0
(11) ROWENA BUFFETT TIMMS	(i)	166,689	61,153	78,193	0	17,060	323,095	0
	(ii)	0	0	0	0	0	0	0
(12) KATHLEEN L BESSON	(i)	198,430	39,191	39,055	5,953	38,111	320,740	0
	(ii)	0	0	0	0	0	0	0
(13) WAYNE F SHOVELIN	(i)	0	0	5,914,978	0	0	5,914,978	472,568
	(ii)	0	0	0	0	0	0	0
(14)								
(15)								
(16)								

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
	PART I, LINE 1A	TRAVEL FOR COMPANIONS - IF A SPOUSE OR COMPANION IS EXPECTED TO ATTEND AN EVENT, IT MUST BE APPROVED IN ADVANCE AND THE EXPENSES OF THE SPOUSE OR COMPANION WILL BE TREATED AS TAXABLE COMPENSATION AND ADDED TO THE EMPLOYEE'S W2 OR A 1099 WILL BE ISSUED AT THE END OF THE CALENDAR YEAR DURING FY 2011 THIS BENEFIT WAS PROVIDED TO THE CEO AND SOME BOARD MEMBERS TAX INDEMNIFICATION AND GROSS-UP PAYMENTS - REIMBURSEMENT FOR CERTAIN TAXABLE BENEFIT COSTS (I E CELL PHONES) WILL BE GROSSED UP FOR ANY TAX OBLIGATIONS HEALTH OR SOCIAL CLUB DUES OR INITIATION FEES - A PERCENTAGE OF PERSONAL USE OF DUES PAYMENTS FOR MEMBERSHIP IN A HEALTH OR FITNESS CLUB OR A SOCIAL OR RECREATIONAL CLUB WILL BE ADDED TO THE EMPLOYEE'S W-2 AT THE END OF THE CALENDAR YEAR DURING FY 2011 THIS BENEFIT WAS PROVIDED TO THE CEO AND CFO
	PART I, LINES 4A-B	WAYNE F SHOVELIN, FORMER CEO PARTICIPATED IN A SUPPLEMENTAL SALARY CONTINUATION RETIREMENT PLAN GROSS PAYMENTS FOR 2010 WERE $5,914,978 PLEASE REFER TO THE SCHEDULE O DISCLOSURE FOR PART VI, SECTION B, LINE 15 FOR MORE DETAIL
	PART I, LINE 6	CERTAIN CAROMONT MEDICAL GROUP INC PHYSICIAN'S COMPENSATION PACKAGES ARE BASED ON THE INDIVIDUAL PHYSICIAN'S NET RESULTS FROM OPERATIONS AS CALCULATED BASED SOLEY ON HIS/HER NET CHARGES LESS HIS/HER ALLOCABLE SHARE OF CLINIC OVERHEAD COSTS EXECUTIVE INCENTIVE COMPENSATION PLAN FOR ALL KEY EMPLOYEES BASED ON THE ACHIEVEMENT OF ANNUAL BUSINESS OBJECTIVES AND FINANCIAL PERFORMANCE OF THE CONSOLIDATED SYSTEM MANAGER INCENTIVE PLAN BASED ON CONSOLIDATED CORPORATE AND INDIVIDUAL PERFORMANCE GOALS

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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 Schedule O (Form 990).
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
GASTON MEMORIAL HOSPITAL INC

Employer identification number
56-0619359

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	NORTH CAROLINA MEDICAL CARE COMMISSION	52-1309402	65820HVF7	01-23-2003	120,000,000	PLEASE SEE SUPPLEMENTAL INFORMATION		X		X		X
B	NORTH CAROLINA MEDICAL CARE COMMISSION	52-1309402	65820HG64	01-01-2008	118,400,000	PLEASE SEE SUPPLEMENTAL INFORMATION		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	700,000	18,190,000		
2	Amount of bonds legally defeased				
3	Total proceeds of issue	123,222,025	118,629,570		
4	Gross proceeds in reserve funds				
5	Capitalized interest from proceeds	5,150,936	610,174		
6	Proceeds in refunding escrow				
7	Issuance costs from proceeds	1,256,069	917,471		
8	Credit enhancement from proceeds	3,386,000	1,553,717		
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	91,583,999	28,947,486		
11	Other spent proceeds	21,845,020	86,600,722		
12	Other unspent proceeds				
13	Year of substantial completion	2005	2009		
		Yes / No	Yes / No	Yes / No	Yes / No
14	Were the bonds issued as part of a current refunding issue?	No	Yes		
15	Were the bonds issued as part of an advance refunding issue?	Yes	No		
16	Has the final allocation of proceeds been made?	Yes	Yes		
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	Yes	Yes		

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?	X		X					
b	Are there any research agreements that may result in private business use of bond-financed property?		X		X				
c	Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property?	X		X					
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	0 %		0 %					
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶	0 %		0 %					
6	Total of lines 4 and 5	0 %		0 %					
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		X					

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X				
2	Is the bond issue a variable rate issue?	X		X					
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?	X		X					
b	Name of provider	MERRILL LYNCH CAPITAL SERVICES		MERRILL LYNCH DERIVATIVE PRODUCTS					
c	Term of hedge	31 600000000000		21 000000000000					
d	Was the hedge superintegrated?		X		X				
e	Was a hedge terminated?		X		X				
4a	Were gross proceeds invested in a 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?								
5	Were any gross proceeds invested beyond an available temporary period?		X		X				
6	Did the bond issue qualify for an exception to rebate?		X	X					

Part V Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule K (see instructions)

Identifier	Return Reference	Explanation
See Additional Data Table		

Part V Supplemental Information

Identifier	Return Reference	Explanation
SCHEDULE K SUPPLENTAL INFORMATION		THREE 501(C)(3) ORGANIZATIONS WITHIN THE PARENT-SUBSIDIARY CONTROLLED GROUP BENEFIT FROM THE BONDS AS FOLLOWS GASTON MEMORIAL HOSPITAL, INC (56-0619359), CAROMONT HEALTH, INC (58-1636959), CAROMONT HEALTH SERVICES, INC (56-1455630) GASTON MEMORIAL HOSPITAL, INC HOLDS THE LIABILITY FOR THE BONDS, PER AUDITED FINANCIAL STATEMENTS
PART I, LINE A, COLUMN C		THIS BOND ISSUE INCLUDES TWO CUSIPS MATURING ON THE SAME DATE 65820HVG5 AND 65820HVF7
PART I, COLUMN (F)	DESCRIPTION OF PURPOSE	ISSUE A - NEW CONSTRUCTION OF HOSPITAL FACILITIES, PURCHASE OF HOSPITAL EQUIPMENT, PARTIAL REFUNDING OF SERIES 1998 BONDS ISSUED ON AUGUST 27,1998 ISSUE B - RENOVATION OF HOSPITAL FACILITIES, PURCHASE OF HOSPITAL EQUIPMENT, REFUNDING OF ENTIRE SERIES 1995 BONDS ISSUED ON NOVEMBER 15, 1995, REFUNDING OF ENTIRE SERIES 1998 BONDS ISSUED ON AUGUST 27, 1998
PART II, LINE 11		OTHER SPENT PROCEEDS WERE DEPOSITS MADE INTO A REFUNDING ESCROW ACCOUNT ALONG WITH INTEREST EARNED ON THE ACCOUNT, BOTH OF WHICH WERE SUBSEQUENTLY USED TO PAY PRINCIPLE AND INTEREST ON THE REFUNDED BONDS
PART IV, LINES 2 AND 3A, COLUMN B		THE SERIES 2008 BONDS WERE ORIGINALLY ISSUED AS VARIABLE BONDS BEARING INTEREST AT WEEKLY RATES CAROMONT HEALTH, INC ENTERED INTO INTEREST SWAP AGREEMENTS TO HEDGE ITS INTEREST RISK WITH RESPECT TO A PORTION OF THE SERIES 2008 BONDS ON SEPTEMBER 1, 2010, THE SERIES 2008 BONDS WERE CONVERTED TO FIXED INTEREST RATES TO MATURITY HOWEVER, THE INTEREST RATE SWAPS WERE NOT TERMINATED IN CONNECTION WITH SUCH FIXED RATE CONVERSION AND REMAIN IN EFFECT
PART IV, LINE 3C, COLUMN B		THIS BOND ISSUE HAS TWO HEDGE TERMS 11 0 YEARS AND 21 0 YEARS
AMENDED RETURN		THE 2010 SCHEDULE K WAS AMENDED TO CORRET AN ERROR ON PART II, COLUMM (B), LINE 10 THE AMOUNT IN THE ORIGINAL FILING WAS OVERSTATED BY $1 MILLION THE AMOUNT HAS BEEN AMENDED TO CORRECTLY STATE THE AMOUNT $28,947,486

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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 lines 38a or 40b.
▶ Attach to Form 990 or Form 990-EZ. ▶See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
GASTON MEMORIAL HOSPITAL INC

Employer identification number
56-0619359

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) Description of transaction	(c) Corrected? Yes	(c) Corrected? No

2 Enter the amount of tax imposed on the 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, Part IV, line 26, or Form 990-EZ, Part V, line 38a

(a) Name of interested person and purpose	(b) Loan to or from the organization? To	(b) From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	(e) No	(f) Approved by board or committee? Yes	(f) No	(g) Written agreement? Yes	(g) 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 grant or type 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) LUCINDA DAVIS	FAMILY MEMBER OF DIRECTOR, JAMES BEAM	54,468	COMPENSATION AS EMPLOYEE		No

Part V **Supplemental Information**

Complete this part to provide additional information for responses to questions on Schedule L (see instructions)

Identifier	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.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
GASTON MEMORIAL HOSPITAL INC

Employer identification number
56-0619359

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 4		THE ORGANIZATION AMENDED ITS BY LAWS WHICH INCLUDED REVISIONS THAT SPECIFICALLY OUTLINE POWERS OF THE PARENT ORGANIZATION AND SOLE MEMBER OF THE ORGANIZATION

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6		THE SOLE MEMBER OF THE CORPORATION SHALL BE CAROMONT HEALTH, INC , A NORTH CAROLINA NOT-FOR-PROFIT CORPORATION

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7A		THE BOARD OF DIRECTORS SHALL CONSIST OF FOURTEEN (14) MEMBERS, ALL OF WHOM SHALL BE THE MEMBERS OF THE BOARD OF DIRECTORS OF CAROMONT HEALTH, INC , AND ALL OF WHOM SHALL BE APPOINTED BY THE BOARD OF DIRECTORS OF CAROMONT HEALTH

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7B		THE FOLLOWING POWERS OF THE CORPORATION SHALL BE RESERVED TO CAROMONT HEALTH, INC , THE PARENT CORPORATION AND HOLDING COMPANY OF THE CORPORATION (A) FINANCIAL POWERS, INCLUDING THE POWER TO APPROVE AN OPERATING BUDGET FOR THE CORPORATION, POWER TO APPROVE COMPENSATION PLANS, AND POWER TO ASSUME DEBT ON BEHALF OF THE CORPORATION, (B) GOVERNING POWERS, INCLUDING THE POWER TO APPROVE ALL CHANGES TO THE GOVERNING DOCUMENTS OF THE CORPORATION AND POWER TO APPROVE THE MISSION, VISION AND VALUES OF THE CORPORATION, AND (C) STRATEGIC POWERS, INCLUDING THE POWER TO APPROVE ALL CERTIFICATE OF NEED APPLICATIONS WHICH THE CORPORATION MAY FILE IN ANY STATE, AND THE POWER TO APPROVE ALL SALE OR LEASE TRANSACTIONS OF THE CORPORATION

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11		THE ORGANIZATION'S FORM 990 WAS REVIEWED BY THE AUDIT FINANCE INVESTMENT COMMITTEE OF THE BOARD OF DIRECTORS PRIOR TO PRESENTATION TO THE FULL BOARD BEFORE THE FORM WAS FILED WITH THE IRS

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	EACH APPLICABLE EMPLOYEE AND DIRECTOR SHALL FULLY AND TRUTHFULLY COMPLETE A QUESTIONNAIRE CONCERNING POTENTIAL AND ACTUAL CONFLICTS OF INTEREST ANNUALLY SUCH QUESTIONNAIRE SHALL IDENTIFY THE EMPLOYEE'S OBLIGATION TO IMMEDIATELY MAKE THE PRESIDENT AWARE IN WRITING OF ANY POTENTIAL OR ACTUAL CONFLICTS OF INTEREST AS THEY MAY ARISE AND CONTAIN SAID EMPLOYEE'S AGREEMENT TO ABIDE BY ALL TERMS AND CONDITIONS OF THIS POLICY AS A CONDITION OF RETAINING THEIR POSITION SUCH QUESTIONNAIRES SHALL BE REVIEWED ANNUALLY BY THE EXECUTIVE VICE PRESIDENT/GENERAL COUNSEL AND THE CORPORATE RESPONSIBILITY OFFICER

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	THE CEO, CFO/ASSISTANT TREASURER AND EVP GENERAL COUNSEL/ASSISTANT SECRETARY ARE COMPENSATED FOR THEIR SERVICES BY GASTON MEMORIAL HOSIPIAL, A SUBSIDIARY OF CAROMONT HEALTH, INC THE COMPENSATION OF ALL CAROMONT EXECUTIVES FOR EACH YEAR IS ESTABLISHED BY THE COMPENSATION COMMITTEE OF THE CAROMONT HEALTH BOARD OF DIRECTORS, BASED ON GUIDANCE AND OPINIONS PROVIDED BY AN INDEPENDENT, THIRD-PARTY COMPENSATION CONSULTANT BOARD MEMBERS WHO SERVE ON THE COMPENSATION COMMITTEE ARE INDEPENDENT AND FREE OF ANY CONFLICT OF INTEREST ANY COMPENSATION COMMITTEE MEMBER WHO DEVELOPS A CONFLICT OF INTEREST DURING HIS/HER TERM WITH RESPECT TO THE DISCUSSION OF ANY EXECUTIVE'S COMPENSATION LEAVES THE MEETING AND DOES NOT PARTICIPATE IN THE DISCUSSION OR DECISION-MAKING BY THE REMAINING INDEPENDENT MEMBERS OF THE COMPENSATION COMMITTEE. THE COMPENSATION COMMITTEE RETAINS JURISDICTION OVER THE TOTAL COMPENSATION PACKAGE FOR EXECUTIVES AND REVIEWS EXECUTIVE BENEFITS AND PERQUISITES AS WELL AS TOTAL CASH COMPENSATION COMPENSATION FOR THE CEO IS ESTABLISHED THROUGH A PROCESS OF PERFORMANCE EVALUATION, COMPARISON WITH COMPARABLE MARKET DATA AND DETERMINATION BY THE COMPENSATION COMMITTEE OF ACCEPTABLE SALARY RANGE AND PERCENTILE RANKING ALL COMPENSATION DECISIONS FOR THE CEO ARE RECOMMENDED BY THE COMPENSATION COMMITTEE AND APPROVED BY THE BOARD OF DIRECTORS COMPENSATION FOR ALL OTHER EXECUTIVES IS ESTABLISHED THROUGH PERFORMANCE EVALUATION, COMPARISON WITH COMPARABLE MARKET DATA AND DETERMINATION BY THE CEO OF ACCEPTABLE SALARY RANGE AND PERCENTILE RANKING ALL COMPENSATION DECISIONS FOR EXECUTIVES ARE RECOMMENDED BY THE CEO AND APPROVED BY THE COMPENSATION COMMITTEE. FULL COLLECTED COMPENSATION INFORMATION AND ANY COMPENSATION OPINIONS PROVIDED DURING THESE PROCESSES WILL BE KEPT WITH THE COMPENSATION COMMITTEE OR BOARD MINUTES, AS APPLICABLE IN 2009, THE BOARD OF DIRECTORS, BY AND THROUGH THE COMPENSATION COMMITTEE, CONDUCTED TWO DETAILED REVIEWS OF THE RETIREMENT BENEFIT TO BE PAID TO ITS RETIRING CEO IN CONDUCTING THESE REVIEWS, THE COMPENSATION COMMITTEE WORKED THROUGH AN EVALUATION OF THE RETIRING CEO'S PERFORMANCE DURING HIS 33-YEAR TENURE WITH THE ORGANIZATION THE COMPENSATION COMMITTEE CONCLUDED THAT IN THE AREAS OF FINANCE AND QUALITY MEASURES, THE RETIRING CEO'S PERFORMANCE CONSISTENTLY EXCEEDED EXPECTATIONS AND HAS POSITIONED CAROMONT HEALTH AS A LEADER IN THE REGION HIS PERFORMANCE IN THE AREA OF PATIENT SATISFACTION HAS, IN THE MISSION-CRITICAL AREA OF EMERGENCY SERVICES, EXCEEDED THE BOARD OF DIRECTOR'S EXPECTATIONS OVERALL, AND OVER THE ARC OF HIS CAREER AT CAROMONT, THE RETIRING CEO'S LEADERSHIP HAS LED CAROMONT HEALTH FROM A MERE COMMUNITY HOSPITAL INTO A REGIONAL HEALTHCARE POWERHOUSE. THE COMMITTEE CONCLUDED THAT HIS LEADERSHIP HAD OUTPERFORMED THE REGION AND FULFILLED THE COMMUNITY'S DESIRE TO KEEP ITS HEALTHCARE SYSTEM UNDER LOCAL CONTROL, THEREBY JUSTIFYING HIS RETIREMENT PAYMENT AS FAIR AND REASONABLE COMPENSATION FOR OUTSTANDING PERFORMANCE.

