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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
REX HOSPITAL INC

Doing Business As
REX HEALTHCARE

Number and street (or P O box if mail is not delivered to street address)
4420 LAKE BOONE TRAIL

Room/suite

City or town, state or country, and ZIP + 4
RALEIGH, NC 27607

D Employer identification number
56-1509260

E Telephone number
(919) 784-3100

G Gross receipts $ 714,203,507

F Name and address of principal officer
DAVID STRONG
4420 LAKE BOONE TRAIL
RALEIGH, NC 27607

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 REXHEALTH COM

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

L Year of formation 1986

M State of legal domicile NC

Part I Summary

1 Briefly describe the organization's mission or most significant activities
TO PROVIDE THE BEST IN HEALTH SERVICES TO PROVIDE THE BEST IN HEALTH SERVICES BY BRINGING TOGETHER COMPASSIONATE CARE AND LEADING-EDGE TECHNOLOGY

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	13
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	10
5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	**5**	5,313
6	Total number of volunteers (estimate if necessary)	**6**	1,310
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	23,845,151
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-988,295

		Prior Year	Current Year
Revenue			
8	Contributions and grants (Part VIII, line 1h)	1,180,129	1,249,901
9	Program service revenue (Part VIII, line 2g)	550,987,719	592,507,390
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	3,441,733	8,582,253
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	351,544	557,399
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	555,961,125	602,896,943
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	1,250,870	1,263,428
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)	270,398,500	291,184,054
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)	246,341,112	264,094,603
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	517,990,482	556,542,085
19	Revenue less expenses Subtract line 18 from line 12	37,970,643	46,354,858
Net Assets or Fund Balances		**Beginning of Current Year**	**End of Year**
20	Total assets (Part X, line 16)	502,387,601	635,551,442
21	Total liabilities (Part X, line 26)	164,066,983	229,349,688
22	Net assets or fund balances Subtract line 21 from line 20	338,320,618	406,201,754

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

****** 2012-05-15
Signature of officer — Date

BERNADETTE SPONG 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
KATHERINE BLOOMER	KATHERINE BLOOMER			

Firm's name ▶ CLIFTONLARSONALLEN LLP — Firm's EIN ▶

Firm's address ▶ 101 N TRYON STREET SUITE 1000
CHARLOTTE, NC 28246

Phone no ▶ (704) 998-5200

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

REX HEALTHCARE PROVIDES THE BEST IN HEALTH SERVICES BY COMBINING COMPASSIONATE CARE AND LEADING-EDGE TECHNOLOGY REX PROVIDES SERVICES AT FACILITIES ACROSS WAKE COUNTY TO ALL PATIENTS, REGARDLESS OF THEIR ABILITY TO PAY REX ALSO SEEKS TO IMPROVE THE HEALTH OF THE COMMUNITY BY PROVIDING EDUCATION, DIAGNOSTIC AND PREVENTATIVE CARE, OFTEN BY JOINING FORCES WITH OTHER COMMUNITY GROUPS IN ADDITION TO ITS MAIN RALEIGH CAMPUS, REX OFFERS MUCH-NEEDED CARE AND PATIENT SUPPORT AT FACILITIES IN APEX, CARY, GARNER, HOLLY SPRINGS, KNIGHTDALE, DOWNTOWN RALEIGH AND WAKEFIELD

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 $ 65,774,093 including grants of $) (Revenue $ 79,346,340)

GENERAL SURGERY REX SURGERY CENTERS IN RALEIGH, CARY AND WAKEFIELD ARE USED BY MORE THAN 350 PHYSICIANS AND PROVIDE IN AND OUTPATIENT SERVICES TO 36,000 PATIENTS A YEAR, REGARDLESS OF THEIR ABILITY TO PAY THE THREE LOCATIONS HAVE IMPROVED ACCESS TO SPECIALIZED CARE FOR PATIENTS ACROSS THE REGION SURGEONS MAKE SUBSTANTIAL USE OF NON-INVASIVE TECHNOLOGY FOR DIAGNOSIS AND TREATMENT, REDUCING PATIENTS' RECOVERY TIME AND HOSPITAL STAY FOR EXAMPLE, REX HAS TWO DAVINCI SURGICAL ROBOTS USED FOR UROLOGIC AND GYNECOLOGIC SURGERIES THE CENTERS INCLUDE 35 OPERATING SUITES, FIVE MINOR PROCEDURE ROOMS, 56 RECOVERY BEDS AND VARIOUS ANCILLARY SUPPORT SPACES REX IS INCREASINGLY PERFORMING SURGERIES ON AN OUTPATIENT BASIS, AND CONTINUING TO LOOK FOR OTHER WAYS TO REDUCE OVERALL COSTS FOR PATIENTS SOME OF THE TOP PROCEDURES INCLUDE REPAIRING HERNIAS, REMOVING GALLBLADDERS AND TREATING BREAST CANCERS

4b (Code) (Expenses $ 58,232,572 including grants of $) (Revenue $ 64,687,330)

ORTHOPEDICS WITH THIS REGION'S AGING POPULATION, REX HEALTHCARE'S ORTHOPEDIC SERVICES PROVIDE IMPORTANT CARE FOR AN INCREASING NUMBER OF PATIENTS REX FACILITIES IN RALEIGH, CARY AND WAKEFIELD SAW NEARLY 10,000 ORTHOPEDIC PATIENTS DURING THE FISCAL YEAR, INCLUDING MANY MEDICARE AND MEDICAID PATIENTS THE MOST COMMON PROCEDURES INCLUDE REPLACEMENT OF TOTAL JOINTS (HIPS, KNEES AND SHOULDERS), ARTHROSCOPIES AND REPAIRING FRACTURES OR DISLOCATIONS REX WORKS CLOSELY WITH ITS AFFILIATED SURGEONS AND COMMUNITY PHYSICIANS TO ENSURE THAT IT PROVIDES ACCESS TO ALL PATIENTS REQUIRING ORTHOPEDIC CARE, REGARDLESS OF THEIR ABILITY TO PAY

4c (Code) (Expenses $ 57,898,382 including grants of $) (Revenue $ 59,896,802)

CARDIOLOGY SERVICES THE REX HEART & VASCULAR CENTER PERFORMS MORE THAN 17,000 PROCEDURES A YEAR, INCLUDING CORONARY ARTERY BYPASS GRAFTING, ECHOCARDIOGRAPHY, VALVE REPLACEMENT AND REPAIR, ANGIOPLASTY, CARDIAC CATHETERIZATION AND STENT PLACEMENT REX PROVIDES COMPASSIONATE CARE TO ALL PATIENTS, INCLUDING THOSE ON MEDICARE, MEDICAID AND THE UNINSURED OR UNDERINSURED REX HAS BEEN A CHEST PAIN ACCREDITED HOSPITAL FOR SEVEN YEARS, REINFORCING THE ORGANIZATION'S DEDICATION TO COMMUNITY OUTREACH AND INNOVATION IN THE CARE OF CHEST PAIN PATIENTS IN ADDITION, HOSPITAL COMPARE RATED REX BEST FOR HEART ATTACK SURVIVAL IN WAKE COUNTY

4d Other program services (Describe in Schedule O) **See also Additional Data for Description**

(Expenses $ 313,724,265 including grants of $ 1,263,428) (Revenue $ 358,624,985)

4e **Total program service expenses** ▶ $ 495,629,312

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	Yes	
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		No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, 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	Yes	
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f	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**	Yes	
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**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**	Yes	
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, 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**	Yes	
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**	Yes	
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	328		
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		
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	5,313		
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	13		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	10		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		5		No
6	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 ▶

BERNADETTE SPONG
4420 LAKE BOONE TRAIL
RALEIGH, NC 27607
(919) 784-3100

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			
See Additional Data Table										

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			
See Additional Data Table										
1b **Sub-Total**										
c **Total from continuation sheets to Part VII, Section A**										
d **Total (add lines 1b and 1c)**								6,706,669	1,391,361	1,248,607

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 ▶ 177

			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
SRISURGICAL EXPRESS PO BOX 405495 ATLANTA, GA 30384	MEDICAL	8,460,450
BBH DESIGN 8208 BROWNLEIGH DRIVE STE 200 RALEIGH, NC 27617	ARCHITECTURAL DESIGN	7,035,456
MAYO COLLABORATIVE SVCS INC PO BOX 9146 MINNEAPOLIS, MN 55480	LABORATORY	1,734,708
THE OUTSOURCE GROUP 39867 TREASURY CENTER CHICAGO, IL 60694	COLLECTIONS	1,692,537
K&L GATES LLP 210 SIXTH AVE PITTSBURGH, PA 15222	LEGAL	1,337,673