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 18	THE ORGANIZATION'S FORM 990 IS MADE AVAILABLE TO THE PUBLIC UPON REQUEST AND ON WWW GUIDESTAR ORG

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	AT THIS TIME, THE ORGANIZATION'S GOVERNING DOCUMENTS AND CONFLICT OF INTEREST POLICY ARE NOT MADE AVAILABLE TO THE PUBLIC THE ENTIRE ORGANIZATION'S COMBINED FINANCIAL STATEMENTS ARE MADE AVAILABLE UPON REQUEST

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED LOSSES ON INVESTMENTS -47 EQUITY TRANSFER -17,921,425 TOTAL TO FORM 990, PART XI, LINE 5 -17,921,472

Identifier	Return Reference	Explanation
STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	FORM 990, PART III, LINE 4A	THE VISION OF CAROMONT HEALTH, LED BY OUR FLAGSHIP GASTON MEMORIAL HOSPITAL, IS TO BE A NA TIONALLY RECOGNIZED LEADER AND VALUED PARTNER IN PROMOTING INDIVIDUAL HEALTH AND VIBRANT C OMMUNITIES CAROMONT HEALTH IS THE HEALTH CARE PROVIDER OF CHOICE FOR GASTON, LINCOLN AND CLEVELAND COUNTIES THESE ARE RAPIDLY GROWING COMMUNITIES AND WE INTEND TO GROW WITH THE C OMMUNITIES WE SERVE CAROMONT HEALTH IS THE ONLY HEALTH CARE SYSTEM IN GASTON COUNTY WITH ACUTE CARE BEDS FOR THE FORESEEABLE FUTURE WE CONTINUE TO ATTRACT TOP MEDICAL PROFESSIONA LS FROM AROUND THE COUNTRY, WHILE RETAINING SOME OF THE AREA'S BEST PHYSICIANS AND NURSES WE CONTINUE TO FORM INNOVATIVE COLLABORATIONS TO UPGRADE OUR TECHNOLOGY, CREATING BETTER OUTCOMES FOR OUR PATIENTS AND BETTER MANAGEMENT OF TIME AND MONEY AND WE WILL CONTINUE TO PLAN NEW FACILITIES AS OUR COMMUNITY CONTINUES TO GROW OUR GROWING COMMUNITY BRINGS WITH IT CHANGE IN TERMS OF DEMOGRAPHICS, AS WELL ASINFRASTRUCTURE NEEDS AT THE SAME TIME, THE NATION'S HEALTH CARE INFRASTRUCTURE IS ON THE VERGE OF A SYSTEMIC OVERHAUL WITH FAR-REACH ING IMPLICATIONS FORTUNATELY, CAROMONT IS FOCUSED ON THE FUTURE AND TAKING STEPS TO PREPA RE FOR ANTICIPATED CHANGES WE BELIEVE THAT WE ARE WELL-POSITIONED, NOT ONLY TO EMBRACE TH E COMING INNOVATIONS IN OUR NATION'S HEALTH CARE SYSTEM, BUT TO ACTUALLY AFFECT CHANGE THA T WILL BRING ABOUT A HEALTHIER, MORE VIBRANT COMMUNITY KEY SERVICES AT GASTON MEMORIAL HO SPITAL - THE BIRTHPLACE IS A WORLD-CLASS BIRTHING CENTER DEDICATED TO FAMILY-FOCUSED CARE IN A SERENE, HOMELIKE ENVIRONMENT - 2,604 BABIES DELIVERED IN 2010 - 52 SINGLE-ROOM BEDS DEVOTED TO MATERNITY CARE - 16-BED LEVEL III NEONATAL INTENSIVE CARE UNIT - CAROMONT HEART CENTER PROVIDES A FULL RANGE OF LIFE-SAVING CARDIAC CARE, INCLUDING OPEN HEART SURGERY - 2,096 DIAGNOSTIC CARDIAC CATHETERIZATIONS PERFORMED IN 2010 - 705 PERCUTANEOUS CORONARY IN TERVENTIONS PERFORMED IN 2010 - STRATEGIC PARTNERSHIP WITH COLUMBIA UNIVERSITY MEDICAL CEN TER'S HEARTSOURCE PROVIDES PHYSICIAN TRAINING, CLINICAL GUIDANCE AND ACCESS TO COLUMBIA RE SEARCH TRIALS - CARDIAC RESEARCH PROGRAM BRINGS THE LATEST ADVANCES TO THE BEDSIDE - SUPPO RT GROUPS AND EDUCATIONAL PROGRAMS PROMOTE AND HELP WITH HEALTHY LIFESTYLE CHANGES - CAROM ONT CANCER CENTER IS THE ONLY HOSPITALBASED CANCER TREATMENT CENTER IN GASTON COUNTY THAT PROVIDES MEDICAL, RADIATION AND SURGICAL ONCOLOGY - ACCREDITED BY THE NATIONAL ORGANIZATIO N, AMERICAN COLLEGE OF SURGEONS-COMMISSION ON CANCER - CAROMONT COMPREHENSIVE BREAST CENTE R GRANTED A THREE-YEAR/FULL ACCREDITATION DESIGNATION BY THE NATIONAL ACCREDITATION PROGRA M FOR BREAST CENTERS - PARTICIPATION IN CLINICAL TRIAL STUDIES AVAILABLE - "SYSTEM OF CARE" APPROACH INCLUDES PREVENTION, EDUCATION, TREATMENT, FOLLOW-UP AND SYMPTOM MANAGEMENT - C AROMONT CENTER FOR MENTAL WELLNESS HAS 63 LICENSED BEDS PROVIDING COMPREHENSIVE INPATIENT CARE FOR PATIENTS NEEDING PSYCHIATRIC TREATMENT - 165 ADMISSIONS PER MONTH - 24-HOUR ASSES SMENT STAFF COVERAGE IN EMERGENCY DEPARTMENT - 24-BED ADULT UNIT, 13-BED ADOLESCENT UNIT, 9-BED PRE-ADOLESCENT UNIT - BOARD CERTIFIED PSYCHIATRISTS IN ADULT AND CHILD/ADOLESCENT PS YCHIATRY - INDIVIDUAL AND GROUP COUNSELING, FAMILY THERAPY AND SUBSTANCE ABUSE EDUCATION - EMERGENCY SERVICES CARES FOR MORE THAN 100,000 PATIENTS EACH YEAR - 14,000-SQUARE-FOOT FA CILITY - 45 TREATMENT ROOMS, 36 EMERGENCY DEPARTMENT EXAM ROOMS, 9 FAST TRACK EXPRESS CARE ROOMS, 4 TRAUMA ROOMS, 4 CRITICAL CARE ROOMS - 28 BOARD CERTIFIED EMERGENCY MEDICINE PHYS ICIANS AND MORE THAN 200 EMERGENCY SERVICES EMPLOYEES - NC RACE PROGRAM PROVIDES RAPID TRE ATMENT FOR HEART ATTACK PATIENTS - NATIONALLY RECOGNIZED TRAUMA SURGEONS - CHEST PAIN CENT ER AND STROKE PROGRAM ACCREDITATION SIGNIFICANT ACCOMPLISHMENTS IN FISCAL YEAR 2011 - CAR OMONT HEALTH EMPLOYEE WELLNESS - CAROMONT HEALTH CONTINUES TO FOCUS ON INITIATIVES THAT EN SURE ACCOMPLISHING THE CORPORATE AND TRIPLE AIM GOALS OF 1) INCREASING THE NUMBER OF EMPLO YEES WHO EXERCISE 3 OR MORE TIMES A WEEK, 2) INCREASING THE NUMBER OF EMPLOYEES AT A HEALT HY WEIGHT, 3) INCREASING THE VOLUME OF HEALTHY CAFETERIA SALES, AND 4) INCREASING THE NUMB ER OF EMPLOYEES WHO SUCCESSFULLY COMPLETE TOBACCO CESSATION CLASSES WE CONTINUE TO EDUCAT E/ENCOURAGE EMPLOYEES TO PARTICIPATE IN AGE AND GENDER APPROPRIATE HEALTH SCREENINGS AND I N IDENTIFYING BELIEFS HELD BY VARIOUS STAFF MEMBERS THAT SUGGEST A LACK OF NEED TO MAINTAI N HEALTH, THEN EDUCATE TO ENCOURAGE HEALTH MAINTENANCE - EMPLOYER WELLNESS - IN DECEMBER, 2010, CAROMONT HEALTH CONVENED A GROUP OF HEALTH PARTNERS TO DISCUSS THE HEALTH STATUS OF GASTON COUNTY RESIDENTS A REVIEW OF THE MOST RECENT (2008) GASTON COUNTY HEALTH ASSESSME NT WAS PERFORMED AFTER DISCUSSION THE FOLLOWING MISSION STATEMENT WAS AGREED UPON TO DEC REASE THE INCIDENCE OF CHRONIC DISEASE WITHIN THEIR EMPLOYED POPULATION BY DECREASING THE RATE OF OBESITY (FOCUSING ON NUTRITION, ACTIVITY/EXERCISE), DECREASING TOBACCO USE AND INC REASING THE CONSTRUCTIVE MANAGEMENT OF PERSONAL ST

Identifier	Return Reference	Explanation
STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	FORM 990, PART III, LINE 4A	RESS IN MARCH, 2011, CAROMONT HEALTH SPONSORED THE GASTON COUNTY HEALTH SUMMIT, INVITING HEALTH PARTNERS, LOCAL BUSINESSES, SOCIAL AGENCIES, MUNICIPALITIES AND GOVERNMENTAL AGENCI ES THE SUMMIT INCLUDED A REVIEW OF THE HEALTH STATUS OF AMERICANS AND ITS COST TO EMPLOYE RS, A REVIEW OF THE GASTON COUNTY HEALTH ASSESSMENT AND THE COUNTY HEALTH RANKINGS THE HI STORY, MISSION AND EMPLOYER-BASED STRATEGY OF THE GASTON COUNTY HEALTH COALITION WAS PRESE NTED THE IHI TRIPLE AIM FRAMEWORK WAS PRESENTED AND COMMENTS WERE MADE BY THE IHI BOARD C HAIR THREE LOCAL EMPLOYERS PRESENTED THEIR ACTIVITIES AND ACCOMPLISHMENTS IN THE REALM OF EMPLOYEE WELLNESS THE SUMMIT CULMINATED IN A CALL TO ACTION WITH MUCH DISCUSSION AS A R ESULT FIVE MORE EMPLOYERS COMMITTED TO THE WORK OF THE COALITION PRESENTLY THERE ARE 12 E MPLOYERS REPRESENTED, WHICH INCLUDE 4 OF THE LARGEST EMPLOYERS IN GASTON COUNTY THIS WORK IS DIVIDED INTO THREE PARTS INCREASING HEALTH, DECREASING COST AND INCREASING EXPERIENCE OF CARE FOR A DEFINED POPULATION THE MISSION OF THE INCREASING HEALTH WORKGROUP IS TO ED UCATE MEMBERS REGARDING OPPORTUNITIES TO DECREASE THEIR HEALTHCARE COSTS AND INCREASE THE HEALTH STATUS OF THEIR EMPLOYED LIVES AND TO COACH EMPLOYERS TO DEVELOP, IMPLEMENT AND SUC CESSFULLY SUSTAIN HEALTH INITIATIVES WITHIN THEIR EMPLOYEE BASE TOOLS USED WILL INCLUDE W ELLSOURCE'S HEALTH RISK APPRAISAL, PERSONAL REPORT, EXECUTIVE SUMMARY AND A PRODUCTIVITY A ND ECONOMIC BENEFIT REPORT CAROMONT HEALTH HAS AGREED TO PROVIDE HEALTH RISK APPRAISALS T O ORGANIZATIONS READY TO ACTIVELY PARTICIPATE TO ENHANCE CARE, RESULTS OF THESE HEALTH SC REENS ARE SENT TO THE EMPLOYEE'S PRIMARY CARE PHYSICIAN THE DECREASING COST WORK GROUP IS COLLECTING DATA FROM MEMBERS ABOUT THEIR CURRENT COSTS TO ASCERTAIN OPPORTUNITIES FOR COS T SAVINGS THEY ARE ALSO DISCUSSING THE NEED FOR A 24/7 NURSE TRIAGE LINE THE EXPERIENCE OF CARE WORKGROUP IS DETERMINING THE CURRENT METHODS USED TO ACCESS CARE, DEVELOPING THE M OST APPROPRIATE METHODS TO ACCESS CARE AND WILL DEVELOP AN ACTION PLAN TO MOVE FROM CURREN T TO IDEAL STATE EDUCATING POPULATIONS ON THESE METHODS WILL BE INCLUDED IN THIS WORK - FAITH BASED COMMUNITIES - THE FAITH AND HEALTH MINISTRY OF GASTON COUNTY (FHMGC) IS A CARO MONT HEALTH SUPPORTED, CHURCH-BASED WELLNESS PROGRAM DESIGNED TO ENHANCE THE HEALTH STATUS OF THE RESIDENTS OF GASTON COUNTY BY 1)EMPOWERING INDIVIDUALS IN KNOWLEDGE OF AND ACCESS TO COMMUNITY RESOURCES AND AGENCIES, 2) ENHANCING AWARENESS OF THE ABUNDANT LIVING PROGRAM TO THE COMMUNITY, 3) ENHANCING THE PARTNERSHIP WITH CAROMONT HEALTH AND COMMUNITY RESOURC ES AND 4) INCREASING THE AWARENESS OF LIFESTYLE RISK FACTORS FOR PREVENTABLE DISEASES WIT H THE CONGREGATIONAL MINISTER'S COMMITMENT, THE ESTABLISHMENT OF CONGREGATIONAL HEALTH MIN ISTRIES (WELLNESS COMMITTEES) AND THE INVOLVEMENT OF VOLUNTEER CONGREGATIONAL HEALTH PROMO TERS (TYPICALLY RNS) THE STRUCTURE IS ESTABLISHED TO PROVIDE THE SUPPORT, ENCOURAGEMENT, E DUCATION AND RESOURCES TO ENHANCE HEALTH OF CONGREGATION MEMBERS IMPLEMENTING PROGRAMS IN 4-6 CHURCHES IS A SHORT TERM GOAL FOUR LOCAL CHURCHES HAVE RECENTLY SIGNED COVENANTS TO PARTICIPATE AND THEIR NINE CONGREGATIONAL HEALTH PROMOTERS ARE IN THE PROCESS OF BEING TRA INED BY CAROMONT'S PARISH NURSE COORDINATOR

Identifier	Return Reference	Explanation
		- IN FEBRUARY 2011, CAROMONT HEALTH OPENED OUR FIRST CLIC IMMEDIATE CARE CLINIC CLIC (WHI CH STANDS FOR CONVENIENT, LOCAL, IMMEDIATE CARE) PROVIDES PATIENTS WITH IMMEDIATE ATTENTIO N TO THEIR ACUTE HEALTH CARE NEEDS, AS WELL AS INFORMATION, RESOURCES AND SUPPORT TO IMPRO VE THEIR LONG-TERM HEALTH AND WELL-BEING UNLIKE TRADITIONAL URGENT CARE CLINICS, CLIC PRO VIDES USER-FRIENDLY, INTERACTIVE OPPORTUNITIES THAT CONNECT PATIENTS TO RESOURCES ACROSS A CONTINUUM OF CARE, INCLUDING STRESS MANAGEMENT, FITNESS AND NUTRITION - LAST SEPTEMBER, CAROMONT HEALTH PERFORMED OUR 100TH DA VINCI ROBOTIC PROCEDURE THE DA VINCI SYSTEM IS A S OPHISTICATED ROBOTIC PLATFORM THAT ALLOWS CAROMONT HEALTH TO PERFORM MORE COMPLICATED PROC EDURES IN A MINIMALLY INVASIVE WAY THAT MEANS SMALLER INCISIONS, LESS PAIN FOR THE PATIEN T, A FASTER RECOVERY TIME AND HIGHER PATIENT SATISFACTION - IN 2011, CAROMONT HEALTH BEGA N USING ATHENAHEALTH'S CLOUD-BASED MEDICAL BILLING AND PRACTICE MANAGEMENT SERVICE TO INTE GRATE ELECTRONIC HEALTH RECORDS AND FACILITATE COMMUNICATION BETWEEN PHYSICIANS AND PATIEN TS PHYSICIANS HAVE EASIER ACCESS TO PATIENT INFORMATION AND CLINICAL DATA, ENHANCING EFFI CIENCY, COORDINATION OF CARE AND USE OF TIME IN DIRECT PATIENT CARE THE COMMUNICATOR SERV ICE EXPANDS ACCESSIBILITY FOR PATIENTS AFTER-HOURS, STREAMLINES PATIENT PAY MENTS, RE-CAPTU RES STAFF AND PHYSICIAN TIME AND REDUCES PAPER-BASED MAILING CAMPAIGNS THE NEW ATHENAHEAL TH SYSTEM HELPS CAROMONT PHYSICIANS DO WHAT THEY DO BEST - DELIVER EXCEPTIONAL HEALTH CARE , PROMOTE INDIVIDUAL WELLNESS AND ULTIMATELY CREATE A VIBRANT COMMUNITY - THE GOLD STAR S TANDARD HOSPITALS AWARD FROM THE NC PREVENTION PARTNERS RECOGNIZED CAROMONT'S HIGH STANDAR D OF EXCELLENCE FOR TOBACCO CESSATION PROGRAMS OFFERED TO ITS EMPLOYEES CAROMONT HEALTH H AS BEEN TOBACCO-FREE SINCE JANUARY 2007, AND HAD ALREADY IMPLEMENTED MANY TOBACCO CESSATIO N PROGRAMS FOR EMPLOYEES AND THE COMMUNITY EMPLOYEES WHO COMPLETE A CERTIFICATION OF TOBA CCO-FREE STATUS FOR AT LEAST 12 MONTHS CAN RECEIVE AN ANNUAL DEPOSIT TO THEIR HEALTH INSUR ANCE INCENTIVE ACCOUNT - IN 2010, CAROMONT HEALTH HAD 41 ORGAN, TISSUE AND EYE DONORS THR OUGH ITS DYNAMIC PARTNERSHIP WITH LIFESHARE OF THE CAROLINAS, AN ORGAN PROCUREMENT ORGANIZ ATION THAT IMPROVES THE QUALITY OF HUMAN LIFE BY ENCOURAGING PATIENTS TO DONATE ORGANS AND TISSUE - CAROMONT HEALTH RECENTLY BROKE GROUND ON A SIGNIFICANT EXPANSION FOR ITS AFFILI ATED HEALTH FACILITY, GASTON HOSPICE NAMED AFTER A PIONEER OF GASTON COUNTY HOSPICE, THE ROBIN JOHNSON HOUSE IS DESIGNED TO DELIVER SHORT-TERM CARE AS AN ALTERNATIVE TO HOSPITALIZ ATION FOR THE MANAGEMENT OF PAIN AND SYMPTOMS GASTON HOSPICE GREATLY NEEDED TO EXPAND THE IR INPATIENT FACILITY DUE TO THE CURRENT WAITING PERIOD THE ROBIN JOHNSON HOUSE IS OFTEN FULL, AND PATIENTS HAVE TO WAIT A DAY OR TWO TO RECEIVE NEEDED CARE THE NEW ADDITION AT T HE ROBIN JOHNSON HOUSE IN DALLAS WILL ADD SEVEN ROOMS, BRINGING THE TOTAL FROM 12 TO 19, A ND WILL ACCOMMODATE ADDITIONAL PATIENTS WITH QUALITY CARE AND COMFORT WITHOUT A WAIT THE INPATIENT FACILITY EXPANSION WILL BRING MANY OPPORTUNITIES TO OUR CAROMONT HEALTH COMMUNIT Y THE ROBIN JOHNSON HOUSE WILL BE BUILT AND FURNISHED THROUGH THE GENEROUS CONTRIBUTIONS OF INDIVIDUALS, BUSINESSES AND FOUNDATIONS - IN APRIL 2011, CAROMONT HEALTH WAS RATED AS A TOP HOSPITAL IN THE CHARLOTTE METROPOLITAN AREA BY U S NEWS & WORLD REPORT THE MAGAZIN E'S "BEST HOSPITALS" RANKINGS EXAMINED NEARLY 5,000 HOSPITALS ACROSS THE NATION, AND CAROM ONT HEALTH'S GASTON MEMORIAL HOSPITAL RANKED SECOND AMONG THE 16 CHARLOTTE-AREA HOSPITALS IN TERMS OF THEIR NATIONALLY RANKED SPECIALTIES GASTON MEMORIAL HOSPITAL HAD SIX HIGH-PER FORMING SPECIALTIES, INCLUDING GYNECOLOGY, UROLOGY, GASTROENTEROLOGY, GERIATRICS, KIDNEY D ISORDERS AND PULMONOLOGY - BECKER'S HOSPITAL REVIEW PUBLISHED ITS 65 GREAT COMMUNITY HOSP ITALS, AND GASTON MEMORIAL MADE THE LIST HONORED HOSPITALS ARE RECOGNIZED AS HIGH-PERFORM ING LEADERS IN PATIENT CARE, CLINICAL QUALITY AND COMMUNITY OUTREACH THEY INCLUDE HOSPITA LS WITH FEWER THAN 550 PATIENT BEDS AND MINIMAL TEACHING PROGRAMS TO COMPILE THE LIST AND IDENTIFY OUTSTANDING CONTENDERS, THE BECKER'S HOSPITAL REVIEW EDITORIAL TEAM ANALYZED AND REVIEWED DATA FROM SOURCES INCLUDING U S NEWS & WORLD REPORT, HEALTHGRADES, AMERICAN NUR SES CREDENTIALING CENTER AND THOMSON REUTERS - CAROMONT HEALTH WAS ONE OF ONLY TWO HOSPIT ALS IN NORTH CAROLINA TO RECEIVE THE HEALTHGRADES DISTINGUISHED HOSPITAL FOR CLINICAL EXCE LLENCE AWARD HEALTHGRADES OBJECTIVELY IDENTIFIES HOSPITALS ACROSS 26 DIAGNOSES AND PROCED URES TO FIND THE BEST PERFORMERS THESE INSTITUTIONS ARE IN THE TOP 5% OF THE NATION IN ME ASURES OF OVERALL PERFORMANCE, INCLUDING PATIENT CARE, OPERATIONAL EFFICIENCY AND FINANCIA L STABILITY - CARECHEX IS A RATING SERVICE OF THE DELTA GROUP THAT MEASURES MEDICAL AND H OSPITAL QUALITY FOR 2011, THE SERVICE RANKED CAROMONT HEALTH NO 1 IN NORTH CAROLINA FOR CORONARY BYPASS SURGERY, HEART ATTACK TREATMENT, H

Identifier	Return Reference	Explanation
		EART FAILURE TREATMENT, AND PNEUMONIA CARE. CAROMONT RANKED AMONG THE TOP 10% OF U S HOSP ITALS IN 11 DIFFERENT CATEGORIES. THIS COMPREHENSIVE EVALUATION PROVIDES FEEDBACK ON THE P ROCESS OF CARE, OUTCOMES OF CARE AND PATIENT EXPERIENCES. - CAROMONT HEALTH RANKED AS A TO P PERFORMER IN THE PREMIER ALLIANCE QUALITY ADVISOR DATABASE FOR COST OF CARE, LENGTH OF ST AY, AND AVOIDABLE MORTALITY. PREMIER INC. ASSESSES THE PROCESSES AND OUTCOMES IN HOSPITAL SYSTEMS TO ENSURE THAT FACILITIES ARE ACHIEVING THEIR GOALS. THESE RANKINGS ALLOW MEMBERS TO MEASURE THEIR OUTCOMES AGAINST LEADING CLINICAL EFFICIENCY AND QUALITY PERFORMANCE BENC HMARKING APPLICATIONS IN THE HEALTH CARE INDUSTRY. THE STANDINGS ARE CALCULATED Y EARLY ACR OSS ALL PREMIER QUALITY ADVISOR FACILITIES. - THE CAROMONT CANCER CENTER IS DESIGNATED AS A COMMUNITY HOSPITAL COMPREHENSIVE CANCER PROGRAM BY THE COMMISSION ON CANCER. THE CANCER C ENTER ACHIEVED A FULL THREE-Y EAR ACCREDITATION WITH COMMENDATION STATUS AND NATIONAL RECOG NITION AS A RECIPIENT OF THE "OUTSTANDING ACHIEVEMENT AWARD" DURING ITS LAST REVIEW. ONLY 7% OF SURVEY ED HOSPITALS RECEIVE THIS AWARD. IN ADDITION, THE AMERICAN COLLEGE OF RADIOLOG Y (ACR) HAS NATIONALLY ACCREDITED MAMMOGRAPHY, BREAST ULTRASOUND, BREAST MRI AND BIOPSY WI THIN THE CAROMONT PROGRAM. IN 2011, THE ACR NATIONALLY ACCREDITED THE RADIATION ONCOLOGY P ROGRAM, MAKING IT THE ONLY NATIONALLY ACCREDITED PROGRAM WITHIN THE REGION. - CAROMONT HEA LTH IS ACCREDITED BY THE SOCIETY OF CHEST PAIN CENTERS (SCPC), AN INTERNATIONAL ORGANIZATI ON DEDICATED TO ELIMINATING HEART DISEASE AS THE NUMBER ONE CAUSE OF DEATH WORLDWIDE. THE SCPC ACCREDITATION PROCESS GUARANTEES THAT HEALTH CARE FACILITIES MEET OR EXCEED THE QUALI TY-OF-CARE MEASURES IN ACUTE CARDIAC MEDICINE. KEY AREAS IN WHICH AN ACCREDITED CHEST PAIN CENTER MUST DEMONSTRATE EXPERTISE INCLUDE INTEGRATING THE EMERGENCY DEPARTMENT WITH THE L OCAL EMERGENCY MEDICAL SYSTEM, CONTINUALLY SEEKING TO IMPROVE PROCESSES AND PROCEDURES, EN SURING THE ONGOING TRAINING OF ACCREDITED CHEST PAIN CENTER PERSONNEL AND SUPPORTING COMMU NITY OUTREACH AND EDUCATIONAL PROGRAMS. - THE NATIONAL ACCREDITATION PROGRAM FOR BREAST CE NTERS (NAPBC) GRANTED CAROMONT'S NEW MULTIDISCIPLINARY BREAST CENTER NATIONAL ACCREDITATIO N IN 2011. NAPBC-ACCREDITATION IS GIVEN ONLY TO THOSE CENTERS THAT HAVE VOLUNTARILY COMMIT TED TO PROVIDE THE BEST IN BREAST CANCER DIAGNOSIS AND TREATMENT. IN ADDITION, THESE CENTE RS UNDERGO A RIGOROUS PERFORMANCE EVALUATION AND COMPLY WITH NAPBC STANDARDS FOR TREATING THE FULL SPECTRUM OF BREAST DISEASE. ACCORDING TO THE NAPBC, THE MULTIDISCIPLINARY BREAST CENTER AT CAROMONT DEMONSTRATES PROFICIENCY IN THE AREAS OF CENTER LEADERSHIP, PATIENT CLI NICAL MANAGEMENT, RESEARCH, COMMUNITY OUTREACH, PROFESSIONAL EDUCATION AND QUALITY IMPROVE MENT. - THE JOINT COMMISSION RECERTIFIED CAROMONT HEALTH IN 2010 FOR ITS HIP AND KNEE PROG RAMS. THE RECERTIFICATION DEMONSTRATED CAROMONT'S COMPLIANCE WITH CONSENSUS-BASED NATIONAL STANDARDS, EFFECTIVE USE OF EVIDENCE-BASED CLINICAL PRACTICE GUIDELINES TO MANAGE AND OPT IMIZE CARE, AND AN ORGANIZED APPROACH TO PERFORMANCE MEASUREMENT AND IMPROVEMENT ACTIVITIE S. IT REFLECTS CAROMONT'S COMMITMENT TO HIGH STANDARDS OF SERVICE. - THE CAROMONT MEDICAL STAFF INCLUDES PHYSICIAN COUNCILS - GROUPS OF PHYSICIANS FROM A RANGE OF DISCIPLINES FOCUS ED ON A PARTICULAR PATIENT POPULATION, DISEASE CONDITION OR CARE CONTINUUM. THESE COUNCILS ARE USED AS FORUMS TO EVALUATE AND ALIGN NEW SERVICES, ENHANCE CARE COORDINATION, SHARPEN FOCUS AND STREAMLINE THE HEALTH CARE OPERATING SYSTEM. CAROMONT EXECUTIVES USE THE INFORM ATION AND IDEAS THAT COME FROM PHYSICIAN COUNCILS TO MAKE IMPROVEMENTS THROUGHOUT THE HOSP ITAL SYSTEM TO BETTER SERVE OUR PATIENTS

Identifier	Return Reference	Explanation
		- THE NATIONAL COMMITTEE FOR QUALITY ASSURANCE IS A PRIVATE, NONPROFIT ORGANIZATION DEDICATED TO IMPROVING HEALTH CARE QUALITY RECENTLY, SEVEN CAROMONT MEDICAL GROUP PRIMARY CARE PRACTICES RECEIVED NCQA LEVEL 3 RECOGNITION FROM THE PHYSICIAN PRACTICE CONNECTIONS - PATIENT-CENTERED MEDICAL HOME PROGRAM (PCMH) MEDICAL HOME PROGRAMS EMPHASIZE CARE, COORDINATION AND COMMUNICATION, WHICH ARE DESIGNED TO LEAD TO HIGHER QUALITY AND LOWER COSTS CAROMONT HEALTH'S COMMITMENT TO QUALITY CARE IS BASED ON A CORE DESIRE TO ACHIEVE A HEALTHIER COMMUNITY - THE CAROMONT ONCOLOGY COUNCIL FORMED THE MULTIDISCIPLINARY BREAST CENTER IN 2011 AS A NEW MODEL OF INTEGRATED ONCOLOGY CARE TO EXPEDITE COMPREHENSIVE TREATMENT, IMPROVE OUTCOMES, AND ULTIMATELY, SAVE LIVES PATIENTS BENEFIT FROM A COMPREHENSIVE EVALUATION AND PERSONALIZED TREATMENT PLAN RECOMMENDED BY A MULTIDISCIPLINARY TEAM OF BOARD CERTIFIED MEDICAL ONCOLOGISTS, RADIATION ONCOLOGISTS, SURGEONS AND RADIOLOGISTS THE MULTIDISCIPLINARY BREAST CENTER TEAM RECOGNIZES THE IMPORTANCE OF THE REFERRING PHYSICIANS IN ONGOING INTEGRATED CARE AND PROVIDES REFERRING PHYSICIANS WITH DETAILED DOCUMENTATION OF THE BREAST CENTER'S MULTIDISCIPLINARY TEAM'S FINDINGS AND RECOMMENDATIONS - CAROMONT'S CANCER CENTER AND THE AMERICAN CANCER SOCIETY HAVE PARTNERED TO PROVIDE A CANCER RESOURCE CENTER THAT PROVIDES PATIENTS AND CAREGIVERS TIMELY INFORMATION AND SUPPORT TO HELP THEM MANAGE THE DIAGNOSIS OF CANCER THE CENTER PROVIDES HIGHLY TRAINED VOLUNTEERS WHO CAN GUIDE CANCER PATIENTS THROUGH ALL CHALLENGES OF THE CANCER JOURNEY SUCH AS FINANCIAL CONCERNS, INSURANCE AND TRANSPORTATION - CAROMONT HEALTH IS ENTERING THE SECOND YEAR OF OUR PARTNERSHIP WITH COLUMBIA UNIVERSITY MEDICAL CENTER'S HEARTSOURCE, A CLINICAL AND MANAGEMENT SERVICES GROUP FROM THE DIVISION OF CARDIOTHORACIC SURGERY AT NEW YORK PRESBYTERIAN HOSPITAL/COLUMBIA UNIVERSITY MEDICAL CENTER THE RELATIONSHIP HAS PROVIDED CAROMONT HEALTH PHYSICIANS WITH EXPOSURE TO SOME OF THE MOST ADVANCED CARDIAC PROCEDURES, AS WELL AS ACCESS TO A SHARED QUALITY CONTROL DATABASE IT ALSO ALLOWS FOR A HIGHER LEVEL OF FOCUS ON QUALITY OUTCOMES AND EVIDENCE-BASED CARE THAT MIGHT NOT EXIST IN ISOLATED, PRIVATE PRACTICES - CAROMONT HEALTH AND NORTH CAROLINA'S LARGEST HEALTH INSURER, BLUE CROSS AND BLUE SHIELD OF NORTH CAROLINA, ANNOUNCED A COLLABORATIVE ARRANGEMENT TO OFFER PATIENTS A NEW HEALTH CARE DELIVERY AND REIMBURSEMENT MODEL FOR KNEE REPLACEMENTS THE INNOVATIVE, VALUE-BASED INITIATIVE IS DESIGNED TO PROVIDE QUALITY CARE WITH IMPROVED CARE COORDINATION AT COMPETITIVE PRICING SPECIFIC QUALITY AND PATIENT SATISFACTION MEASURES ARE BUILT IN TO THE 'BUNDLED KNEE' PLAN TO HELP ENSURE THAT PATIENT NEEDS GUIDE THE PROGRAM - THE INSTITUTE FOR HEALTHCARE IMPROVEMENT HAS ESTABLISHED A TRIO OF OBJECTIVES CALLED THE TRIPLE AIM - IMPROVE THE HEALTH OF THE POPULATION - ENHANCE THE PATIENT EXPERIENCE (QUALITY, ACCESS, RELIABILITY) - CONTROL COSTS THESE THREE OBJECTIVES ARE ALL CRITICAL COMPONENTS IN BEING WHAT IS KNOWN IN THE INDUSTRY AS AN ACCOUNTABLE CARE ORGANIZATION (ACO) IN TAKING STEPS TO BECOME AN ACO, CAROMONT HEALTH IS UNDERTAKING CHANGES THAT WILL LEAD TO BETTER COORDINATED CARE WITH BETTER OUTCOMES AT LOWER COSTS FOR PATIENTS WE ARE ALSO EMBRACING THE "MEDICAL HOME" CONCEPT, WHICH IS A NATIONAL INITIATIVE DESIGNED TO IMPROVE HEALTH CARE QUALITY MEDICAL HOMES ARE PATIENT CENTERED, TEAM-BASED APPROACHES TO CARE THAT HAVE BEEN SHOWN TO REDUCE HOSPITAL ADMISSIONS AND DECREASE COSTS

Identifier	Return Reference	Explanation
COMMON PAYMASTER	FORM 990, PART V AND PART VII	THE FILING ORGANIZATION USES A RELATED ORGANIZATION FOR ITS PAYROLL FUNCTION ALL W-2S ARE FILED BY THE COMMON PAYMASTER HOWEVER, AMOUNTS PAID BY THE COMMON PAYMASTER ARE TREATED AS IF PAID DIRECTLY BY THE ORGANIZATION FOR WHICH SERVICES ARE PERFORMED

Identifier	Return Reference	Explanation
	AMENDED RETURN	THE 2010 FORM 990 WAS AMENDED TO CORRET AN ERROR ON SCHEDULE K, PART II, COLUMM (B), LINE 10 THE AMOUNT IN THE ORIGINAL FILING WAS OVERSTATED BY $1 MILLION THE AMOUNT HAS BEEN AMENDED TO CORRECTLY STATE THE AMOUNT $28,947,486

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493057000053

SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
GASTON MEMORIAL HOSPITAL INC

Employer identification number
56-0619359

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

(a) Name, address, and EIN 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 organization	
						Yes	No
(1) CAROMONT HEALTH INC 2525 COURT DRIVE GASTONIA, NC 28054 58-1636959	MEDICAL SERVICES	NC	501(C)(3)	LINE 11B, II	N/A		No
(2) CAROMONT HEALTH SERVICES INC 2526 COURT DRIVE GASTONIA, NC 28054 56-1455630	OUTPATIENT SERVICES	NC	501(C)(3)	LINE 3	CAROMONT HEALTH INC		No
(3) GASTON MEMORIAL HOSPITAL FOUNDATION INC 2527 COURT DRIVE GASTONIA, NC 28054 56-1479699	FOUNDATION	NC	501(C)(3)	LINE 9	CAROMONT HEALTH INC		No
(4) CAROMONT MEDICAL GROUP INC 2528 COURT DRIVE GASTONIA, NC 28054 56-1479712	MEDICAL GROUP	NC	501(C)(3)	LINE 9	CAROMONT HEALTH INC		No
(5) HOSPICE OF GASTON COUNTY INC 2529 COURT DRIVE GASTONIA, NC 28054 58-1341530	HOSPICE CARE	NC	501(C)(3)	LINE 7	CAROMONT HEALTH INC		No
(6) GASTON EMERGENCY PHYSICIANS INC 2531 COURT DRIVE GASTONIA, NC 28054 56-2209423	SUPPORTING ORGANIZATION	NC	501(C)(3)	LINE 11A, I	CAROMONT HEALTH INC		No