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 ▶ 91

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	1,225,046				
	e Government grants (contributions) 1e					
	f All other contributions, gifts, grants, and similar amounts not included above 1f	24,855				
	g Noncash contributions included in lines 1a-1f $					
	h **Total.** Add lines 1a-1f		1,249,901			
Program Service Revenue		Business Code				
	2a GENERAL SURGERY	625100	79,346,340	79,346,340		
	b ORTHOPAEDICS	625100	64,687,330	64,687,330		
	c WOMEN'S & CHILDREN	625100	63,310,733	63,310,733		
	d CARDIOLOGY	625100	59,896,802	59,896,802		
	e ONCOLOGY	625100	54,051,182	54,051,182		
	f All other program service revenue		271,215,003	243,148,087	23,845,151	4,221,765
	g **Total.** Add lines 2a–2f		592,507,390			
	3 Investment income (including dividends, interest and other similar amounts)		2,762,851			2,762,851
	4 Income from investment of tax-exempt bond proceeds . .					
	5 Royalties					

	(i) Real	(ii) Personal				
6a Gross Rents	659,630					
b Less rental expenses	126,247					
c Rental income or (loss)	533,383					
d Net rental income or (loss)			533,383			533,383

	(i) Securities	(ii) Other				
7a Gross amount from sales of assets other than inventory	113,658,219	3,341,500				
b Less cost or other basis and sales expenses	110,430,686	749,631				
c Gain or (loss)	3,227,533	2,591,869				
d Net gain or (loss)			5,819,402			5,819,402

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 PUBLIC RELATIONS	900099	24,016			24,016
	b					
	c					
	d All other revenue					
	e **Total.** Add lines 11a–11d		24,016			
	12 **Total revenue.** See Instructions . . .		602,896,943	564,440,474	23,845,151	13,361,417

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	1,263,428	1,263,428		
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	4,634,852		4,634,852	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	230,608,308	198,847,747	31,760,561	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	12,550,343	11,104,337	1,446,006	
9	Other employee benefits	27,661,733	24,324,559	3,337,174	
10	Payroll taxes	15,728,818	13,052,218	2,676,600	
a	Fees for services (non-employees) Management				
b	Legal	2,326,131		2,326,131	
c	Accounting	91,450		91,450	
d	Lobbying	100,266	100,266		
e	Professional fundraising services *See Part IV, line 17*				
f	Investment management fees	711,381		711,381	
g	Other	31,089,180	27,980,262	3,108,918	
12	Advertising and promotion	5,977,753	5,379,978	597,775	
13	Office expenses	7,932,084	7,138,876	793,208	
14	Information technology	22,998,531	20,698,678	2,299,853	
15	Royalties				
16	Occupancy	16,367,783	14,731,005	1,636,778	
17	Travel	821,016	738,914	82,102	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	517,957	325,442	192,515	
20	Interest	4,972,654	4,475,389	497,265	
21	Payments to affiliates	5,608,580	5,608,580		
22	Depreciation, depletion, and amortization	25,024,223	22,521,801	2,502,422	
23	Insurance	6,826,315	6,143,684	682,631	
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	PATIENT SUPPLIES & SERV	117,377,791	117,377,791		
b	REPAIRS AND MAINTENANCE	8,532,577	7,679,319	853,258	
c	MINOR EQUIPMENT	1,323,882	1,191,494	132,388	
d					
e					
f	All other expenses	5,495,049	4,945,544	549,505	
25	**Total functional expenses.** Add lines 1 through 24f	556,542,085	495,629,312	60,912,773	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		10,478,617	1	10,544,403
	2	Savings and temporary cash investments		52,334,065	2	79,558,352
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		61,334,598	4	73,484,758
	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		275,806	7	309,490
	8	Inventories for sale or use		9,982,827	8	9,584,446
	9	Prepaid expenses and deferred charges		5,888,766	9	5,994,979
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 578,774,795			
	b	Less accumulated depreciation	10b 350,422,151	226,507,264	10c	228,352,644
	11	Investments—publicly traded securities		105,988,601	11	155,667,458
	12	Investments—other securities See Part IV, line 11		17,079,258	12	49,328,497
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		12,517,799	15	22,726,415
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		502,387,601	16	635,551,442
Liabilities	17	Accounts payable and accrued expenses		81,535,003	17	95,756,691
	18	Grants payable			18	
	19	Deferred revenue		71,350	19	73,783
	20	Tax-exempt bond liabilities		77,445,401	20	128,132,589
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*		13,382	21	19,824
	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		5,001,847	25	5,366,801
	26	**Total liabilities.** Add lines 17 through 25		164,066,983	26	229,349,688
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		337,317,334	27	405,191,524
	28	Temporarily restricted net assets		1,003,284	28	1,010,230
	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		338,320,618	33	406,201,754
	34	Total liabilities and net assets/fund balances		502,387,601	34	635,551,442

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	602,896,943
2	Total expenses (must equal Part IX, column (A), line 25)	2	556,542,085
3	Revenue less expenses Subtract line 2 from line 1	3	46,354,858
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	338,320,618
5	Other changes in net assets or fund balances (explain in Schedule O)	5	21,526,278
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	406,201,754

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
REX HOSPITAL INC

Employer identification number
56-1509260

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).

Additional Data

Software ID:
Software Version:
EIN: 56-1509260
Name: REX HOSPITAL INC

Form 990, Part VII - Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week	(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			
A DALE JENKINS DIRECTOR	5 00	X						0	0	0
JEAN W CARTER MD DIRECTOR	2 00	X						0	0	0
VINCENT L HOELLERICH MD DIRECTOR	2 00	X						0	0	0
JAMES B HYLER JR DIRECTOR	2 00	X						0	0	0
DARLEEN M JOHNS DIRECTOR	2 00	X						0	0	0
JEFFREY J LYASH DIRECTOR	2 00	X						0	0	0
GARY L PARK DIRECTOR	2 00	X		X				0	662,552	196,256
ORAGE QUARLES III DIRECTOR	2 00	X						0	0	0
WILLIAM L ROPER MD DIRECTOR	2 00	X						0	728,809	155,179
MARK A STRIEBEL DIRECTOR	2 00	X						0	0	0
ROBERT S THOMAS DIRECTOR	2 00	X						0	0	0
TERESA ARTIS DIRECTOR	2 00	X						0	0	0
DAVID STRONG PRESIDENT	40 00	X		X				724,732	0	203,123
BERNADETTE SPONG SVP/FINANCE AND CFO, TREASURER	40 00			X				343,226	0	41,217
MARY LOU POWELL SVP/PATIENT CARE SVCS & CNO	40 00			X				318,528	0	80,008
STEPHEN BURRISS SVP/OPERATIONS & AMB CARE	40 00			X				305,706	0	42,132
NOVLET BRADSHAW VP/INFORMATION TECHNOLOGY/CIO	40 00			X				274,556	0	29,277
LINDA BUTLER VP/MEDICAL AFFAIRS & CMO	40 00			X				234,959	0	22,670
DONALD ESPOSITO JR VP/GENERAL COUNSEL	40 00			X				260,932	0	29,941
SYLVIA HACKETT VP/HUMAN RESOURCES AND DEVELOPMENT	40 00			X				229,070	0	53,043
R ERICK HAWKINS VP/FINANCE & STRATEGY	40 00			X				239,249	0	23,426
CHAD LEFTERIS VP/SUPPORT SERVICES	40 00			X				195,906	0	17,218
LISA SCHILLER VP/MKTG, PR, COMM & GOVT RELATIONS	40 00			X				184,612	0	30,237
ROBERT B LIVERMAN JR ASSISTANT TREASURER	40 00			X				148,063	0	26,122
JEFFREY CRANE MD/ONCOLOGY	40 00					X		887,111	0	54,674

Form 990, Part VII - Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week	(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			
KENNETH ZEITLER MD/ONCOLOGY	40 00					X		799,018	0	50,810
SHAHRAM TEHRANI MEDICAL DIRECTOR IT & HOSPITALIST	40 00					X		518,030	0	33,669
S WAYNE SMITH DIRECTOR/VASCULAR LAB	40 00					X		459,335	0	97,635
ROBERT WEHBIE MD/ONCOLOGY	40 00					X		415,591	0	39,896
EMILY BARBOUR VP/DEVELOPMENT & CHIEF DEV OFFICER	40 00						X	168,045	0	22,074