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership

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

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

		Yes	No
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 **(iv)** rent from a controlled entity	1a		No
b Gift, grant, or capital contribution to other organization(s)	1b		No
c Gift, grant, or capital contribution from other organization(s)	1c	Yes	
d Loans or loan guarantees to or for other organization(s)	1d		No
e Loans or loan guarantees by other organization(s)	1e		No
f Sale of assets to other organization(s)	1f		No
g Purchase of assets from other organization(s)	1g		No
h Exchange of assets	1h		No
i Lease of facilities, equipment, or other assets to other organization(s)	1i	Yes	
j Lease of facilities, equipment, or other assets from other organization(s)	1j		No
k Performance of services or membership or fundraising solicitations for other organization(s)	1k		No
l Performance of services or membership or fundraising solicitations by other organization(s)	1l		No
m Sharing of facilities, equipment, mailing lists, or other assets	1m	Yes	
n Sharing of paid employees	1n	Yes	
o Reimbursement paid to other organization for expenses	1o	Yes	
p Reimbursement paid by other organization for expenses	1p	Yes	
q Other transfer of cash or property to other organization(s)	1q	Yes	
r Other transfer of cash or property from other organization(s)	1r	Yes	

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

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				

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) Are all partners section 501(c)(3) organizations?		(e) Share of end-of-year assets	(f) Disproprtionate allocations?		(g) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(h) General or managing partner?	
			Yes	No		Yes	No		Yes	No

Part VII Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule R (see instructions)

Identifier	Return Reference	Explanation

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 56-0619359
Name: GASTON MEMORIAL HOSPITAL INC

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
CAROMONT HEALTH INC 2525 COURT DRIVE GASTONIA, NC28054 58-1636959	MEDICAL SERVICES	NC	501(C)(3)	LINE 11B, II	N/A		No
CAROMONT HEALTH SERVICES INC 2526 COURT DRIVE GASTONIA, NC28054 56-1455630	OUTPATIENT SERVICES	NC	501(C)(3)	LINE 3	CAROMONT HEALTH INC		No
GASTON MEMORIAL HOSPITAL FOUNDATION INC 2527 COURT DRIVE GASTONIA, NC28054 56-1479699	FOUNDATION	NC	501(C)(3)	LINE 9	CAROMONT HEALTH INC		No
CAROMONT MEDICAL GROUP INC 2528 COURT DRIVE GASTONIA, NC28054 56-1479712	MEDICAL GROUP	NC	501(C)(3)	LINE 9	CAROMONT HEALTH INC		No
HOSPICE OF GASTON COUNTY INC 2529 COURT DRIVE GASTONIA, NC28054 58-1341530	HOSPICE CARE	NC	501(C)(3)	LINE 7	CAROMONT HEALTH INC		No
GASTON EMERGENCY PHYSICIANS INC 2531 COURT DRIVE GASTONIA, NC28054 56-2209423	SUPPORTING ORGANIZATION	NC	501(C)(3)	LINE 11A, I	CAROMONT HEALTH INC		No

CAROMONT HEALTH, INC.
AND AFFILIATES

Combined Financial Statements
(with Additional Supplemental
Schedules)

June 30, 2011 and 2010

(with Independent Auditors'
Report thereon)

CAROMONT HEALTH, INC.
AND AFFILIATES
Table of Contents
June 30, 2011 and 2010

DIXON HUGHES GOODMAN LLP

Independent Auditors' Report

To the Board of Directors
CaroMont Health, Inc and Affiliates
Gastonia, North Carolina

We have audited the accompanying combined balance sheets of CaroMont Health, Inc and Affiliates (the "System") as of June 30, 2011 and 2010, and the related combined statements of revenues, expenses, and changes in net assets and cash flows for the years then ended These combined financial statements are the responsibility of the System's management Our responsibility is to express an opinion on these combined 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 combined financial statements are free of material misstatement An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control over financial reporting Accordingly, we express no such opinion An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation We believe that our audits provide a reasonable basis for our opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of CaroMont Health, Inc and Affiliates as of June 30, 2011 and 2010, and the results of its combined operations and its combined cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America

Praxity

[illegible]

To the Board of Directors
CaroMont Health, Inc and Affiliates

Management's Discussion and Analysis is not a required part of the combined financial statements, but is supplementary information required by the Governmental Accounting Standards Board We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information However, we did not audit the information and express no opinion on it

Our audit was conducted for the purpose of forming an opinion on the combined financial statements taken as a whole The supplemental schedules listed in the foregoing table of contents are presented for purposes of additional analysis rather than to present the financial position and results of operations of the individual organizations and are not a required part of the combined financial statements These schedules are the responsibility of the System's management Such schedules have been subjected to the auditing procedures applied in our audit of the combined financial statements and, in our opinion, are fairly stated in all material respects in relation to the combined financial statements taken as a whole

Dixon Hughes Goodman LLP

September 15, 2011

CaroMont Health, Inc and Affiliates

Management's Discussion and Analysis

June 30, 2011 and 2010

CaroMont Health, Inc and Affiliates (the "System") provides inpatient, outpatient, emergency, and surgical services to the residents of Gaston County and surrounding areas at its 435-licensed bed hospital, Gaston Memorial Hospital In addition, the System provides healthcare services in two same day surgery centers, two health and fitness centers, an occupational medicine clinic, four outpatient off-site imaging centers, a skilled nursing facility, an inpatient hospice facility, and outpatient hospice Finally, the System employs physicians and physician extenders who provide services at the hospital and in ambulatory-based practices located in five counties and two states

FINANCIAL HIGHLIGHTS

The assets of CaroMont Health, Inc and Affiliates exceeded its liabilities at June 30, 2011 by $547 million, which represents the amount of the System's net assets This amount will be used to meet the System's ongoing financial obligations and to finance capital improvements and expansion of services in the future

The System's total net assets increased $94 8 million in the twelve-month period ended June 30, 2011, which represents the amount of gain for the fiscal year The following is an analysis of CaroMont Health, Inc and Affiliates' financial performance in fiscal year 2011

OVERVIEW OF THE COMBINED FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to CaroMont Health, Inc and Affiliates' audited combined financial statements The System's combined financial statements are comprised of two components 1) audited combined financial statements and 2) notes to the audited combined financial statements This report also contains other supplementary information in addition to the audited combined financial statements themselves

The audited combined financial statements include the Combined Balance Sheets, Combined Statements of Revenues, Expenses, and Changes in Net Assets, and Combined Statements of Cash Flows for the fiscal years ended June 30, 2011 and 2010 The System operates similar to a private business and therefore utilizes the proprietary fund method of accounting This method provides both long-term and short-term financial information and requires that revenue and expenses are recognized on the full accrual basis

The Combined Balance Sheets present information on all of the System's assets and liabilities, with the difference between the two reported as net assets Over time, increases or decreases in net assets may serve as a useful indicator of whether the combined financial position of the System is improving or deteriorating

The Combined Statements of Revenues, Expenses, and Changes in Net Assets present information showing how the System's net assets changed during the most recent fiscal year All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows

The Combined Statements of Cash Flows present information about the System's cash flows resulting from operating, investing, non-capital financing, and capital financing activities It reports cash receipts, cash payments, and changes in the cash balance during the most recent fiscal year

FINANCIAL ANALYSIS

Total Assets

As seen in Table 1, total assets of the System increased $90 3 million in fiscal year 2011 Current assets decreased $1 9 million, net capital assets decreased $2 5 million, and other long-term assets increased $94 7 million

Table 1
CaroMont Health, Inc. and Affiliates
Summary of Assets
(in millions of dollars)

	2011	2010
Current assets	$ 74 0	$ 75 9
Capital assets, net of accumulated depreciation	224 8	227 3
Other long-term assets	570 1	475 4
Total assets	$ 868 9	$ 778 6

The decrease in current assets was primarily due to decreases in cash and cash equivalents, which was partially off-set by increases in net patient account receivables, prepaid expenses, and inventories of drugs and supplies The decrease in net capital assets was primarily caused by disposals of fully-depreciated assets no longer in service which was partially off-set by purchases of capital The increase in other long-term assets was primarily due to increases in internally-designated investments, prepaid pension, and 457b plan assets, which were partially offset by decreases in deferred charges for interest rate swaps and deferred financing costs

Total Liabilities and Net Assets

As seen in Table 2, total liabilities of the System decreased $4 5 million in fiscal year 2011 Current liabilities increased $11 9 million and long-term liabilities decreased $16 4 million Total net assets increased $94 8 million Unrestricted net assets increased $88 9 million, net assets invested in capital assets, net of related debt, increased $2 9 million, and net assets restricted for specific operating purposes increased $3 0 million

Table 2
CaroMont Health, Inc. and Affiliates
Summary of Liabilities and Net Assets
(in millions of dollars)

	2011	2010
Current liabilities	$ 93 6	$ 81 7
Long-term liabilities	228 3	244 7
Total liabilities	321 9	326 4
Unrestricted net assets	526 5	437 6
Invested in capital assets, net of related debt	16 3	13 4
Restricted for specific operating purposes	4 2	1 2
Total net assets	547 0	452 2
Total liabilities and net assets	$ 868 9	$ 778 6

The increase in current liabilities was primarily due to increases in accounts payable, accrued settlements for Medicare, and accrued interest on the tax-exempt bonds The decrease in long-term liabilities was primarily due to changes in the values and classification of the interest rate swaps and reductions in long-term debt, which were partially off-set by an increase in the 457b plan liability

Total net assets increased to reflect the System's excess of revenues over expenses of $93 5 million and $1 3 million of capital grants and contributions The increase in net assets invested in capital was primarily caused by a reduction in the balances of long-term debt and deferred financing costs The increase in net assets restricted for specific operating purposes were due to donations to a scholarship fund and capital contributions received for a future Hospice capital campaign

Total Operating Revenues

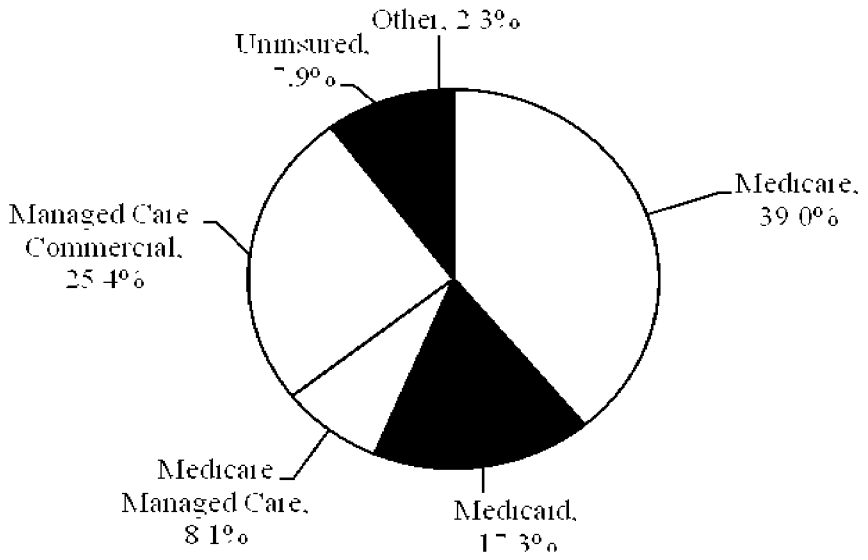
As seen in Table 3, total operating revenues increased 7 3% to $471 7 million in fiscal year 2011

Table 3
CaroMont Health, Inc. and Affiliates
Summary of Total Operating Revenues
(in millions of dollars)

	2011	2010
Inpatient revenue	$ 518 7	$ 465 7
Outpatient revenue	718 1	640 8
Gross patient service revenue	1,236 8	1,106 5
Contractual allowances	682 1	590 5
Charity care	46 8	41 6
Provision for bad debts	43 7	43 3
Total revenue deductions	772 6	675 4
Net patient service revenue	464 2	431 1
Other operating revenue	7 5	8 6
Total operating revenues	$ 471 7	$ 439 7

Graph 1 presents gross patient service revenue by payor type in fiscal year 2011 for Gaston Memorial Hospital

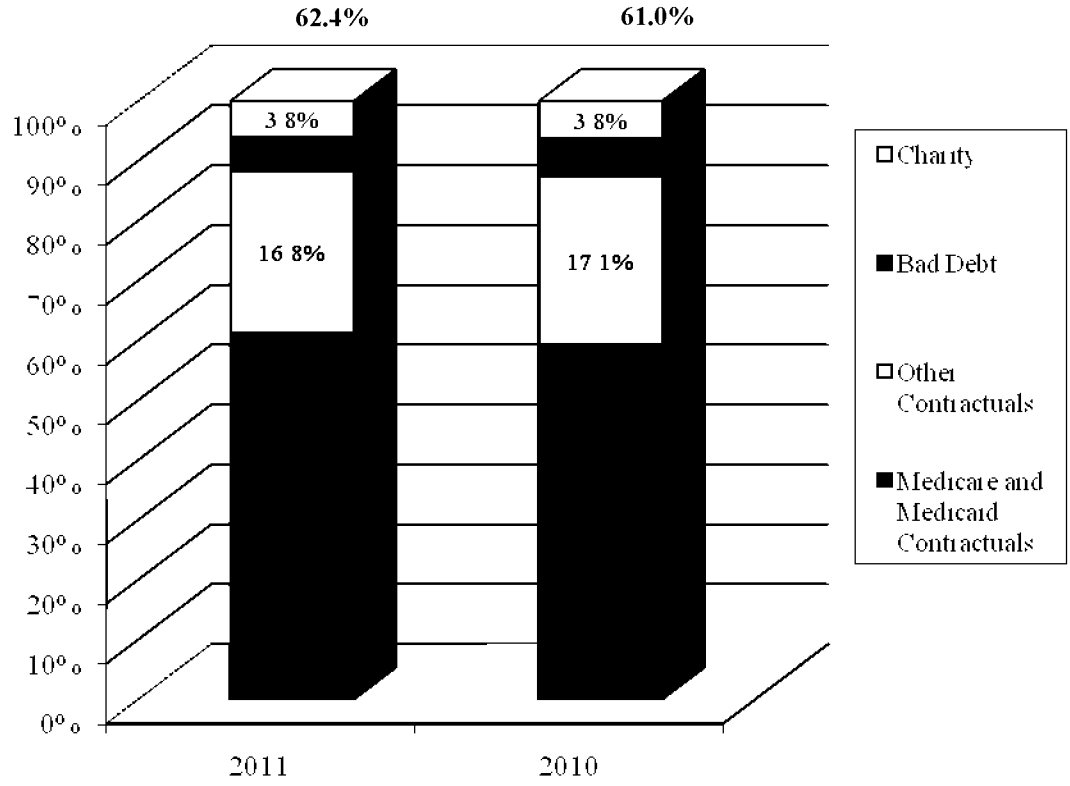
Graph 1
Gaston Memorial Hospital
Gross Patient Service Revenue by Payor Type



The largest consumers of healthcare services at Gaston Memorial Hospital were Medicare patients, comprising 39 0% of gross charges Commercially insured and managed care patients comprised 25 4% of gross charges Medicaid patients comprised 17 3% of gross charges Medicare managed care, uninsured, and other patients comprised the balance of patients, representing 8 1%, 7 9%, and 2 3% of gross charges, respectively As compared to the prior fiscal year, Medicare increased 1 2%, commercial/managed care decreased 1 7%, Medicaid decreased 0 1%, Medicare managed care increased 0 5%, uninsured increased 0 1%, and other decreased 0 2%

Graph 2 presents revenue deductions as a percentage of gross patient service revenue in fiscal years 2011 and 2010 for CaroMont Health, Inc and Affiliates

Graph 2
CaroMont Health, Inc. and Affiliates
Revenue Deductions as a Percentage of Gross Patient Service Revenue



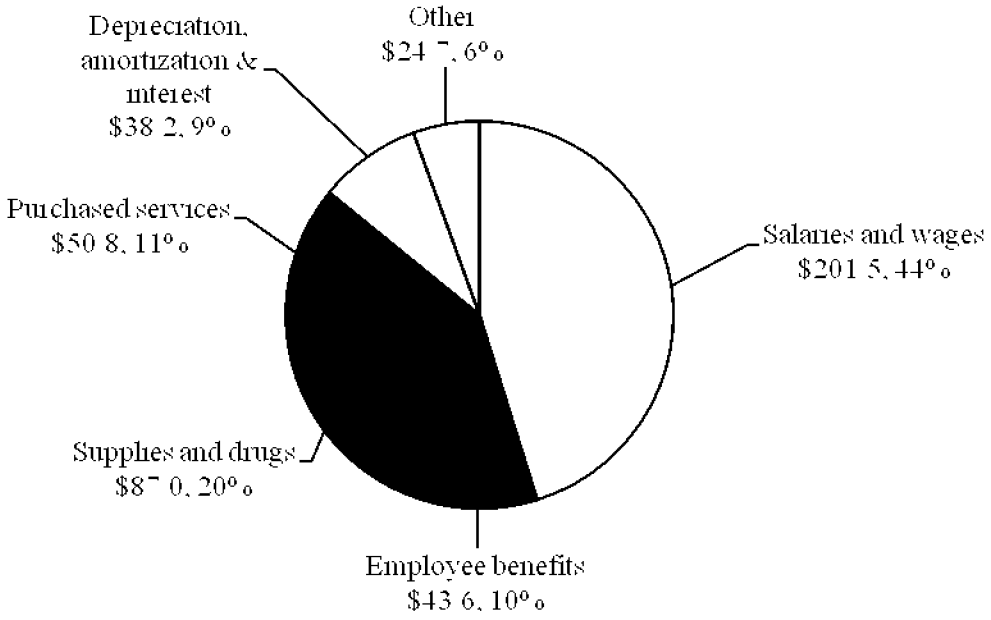
Deductions from gross patient service revenue represent the difference between charges and the amount of payment received for services provided Medicare and Medicaid contractuals are the largest category and represent over half of the deductions The next largest category, other contractuals, are a result of contracts with managed care companies along with contractuals from other governmental payors such as Tri-Care Write-offs for bad debt result from patients who choose not to pay for their services even though they have the financial means to do so Write-offs for charity are provided primarily to uninsured and underinsured patients who do not have the financial means to pay for their healthcare services Uncompensated care is defined as services provided for which the System should have received payment, but did not, resulting in either bad debt or charity write-offs