Form 990, Part III - 4 Program Service Accomplishments (See the Instructions)

4d. Other program services

(Code) (Expenses $ 313,724,265 including grants of $ 1,263,428) (Revenue $ 358,624,985)

REX PROVIDES A FULL RANGE OF ONCOLOGY THERAPY AND SUPPORT SERVICES TO ALL PATIENTS IN WAKE COUNTY AND BEYOND, REGARDLESS OF THEIR ABILITY TO PAY AT THE MAIN RALEIGH CANCER CENTER AND A SATELLITE FACILITY IN WAKEFIELD, REX PROVIDED MORE THAN 18,400 RADIATION ONCOLOGY TREATMENTS, 8,500 CHEMOTHERAPY TREATMENTS AND 15,500 HEMATOLOGY TREATMENTS THE CENTERS ALSO HELP PATIENTS NAVIGATE THEIR CARE AND OFFER COUNSELING, REHABILITATION AND MORE AT REX'S WOMEN'S AND CHILDREN'S CENTER, CAREGIVERS SEEK TO PROVIDE FAMILY-CENTERED CARE TO THE NEW MOTHER, BABY AND EXTENDED FAMILY, WITHOUT REGARD TO THE ABILITY TO PAY THE WOMEN'S CENTER DELIVERED MORE THAN 5,800 BABIES AND PROVIDES 24/7 ANESTHESIOLOGY, NEONATOLOGY, AND LACTATION SERVICES AND AN IN-HOUSE RETAIL CENTER FOR INFANT NUTRITION THERE ARE PRE- AND POST-NATAL SUPPORT GROUPS, EXERCISE CLASSES AND MORE

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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
REX HOSPITAL INC	56-1509260

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		100,266
j	Total lines 1c through 1i			100,266
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	REX HEALTHCARE BELIEVES IN MAINTAINING STRONG, OPEN AND EFFECTIVE RELATIONSHIPS WITH ELECTED OFFICIALS AND POLICY MAKERS AT THE LOCAL, STATE AND NATIONAL LEVELS THE OBJECTIVE IS TO EDUCATE THESE GROUPS ON HEALTHCARE ISSUES, TO SERVE AS A RESOURCE, AND TO COMMUNICATE REX'S POSITION IN SUPPORT OF ITS MISSION

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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
REX HOSPITAL INC

Employer identification number
56-1509260

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					
b Contributions					
c Investment earnings or losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

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

- a Board designated or quasi-endowment ▶
- 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)		
(ii) related organizations	3a(ii)		
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		

4 Describe in Part 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		27,030,279		27,030,279
b Buildings		154,142,499	85,218,699	68,923,800
c Leasehold improvements		14,253,659	2,676,579	11,577,080
d Equipment		277,645,207	226,420,415	51,224,792
e Other		105,703,151	36,106,458	69,596,693
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				228,352,644

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	3,484,623	C
(3) Other		
(A) BOND TRUSTEE FUNDS	22,000,910	F
(B) HEDGE FUNDS	23,842,964	F
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶	49,328,497	

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
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
CAPITAL LEASE	1,331,033
ESTIMATED PROFESSIONAL LIAIBLITY RESERVE	2,354,681
DEFERRED LEASE LIABILITY	1,680,591
THIRD PARTY PAYABLE	496
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	5,366,801

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	
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net) Add lines 4 - 8	9	
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	

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

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

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

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
	PART IV, LINE 2B	THE ORGANIZATION HOLDS CASH IN TRUST FOR THE RESIDENTS OF THE NURSING HOME FACILITIES
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	REX HOSPITAL, INC IS EXEMPT FROM FEDERAL INCOME TAX UNDER SECTION 501(A) AS AN ORGANIZATION DESCRIBED IN SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE
		PART VII, LINE 2 CLOSELY-HELD EQUITY INTERESTS ARE VALUED ACCORDING TO THE EQUITY METHOD OF ACCOUNTING UNDER US GAAP WHICH REPRESENTS INITIAL COSTS ADJUSTED FOR OUR ALLOCABLE SHARE OF THE NET EARNINGS OR LOSSES OF THE INVESTMENT

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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
REX HOSPITAL INC

Employer identification number
56-1509260

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 **250.000000000000 %**	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		No
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)			21,883,328		21,883,328	3 930 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			28,250,042	20,237,633	8,012,409	1 440 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			50,133,370	20,237,633	29,895,737	5 370 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			724		724	0 %
f Health professions education (from Worksheet 5)			2,436,821		2,436,821	0 440 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)			322,871	202,047	120,824	0 020 %
i Cash and in-kind contributions to community groups (from Worksheet 8)			777,371		777,371	0 140 %
j **Total** Other Benefits			3,537,787	202,047	3,335,740	0 600 %
k **Total.** Add lines 7d and 7j			53,671,157	20,439,680	33,231,477	5 970 %

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						
9 Other						
10 **Total**						

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			No
2	Enter the amount of the organization's bad debt expense (at cost)	2	7,583,190		
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	0		
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	182,997,149		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	230,006,806		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-47,009,657		
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	1 REX SURGERY CENTER OF CARY LLC	AMBULATORY SURGICAL CENTER	79 500 %	0 %	20 500 %
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	REX HOSPITAL INC 4420 LAKE BOONE TRAIL RALEIGH, NC 27607	X								

Part V **Facility Information** *(continued)*

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? **9**

	Name and address	Type of Facility (Describe)
1	REX HEALTHCARE OF WAKEFIELD 11200 GOVERNOR MANLY WAY RALEIGH,NC 27614	HEALTHCARE
2	REX HEALTHCARE OF WAKEFIELD 11200 GOVERNOR MANLY WAY RALEIGH,NC 27614	HEALTHCARE
3	REX HEALTHCARE OF WAKEFIELD 11200 GOVERNOR MANLY WAY RALEIGH,NC 27614	HEALTHCARE
4	REX HEALTHCARE OF WAKEFIELD 11200 GOVERNOR MANLY WAY RALEIGH,NC 27614	HEALTHCARE
5	REX HEALTHCARE OF WAKEFIELD 11200 GOVERNOR MANLY WAY RALEIGH,NC 27614	HEALTHCARE
6	REX HEALTHCARE OF WAKEFIELD 11200 GOVERNOR MANLY WAY RALEIGH,NC 27614	HEALTHCARE
7	REX HEALTHCARE OF WAKEFIELD 11200 GOVERNOR MANLY WAY RALEIGH,NC 27614	HEALTHCARE
8	REX HEALTHCARE OF WAKEFIELD 11200 GOVERNOR MANLY WAY RALEIGH,NC 27614	HEALTHCARE
9	REX HEALTHCARE OF WAKEFIELD 11200 GOVERNOR MANLY WAY RALEIGH,NC 27614	HEALTHCARE
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 III, LINE 4 NET PATIENT SERVICE REVENUE IS RECORDED AT ESTABLISHED RATES WHEN SERVICES ARE PROVIDED WITH CONTRACTUAL ADJUSTMENTS, ESTIMATED BAD DEBT EXPENSES, AND SERVICES QUALIFYING AS CHARITY CARE DEDUCTED TO ARRIVE AT NET PATIENT SERVICE REVENUE CONTRACTUAL ADJUSTMENTS ARISE UNDER REIMBURSEMENT AGREEMENTS WITH CERTAIN INSURANCE CARRIERS, HEALTH MAINTENANCE ORGANIZATIONS AND PREFERRED PROVIDER ORGANIZATIONS, WHICH PROVIDE FOR PAYMENTS THAT ARE GENERALLY LESS THAN ESTABLISHED BILLING RATES CONTRACTUAL ADJUSTMENTS ARE ACCRUED ON AN ESTIMATED BASIS IN THE PERIOD THE RELATED SERVICES ARE RENDERED AND ADJUSTED IN THE FUTURE AS FINAL SETTLEMENTS ARE DETERMINED THE COSTING METHODOLOGY USED TO DETERMINE PAYER COSTS IS THE ANDI METHODOLOGY, WHICH USES A FACILITY-WIDE RATIO OF COST TO CHARGES AS DESCRIBED IN 2010 NCHA COMMUNITY BENEFITS GUIDELINES WHILE THE COSTS OF BAD DEBTS ARE PRESENT FOR ESSENTIALLY EVERY BUSINESS ORGANIZATION, FEW OTHER THAN HOSPITALS ARE EXPECTED TO CONTINUE TO PROVIDE SERVICES TO THOSE WITH MEANS WHO HAVE PREVIOUSLY FAILED TO PAY CONTINUATION OF SERVICE TO PATIENTS WITH THE MEANS TO PAY BUT WHO HAVE FAILED TO DO SO IS A FURTHER COMMUNITY BENEFIT RELATED TO THE HOSPITAL'S MISSION THEREFORE, WE BELIEVE THAT THE COST OF BAD DEBTS SHOULD BE CONSIDERED A COMMUNITY BENEFIT