Total deductions from revenue as a percentage of gross patient service revenue increased from 61 0% in fiscal year 2010 to 62 4% in fiscal year 2011 Medicare and Medicaid contractuals increased primarily due to increases in the number of patients receiving services along with reductions in reimbursements from the Medicaid program Other contractuals decreased primarily due to decreases in the number of managed care patients receiving services which was partially offset by higher reimbursements from managed care companies Charity remained flat at 3 8% although the dollars of charity care given increased $5 2 million Bad debt decreased from 3 9% in fiscal year 2010 to 3 5% in fiscal year 2011 primarily due to better than expected collections in the patient loan program

Total Operating Expenses

In fiscal year 2011, total operating expenses increased 6 9% over the prior year to $445 7 million Graph 3 presents a break-down of operating expenses by major category in fiscal year 2011 for CaroMont Health, Inc and Affiliates

Graph 3
CaroMont Health, Inc. and Affiliates
Composition of Operating Expenses
In Millions of Dollars and As a Percentage of Total Operating Expense



Salaries and wages expenses, which represent 44% of total operating expenses, increased 6 0% to $201 5 million in fiscal year 2011 The increase was due to the addition of 16 full-time equivalent employees ("FTEs") and increases in rates of pay

Supplies and drugs expenses, which represent 20% of total operating expenses, increased 6 2% to $87 0 million The increase was primarily due to increases in both usage and costs of implants used in surgical procedures and in the EP lab, drugs, and medical/surgical supplies, which were partially offset by reductions in usage of infusion drugs and inventory adjustments

Purchased services, which represent 11% of total operating expenses, increased 8 8% to $50 8 million The increase was primarily due to increases in repairs and maintenance, rent, and contract services

Employee benefits, which represent 10% of total operating expenses, increased 14 4% to $43 6 million The increase was primarily due to increases in payroll taxes, pension, and health insurance expenses, which were partially off-set by lower worker's compensation expenses

Depreciation, amortization, and interest expense, which represent 9% of total operating expenses, increased 0 5% to $38 2 million due to increases in depreciation

Finally, fees and other expenses, which represent 6% of total operating expenses, increased 11 3% to $24 7 million primarily due to increases in medical professional service fees and consulting fees, which were partially offset by decreases in professional/general liability insurance and lab fees

Excess of Revenues Over Expenses

As seen in Table 4, excess revenues over expenses increased $27 3 million in fiscal year 2011 Income from operations increased $3 1 million while net nonoperating revenues increased $24 1 million

Table 4
CaroMont Health, Inc. and Affiliates
Summary of Excess Revenues over Expenses
(in millions of dollars)

	2011	2010
Income from operations	$ 26 0	$ 22 9
Net realized gains on investments	13 5	8 7
Unrealized gains on investments	58 7	34 2
Unrealized losses on interest rate swaps	($5 5)	0 0
Other nonoperating revenues	0 8	0 4
Net nonoperating revenues	67 5	43 3
Excess of revenues over expenses	$ 93 5	$ 66 2

Income from operations increased $3 1 million in fiscal year 2011 primarily due to higher volumes and continued improvements in cost control Net realized and unrealized gains on investments increased $29 3 million due to increases in the values of the investments Unrealized losses on the interest rate swaps are recorded in this section for the swaps that are no longer hedged against tax-exempt debt Other nonoperating revenue increased $0 4 million primarily due to contributions received for scholarships and the Hospice capital campaign

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As seen in Table 5, the System had a total net investment of $224 8 million in capital assets at the end of fiscal year 2011 This amount represents a net decrease of $2 5 million from fiscal year 2010

Table 5
CaroMont Health, Inc. and Affiliates
Capital Assets
(in millions of dollars)

	2011	2010
Land and land improvements	$ 8 8	$ 6 9
Buildings	280 6	282 5
Fixed equipment	16 4	16 4
Moveable and other equipment	210 5	200 0
Gross capital assets	516 3	505 8
Less accumulated depreciation	(303 3)	(285 8)
Construction in progress	11 8	7 3
Capital assets	$ 224 8	$ 227 3

This year's major capital asset additions included

- Continuing renovations of the inpatient nursing floors
- Continuing replacement of core clinical information system
- Construction of off-site outpatient endoscopy suite
- Renovation of main hospital lobby
- Renovation of free-standing ambulatory surgery center
- Opening of first CLiC (convenient local individualized care) urgent care center
- Implementation of electronic medical record and new information system in physician clinics

Outstanding Debt

As seen in Table 6, at June 30, 2011, the System had $219 5 million in outstanding debt, which is a 2 8% decrease over the prior fiscal year

Table 6
CaroMont Health, Inc. and Affiliates
Outstanding Debt
(in millions of dollars)

	2011	2010
Revenue bonds	$ 219 5	$ 225 9

The decrease was due to repayment of principal for the Series 2003 and Series 2008 revenue bonds

COMMUNITY BENEFITS

CaroMont Health, Inc and Affiliates' mission is to provide exceptional healthcare to the communities it serves As a nonprofit hospital, Gaston Memorial Hospital acts as a "safety net", providing needed medical care to those unable to pay for their services In addition, other resources provided by the System benefit the general well-being of the community at large

The System provides numerous benefits to the communities served, encompassing all of Gaston County and surrounding counties The largest benefit is the provision of uncompensated care to uninsured and underinsured patients, which amounted to over $90 5 million of gross charges in 2011 In addition, the System provided care to Medicare, Medicaid, other government, and uninsured patients for which the reimbursement did not cover the full cost of providing the services Education is another significant community benefit that the System provides The System offers several educational programs to local high school students and serves as an important clinical rotation site for training of students in nursing and allied health programs for area colleges Other community benefits include free and low-cost preventive health screenings, health fairs, support groups, wellness outreach, participation in community not-for-profit organizations, subsidized services (such as birthing services and psychiatric services), economic development activities, and partnerships with other community healthcare organizations

For more information on the community benefits provided, the System publishes an Annual Report on its website, www caromonthealth org

CAROMONT HEALTH, INC. AND AFFILIATES

Combined Balance Sheets

June 30, 2011 and 2010

Assets	2011	2010
Current assets		
Cash and cash equivalents	$ 1,412,181	$ 15,555,070
Investments	1,557,483	-
Patient accounts receivable, net of allowance for uncollectible accounts of approximately $26,852,000 in 2011 and $27,377,000 in 2010	50,661,556	41,858,593
Other accounts receivable, net	4,184,918	4,206,083
Inventories of drugs and supplies	7,606,419	6,332,485
Prepaid expenses	8,556,037	7,918,074
Total current assets	73,978,594	75,870,305
Assets limited as to use		
Internally designated	499,796,813	401,478,401
Held by trustee	2,874	17,892
Donor restricted	4,229,401	1,258,281
Total assets limited as to use	504,029,088	402,754,574
Capital assets		
Non-depreciable capital assets	15,620,272	9,157,978
Depreciable capital assets, net of accumulated depreciation	209,215,927	218,188,203
Total capital assets, net of accumulated depreciation	224,836,199	227,346,181
Other assets		
Prepaid pension obligation	36,084,752	26,368,035
Deferred financing costs, net	4,760,905	5,941,414
Deferred charge, interest rate swaps	17,125,718	27,886,213
Other long-term assets	8,066,217	12,403,374
Total other assets	66,037,592	72,599,036
Total assets	$ 868,881,473	$ 778,570,096

Continued

CAROMONT HEALTH, INC. AND AFFILIATES

Combined Balance Sheets, Continued

June 30, 2011 and 2010

Liabilities	**2011**	**2010**
Current liabilities		
Accounts payable	$ 16,003,806	$ 11,124,485
Accrued payroll and related liabilities	20,736,506	20,234,980
Estimated third-party payor settlements	32,804,817	28,584,397
Other accrued expenses	17,494,906	15,367,973
Current installments of long-term debt	6,541,792	6,371,502
Total current liabilities	93,581,827	81,683,337
Long-term debt, excluding current installments, net	206,790,309	213,550,290
Interest rate swaps	17,125,718	27,886,213
Other long-term liabilities	4,342,068	3,169,112
Total long-term liabilities	228,258,095	244,605,615
Total liabilities	321,839,922	326,288,952
Net Assets		
Invested in capital assets, net of related debt	16,267,874	13,365,803
Restricted		
For debt service	3	17,892
For specific operating purposes	4,229,401	1,258,281
Unrestricted	526,544,273	437,639,168
Total net assets	547,041,551	452,281,144
Total liabilities and net assets	$ 868,881,473	$ 778,570,096

The accompanying notes are an integral part of these combined financial statements

CAROMONT HEALTH, INC. AND AFFILIATES

Combined Statements of Revenues, Expenses, and Changes in Net Assets

Years Ended June 30, 2011 and 2010

	2011	2010
Operating revenues		
Net patient service revenue, net of provision for bad debts of approximately $43,665,000 in 2011 and $43,272,000 in 2010	$ 464,219,933	$ 431,131,836
Other operating revenue	7,503,543	8,556,312
Total operating revenues	471,723,476	439,688,148
Operating expenses		
Salaries and wages	201,460,827	190,058,168
Employee benefits	43,633,190	38,066,288
Fees	12,862,384	10,507,815
Supplies and drugs	86,959,362	81,879,447
Purchased services	50,750,685	46,660,396
Other	11,825,369	11,681,770
Interest expense	9,288,980	9,285,763
Depreciation and amortization	28,930,538	28,667,405
Total operating expenses	445,711,335	416,807,052
Income from operations	$ 26,012,141	$ 22,881,096

Continued

CAROMONT HEALTH, INC. AND AFFILIATES

Combined Statements of Revenues, Expenses, and Changes in Net Assets, Continued

Years Ended June 30, 2011 and 2010

	2011	2010
Income from operations	$ 26,012,141	$ 22,881,096
Nonoperating revenues (expenses)		
Realized gains on investments, interest and dividends, net	13,473,315	8,699,126
Unrealized gains on investments, net	58,731,029	34,173,837
Unrealized losses on interest rate swaps	(5,548,038)	-
Other nonoperating revenues	758,542	426,654
Net nonoperating revenues	67,414,848	43,299,617
Excess of revenues over expenses before capital grants, contributions and other	93,426,989	66,180,713
Capital grants, contributions and other	1,333,418	73,586
Increase in net assets	94,760,407	66,254,299
Net assets, beginning of year	452,281,144	386,026,845
Net assets, end of year	$ 547,041,551	$ 452,281,144

The accompanying notes are an integral part of these combined financial statements

CAROMONT HEALTH, INC. AND AFFILIATES

Combined Statements of Cash Flows

June 30, 2011 and 2010

	2011	2010
Cash flows from operating activities		
Receipts from and on behalf of patients	$ 459,722,207	$ 439,146,262
Payments to suppliers and contractors	(159,431,637)	(162,580,033)
Payments to employees for services	(262,673,111)	(237,112,372)
Other receipts from operations	7,503,543	8,556,312
Net cash provided by operating activities	45,121,002	48,010,169
Cash flows from noncapital financing activities		
Other	758,542	426,654
Cash flows from capital and related financing activities		
Bond issue costs, net	843,822	(60,788)
Bond proceeds, net	(994,102)	-
Principal paid on long-term debt	(6,350,000)	(6,160,000)
Proceeds from conversion of the Series 2008 bonds	106,460,000	-
Principal paid on conversion of the Series 2008 bonds	(106,460,000)	-
Proceeds from line of credit	6,000,000	-
Principal paid on line of credit	(6,000,000)	-
Principal paid on capital lease obligations	(21,502)	(21,502)
Capital grants, contributions, and other	1,333,418	73,586
Purchase of capital assets, net	(24,191,292)	(30,302,077)
Net cash used by capital and related financing activities	(29,379,656)	(36,470,781)
Cash flows from investing activities		
Investment income	13,473,315	8,699,126
Purchase of intangible asset	(121,129)	(230,936)
Change in other investments	(31,487)	318,679
Purchase of investments	(240,302,206)	(124,854,852)
Proceeds from sale of investments	196,338,730	103,635,980
Net cash used by investing activities	(30,642,777)	(12,432,003)
Net decrease in cash and cash equivalents	(14,142,889)	(465,961)
Cash and cash equivalents, beginning of year	15,555,070	16,021,031
Cash and cash equivalents, end of year	$ 1,412,181	$ 15,555,070

Continued

CAROMONT HEALTH, INC. AND AFFILIATES

Combined Statements of Cash Flows, Continued

June 30, 2011 and 2010

	2011	2010
Reconciliation of income from operations to net cash provided by operating activities		
Income from operations	$ 26,012,141	$ 22,881,096
Adjustments to reconcile income from operations to net cash provided by operating activities		
Depreciation expense	28,479,162	28,219,368
Amortization expense	451,376	448,037
Amortization of advanced refunding	775,913	651,664
Provision for bad debts	43,665,229	43,271,940
Changes in assets and liabilities		
Patient accounts receivable, net	(52,468,192)	(42,151,674)
Other current assets	(1,890,732)	(1,527,412)
Other assets	(10,889,672)	(4,961,836)
Accounts payable	2,963,942	(1,769,084)
Accrued payroll and other accrued expenses	2,628,459	(4,923,713)
Other liabilities	5,393,376	7,871,783
Net cash provided by operating activities	$ 45,121,002	$ 48,010,169
Supplemental schedule of noncash activities		
Interest cost capitalized	$ 419,666	$ 641,956
Unrealized gains on investments, net	$ 58,731,029	$ 34,173,837
Unrealized losses on interest rate swaps	$ (5,548,038)	$ -
Capital asset additions included in accounts payable	$ 1,915,379	$ 1,001,376

The accompanying notes are an integral part of these combined financial statements

1 Description of Organization and Summary of Significant Accounting Policies

Organization – CaroMont Health, Inc and Affiliates (the "Parent") is a North Carolina nonprofit corporation and serves as the parent corporation for a health care delivery system currently composed of controlled affiliates which are providers of health care and ancillary services The Parent and its wholly-owned and controlled affiliates are referred to as the "System" The System serves the City of Gastonia, Gaston County and surrounding counties in North and South Carolina

The combined financial statements of CaroMont Health, Inc and Affiliates include the accounts of the Parent and its wholly-owned and controlled affiliates Gaston Memorial Hospital, Incorporated, ("Hospital"), CaroMont Health Services, Inc , ("CHS"), Gaston Memorial Hospital Foundation, Inc , ("Foundation"), CaroMont Medical Group, Inc , ("CMG"), Hospice of Gaston County, Inc , ("Hospice"), CaroMont Insurance Services, LTD, and CaroMont Occupational Medicine, LLC The Hospital is a North Carolina nonprofit corporation and operates a 435-bed acute care community hospital The Hospital generated approximately 85% and 84% of the System's total gross revenue in 2011 and 2010, respectively

Gaston County (the "County") has leased the buildings and surrounding land to the Parent and the Hospital for a nominal amount per year The current lease continues through April 29, 2035 and is thereafter automatically renewed for one-year terms until either party terminates the lease

The Parent is governed by a board of directors ("the Board") whose members are appointed by the Board of Commissioners of the County The Board appoints the board of directors of each of the affiliated entities Further, each affiliated entity is controlled by the Board and operates for the benefit of the community served by the System Accordingly, the affiliated entities are reported as blended component units of the Parent

Enterprise funds are used to account for the System's ongoing activities Significant intercompany accounts and transactions have been eliminated in the combination of these funds The proprietary fund method of accounting is used for the enterprise funds whereby revenue and expenses are recognized on the accrual basis

Basis of Presentation – The accompanying combined financial statements have been prepared in accordance with the principles contained in the Audit and Accounting Guide for Health Care Entities published by the American Institute of Certified Public Accountants ("AICPA") and all applicable governmental accounting standards

Accounting Standards – Pursuant to Governmental Accounting Standards Board ("GASB") Statement No 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting,* the System has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board ("FASB"), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements

Use of Estimates – The preparation of combined 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 combined financial statements and the reported amounts of revenues and expenses during the reporting period Actual results could differ from those estimates

Cash and Cash Equivalents – Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less when purchased, excluding amounts whose use is limited by board designation or other arrangements under trust agreements or with donors

Deposits – All deposits of CaroMont Health, Inc and Affiliates are made in board-designated official depositories

The System maintains bank accounts at various financial institutions covered by the Federal Deposit Insurance Corporation ("FDIC") At various times throughout the year, the System may maintain bank account balances in excess of FDIC insured limits At June 30, 2011 and 2010, the System's deposits had a carrying amount of approximately $1,391,000 and $15,533,000, respectively, and a bank balance of approximately $5,225,000 and $19,955,000, respectively The System had cash on hand of approximately $21,000 and $22,000 at June 30, 2011 and 2010, respectively

Patient Receivables – Allowances for uncollectible accounts are computed based on statistical information from current and prior years' experience The System grants credit to patients without collateral, substantially all of whom are from the surrounding area

Inventories of Drugs and Supplies – Inventories of drugs and supplies are stated at the lower of cost (first-in, first-out method) or market Market is considered to be net realizable value

Assets Limited as to Use – Assets limited as to use include assets held by trustees under indenture agreements, assets given by donors for specific capital projects or scholarships, and assets set aside by the Board for future capital improvements

Investments in Debt and Equity Securities – Investments are stated at fair value, except for private equities which are stated at lower of cost or market Interest, dividends, gains and losses, both realized and unrealized, on investments in debt and equity securities are included in nonoperating revenues when earned

Capital Assets – Capital asset acquisitions are recorded at cost Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed on the straight-line method Equipment under capital lease obligations is amortized over the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment Such amortization is included in depreciation and amortization in the combined financial statements

Costs of Borrowing – Interest costs incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets

Deferred financing costs are amortized over the period the obligation is outstanding The accumulated amortization at June 30, 2011 and 2010 was $1,723,481 and $1,898,983, respectively

Other Long-term Assets – Other long-term assets include goodwill, investments in joint ventures, interest rate swaps held as investments, and other long-term assets Goodwill represents the costs of purchasing healthcare entities in excess of the book value of the assets acquired Such amounts are considered for impairment based on expected future cash flows of the practices As of June 30, 2011 and 2010, goodwill has a carrying amount of $5,087,940 No impairment was recorded in the year ended June 30, 2011 Investments in joint ventures are accounted for under either the cost or equity method in accordance with generally accepted accounting principles

Restricted Assets – Restricted assets of the System consist of cash and investments held for specific purposes as designated by donors of these assets Restricted gifts and other restricted resources are recorded as additions to the appropriate restricted fund

Net Assets – Net assets of the System are classified in three components *Net assets invested in capital assets, net of related debt* consists of capital assets (restricted and unrestricted), net of accumulated depreciation and reduced by the outstanding borrowings attributable to the acquisition, construction, or improvement of these assets *Restricted net assets* are noncapital net assets that must be used for a particular purpose, as specified by grantors or contributors external to the System *Unrestricted net assets* are remaining net assets that do not meet the definition of *invested in capital, net of related debt* or *restricted*

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 revenue adjustments due to future audits and reviews Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as adjustments become known or as years are no longer subject to such audits or reviews

Charity Care – The System 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 System does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenue

Operating Revenue and Expenses – The System's combined statements of revenues, expenses, and changes in net assets distinguish between operating and nonoperating revenues and expenses Operating revenues result from transactions associated with providing health care services, the System's principal activity Operating expenses are all expenses incurred to provide health care services, including interest expense

Grants and Contributions – From time to time, the System receives grants and contributions from individuals and private organizations Revenues from grants and contributions are recognized when all eligibility requirements, including time requirements are met Grants and contributions may be restricted for either specific operating purposes or for capital purposes Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses

Functional Expense Classification – Substantially all expenses in the accompanying combined statements of revenues, expenses and changes in net assets were incurred for or related to the provision of health care services by the System

Income Taxes – The System is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code The System has determined that it does not have any unrecognized tax benefits or obligations as of June 30, 2011 and 2010, respectively

Risk Management – The System is exposed to various risks of loss from torts, theft of, damage to, and destruction of assets, business interruption, errors and omissions, employee injuries and illnesses, natural disasters, and employee health, dental, and accident benefits Commercial insurance coverage is purchased for claims arising from such matters Settled claims have not exceeded this commercial coverage in any of the preceding years

2 Net Patient Service Revenue

Under certain third-party payor arrangements, the System is reimbursed on predetermined or prospectively determined rates or cost reimbursement methodologies, which are generally less than the System's customary charges A summary of the payment arrangements with major third-party payors follows

Medicare - Inpatient acute-care services, outpatient services, and capital costs are paid at prospectively determined rates per discharge/service The System is reimbursed for Disproportionate Share and Medicare Bad Debts at a tentative rate with final settlement determined after submission of separate annual cost reports by the System and audits thereof by the Medicare fiscal intermediary The System's Medicare cost reports have been settled by the Medicare fiscal intermediary through the year ended June 30, 2007 Medicare net patient service revenue was approximately 34% and 36% of total net patient service revenue for the years ended June 30, 2011 and 2010, respectively

Medicaid – Acute inpatient services rendered to Medicaid program beneficiaries are reimbursed based on prospectively determined rates per discharge or service Inpatient services provided on the psychiatric unit of the hospital are paid based on a per diem methodology Outpatient services rendered by the System are reimbursed under either a cost reimbursement or fee for service methodology The cost reimbursement methodology reimburses the System at a tentative rate with final settlement determined after submission and subsequent audit of the annual cost report The System's Medicaid cost reports have been settled by Medicaid through the year ended June 30, 2007 Medicaid net patient service revenue was approximately 9% and 10% of total net patient service revenue for the years ended June 30, 2011 and 2010, respectively

Other – The System has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, preferred provider organizations and Medicare managed care plans The bases for payments to the System under these agreements include prospectively determined rates per discharge, prospectively determined daily rates, prospectively determined rates per procedure, and discounts from established charges

During the year ended June 30, 2011, the System recognized changes in the prior-year third-party settlement estimates that resulted in increases in net patient service revenue of approximately $414,000 The changes recognized in 2011 consisted of the final settlement of the 2007 Medicaid Cost Report for $348,000 and the final settlement of the 2010 Champus Cost Report for $66,000 During the year ended June 30, 2010, the System recognized changes in the prior-year third-party settlement estimates that resulted in increases in net patient service revenue of approximately $1,421,000 The changes recognized in 2010 consisted of the second re-opening of the hospital 2006 Medicare cost report for $521,000, the final settlement of the 2007 Medicare Cost Report for $856,000, and the final settlement of the 2009 Champus Cost Report for $44,000 In the opinion of management, adequate provisions have been made for adjustments, if any, that may result from audits of the 2008 through 2011 unaudited cost reports

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation The System believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs Additionally, the Patient Protection and Affordable Care Act enacted in 2010 ("PPACA") includes a large number of health-related provisions taking effect over the next four years, including expanding Medicaid eligibility, subsidizing insurance premiums, prohibiting denial of coverage and claims based on pre-existing conditions, establishing health insurance exchanges, and cutting payments to the traditional Medicare and Medicare Advantage programs Regulations implementing most of these provisions have not yet been published As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term

Gross patient charges, contractual allowances, charity care, provision for bad debts and net patient service revenue for years ended June 30, 2011 and 2010 is set forth in the following table

	2011	2010
Gross patient charges	$ 1,236,794,969	$ 1,106,482,008
Contractual allowances	(682,078,046)	(590,528,159)
Charity care	(46,831,761)	(41,550,073)
Provision for bad debts	(43,665,229)	(43,271,940)
Net patient service revenue	$ 464,219,933	$ 431,131,836

Medicaid Reimbursement Initiative – The Hospital participates in a voluntary Medicaid Reimbursement Initiative (the "Initiative") The Initiative allows the Hospital to receive additional annual Medicaid funding Initiative years run concurrent with the federal fiscal year, which is the period from October 1 through September 30 All Initiative payments have been approved by CMS and are subject to final settlement by the state of North Carolina Due to the fact the Initiative payments are subject to final settlement by the State of North Carolina, refunding of the amounts received may be required During the years ended June 30, 2011 and 2010, the System recognized approximately $14,238,000 and $11,453,000, respectively, of the amounts received each year under the Initiative as net patient service revenue In addition, the System recognized approximately $2,596,000 of net patient revenue related to payments received in federal fiscal year 2003 which had been held in reserve During the years ended June 30, 2011 and 2010, the State of North Carolina made no settlements to the Initiative

3 Accounts Receivable and Payable

Patient accounts receivable and accounts payable (including accrued expenses) reported as current assets and liabilities by the System at June 30, 2011 and 2010 consisted of the following amounts

Patient Accounts Receivable	2011	2010
Receivable from patients	$ 30,026,716	$ 21,979,047
Receivable from third-party payors and other	27,217,070	27,800,974
Receivable from Medicare	14,400,155	14,488,927
Receivable from Medicaid	5,869,150	4,966,395
Total patient accounts receivable	77,513,091	69,235,343
Less allowance for uncollectible accounts	26,851,535	27,376,750
Net patient accounts receivable	$ 50,661,556	$ 41,858,593

Accounts Payable and Accrued Expenses		
Payable to suppliers	$ 24,612,493	$ 18,017,400
Payable to or on behalf of employees	29,622,725	28,710,038
Total accounts payable and accrued expenses	$ 54,235,218	$ 46,727,438

4 Investments

The comparison of investments at June 30, 2011 and 2010 is set forth in the following table Investments are stated at fair value

	2011	2010
Certificates of deposit	$ 1,470,038	$ -
Cash	87,445	-
Investments	$ 1,557,483	$ -

5. Assets Limited as to Use

The composition of assets limited as to use at June 30, 2011 and 2010 is set forth in the following table Investments are stated at fair value, except for private equities which are stated at lower of cost or market

	2011	2010
Held by trustee under indenture agreements		
Cash and investments	$ 2,874	$ 17,892
Internally designated		
Structured notes/bonds	$ 63,011,903	$ 43,624,401
Money market accounts	4,183,795	2,881,635
Common stocks	133,798,339	124,822,256
Bond and stock mutual funds	181,268,489	177,574,348
Private equities	13,042,487	10,279,516
Hedge funds (absolute return)	94,045,981	41,570,273
Stock and bond exchange traded funds	10,445,819	725,972
Total	$ 499,796,813	$ 401,478,401
Donor restricted		
Cash and investments	$ 4,229,401	$ 1,258,281

At June 30, 2011 and 2010, the System had structured notes/bonds with fixed maturity dates as follows

		Investment in Maturities (in Years)			
Investment Type	Carrying Amount	Less than 1	1 – 5	6 – 10	More than 10
June 30, 2011					
Structured notes/ bonds	$ 63,011,903	$ 7,224,284	$ 39,915,908	$ 15,049,054	$ 822,657
June 30, 2010					
Structured notes/ bonds	$ 43,624,401	$ 2,968,500	$ 35,663,113	$ -	$ 4,992,788

Interest Rate Risk – As a means of limiting its exposure to fair value losses as a result of rising interest rates, the System generally invests in obligations with varying maturity dates

Credit Risk – The System's investment policy regarding credit risk does limit the System to certain investments

Concentration of Credit Risk – The System places limits on the amount it may invest in any one asset class At June 30, 2011 and 2010, the majority of the System's investments are held in common stocks and bond and stock mutual funds

6 Capital Assets

Capital asset additions, retirements, transfers, and balances for the years ended June 30, 2011 and 2010 are as follows

	Balance June 30, 2010	Additions	Transfers	Retirements	Balance June 30, 2011
Capital assets					
Non-depreciable capital assets					
Land	$ 1,904,508	$ -	$ 1,873,805	$ -	$ 3,778,313
Construction in progress	7,253,470	26,064,671	(21,476,182)	-	11,841,959
	9,157,978	26,064,671	(19,602,377)	-	15,620,272
Depreciable capital assets					
Land improvements	5,021,188	-	20,286	-	5,041,474
Buildings and improvements	282,459,518	-	7,816,748	1,088,387	289,187,879
Furniture and equipment	216,474,116	42,000	11,765,343	10,004,724	218,276,735
	503,954,822	42,000	19,602,377	11,093,111	512,506,088
Totals at historical costs	513,112,800	26,106,671	-	11,093,111	528,126,360
Less accumulated depreciation for					
Land improvements	4,665,926	154,993	-	-	4,820,919
Buildings and improvements	114,699,465	12,041,053	-	1,031,213	125,709,305
Furniture and equipment	166,401,228	16,283,116	-	9,924,407	172,759,937
Total accumulated depreciation	285,766,619	28,479,162	-	10,955,620	303,290,161
Capital assets, net	$ 227,346,181	$ (2,372,491)	$ -	$ 137,491	$ 224,836,199

	Balance June 30, 2009	Additions	Transfers	Retirements	Balance June 30, 2010
Capital assets					
Non-depreciable capital assets					
Land	$ 1,904,508	$ -	$ -	$ -	$ 1,904,508
Construction in progress	14,167,152	27,341,624	(34,255,306)	-	7,253,470
	16,071,660	27,341,624	(34,255,306)	-	9,157,978
Depreciable capital assets					
Land improvements	4,998,707	-	22,481	-	5,021,188
Buildings and improvements	268,749,329	117,252	13,592,937	-	282,459,518
Furniture and equipment	195,850,895	608,620	20,639,888	625,287	216,474,116
	469,598,931	725,872	34,255,306	625,287	503,954,822
Totals at historical costs	485,670,591	28,067,496	-	625,287	513,112,800
Less accumulated depreciation for					
Land improvements	4,467,508	198,418	-	-	4,665,926
Buildings and improvements	103,539,968	11,159,497	-	-	114,699,465
Furniture and equipment	150,138,179	16,861,453	-	598,404	166,401,228
Total accumulated depreciation	258,145,655	28,219,368	-	598,404	285,766,619
Capital assets, net	$ 227,524,936	$ (151,872)	$ -	$ 26,883	$ 227,346,181

Capital assets include the following amounts for equipment leases that have been capitalized

	2011	2010
Equipment	$ 1,602,738	$ 1,602,738
Less accumulated depreciation	1,600,946	1,579,444
	$ 1,792	$ 23,294

As of June 30, 2011, the System has signed contracts for approximately $4,376,000 for various projects The projects are expected to be completed at various times between now and the end of fiscal year 2012 As of June 30, 2011, the System had approximately $1,915,000 accrued on the balance sheet related to construction projects

7 Long-Term Debt

A schedule of changes in the System's long-term debt for the years ended June 30, 2011 and 2010 follows

	Balance June 30, 2010	Additions	Retirements	Balance June 30, 2011
Bonds and notes payable				
Bonds payable	$ 225,860,000	$ 106,460,000	$ 112,810,000	$ 219,510,000
Line of credit	-	6,000,000	6,000,000	-
Capital leases	23,294	-	21,502	1,792
Total debt	225,883,294	$ 112,460,000	$ 118,831,502	219,511,792
Add				
Premium	-			964,897
Less				
Unamortized loss on advance refunding	5,961,502			7,144,588
Current installments	6,371,502			6,541,792
Net total long-term debt	$ 213,550,290			$ 206,790,309

	Balance June 30, 2009	Additions	Retirements	Balance June 30, 2010
Bonds and notes payable				
Bonds payable	$ 232,020,000	$ -	$ 6,160,000	$ 225,860,000
Capital leases	44,796	-	21,502	23,294
Total debt	232,064,796	$ -	$ 6,181,502	225,883,294
Less				
Unamortized loss on advance refunding	6,613,166			5,961,502
Current installments	6,181,502			6,371,502
Net total long-term debt	$ 219,270,128			$ 213,550,290

The Series 2003 and Series 2008 Bonds are payable from operating revenues of the Parent, the Hospital, and CHS (collectively the Obligated Group), as defined by the indenture

Series 2008

On January 31, 2008, The North Carolina Medical Care Commission issued $118,400,000 of Series 2008 Hospital Revenue Bonds ("Series 2008 Bonds") as variable rate bonds bearing interest determined weekly by a remarketing agent The Series 2008 Bonds mature February 15, 2035 The System used the proceeds from the bonds for various capital improvements, including, but not limited to, the renovation of certain floors of the patient tower, renovation of the day of surgery unit, installation of fire sprinklers in non-sprinkled areas, and the upgrade of life safety and critical power In addition, the Hospital used the proceeds to refund the aggregate principal amount of the Series 1995 Revenue Bonds in the amount of $41,210,000 and to refund the aggregate principal amount of the Series 1998 Revenue Bonds in the amount of $49,710,000 The refunding resulted in a difference between the reacquisition price and the net carrying amount of the Refunded 1995 and 1998 Bonds, including unamortized financing cost, of approximately $3,643,000 This difference, reported in the accompanying combined financial statements as a deduction from bonds payable, will be charged to interest expense through the year 2029 using the effective interest method Payment of the purchase price of any 2008 Bonds that are tendered for purchase and not timely remarketed, under certain circumstances and subject to certain conditions, will be made with money advanced under a Standby Bond Purchase Agreement, which had an initial expiration date of January 31, 2013 The Standby Bond Purchase Agreement does not secure the payment of principal or interest on the Bonds Scheduled payments of principal and interest on the Bonds are guaranteed under a financial guaranty insurance policy The policy guarantees only the payment when due of principal and interest on the Bonds and does not guaranty the purchase of any Bonds that an owner elects to tender for purchase

On September 1, 2010, the North Carolina Medical Care Commission converted the Series 2008 bonds with an aggregate balance of $106,460,000 to a fixed mode which bears interest at fixed rates ranging from 0 580% to 4 625% Interest is payable on February 15 and August 15 The Standby Bond Purchase Agreement was terminated simultaneously with the conversion of the bonds The financial guaranty insurance policy remains in place

Series 2003

On January 23, 2003, The North Carolina Medical Care Commission issued $120,000,000 of Series 2003 Hospital Revenue Bonds ("Series 2003 Bonds") The Series 2003 Bonds mature August 15, 2034 The System used the proceeds from these bonds for various capital improvements, including, but not limited to, a new women's center and parking deck, renovations to existing facilities, and equipment In addition, proceeds were used to refund in advance of their maturities $17,000,000 in principal amount of the Series 1998 Hospital Revenue Bonds (Refunded 1998 Bonds) The 2003 Bonds were issued in a weekly rate period in the R-FLOATS mode and bear an interest rate at the applicable percentage of the BMA Municipal Swap Index The scheduled payment of principal and interest on the Bonds is guaranteed under a financial guaranty insurance policy

On May 9, 2006, all of the outstanding Series 2003 bonds ($119,800,000) were converted from the weekly rate period in the R-FLOATS mode to the short term auction rate period in a seven-day mode The bonds were subject to mandatory tender for purchase on the auction rate conversion date at a purchase price equal to 100% of the principal amount of tendered bonds plus interest accrued and unpaid The 2003 Bonds were not supported by a letter of credit, standby bond purchase agreement, or any other liquidity facility

On June 27, 2008, the North Carolina Medical Care Commission converted $119,600,000, the full outstanding amount of Series 2003 Hospital Revenue Bonds, to variable rate bonds bearing interest determined weekly by a remarketing agent and paid monthly Payment of principal and interest is secured by a single, irrevocable, direct-pay letter of credit The letter of credit will expire on September 30, 2013 The financial guaranty insurance policy issued when the Series 2003 Bonds were originally issued remains in place

Derivative Instruments

The Obligated Group adopted the provisions of the GASB pronouncement, Accounting and Financial Reporting for Derivative Instruments, in fiscal year 2010 This pronouncement addresses the recognition, measurement, and disclosure of information regarding derivative instruments

The System entered into two interest rate swap agreements for a portion of the Series 2008 Bonds As of June 30, 2011 and 2010, respectively, the first swap transaction has a notional amount equal to $29,960,000 and $33,225,000, requires the System to pay a fixed rate of 3 06% and the counterparty to pay 67% of the one-month London Inter-bank Offered Rate ("LIBOR") As of June 30, 2011 and 2010, respectively, the second swap transaction has a notional amount equal to $40,250,000 and $43,235,000, and requires the System to pay a fixed rate of 3 221% and the counterparty to pay 67% of the one-month LIBOR

The 2008 swap transactions were entered into on March 1, 2008 and are scheduled to terminate on February 15, 2019 and February 15, 2029, respectively With the conversion of the Series 2008 Bonds to fixed interest rates, a new agreement was signed that requires the Obligated Group to terminate the swap within seven years, or earlier if the value of either swap transaction turns positive Only the net difference in interest payments is actually exchanged with the counterparty Management has not entered into interest rate swaps associated with the remaining amount of the Series 2008 bonds