Identifier	ReturnReference	Explanation
		PART III, LINE 8 HOSPITALS TREAT PATIENTS COVERED BY MEDICARE, JUST AS THEY DO ANY PATIENT AMOUNTS THAT HOSPITALS ARE ELIGIBLE TO RECEIVE IN PAYMENT FOR SERVICES PROVIDED TO PATIENTS COVERED BY MEDICARE ARE NOT NEGOTIABLE AS MEDICARE REIMBURSEMENT RATES DECLINE RELATIVE THE COSTS OF PROVIDING CARE, HOSPITALS CONTINUE TO SERVE THE MEDICARE POPULATION WITHOUT THE SERVICES PROVIDED BY HOSPITALS, THE GOVERNMENT WOULD BECOME OBLIGATED FOR THE SERVICES REQUIRED BY THESE PATIENTS THEREFORE, WE BELIEVE THAT ANY UNREIMBURSED COSTS OF PROVIDING THIS CARE ARE A BENEFIT PROVIDED BY THE HOSPITAL TO THE COMMUNITY AND GOVERNMENT

Identifier	ReturnReference	Explanation
		PART III, LINE 9B PATIENTS KNOWN TO QUALIFY FOR FINANCIAL ASSISTANCE ARE APPROVED FOR FULL FORGIVENESS TO 250% OF THE FPG, THERE IS NO ASSESSMENT OF CO-PAYMENTS, THEREFORE THERE IS NO PATIENT FINANCIAL RESPONSIBILITY FOR THE APPLICATION OF COLLECTION POLICY

Identifier	ReturnReference	Explanation
REX HOSPITAL, INC		PART V, SECTION B, LINE 19D THE ORGANIZATION PROVIDES AN AUTOMATIC 15% DISCOUNT OFF OF CHARGES FOR PATIENTS WHO DO NOT HAVE INSURANCE ADDITIONAL DISCOUNTS ARE AVAILABLE BASED ON MEANS TESTING AND PROMPT PAYMENT ARRANGEMENTS

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 AS THE COUNTY CONTINUES TO GROW, NECESSARY STEPS MUST BE TAKEN TO ENSURE THAT THE NEEDS OF ALL OF OUR CITIZENS ARE BEING MONITORED AND EVALUATED WAKE COUNTY HUMAN SERVICES WORKS WITH ALL LOCAL HOSPITALS, INCLUDING REX, TO CONDUCT A COMMUNITY-WIDE HEALTH ASSESSMENT THIS ASSESSMENT, CONDUCTED EVERY FOUR YEARS, IDENTIFIES OPPORTUNITIES AND CHALLENGES IN THE MARKET REX COLLABORATES WITH COMMUNITY PARTNERS REGULARLY TO ENSURE OUR EFFORTS ARE PROPERLY ALIGNED BASED ON WAKE COUNTY'S SOCIOECONOMIC AND DEMOGRAPHIC INFORMATION REX ALSO RELIES ON INPUT FROM OUR PHYSICIANS AND CLINICAL STAFF, PATIENT OUTCOMES AS WELL AS QUALITATIVE AND QUANTITATIVE RESEARCH TO IDENTIFY AREAS OF OPPORTUNITY TO IMPROVE THE HEALTH OF OUR COMMUNITY

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 REX PROVIDES A WIDE RANGE OF TOOLS AND EDUCATION TO HELP PATIENTS WHO NEED FINANCIAL ASSISTANCE THE REX ASSIST PROGRAM IS DESIGNED TO MAKE IT EASY FOR PATIENTS TO APPLY FOR FINANCIAL ASSISTANCE, CHARITY CARE AND OTHER AID PROGRAMS REX POSTS DETAILED INFORMATION ABOUT ITS GENEROUS CHARITY CARE POLICY, THE REX ASSIST PROGRAM AND OTHER FINANCIAL AID INFORMATION AT VARIOUS POINTS IN THE HOSPITAL AND ON ITS WEBSITE DURING PATIENT REGISTRATION, STAFF WILL DISTRIBUTE THE "YOUR REX HOSPITAL BILL" FLYER TO ANYONE WHO DOES NOT HAVE INSURANCE OR ASKS FOR ASSISTANCE THAT FLYER INCLUDES USEFUL INFORMATION AND HELPFUL RESOURCES REX FINANCIAL COUNSELORS WILL BEGIN WORKING WITH PATIENTS NEEDING ASSISTANCE AT REGISTRATION, OR VISIT THE ROOMS OF PATIENTS WHO ASK FOR HELP THE COUNSELORS WILL ASSIST WITH DETERMINING MEDICAID ELIGIBILITY AND WITH FILLING OUT A REX ASSIST APPLICATION FINALLY, REX ALSO WORKS WITH VARIOUS COMMUNITY GROUPS THAT HELP PROVIDE ASSISTANCE TO THE UNINSURED OR UNDERINSURED, INCLUDING PROJECT ACCESS, PRETTY IN PINK AND OTHERS THE ANGEL FUND OF THE REX HEALTHCARE FOUNDATION ALSO SUPPORTS CANCER PATIENTS WITH UNIQUE FINANCIAL NEEDS, INCLUDING TRANSPORTATION, LIVING EXPENSES AND PRESCRIPTIONS

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 THE ORGANIZATION SERVES AN AREA THAT ENCOMPASSES A FOUR-COUNTY AREA CONSISTING OF WAKE COUNTY AS THE PRIMARY SERVICE AREA WITH HARNETT, FRANKLIN AND JOHNSTON COUNTIES, COMPRISING THE SECONDARY SERVICE AREA WAKE COUNTY AND ITS SURROUNDING COMMUNITIES ARE AMONG THE FASTEST GROWING REGIONS IN THE NATION UNEMPLOYMENT RATES IN THE PRIMARY SERVICE AREA ARE LESS THAN THE UNEMPLOYMENT RATES FOR THE NATION AND THE STATE AVERAGE HOUSEHOLD INCOME AND EDUCATION LEVEL ALSO COMPARE FAVORABLY WITH BOTH THE NATION AND THE STATE

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 THERE ARE MANY WAYS REX WORKS WITH COMMUNITY PARTNERS TO ADDRESS HEALTH ISSUES AND CONCERNS IDENTIFIED WITHIN THE COMMUNITY THROUGH BOTH FINANCIAL, IN-KIND AND STAFF SUPPORT, REX PROVIDES ASSISTANCE IN HOSTING COMMUNITY HEALTH SCREENINGS, MOBILE MAMMOGRAPHY SCREENINGS AND ON-SITE MEDICAL CARE THROUGH THE REX EMERGENCY RESPONSE TEAM ADDITIONALLY, COMMUNITY RELATIONS ACTIVITIES REGULARLY DEMONSTRATE PROMOTING HEALTH AND WELLNESS INITIATIVES "ASK THE EXPERT" FORUMS ARE FREE AND OFFERED THROUGHOUT WAKE COUNTY BY PHYSICIANS AND STAFF REX HAS BEEN DILIGENT IN AWARDING GRANTS TO COMMUNITY GROUPS TO ASSIST THEM WHERE NEEDS ARE GREATEST

Identifier	ReturnReference	Explanation
		PART VI, LINE 7 REX HEALTHCARE IS A SUBSIDIARY OF THE UNC HEALTH CARE SYSTEM IN CHAPEL HILL THAT SYSTEM SERVES PATIENTS FROM ALL 100 COUNTIES, REGARDLESS OF THEIR ABILITY TO PAY, PROVIDING MORE THAN $300 MILLION A YEAR IN UNCOMPENSATED CARE AS PART OF THE INTEGRATED SYSTEM, REX STRIVES TO IMPROVE ACCESS AND SERVICES IN WAKE COUNTY'S GROWING AND UNDERSERVED AREAS REX CAREGIVERS ALSO WORK CLOSELY WITH THEIR COUNTERPARTS AT UNC HEALTH TO FIND MORE WAYS TO IMPROVE CARE AND QUALITY, REACH MORE UNINSURED PATIENTS AND MORE REX'S BOARD REPRESENTS A CROSS-SECTION OF THE COMMUNITY, WITH VOLUNTEERS THAT INCLUDE BUSINESS LEADERS, COMMUNITY PHYSICIANS AND OTHERS THAT BOARD WORKS CLOSELY WITH THE BOARD AT UNC HEALTH TO DETERMINE THE BEST WAYS TO PLAY A LARGER ROLE IN IMPROVING THE COMMUNITY'S HEALTH, AND REX'S ROLE IN THE BIGGER SYSTEM'S MISSION

Identifier	ReturnReference	Explanation
	PART VI LINE 7	THE ORGANIZATION SUBMITS AN ANNUAL COMMUNITY BENEFIT REPORT TO THE NORTH CAROLINA HOSPITAL ASSOCIATION AND THE NORTH CAROLINA MEDICAL CARE COMMISSION

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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
REX HOSPITAL INC

Employer identification number
56-1509260

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 . . . ▶ 31

3 Enter total number of other organizations . . . ▶ 0

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 REX REQUIRES ALL REQUESTS FOR GRANTS OR OTHER ASSISTANCE TO BE IN WRITING SUCH REQUESTS ARE TYPICALLY REVIEWED ON AN ANNUAL BASIS FOLLOWING GUIDELINES RELATED TO COMMUNITY NEED AND REX'S MISSION REX'S PRIORITIES INCLUDE SUPPORTING HEALTH, HUMAN SERVICES, EDUCATION AND ARTS IN THE COMMUNITIES IT SERVES REX HAS VARIOUS WAYS OF TRACKING THE RESULTS OF ITS CONTRIBUTIONS BECAUSE REX OFTEN WORKS CLOSELY WITH THE COMMUNITY GROUPS IT SUPPORTS, THE ORGANIZATIONS RECEIVES FREQUENT UPDATES ON THEIR WORK AND PROGRESS FOR LARGER GRANTS, REX ALSO RECEIVES ANNUAL OR QUARTERLY REPORTS ON RESULTS

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 56-1509260
Name: REX 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
WAKE COUNTY MEDICAL SOCIETY2500 BLUE RIDGE ROAD STE 330 RALEIGH,NC 27607	56-2205175	501(C)(6)	75,000				GENERAL SUPPORT, MEDICAL CARE
RALEIGH SCHOOL OF NURSE ANESTH3900 BARRETT DRIVE SUITE 200 RALEIGH,NC 27609	56-1684241	501(C)(3)	69,578				EDUCATION SUPPORT

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
NORTH CAROLINA SYMPHONY4350 LASSITER STE 250 RALEIGH,NC 27609	56-0556755	501(C)(3)	45,000				GENERAL SUPPORT
NC MUSEUM OF ART4630 MAIL SERVICE CENTER RALEIGH,NC 27699	23-7071511	501(C)(3)	33,500				GENERAL SUPPORT

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
AMERICAN HEART ASSOCIATIONNORTH CAROLINA AFFILIATEINC 3901 COMPUTER DR STE 110 RALEIGH,NC 27609	56-0529996	501(C)(3)	25,000				GENERAL SUPPORT, EDUCATION SUPPORT
CITY OF RALEIGHP O BOX 96084 CHARLOTTE,NC 282960084	56-6000236	GOVERNMENT	25,000				MEDICAL CARE

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
POE CENTER FOR HEALTH ED224 SUNNYBROOK ROAD RALEIGH,NC 27610	56-1500678	501(C)(3)	20,000				EDUCATION SUPPORT
CAROLINA BALLET INC 3401-131 ATLANTIC AVENUE RALEIGH,NC 27604	56-1445383	501(C)(3)	15,000				GENERAL SUPPORT

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 THE GRTER TRIANGP O BOX 110387 RALEIGH,NC 277095387	56-1949103	501(C)(3)	11,250				GENERAL SUPPORT
BAND TOGETHER3402 HAMPTON ROAD RALEIGH,NC 27607	56-2273756	501(C)(3)	10,000				GENERAL SUPPORT

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
KOMEN FOR THE CURE NC TRIANGLE133 FAYETTEVILLE ST 300 RALEIGH,NC 27601	75-1835298	501(C)(3)	10,000				GENERAL SUPPORT
RALEIGH CONVENTION CENTER500 S SALISBURY STREET RALEIGH,NC 27601	56-6000236	501(C)(3)	10,000				GENERAL SUPPORT

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
WAKE EDUCATION PARTNERSHIP706 HILLSBOROUGH ST SUITE A RALEIGH,NC 27603	58-1518182	501(C)(3)	10,000				GENERAL SUPPORT
BOYS & GIRLS CLUB701 N RALEIGH BOULEVARD RALEIGH,NC 27610	56-0863051	501(C)(3)	10,000				GENERAL SUPPORT

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 PREVENTION PARTNERS88 VILCOM CIRCLE STE 110 CHAPEL HILL,NC 27514	31-1722051	501(C)(3)	10,000				EDUCATION SUPPORT
DEVILS RIDGE CHARITY GOLF CLASSIC PO BOX 98 128 SOUTH MAIN STREET HOLLY SPRINGS,NC 27540	56-2265570	501(C)(3)	9,000				GENERAL SUPPORT

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
TOWN OF KNIGHTDALE950 STEEPLE SQUARE CT KNIGHTDALE,NC 27545	56-0789285	GOVERNMENT	8,530				EDUCATION SUPPORT
GIRL SCOUTS-NC COASTAL PINES6901 PINECREST ROAD RALEIGH,NC 27613	56-2042885	501(C)(3)	8,000				GENERAL SUPPORT

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
PAY IT FORWARD FERTILITY FDNT8311 BRIER CREEK PARKWAY STE 105-111 RALEIGH,NC 27617	26-3906064	501(C)(3)	6,000				GENERAL SUPPORT
TOWN OF HOLLY SPRINGS NC128 S MAIN STREET PO BOX 8 HOLLY SPRINGS,NC 27540	56-1143973	GOVERNMENT	5,600				GENERAL SUPPORT

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
FRIESEN 5K FUN RUN1113 BISHOPTON WAY KNIGHTDALE,NC 27545	26-2908988	501(C)(3)	5,500				GENERAL SUPPORT
NC PHYSICIANS HLTH PROGRAM INC220 HORIZON DR SUITE 201 RALEIGH,NC 27615	56-1846599	501(C)(3)	5,500				GENERAL SUPPORT

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
AMERICAN CANCER SOCIETYRED SWORD GUILD PO BOX 10144 RALEIGH,NC 27605	58-0659875	501(C)(3)	5,000				GENERAL SUPPORT
BE ACTIVE NORTH CAROLINA INC2250 PERIMETER PARK DRIVE STE 120 MORRISVILLE,NC 27560	56-1660333	501(C)(3)	5,000				GENERAL SUPPORT

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
CITY OF OAKS MARATHON 7449 SIX FORKS ROAD RALEIGH,NC 27615	26-0232340	501(C)(3)	5,000				GENERAL SUPPORT, MEDICAL CARE
COLON CANCER COALITION-RALEIGH8009 34TH AVENUE STE 360 BLOOMINGTON,MN 55425	30-0377727	501(C)(3)	5,000				GENERAL SUPPORT

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
ENDING HOMELESSNESS - RALWAKE324 BLACKWELL STREET STE 1220 DURHAM,NC 27701	65-1267717	501(C)(3)	5,000				GENERAL SUPPORT
JIMMY V CELEBRITY GOLF CLASSIC130 EDINBURGH SO DR CARY,NC 27511	56-1875773	501(C)(3)	5,000				EDUCATION SUPPORT

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
LEESVILLE ROAD HIGH SCHOOL8409 LEESVILLE ROAD RALEIGH,NC 27613	56-1787326	501(C)(3)	5,000				EDUCATION SUPPORT
LEUKEMIA SOCIETY OF AMERICA4206 SIX FORKS ROAD STE 220 RALEIGH,NC 27609	13-5644916	501(C)(3)	5,000				GENERAL SUPPORT

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
WAKE COUNTY MED SOCIETY ALLIAN2500 WAKE DRIVE RALEIGH,NC 27608	56-0223230	501(C)(3)	5,000				GENERAL SUPPORT

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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
REX HOSPITAL INC