The swap arrangements qualified as an effective interest rate hedge at June 30, 2010 However, with the conversion of the Series 2008 Bonds to fixed interest rates, the swap no longer hedges the bonds, and as such, the related amount payable to the counterparty is included in other long-term assets on the combined balance sheets The fair value of the swap at June 30, 2011 and 2010 was a liability of approximately $5,548,000 and $6,704,000, respectively The counterparty is A2 rated by Moody's

The System entered into two interest rate swap agreements for the entire Series 2003 revenue bonds The swap agreements have a combined notional amount equal to $119,300,000 and $119,400,000 as of June 30, 2011 and 2010, respectively, and terminate on August 15, 2034 Based on the swap agreements, the System owes interest calculated at a fixed rate of 3 62% to the counterparty to the swaps In return, the counterparty owes the System interest based on 67% of one-month LIBOR Only the net difference in interest payments is actually exchanged with the counterparty

The swap arrangements qualified as an effective interest rate hedge at June 30, 2011 and at June 30, 2010 The fair value of the swaps at June 30, 2011 and 2010 was a liability of approximately $17,126,000 and $21,182,000, respectively The related amount payable to the counterparty is included in long-term liabilities along with the proper offsetting deferred charge included in other assets on the combined balance sheets The counterparty is A2 rated by Moody's

Basis Risk - The System is exposed to basis risk on its interest rate swaps Basis risk is the difference between the interest rates on the underlying bonds and 67% of one-month LIBOR The System pays variable interest rates on its underlying bonds and receives 67% of one-month LIBOR on the swap, both short-term variable rates

Termination Risk - The System or its counterparty may terminate a derivative instrument if the other party fails to perform under the terms of the contract If, at the time of termination, a hedging derivative instrument is in a liability position, the System would be liable to the counterparty for a payment equal to the liability

Bond Covenants

Articles III and IV of the Master Trust Indentures and Articles IV, V, and VI of the Loan Agreements relating to the Series 2003 and Series 2008 bonds contain certain restrictive covenants including, but not limited to, the maintenance of a certain long-term debt service coverage ratio, as defined In addition, the covenants impose limitations on the selling, leasing or conveying of substantial properties and on incurring any encumbrances, and prohibit establishing a security interest, pledge, or lien against any assets without the permission of the lenders

The System continues to pay interest to the bondholders at the variable rates and fixed rates provided by the bonds However, during the terms of the swap agreements, the System effectively pays a fixed rate on the Series 2003 Bonds The debt service requirements to maturity for the portion of the bonds that are swapped are based on the fixed rate of 3 62% and is included in the debt service table that follows The System will be exposed to additional variable rates if the counterparty to the swap defaults or if the swap is terminated A termination of the swap agreement may also result in the System making or receiving a termination payment

Future principal and interest payments under the Obligated Group's bonds payable agreements are

Year ending June 30	Principal Payments	Interest Payments	Total Debt Service
2012	$ 6,540,000	$ 8,270,136	$ 14,810,136
2013	6,735,000	8,180,104	14,915,104
2014	6,255,000	7,904,993	14,159,993
2015	6,450,000	7,587,972	14,037,972
2016	6,650,000	7,388,023	14,038,023
2017 – 2021	37,000,000	32,871,601	69,871,601
2022 – 2026	45,985,000	24,318,674	70,303,674
2027 – 2031	54,345,000	14,778,534	69,123,534
2032 – 2036	49,550,000	3,879,333	53,429,333
	$ 219,510,000	$ 115,179,370	$ 334,689,370

Total interest expense for the years ended June 30, 2011 and 2010 was approximately $9,289,000 and $9,286,000, respectively Total interest paid for the years ended June 30, 2011 and 2010 was approximately $7,661,000 and $9,464,000, respectively Interest costs capitalized for the years ended June 30, 2011 and 2010 were approximately $420,000 and $642,000, respectively

The System has a line of credit of $7,500,000 with interest at 1 25% above the LIBOR daily floating rate The line of credit is unsecured The line of credit expires July 15, 2012

8 Leases

The System leases various equipment and facilities under operating leases expiring at various dates through 2027 Rent expense under these leases totaled approximately $10,005,000 and $9,508,000 for the years ended June 30, 2011 and 2010, respectively

Minimum annual lease payments for years subsequent to June 30, 2011 are as follows

Fiscal Year Ending	
2012	$ 8,582,166
2013	5,791,327
2014	5,254,096
2015	4,249,681
2016	3,014,138
2017-2021	12,133,126
2022-2026	4,535,031
2027-2028	69,422
	$ 43,628,987

9 Professional Liability Coverage

The System is involved in litigation in the ordinary course of business related to professional liability claims Management and counsel for the System believe all claims will be settled within the limits of insurance coverage Prior to February 1, 2011, the System's medical malpractice coverage was on a claims-made basis with insurance limits of $1,000,000 per occurrence and $3,000,000 in the aggregate On February 1, 2011, the Parent formed a captive insurance company for the primary layer of general and professional liability insurance After February 1, 2011, the System's medical malpractice coverage is on a claims-made basis with insurance limits of $2,000,000 per occurrence and $6,000,000 in the aggregate

10 Pension Plan

Pension Plan Description

The Plan is a single-employer defined benefit pension plan, which provides for retirement, death, and disability benefits to plan participants and beneficiaries The Parent reserves the right to amend the Plan at any time Generally, the Pension Benefit Guaranty Corporation reserves the right to terminate the Plan if the System fails to meet the minimum funding standards, or is unable to pay benefits when due If the Plan is terminated, the plan assets will be distributed among the plan participants based upon a priority allocation procedure The System shall be liable for any unfunded vested benefits to the extent required by law The plan was modified in the plan year ending December 31, 2005 to not allow new employees hired after January 1, 2005 to participate in the Plan The Plan issues a stand-alone financial report which can be obtained upon request from the Parent The plan year is from January 1 to December 31 and actuarial assumptions and other information is presented based on plan years ending December 31, 2010 and 2009

	2011	2010
Actuarial value of plan assets	$ 102,661,798	$ 88,764,103
Accumulated benefit obligation for service	103,579,319	83,150,958
Funded status of the plan	$ (917,521)	$ 5,613,145

Annual Pension Cost and Net Prepaid Pension Obligation

The System's annual pension cost and net prepaid pension obligation to the Plan for the System's fiscal years ended June 30, 2011 and 2010 were as follows (in thousands)

	2011	2010
Annual required contribution	$ (4,077)	$ (2,393)
Interest on net pension obligation	1,846	1,784
Adjustment to annual required contribution	(2,125)	(1,981)
Annual pension cost	(4,356)	(2,590)
Contributions made	14,073	6,654
Increase in net prepaid pension obligation	9,717	4,064
Net prepaid pension obligation beginning of year	26,368	22,304
Net prepaid pension obligation end of year	$ 36,085	$ 26,368

The annual required contribution for the current year was determined as part of the January 1, 2010 actuarial valuation using the projected unit credit actuarial cost method The actuarial assumptions included (a) 7% investment rate of return, (b) 3 0% inflation rate and (c) projected salary increases of 3% through 2011 and then 4 7% annually thereafter The Unit Credit cost method is used to determine the actuarial value of assets as part of the funding method The unfunded actuarial accrued liability is being amortized as a level dollar on a closed basis with an average amortization period of 30 years

Other Benefits

The System also has a retirement savings plan under Section 403(b) of the Internal Revenue Code which is available to all employees of the System Employee contributions are made through payroll deductions authorized by the employee Employer matching contributions are made for eligible employee contributions 100% of the first 3% contributed, and is based upon the employee's annual compensation Additionally, employees hired after January 1, 2005 receive a non-elective contribution of 1% of the employee's annual compensation System contributions to the plan expensed during the years ended June 30, 2011 and 2010 were approximately $4,504,000 and $3,865,000, respectively

11 Medical Benefit

The System is self-insured for amounts up to a specified level for health and medical benefits for its employees The estimated health and medical benefits liability is the total estimated amount to be paid for all known claims or incidents and a reserve for incurred but not reported claims The medical programs comprising the Plan include medical, dental, vision, stop loss, and prescription drug programs The System paid approximately $20,296,000 and $16,910,000, respectively, in claims and expenses for the Plan for the years ended June 30, 2011 and 2010 As of June 30, 2011 and 2010, the System had recorded a liability of approximately $3,677,000 and $3,253,000, respectively, related to claims incurred but not reported

12 Restricted Net Assets

Restricted net assets excluding amounts restricted for debt service, are available for the following purposes at June 30, 2011 and 2010

	2011	2010
Hospice Capital Campaign	$ 1,491,511	$ 158,093
Scholarship funds	2,730,891	1,093,675
Cancer Foundation	6,999	6,513
	$ 4,229,401	$ 1,258,281

13 Fair Value of Financial Instruments

The Fair Value Measurements Standard defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements The standard does not require any new fair value measurements, but clarifies and standardizes some divergent practices that have emerged since prior guidance was issued The standard creates a three-level hierarchy under which individual fair value estimates are to be ranked based on the relative reliability of the inputs used in the valuation

The standard defines fair value as the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date When determining the fair value measurements for assets and liabilities, the System considers the principal or most advantageous market in which those assets or liabilities are sold and considers assumptions that market participants would use when pricing those assets or liabilities Fair values determined using level 1 inputs rely on active and observable markets to price identical assets or liabilities In situations where identical assets and liabilities are not traded in active markets, fair values may be determined based on level 2 inputs, which exist when observable data exists for similar assets and liabilities Fair values for assets and liabilities that are not actively traded in observable markets which are considered unobservable and hedge fund investments with redemption restrictions greater than 90 days are based on level 3 inputs

Among the System's assets and liabilities, various investments and interest rate swaps were reported at their fair values on a recurring basis

For assets and liabilities carried at fair value, the following table provides fair value information as of June 30, 2011 and 2010

		Fair value measurements at June 30, 2011 using		
	Fair value at June 30, 2011	Quoted prices in active markets for identical assets and liabilities (Level 1 inputs)	Quoted prices for similar assets and liabilities (Level 2 inputs)	Significant unobservable inputs (Level 3 inputs)
Assets measured at fair value				
Money market accounts	$ 4,183,742	$ 4,183,742	$ -	$ -
Common stocks				
All Cap Growth	18,817,834	18,817,834	-	-
Large Cap Growth	29,480,946	29,480,946	-	-
Large Cap Value	56,813,613	56,813,613	-	-
Small/Mid Cap Growth	14,572,243	14,572,243	-	-
Small/Mid Cap Value	14,701,090	14,701,090	-	-
Bond and stock mutual funds				
International – equity	48,720,939	48,720,939	-	-
International – fixed	18,766,986	18,766,986	-	-
U S – fixed	103,847,983	103,847,983	-	-
All asset strategy	10,660,282	10,660,282	-	-
Structured notes				
TIPS	7,831,303	7,831,303	-	-
Equity linked notes	32,626,868	32,626,868	-	-
Commodity linked notes	23,055,504	23,055,504	-	-
Stock and bond exchange traded funds				
Large Growth	9,858,433	9,858,433	-	-
Hedge funds (absolute return)	94,045,981	-	73,951,382	20,094,599
Total assets at fair value	$ 487,983,747	$ 393,937,766	$ 73,951,382	$ 20,094,599
Liabilities measured at fair value				
Interest rate swaps	$ 22,673,756	$ -	$ 22,673,756	$ -

Assets limited as to use, described in Note 5, are held at fair value and included in the table above except private equities totaling $13,042,487 which are held at the lower of cost or market and cash and cash equivalents totaling $3,002,854 Also not included in this table above are investments, described in Note 4, totaling $1,557,483, which is comprised of certificates of deposit and cash

	Fair value at June 30, 2010	Fair value measurements at June 30, 2010 using Quoted prices in active markets for identical assets and liabilities (Level 1 inputs)	Quoted prices for similar assets and liabilities (Level 2 inputs)	Significant unobservable inputs (Level 3 inputs)
Assets measured at fair value				
Money market accounts	$ 2,881,635	$ 2,881,635	$ -	$ -
Common stocks	124,822,256	124,822,256	-	-
Bonds and stock mutual funds	177,574,348	177,574,348	-	-
Structured notes	43,624,401	43,624,401	-	-
Private equities	10,279,516	-	10,279,516	-
Stock and bond exchange traded funds	725,972	725,972	-	-
Hedge funds (absolute return)	41,570,273	-	38,706,820	2,863,453
Total assets at fair value	$ 401,478,401	$ 349,628,612	$ 48,986,336	$ 2,863,453
Liabilities measured at fair value				
Interest rate swaps	$ 27,886,213	$ -	$ 27,886,213	$ -

The table below sets forth a summary of changes in the fair value of the System's level 3 assets for the year ended

	Level 3 Assets	
	Year Ended June 30, 2011	Year Ended June 30, 2010
Balance, beginning of year	$ 2,863,453	$ 4,630,583
Unrealized gains	1,194,257	245,028
Purchases, sales, issuances, and settlements	16,036,889	(2,012,158)
Balance, end of year	$ 20,094,599	$ 2,863,453

Prices for all money markets accounts, common stocks, bond and stock mutual funds, structured notes, and stock and bond exchange traded funds are readily available in the active markets in which those securities are traded, and the resulting fair values are categorized as Level 1 investments Prices for hedge fund investments with redemption restrictions less than 90 days are not readily available in active markets, but are determined based on observable data for similar assets and liabilities and are categorized as Level 2 investments Hedge funds with redemption restrictions of greater than 90 days are considered to be observable, but the redemption restriction affects the estimate of the exit

price of the hedge fund investments, thus the investments are categorized as Level 3 investments

Multi Strategy Hedge Funds	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
AllBlue Limited	$ 9,445,652	$ -	Quarterly	33 days
Rohatyn Group Global Opportunity	$ 4,722,778	$ -	Quarterly	33 days
Arden Alternative Advistors	$ 13,459,290	$ -	Quarterly	65 days
Paloma International Limited	$ 9,373,015	$ -	Quarterly	65 days
Prisma Spectrum [1]	$ 18,014,661	$ -	Quarterly	65 days[1]
Titan Masters International	$ 18,935,986	$ -	Quarterly	65 days
Aurora Offshore Fund II	$ 18,685,647	$ -	Quarterly	95 days
Selectinvest Multi Strategy [2]	$ 1,408,952	$ -	Quarterly	95 days[2]

1 With respect to Prisma Spectrum, there is a one year "soft" lock-up as to redemptions which run from the investment date of the various investments in Prisma Spectrum This "soft" lock-up means that for one year from each investment date, a 5% fee will be charged by Prisma Spectrum for redemption of those funds Within one year prior to June 30, 2011, the System has made the following investments in Prisma Spectrum (and the one year lock-up expires as to each investment one year from each investment date)

Fiscal Year Ending	
08/01/2010	$ 3,100,000
10/01/2010	1,687,000
01/01/2011	771,000
05/01/2011	1,650,000

2 With respect to the System's investment in Selectinvest Multistrategy, the System gave notice of redemption of its full investment March 31, 2009, as of which date the value of the System's investment was $8,242,543 Selectinvest Multistrategy instituted certain gates, and encountered certain gates from its underlying funds, with respect to redemptions, and as of June 30, 2011, the System has received $7,328,412 in redemptions proceeds, with the June 30, 2011 value of the System's remaining investment in Selectinvest Multistrategy being $1,408,952 On July 23, 2010, the System received another $419,706 in redemption proceeds from Selectinvest Multistrategy Selectinvest Multistrategy has informed the System that the remainder of its redemption is likely to be paid to over the next one to three years

Under the terms of the existing interest rate swap agreements, the System pays a fixed payment to the counterparty in exchange for receipt of a variable payment that is determined based on the 1-month LIBOR rate The fair value of the interest rate swaps are therefore based on the projected LIBOR rates for the duration of the swap, values that, while observable in the market, are subject to adjustment due to pricing considerations for the specific instrument and the resulting fair values are shown in the "Level 2 input" column

14 Subsequent Events

Subsequent events have been evaluated through September 15, 2011, which is the date the combined financial statements were available to be issued

CAROMONT HEALTH, INC. AND AFFILIATES

Employees' Pension Plan Required Supplementary Information

Schedule of Funding Progress
(in $000's)

Actuarial Valuation Date	Plan Assets at Fair Value (a)	Accrued Liability (b)	(Funded Asset)/ Unfunded Liability (b) - (a)	Funded Ratio (a) / (b)	Payroll (c)	Unfunded % Payroll ((b) - (a)) / (c)
01 01 95	$ 26 613	$ 26 859	$ 246	99 1%	$ 51 924	0 5%
01 01 96	33 583	30 502	(3 081)	110 1%	55 886	-5 5%
01 01 97	36 985	34 846	(2 139)	106 1%	60 538	-3 5%
01 01 98	41 675	36 900	(4 775)	112 9%	63 207	-7 6%
01 01 99	45 254	40 590	(4 664)	111 5%	65 466	-7 1%
01 01 00	47 177	45 662	(1 515)	103 3%	68 890	-2 2%
01 01 01	61 151	52 123	(9 028)	117 3%	70 892	-12 7%
01 01 02	64 308	54 748	(9 560)	117 5%	79 016	-12 1%
01 01 03	61 243	61 363	120	99 8%	90 836	0 1%
01 01 04	66 089	68 268	2 179	96 8%	107 632	2 0%
01 01 05	69 634	64 422	(5 212)	108 1%	119 978	-4 3%
01 01 06	72 611	67 406	(5 205)	107 7%	119 240	-4 4%
01 01 07	77 095	72 495	(4 600)	106 3%	115 214	-4 0%
01 01 08	93 849	80 230	(13 619)	117 0%	110 532	-12 3%
01 01 09	88 764	83 151	(5 613)	106 8%	105 501	-5 3%
01 01 10	102 662	103 579	917	99 1%	100 480	0 9%

NOTES TO THE REQUIRED SCHEDULE

The information presented in the required supplementary schedule was determined as part of the actuarial valuations at the dates indicated Additional information as of the latest actuarial valuation follows

Valuation date	January 1, 2010
Actuarial cost method	Projected unit credit
Amortization method	Rolling 30 year period
Remaining amortization period	30 years
Asset valuation method	Five-year smoothing method
Actuarial assumptions	
Investment rate of return *	7 0%
Projected salary increases *	3% through 2010 4 7% thereafter
* Includes inflation at	3 0%
Cost of living adjustments	N A