Employer identification number
56-1509260

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				
See Additional Data Table							
(2)							
(3)							
(4)							
(5)							
(6)							
(7)							
(8)							
(9)							
(10)							
(11)							
(12)							
(13)							
(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	THE ORGANIZATION OFFERS COMPLIMENTARY MEMBERSHIPS TO REX WELLNESS CENTERS FOR THE EXECUTIVE STAFF, BOTH ACTIVE AND RETIRED BOARD MEMBERS AND MEDICAL DIRECTORS ALL MEMBERS RECEIVING COMPLIMENTARY MEMBERSHIPS ARE REQUIRED TO COMPLETE THE SAME APPLICATION AND TESTING PROCEDURES AS OTHER MEMBERS CURRENTLY, THERE ARE 10 INDIVIDUALS LISTED THAT RECEIVE COMPLIMENTARY MEMBERSHIPS THE VALUE OF THE COMPLIMENTARY MEMBERSHIP IS TREATED AS TAXABLE COMPENSATION AND IS REPORTED ON THE INDIVIDUAL'S W-2
	PART I, LINES 4A-B	DURING THE CALENDAR YEAR 2010, EMILY BARBOUR RECEIVED SEVERANCE PAYMENTS TOTALING $115,444 DURING THE CALENDAR YEAR 2010, DAVID STRONG PARTICIPATED IN A NON-QUALIFIED SUPPLEMENTAL RETIREMENT PLAN AND RECEIVED PAYMENTS TOTALING $154,568 HE ALSO EARNED COMPENSATION UNDER THIS PLAN TOTALING $166,853 THE CURRENT YEAR EARNINGS ARE PAYABLE IN THE FUTURE
	PART I, LINE 6	EMPLOYEES IN MANAGERIAL ROLES PARTICIPATE IN AN ANNUAL INCENTIVE COMPENSATION PLAN THE COMPENSATION EARNED UNDER THIS PLAN IS BASED PARTLY ON THE COMBINED EARNINGS OF REX HEALTHCARE, INC AND ITS SUBSIDIARIES ADDITIONALLY, THE INCENTIVE COMPENSATION OF THE PRESIDENT AND CFO IS BASED PARTLY ON THE EARNINGS OF THE UNC HEALTH CARE SYSTEM OTHER PERFOMANCE MEASURES USED TO DETERMINE INCENTIVE COMPENSATION ARE PHYSICIAN SATISFACTION, PATIENT CARE QUALITY OUTCOMES, EFFECTIVE USE OF TECHNOLOGY AND INDIVIDUAL GOALS

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 56-1509260
Name: REX HOSPITAL INC

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
GARY L PARK	(I)	0	0	0	0	0	0	0
	(II)	655,141	0	7,411	188,994	7,262	858,808	0
WILLIAM L ROPER MD	(I)	0	0	0	0	0	0	0
	(II)	715,759	0	13,050	150,417	4,762	883,988	0
DAVID STRONG	(I)	425,759	121,765	177,208	188,617	14,506	927,855	151,304
	(II)	0	0	0	0	0	0	0
BERNADETTE SPONG	(I)	260,143	69,962	13,121	27,911	13,306	384,443	0
	(II)	0	0	0	0	0	0	0
MARY LOU POWELL	(I)	220,313	68,369	29,846	70,695	9,313	398,536	0
	(II)	0	0	0	0	0	0	0
STEPHEN BURRISS	(I)	212,041	59,122	34,543	28,306	13,826	347,838	0
	(II)	0	0	0	0	0	0	0
NOVLET BRADSHAW	(I)	209,210	56,652	8,694	18,971	10,306	303,833	0
	(II)	0	0	0	0	0	0	0
LINDA BUTLER	(I)	166,972	48,242	19,745	12,364	10,306	257,629	0
	(II)	0	0	0	0	0	0	0
DONALD ESPOSITO JR	(I)	194,944	59,199	6,789	15,735	14,206	290,873	0
	(II)	0	0	0	0	0	0	0
SYLVIA HACKETT	(I)	174,735	48,734	5,601	44,430	8,613	282,113	0
	(II)	0	0	0	0	0	0	0
R ERICK HAWKINS	(I)	184,234	46,692	8,323	16,533	6,893	262,675	0
	(II)	0	0	0	0	0	0	0
CHAD LEFTERIS	(I)	141,712	41,413	12,781	11,159	6,059	213,124	0
	(II)	0	0	0	0	0	0	0
LISA SCHILLER	(I)	142,286	42,015	311	14,991	15,246	214,849	0
	(II)	0	0	0	0	0	0	0
ROBERT B LIVERMAN JR	(I)	126,245	12,965	8,853	21,263	4,859	174,185	0
	(II)	0	0	0	0	0	0	0
JEFFREY CRANE	(I)	612,562	193,383	81,166	42,008	12,666	941,785	0
	(II)	0	0	0	0	0	0	0
KENNETH ZEITLER	(I)	640,051	110,359	48,608	44,451	6,359	849,828	0
	(II)	0	0	0	0	0	0	0
SHAHRAM TEHRANI	(I)	449,364	29,000	39,666	22,163	11,506	551,699	0
	(II)	0	0	0	0	0	0	0
S WAYNE SMITH	(I)	415,593	0	43,742	91,576	6,059	556,970	0
	(II)	0	0	0	0	0	0	0
ROBERT WEHBIE	(I)	162,976	144,641	107,974	24,591	15,305	455,487	0
	(II)	0	0	0	0	0	0	0
EMILY BARBOUR	(I)	52,027	0	116,018	14,661	7,413	190,119	0
	(II)	0	0	0	0	0	0	0

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Schedule O (Form 990).
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
REX HOSPITAL INC

Employer identification number
56-1509260

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 COMMISSIONS	52-1309402	65821DFJ5	10-26-2010	127,456,150	CONSTRUCTION		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired				
2	Amount of bonds legally defeased				
3	Total proceeds of issue	127,456,150			
4	Gross proceeds in reserve funds				
5	Capitalized interest from proceeds	246,982			
6	Proceeds in refunding escrow				
7	Issuance costs from proceeds	1,495,904			
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	32,837,139			
11	Other spent proceeds	76,034,727			
12	Other unspent proceeds	16,845,891			
13	Year of substantial completion				

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

Part III Private Business Use

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X						
2	Are there any lease arrangements that may result in private business use of bond-financed property?		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						
b	Are there any research agreements that may result in private business use of bond-financed property?		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?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶								
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶								
6	Total of lines 4 and 5								
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	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						
2	Is the bond issue a variable rate issue?		X						
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X						
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								
4a	Were gross proceeds invested in a GIC?		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						
6	Did the bond issue qualify for an exception to rebate?		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
PART I, LINE A, COLUMN (F)		TO CONSTRUCT A REPLACEMENT CENTRAL ENERGY PLANT, FUND PURCHASE OF ROUTINE CAPITAL EQUIPMENT, AND REFUND SERIES 1998 BONDS ISSUED 04/21/1998
PART II, LINE 11, COLUMN A		THIS AMOUNT REPRESENTS PROCEEDS SPENT TO REFUND OUR SERIES 1998 BONDS
PART II, LINE 12		THIS AMOUNT REPRESENTS PROCEEDS HELD IN TRUSTS AS OF JUNE 30, 2011, FOR FUTURE CAPITAL EXPENDITURES AND CAPITAL INTEREST

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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
REX HOSPITAL INC

Employer identification number
56-1509260

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
(1) NOVLET BRADSHAW RELOCATION LOAN		X	190,000	161,500		No		No	Yes	
Total . . . . . ▶ $				161,500						

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

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
REX HOSPITAL INC

Employer identification number
56-1509260

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6		THE ORGANIZATION'S SOLE MEMBER IS REX HEALTHCARE, INC

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7A		THE UNIVERSITY OF NORTH CAROLINA HEALTH CARE SYSTEM APPOINTS ALL OF THE THIRTEEN SEATS ON THE ORGANIZATION'S BOARD OF TRUSTEES

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7B		THE ORGANIZATION'S BOARD REQUIRES PRIOR APPROVAL OF THE UNIVERSITY OF NORTH CAROLINA HEALTH CARE SYSTEM FOR CERTAIN POWERS, INCLUDING BUT NOT LIMITED TO ADDITION OR DELETION OF A HEALTH CARE SERVICE, PARTICIPATION, DIRECTLY OR INDIRECTLY, IN A JOINT VENTURE, INDEBTEDNESS AND CAPITAL BUDGETS, OPERATING BUDGETS AND NON-BUDGETED MATERIAL EXPENDITURES

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11		THE ORGANIZATION'S EXECUTIVE TEAM DISCUSSES AND REVIEWS THE FORM 990 AND ALL ASSOCIATED SCHEDULES THROUGHOUT THE INFORMATION GATHERING STAGE. THE FORM 990 AND ASSOCIATED SCHEDULES ARE THEN REVIEWED AND APPROVED BY THE BOARD AS A WHOLE. A COPY OF THE APPROVED FORM 990 ALONG WITH THE ASSOCIATED SCHEDULES IS PROVIDED TO ALL BOARD MEMBERS PRIOR TO FILING

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	THE ORGANIZATION REGULARLY AND CONSISTENTLY MONITORS AND ENFORCES COMPLIANCE WITH THE CONFLICT OF INTEREST POLICY BY REQUIRING ALL BOARD MEMBERS TO ANNUALLY COMPLETE AND SIGN A QUESTIONNAIRE DOCUMENTING ANY AREA OF CONFLICT OF INTEREST THE BOARD MEMBERS ARE REQUIRED TO REPORT AND DOCUMENT ANY NEW AREAS OF CONFLICT OF INTEREST AS THEY ARISE.