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CaroMont Health, Inc. and Affiliates

Balance Sheet Information of Obligated Group

June 30, 2011 and 2010

Assets	2011	2010
Current assets		
Cash and cash equivalents	$ 1,921,713	$ 15,749,786
Patient accounts receivable, net of allowance for uncollectible accounts	44,314,574	34,446,587
Other accounts receivable, net	3,785,802	3,935,772
Inventories of drugs and supplies	6,565,593	5,830,501
Prepaid expenses	8,292,055	7,714,873
Total current assets	64,879,737	67,677,519
Assets limited as to use		
Internally designated	395,550,300	307,490,875
Held by trustee	2,874	17,892
Donor restricted	395,179	349,202
Total assets limited as to use	395,948,353	307,857,969
Capital assets		
Non-depreciable capital assets	14,553,448	8,367,935
Depreciable capital assets, net of accumulated depreciation	198,817,029	207,892,201
Total capital assets, net of accumulated depreciation	213,370,477	216,260,136
Other assets		
Prepaid pension obligation	36,084,752	26,368,035
Deferred financing costs, net	4,760,905	5,941,414
Deferred charge, interest rate swaps	17,125,718	27,886,213
Other long-term assets	5,393,193	9,305,789
Total other assets	63,364,568	69,501,451
Total assets	$ 737,563,135	$ 661,297,075

Continued

CaroMont Health, Inc. and Affiliates

Balance Sheet Information of Obligated Group, Continued

June 30, 2011 and 2010

Liabilities	**2011**	**2010**
Current liabilities		
Accounts payable	$ 14,292,804	$ 9,895,111
Accrued payroll and related liabilities	16,466,753	16,486,435
Estimated third-party payor settlements	32,804,817	28,584,397
Other accrued expenses	16,369,892	15,233,515
Current installments of long-term debt	6,541,792	6,371,502
Total current liabilities	86,476,058	76,570,960
Long-term debt, excluding current installments, net	206,790,309	213,550,290
Interest rate swaps	17,125,718	27,886,213
Other long-term liabilities	4,342,068	3,169,112
Total long-term liabilities	228,258,095	244,605,615
Total liabilities	314,734,153	321,176,575
Net Assets		
Invested in capital assets, net of related debt	4,802,152	2,279,758
Restricted		
For debt service	3	17,892
For specific operating purposes	395,179	349,202
Unrestricted	417,631,648	337,473,648
Total net assets	422,828,982	340,120,500
Total liabilities and net assets	$ 737,563,135	$ 661,297,075

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CaroMont Health, Inc. and Affiliates

Statement of Revenues, Expenses and Changes in Net Assets

Information of Obligated Group

Years Ended June 30, 2011 and 2010

	2011	2010
Operating revenues		
Net patient service revenue, net of provision for bad debts of approximately $40,161,000 in 2011 and $40,623,000 in 2010	$ 372,466,068	$ 347,037,102
Other operating revenue	6,618,243	7,340,192
Total operating revenues	379,084,311	354,377,294
Operating expenses		
Salaries and wages	135,516,131	133,698,399
Employee benefits	32,173,243	28,570,696
Fees	17,384,037	14,561,538
Supplies and drugs	75,395,396	70,102,527
Purchased services	40,529,045	37,134,940
Other	6,389,690	6,771,419
Interest expense	9,288,940	9,285,763
Depreciation and amortization	27,499,322	27,473,169
Total operating expenses	344,175,804	327,598,451
Income from operations	$ 34,908,507	$ 26,778,843

Continued

CaroMont Health, Inc. and Affiliates

Statement of Revenues, Expenses and Changes in Net Assets

Information of Obligated Group, Continued

Years Ended June 30, 2011 and 2010

	2011	2010
Income from operations	$ 34,908,507	$ 26,778,843
Nonoperating revenues (expenses)		
Realized gains on investments, interest and dividends, net	9,666,866	5,252,260
Unrealized gains on investments, net	45,995,164	26,521,292
Unrealized losses on interest rate swaps	(5,548,038)	-
Other nonoperating expenses	(2,308,434)	(1,870,009)
Net nonoperating revenues	47,805,558	29,903,543
Excess of revenues over expenses	82,714,065	56,682,386
Equity transfer to affiliates	(5,583)	(46,389)
Increase in net assets	$ 82,708,482	$ 56,635,997

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CaroMont Health, Inc. and Affiliates

Combining Balance Sheet Information

June 30, 2011

Assets	Combined	Eliminations	CaroMont Health, Inc.
Current assets			
Cash and cash equivalents	$ 1.412.181	$ -	$ 1.925.224
Investments	1.557.483	-	-
Patient accounts receivable, net of allowance for uncollectible accounts	50.661.556	-	-
Other accounts receivable, net	4.184.918	(1.098.250)	55.091
Inventories of drugs and supplies	7.606.419	-	-
Prepaid expenses	8.556.037	-	-
Total current assets	73.978.594	(1.098.250)	1.980.315
Assets limited as to use			
Internally designated	499.796.813	-	395.550.300
Held by trustee	2.874	-	-
Donor restricted	4.229.401	-	388.180
Total assets limited as to use	504.029.088	-	395.938.480
Capital assets			
Non-depreciable capital assets	15.620.272	-	-
Depreciable capital assets, net of accumulated depreciation	209.215.927	-	-
Total capital assets, net of accumulated depreciation	224.836.199	-	-
Other assets			
Prepaid pension obligation	36.084.752	-	-
Deferred financing costs, net	4.760.905	-	-
Deferred charge, interest rate swaps	17.125.718	-	-
Other long-term assets	8.066.217	(550.000)	(4.206.146)
Total other assets	66.037.592	(550.000)	(4.206.146)
Total assets	$ 868.881.473	$ (1.648.250)	$ 393.712.649

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$ (5.240)	$ 382	$ 1.729	$ (518.332)	$ 8.418	$ -	$ -
-	-	-	-	-	-	1.557.483
43.641.842	-	672.732	5.181.833	1.066.801	98.348	-
3.655.245	-	75.466	385.887	10.488	2.516	1.098.475
6.558.153	-	7.440	1.032.588	-	8.238	-
8.288.592	-	3.463	252.961	-	4.540	6.481
62.138.592	382	760.830	6.334.937	1.085.707	113.642	2.662.439
-	13.621.226	-	81.736.761	8.888.526	-	-
2.874	-	-	-	-	-	-
6.999	2.342.711	-	-	1.491.511	-	-
9.873	15.963.937	-	81.736.761	10.380.037	-	-
14.553.448	-	-	816.386	250.438	-	-
190.356.175	-	8.460.854	4.790.019	5.588.747	20.132	-
204.909.623	-	8.460.854	5.606.405	5.839.185	20.132	-
36.084.752	-	-	-	-	-	-
4.760.905	-	-	-	-	-	-
17.125.718	-	-	-	-	-	-
7.034.339	-	2.565.000	3.223.024	-	-	-
65.005.714	-	2.565.000	3.223.024	-	-	-
$ 332.063.802	$ 15.964.319	$ 11.786.684	$ 96.901.127	$ 17.304.929	$ 133.774	$ 2.662.439

Continued

CaroMont Health, Inc. and Affiliates

Combining Balance Sheet Information, Continued

June 30, 2011

	Combined	Eliminations	CaroMont Health, Inc.
Liabilities			
Current liabilities			
Accounts payable	$ 16,003,806	$ -	$ 63,559
Accrued payroll and related liabilities	20,736,506	-	7,249,145
Estimated third-party payor settlements	32,804,817	-	-
Other accrued expenses	17,494,906	(1,098,250)	-
Current installments of long-term debt	6,541,792	-	-
Total current liabilities	93,581,827	(1,098,250)	7,312,704
Long-term debt, excluding current installments, net	206,790,309	-	-
Interest rate swaps	17,125,718	-	-
Other long-term liabilities	4,342,068	-	-
Total long-term liabilities	228,258,095	-	-
Total liabilities	321,839,922	(1,098,250)	7,312,704
Net Assets			
Invested in capital assets, net of related debt	16,267,874	-	-
Restricted			
For debt service	3	-	-
For specific operating purposes	4,229,401	-	388,180
Unrestricted	526,544,273	(550,000)	386,011,765
Total net assets	547,041,551	(550,000)	386,399,945
Total liabilities and net assets	$ 868,881,473	$ (1,648,250)	$ 393,712,649

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Gaston Memorial Hospital, Inc.	Gaston Memorial Hospital Foundation, Inc.	Combined CaroMont Health Services, Inc.	Combined CaroMont Medical Group, Inc.	Hospice of Gaston County, Inc.	CaroMont Occupational Medicine, LLC	CaroMont Insurance Services, Ltd.
$ 14,063,307	$ -	$ 165,938	$ 1,429,516	$ 233,793	$ 6,137	$ 41,556
9,023,436	-	194,172	3,960,687	279,779	29,287	-
32,804,817	-	-	-	-	-	-
16,369,892	-	-	152,645	-	-	2,070,619
6,541,792	-	-	-	-	-	-
78,803,244	-	360,110	5,542,848	513,572	35,424	2,112,175
206,790,309	-	-	-	-	-	-
17,125,718	-	-	-	-	-	-
4,342,068	-	-	-	-	-	-
228,258,095	-	-	-	-	-	-
307,061,339	-	360,110	5,542,848	513,572	35,424	2,112,175
(3,658,702)	-	8,460,854	5,606,405	5,839,185	20,132	-
3	-	-	-	-	-	-
6,999	2,342,711	-	-	1,491,511	-	-
28,654,163	13,621,608	2,965,720	85,751,874	9,460,661	78,218	550,264
25,002,463	15,964,319	11,426,574	91,358,279	16,791,357	98,350	550,264
$ 332,063,802	$ 15,964,319	$ 11,786,684	$ 96,901,127	$ 17,304,929	$ 133,774	$ 2,662,439

CaroMont Health, Inc. and Affiliates

Combining Statement of Revenues, Expenses and Changes in Net Assets Information

Year Ended June 30, 2011

	Combined	Eliminations	Health, Inc.
Operating revenues			
Gross patient service revenue			
Routine services	$ 126,428,754	$ -	$ -
Special services	392,230,005	-	-
Outpatient services	718,136,210	(156,922)	-
	1,236,794,969	(156,922)	-
Less deductions from revenue			
Contractual allowances	682,078,046	-	-
Charity care	46,831,761	-	-
Provision for bad debts	43,665,229	-	-
	772,575,036	-	-
Net patient service revenue	464,219,933	(156,922)	-
Other operating revenue (expense)	7,503,543	(1,071,762)	(67,603)
Total operating revenue (expense)	471,723,476	(1,228,684)	(67,603)
Operating expenses			
Salaries and wages	201,460,827	-	1,368,859
Employee benefits	43,633,190	-	205,092
Fees	12,862,384	(236,006)	(2,380,595)
Supplies and drugs	86,959,362	(36,369)	22,311
Purchased services	50,750,685	(250,342)	375,729
Other	11,825,369	(705,967)	408,603
Interest expense	9,288,980	-	7,883
Depreciation and amortization	28,930,538	-	-
Total operating expenses	445,711,335	(1,228,684)	7,882
Income (loss) from operations	26,012,141	-	(75,485)
Nonoperating revenues (expenses)			
Realized gains (losses) on investments, interest and dividends, net	13,473,315	-	11,499,813
Unrealized gains (losses) on investments, net	58,731,029	-	45,995,211
Unrealized losses on interest rate swaps	(5,548,038)	-	(5,548,038)
Other nonoperating revenues (expenses)	758,542	-	(2,208,188)
Net nonoperating revenues (expenses)	67,414,848	-	49,738,798
Excess of revenues over (under) expenses before capital grants, contributions, and other	93,426,989	-	49,663,313
Capital grants, contributions and other	1,333,418	-	-
Excess of revenues over (under) expenses	94,760,407	-	49,663,313
Equity transfer from (to) affiliates	-	-	18,577,751
Increase (decrease) in net assets	$ 94,760,407	$ -	$ 68,241,064

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Hospital, Inc.	Foundation, Inc.	Services, Inc.	Group, Inc.	County, Inc.	Medicine, LLC	Services, Ltd.
$ 118.033.234	$ -	$ 6.493.191	$ -	$ 1.902.329	$ -	$ -
388.938.056	-	3.291.949	-	-	-	-
541.602.183	-	1.067.064	165.830.676	8.968.006	825.203	-
1.048.573.473	-	10.852.204	165.830.676	10.870.335	825.203	-
599.809.943	-	2.769.812	79.189.762	273.599	34.930	-
44.212.596	-	6.279	2.390.737	222.149	-	-
40.115.744	-	45.235	3.386.623	109.872	7.755	-
684.138.283	-	2.821.326	84.967.122	605.620	42.685	-
364.435.190	-	8.030.878	80.863.554	10.264.715	782.518	-
6.406.497	-	279.349	609.435	432.359	60	915.208
370.841.687	-	8.310.227	81.472.989	10.697.074	782.578	915.208
130.670.698	-	3.476.574	61.002.659	4.497.492	444.545	-
31.022.473	-	945.678	10.183.200	1.170.366	106.381	-
19.535.769	-	228.863	(4.504.789)	82.452	93.433	43.257
74.345.467	-	1.027.618	10.696.184	851.254	52.897	-
38.601.055	128	1.552.261	9.171.460	1.205.896	70.944	23.554
5.854.995	2.600	126.092	3.726.006	1.544.765	19.878	848.397
9.281.057	-	-	40	-	-	-
26.833.268	-	666.054	1.165.634	258.244	7.338	-
336.144.782	2.728	8.023.140	91.440.394	9.610.469	795.416	915.208
34.696.905	(2.728)	287.087	(9.967.405)	1.086.605	(12.838)	-
(1.832.947)	476.176	-	2.729.216	600.794	-	263
(47)	1.264.996	-	11.294.025	176.844	-	-
-	-	-	-	-	-	-
(42.150)	3.120.895	(58.096)	30.672	(84.594)	3	-
(1.875.144)	4.862.067	(58.096)	14.053.913	693.044	3	263
32.821.761	4.859.339	228.991	4.086.508	1.779.649	(12.835)	263
-	-	-	-	1.333.418	-	-
32.821.761	4.859.339	228.991	4.086.508	3.113.067	(12.835)	263
(17.921.425)	(7.046)	(661.909)	-	-	12.629	-
$ 14.900.336	$ 4.852.293	$ (432.918)	$ 4.086.508	$ 3.113.067	$ (206)	$ 263

CaroMont Health, Inc. and Affiliates

Combining Balance Sheet Information - CaroMont Health Services, Inc.

June 30, 2011

	Combined	Eliminations	Services, Inc.	Surgery	Terrace
Assets					
Current assets					
Cash and cash equivalents	$ 1,729	$ -	$ -	$ -	$ 1,729
Patient accounts receivable, net of allowance for uncollectible accounts	672,732	-	-	-	672,732
Other accounts receivable	75,466	-	-	39,823	35,643
Inventories of drugs and supplies	7,440	-	-	-	7,440
Prepaid expenses	3,463	-	-	-	3,463
Total current assets	760,830	-	-	39,823	721,007
Capital assets					
Depreciable capital assets, net of accumulated depreciation	8,460,854	-	-	5,055,588	3,405,266
Total capital assets, net of accumulated depreciation	8,460,854	-	-	5,055,588	3,405,266
Other assets					
Other long-term assets	2,565,000	-	2,565,000	-	-
Total other assets	2,565,000	-	2,565,000	-	-
Total assets	$ 11,786,684	$ -	$ 2,565,000	$ 5,095,411	$ 4,126,273
Liabilities					
Current liabilities					
Accounts payable	$ 165,938	$ -	$ -	$ 23,488	$ 142,450
Accrued payroll and related liabilities	194,172	-	-	61,959	132,213
Total current liabilities	360,110	-	-	85,447	274,663
Net Assets					
Invested in capital assets, net of related debt	8,460,854	-	-	5,055,588	3,405,266
Unrestricted	2,965,720	-	2,565,000	(45,624)	446,344
Total net assets	11,426,574	-	2,565,000	5,009,964	3,851,610
Total liabilities and net assets	$ 11,786,684	$ -	$ 2,565,000	$ 5,095,411	$ 4,126,273

See Independent Auditors' Report

CaroMont Health, Inc. and Affiliates

Combining Statement of Revenues, Expenses and Changes in Net Assets Information - CaroMont Health Services, Inc.

Year Ended June 30, 2011

	Combined	Eliminations	Services, Inc.	Surgery	Terrace
Operating revenues					
Gross patient service revenue					
Routine services	$ 6,493,191	$ -	$ -	$ -	$ 6,493,191
Special services	3,291,949	-	-	-	3,291,949
Outpatient services	1,067,064	-	-	1,067,064	-
	10,852,204	-	-	1,067,064	9,785,140
Less deductions from revenue					
Contractual allowances	2,769,812	-	-	780,690	1,989,122
Charity care	6,279	-	-	533	5,746
Provision for bad debts	45,235	-	-	12,485	32,750
	2,821,326	-	-	793,708	2,027,618
Net patient service revenue	8,030,878	-	-	273,356	7,757,522
Other operating revenue	279,349	-	276,919	36	2,394
Total operating revenues	8,310,227	-	276,919	273,392	7,759,916
Operating expenses					
Salaries and wages	3,476,574	-	-	104,759	3,371,815
Employee benefits	945,678	-	-	19,892	925,786
Fees	228,863	-	-	89,210	139,653
Supplies and drugs	1,027,618	-	-	182,915	844,703
Purchased services	1,552,261	-	-	161,282	1,390,979
Other	126,092	-	9,516	14,349	102,227
Depreciation and amortization	666,054	-	-	382,901	283,153
Total operating expenses	8,023,140	-	9,516	955,308	7,058,316
Income (loss) from operations	287,087	-	267,403	(681,916)	701,600
Nonoperating expenses					
Other nonoperating expenses	(58,096)	-	-	(58,096)	-
Net nonoperating expenses	(58,096)	-	-	(58,096)	-
Excess of revenues over (under) expenses	228,991	-	267,403	(740,012)	701,600
Equity transfer to affiliates	(661,909)	-	(267,403)	184,261	(578,767)
Increase (decrease) in net assets	$ (432,918)	$ -	$ -	$ (555,751)	$ 122,833

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