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	THE ORGANIZATION USES AN INDEPENDENT CONSULTANT TO MEASURE FAIR VALUE OF COMPENSATION FOR THE ORGANIZATION'S PRESIDENT AND OTHER TOP MANAGEMENT THE ORGANIZATION'S BOARD REVIEWS AND APPROVES THE COMPENSATION FOR ALL OFFICERS EXCEPT THE ASSISTANT TREASURER AND ASSISTANT SECRETARY

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION'S FORM 990 IS AVAILABLE UPON REQUEST AND ON GUIDESTAR'S WEBSITE AND THE FINANCIAL STATEMENTS ARE AVAILABLE ON MUNICIPAL SECURITIES RULEMAKING BOARD'S WEBSITE. THE ORGANIZATION DOES NOT MAKE OTHER GOVERNING DOCUMENTS AND THE CONFLICT OF INTEREST POLICY AVAILABLE TO THE PUBLIC

Identifier	Return Reference	Explanation
	PART VII, SECTION A, COLUMN B	DUE TO THE TREMENDOUS OVERLAP OF DIRECTORS BETWEEN THE ORGANIZATION AND ALL RELATED ORGANIZATIONS, THE RELATED ORGANIZATIONS' HOURS ARE INCLUDED IN THE HOURS LISTED

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED GAINS ON INVESTMENTS 21,526,278

Identifier	Return Reference	Explanation
	FORM 990, PART XII, LINE 2C	THE AUDIT COMMITTEE'S PROCESS FOR OVERSIGHT OF THE AUDIT AND SELECTION OF INDEPENDENT ACCOUNTANTS HAS NOT CHANGED FROM THE PRIOR YEAR

Identifier	Return Reference	Explanation
	FORM 990, PART I, LINE 6	THE ORGANIZATION'S VOLUNTEER SERVICES DEPARTMENT MAINTAINS A LARGE STAFF OF COMPETENT AND COMPASSIONATE VOLUNTEERS WHO ENHANCE AND EXTEND SERVICES PROVIDED TO PATIENTS, FAMILY MEMBERS, CLIENTS AND RESIDENTS THE 1,310 VOLUNTEERS PROVIDED A TOTAL OF 141,407 SERVICE HOURS TO THE ORGANIZATION CONDUCTING HEARING TESTS FOR BABIES, DELIVERY OF FLOWER ARRANGEMENTS AND CARDS, ESCORTING PATIENTS AND CONDUCTING TOURS ARE JUST A FEW OF THE MANY SERVICES PROVIDED BY THE VOLUNTEERS

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" 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
REX HOSPITAL INC

Employer identification number
56-1509260

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
See Additional Data Table					

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) REX HEALTHCARE INC 4420 LAKE BOONE TRAIL RALEIGH, NC 27607 56-1509129	HEALTHCARE	NC	501(C)(3)	509(A)(3)	UNC HEALTHCARE		No
(2) THE REX HEALTHCARE FOUNDATION INC 4420 LAKE BOONE TRAIL RALEIGH, NC 27607 56-6052117	SUPPORT OF REX HOSPITAL	NC	501(C)(3)	509(A)(3)	REX HEALTHCARE		No
(3) REX HOME SERVICES INC 4420 LAKE BOONE TRAIL RALEIGH, NC 27607 56-1636242	HEALTHCARE	NC	501(C)(3)	LINE 3	REX HOSPITAL		No
(4) UNC HEALTH CARE SYSTEM 101 MANNING DRIVE CHAPEL HILL, NC 27514 56-2206970	HEALTHCARE	NC	501(C)(3)	LINE 3	UNC HEALTHCARE		No

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? Yes	(h) 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
(1) REX SURGERY CENTER OF CARY LLC 4420 LAKE BOONE TRAIL RALEIGH, NC27607 27-3684056	ASC	NC	REX HOSPITAL INC	RELATED	5,361,720	17,174,032		No			No	79 500 %
(2) JRH VENTURES LLC 4420 LAKE BOONE TRAIL RALEIGH, NC27607 27-4092967	MED CAMPUS DVLT	NC	REX HOSPITAL INC	RELATED	41,540	41,540		No			No	50 000 %

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
(1) REX ENTERPRISES COMPANY INC 4420 LAKE BOONE TRAIL RALEIGH, NC27607 56-1553957	OPERATIONS SUP	NC	REX HEALTHCARE	C			
(2) REX PHYSICIANS LLC 4420 LAKE BOONE TRAIL RALEIGH, NC27607 26-4594963	HEALTHCARE	NC	REX HOLDINGS	C			

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	Yes	
c Gift, grant, or capital contribution from other organization(s)	1c	Yes	
d Loans or loan guarantees to or for other organization(s)	1d	Yes	
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	Yes	
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		No
p Reimbursement paid by other organization for expenses	1p		No
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		No

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) See Additional Data Table			
(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
	PART V LINE 1 M&N	ADMINISTRATIVE SUPPORT, SUCH AS EXECUTIVE MANAGEMENT, LEGAL, ACCOUNTING, HUMAN RESOURCES, PURCHASING AND IT FUNCTIONS, FOR EACH OF THESE ENTITIES IS PROVIDED BY REX HOSPITAL, INC PERSONNEL UTILIZING REX HOSPITAL FACILITIES AND OTHER ASSETS ESTIMATING THE VALUE OF THESE SHARED PERSONNEL AND ASSETS CANNOT BE READILY DETERMINED

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 56-1509260
Name: REX HOSPITAL INC

Form 990, Schedule R, Part I - Identification of Disregarded Entities

(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
SMITHFIELD RADIATION ONCOLOGY LLC 4420 LAKE BOONE TRAIL RALEIGH, NC 27607 20-0338181	RADIATION THERAPY	NC	0	0	REX HOSPITAL INC
REX HOLDINGS LLC 4420 LAKE BOONE TRAIL RALEIGH, NC 27607 27-3434791	HOLDING COMPANY	NC	0	0	REX HEALTHCARE INC
REX ORTHOPEDIC VENTURES LLC 4420 LAKE BOONE TRAIL RALEIGH, NC 27607 27-3434805	ORTHOPEDIC SERVICES	NC	0	0	REX HOLDINGS LLC
REX CDP VENTURES LLC 4420 LAKE BOONE TRAIL RALEIGH, NC 27607 20-4957241	MEDICAL CAMPUS DEVELOPMENT	NC	0	0	REX ENTERPRISES COMPANY INC
REX WAKEFIELD WELLNESS LLC 4420 LAKE BOONE TRAIL RALEIGH, NC 27607 56-1533957	MEDICAL CAMPUS DEVELOPMENT	NC	0	0	REX CDP VENTURES LLC
REX CDP VENTURES - RETAIL LLC 4420 LAKE BOONE TRAIL RALEIGH, NC 27607 27-3205784	REAL ESTATE DVLPMNT	NC	0	0	REX CDP VENTURES LLC
REX CDP VENTURES - HT LLC 4420 LAKE BOONE TRAIL RALEIGH, NC 27607 20-4957241	REAL ESTATE DVLPMNT	NC	0	0	REX CDP VENTURES LLC
WAKEFIELD REX INVESTORS MOB LLC 4420 LAKE BOONE TRAIL RALEIGH, NC 27607	REAL ESTATE DVLPMNT	NC	0	0	REX CDP VENTURES LLC

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

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved ($)	(d) Method of determining amount involved
(1)	REX HEALTHCARE FOUNDATION INC	B	671,042	FMV
(2)	REX HEALTHCARE FOUNDATION INC	C	1,225,046	FMV
(3)	REX PHYSICIANS LLC	D	11,573,485	FMV
(4)	REX PHYSICIANS LLC	I	1,134,428	FMV
(5)	REX PHYSICIANS LLC	K	1,538,694	FMV
(6)	REX SURGERY CENTER OF CARY LLC	K	452,095	FMV
(7)	JRH VENTURES LLC	K	1,121,158	FMV
(8)	REX SURGERY CENTER OF CARY LLC	Q	3,656,739	BOOK VALUE

REX HEALTHCARE, INC. AND SUBSIDIARIES

COMBINED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

YEARS ENDED JUNE 30, 2011 AND 2010

REX HEALTHCARE, INC. AND SUBSIDIARIES
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2011 AND 2010

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LLP

CPAs, Consultants & Advisors
www larsonallen com

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Rex Healthcare, Inc. and Subsidiaries
Raleigh, North Carolina

We have audited the accompanying combined balance sheets of Rex Healthcare, Inc. and Subsidiaries ("Rex") for the years ended 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 Rex'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 U S generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free of material misstatement An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements An audit also includes 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 Rex Healthcare, Inc and Subsidiaries as of June 30, 2011 and 2010, and the combined results of their operations and their cash flows for the years then ended in conformity with U S generally accepted accounting principles.

The Management's Discussion and Analysis on pages 2 through 7 and the Schedule of Funding Progress on page 34 are both supplementary information required by the Governmental Accounting Standards Board We have applied certain limited procedures, which consisted principally 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 basic combined financial statements of Rex, taken as a whole The accompanying combining schedules on pages 32 through 33 are presented for the purpose of additional analysis of the combined financial statements rather than to present the financial position, results of operations and changes in net assets of the individual entities Accordingly, we do not express an opinion on the financial position, results of operations or changes in net assets of the individual entities. However, such information has been subjected to the auditing procedures applied in our audits of the basic combined financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic combined financial statements taken as a whole

LarsonAllen LLP

Charlotte, North Carolina
September 19, 2011

Overview

The Management's Discussion and Analysis section of the Rex Healthcare, Inc and Subsidiaries ("Rex") annual financial report is designed to provide a general overview of the financial position and operating results as of and for the fiscal years ended June 30, 2011 and 2010 This discussion and analysis should be read in conjunction with the combined financial statements and related notes which follow this discussion and analysis

Rex Healthcare, Inc. is a private, not-for-profit health care organization located in Raleigh, North Carolina, and a member of the University of North Carolina Health Care System The flagship facility is Rex Hospital, Inc., a 433-bed community hospital Rex has a 117-year history of providing excellent health services Rex Hospital, Inc provides comprehensive care, including emergency, general surgery, orthopedics, oncology, vascular, cardiac, gynecology, and obstetric services on its main campus. Rex Hospital, Inc reaches beyond the hospital setting to provide long-term care and sub-acute rehabilitation in two skilled nursing centers – a 120-bed center in Raleigh and a 107-bed facility in Apex In Cary, Rex offers wellness and diagnostic services Rex Surgery Center of Cary provides outpatient surgery services At its Wakefield campus, Rex provides outpatient surgery, a full cancer center with medical and radiation oncology services, urgent care, diagnostics, family medicine and a wellness center. At its Knightdale campus, Rex provides urgent care, diagnostics, family medicine, wound care and a sleep disorders center. In addition, Rex has a fourth medically supervised wellness center in Garner Rex operates a home health service, outpatient rehab in three locations, and a senior health center in an underserved market in downtown Raleigh. Rex also provides radiation oncology services in Johnston County. During 2011, Rex broke ground on Rex Healthcare of Holly Springs which will provide urgent care, diagnostics and physician practices to residents in Southern Wake County It is expected to open in 2012

Current Year Events

Rex Healthcare had a successful fiscal year 2011. Significant time was spent on planning for the future Certificate of need (CON) applications were filed for a 50-bed hospital at Rex Healthcare of Holly Springs and a 40-bed hospital at Rex Healthcare of Wakefield A CON application also was filed for 11 beds to begin construction of Rex Vision 2030 on the main Rex Hospital campus Rex joint-ventured its Cary Surgery Center with 23 surgeons from Cary Rex also won certificate of needs for a heart center and cancer hospital

Physician alignment continued to be a priority at Rex Healthcare during the past fiscal year A new group joined Rex Physicians, LLC – Wake Heart & Vascular Specialists, while existing practices Rex Surgical Specialists and Rex Heart & Vascular Specialists expanded their presence in Wake County

Rex continued to be recognized with significant accolades *Modern Healthcare* magazine named Rex one of the top 100 places to work in health care for 2011 Professional Research Consultants (PRC) nationally recognized Rex Healthcare for its shining achievements in patient service Rex won eight patient loyalty awards with Rex Hematology Oncology again winning the top performer in the U S. In addition, Rex achieved its highest HCAHPS scores since reporting began Rex achieved its goal of 67 percent *excellent* in patient satisfaction with overall satisfaction recorded at 98 percent Rex was named a Top 50 Best Hospital in the nation by Becker's Hospital Review for 2011.

Current Year Events (Continued)

Additional accomplishments during fiscal year 2011 included Magnet re-designation Rex also achieved Cycle 3 Chest Pain Center accreditation with PCI, and Blue Cross Blue Shield Center of Distinction for Joint Care and Bariatric Surgery.

Other awards included: Award of Excellence from The Carolinas Center for Medical Excellence by Rex Rehabilitation & Nursing Care Center; reaccreditation by CARF – Rex Rehabilitation & Nursing Care Center, named to the OCS/DecisionHealth Home Care Elite list – Rex Home Services, recognized as a Best Place to Work by Triangle Business Journal and a Family-Friendly Place to Work by Carolina Parent; and the Rex culinary chefs won a gold medal with UNC at NC Prevention Partners and a silver medal at a national competition

The National Research Corporation (NRC) named Rex Healthcare a Consumer Choice Award winner in 2010 Rex was also recognized nationally by HealthGrades in 2011 with numerous awards including recipient of the HealthGrades 2011 'America's 50 Best' Award™, recipient of the HealthGrades 2011 Distinguished Hospital Award - Clinical Excellence™, recipient of the HealthGrades 2010 Patient Safety Award™, recipient of the HealthGrades Cardiac Care Excellence Award™, recipient of the HealthGrades Coronary Intervention Excellence Award™, ranked among the top 5% in the nation for Overall Cardiac Services, ranked among the top 5% in the nation for Cardiology Services, ranked among the top 5% in the nation for Coronary Interventional Procedures, ranked #1 in North Carolina for Overall Cardiac Services (2011), ranked #1 in North Carolina for Cardiology Services (2011), ranked #1 in North Carolina for Coronary Interventional Procedures, ranked #1 in North Carolina for GI Surgery (2011), and Ranked #1 in North Carolina for Overall Bariatric Surgery (2011).

Rex's overall credit rating was also reaffirmed by Fitch, Standard and Poors, and Moody's at A+/A1

Using this Financial Report

Rex's financial statements report information of Rex using accounting methods similar to those used by private-sector health organizations. These statements offer short and long-term financial information about its activities

Balance Sheet

The balance sheet includes all of Rex's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to Rex's creditors (liabilities) The balance sheet also provides the basis for evaluating the capital structure of Rex and assessing the liquidity and financial flexibility of Rex.

Statement of Revenues, Expenses and Changes in Net Assets

Revenues and expenses are accounted for in the statement of revenues, expenses and changes in net assets This statement measures the success of Rex's operations over the past year and can be used to determine whether Rex has successfully recovered all of its costs through its fees and other sources of revenue, profitability and credit worthiness

Statement of Cash Flows

The final required statement is the statement of cash flows. The statement reports cash receipts, cash payments and net changes in cash resulting from operating, investing and capital and related financing activities. It also provides answers to such questions as where cash comes from, what cash was used for and what the change in the cash balance was during the reporting period.

Notes to the Combined Financial Statements

Notes to the combined financial statements are designed to give the reader additional information concerning Rex and further supports the statements noted above.

Financial Analysis

The statement of revenues, expenses and changes in net assets reports the net assets of Rex and the changes affecting them Rex's net assets, the difference between assets and liabilities, are a way to measure financial health or financial position. Over time, increases or decreases in Rex's net assets are one indicator of whether its financial health is improving or deteriorating. However, one will also need to consider other non-financial factors such as changes in economic conditions, population growth and new or changed governmental legislation

Condensed Combined Balance Sheets

The following condensed combined balance sheets show the combined financial position at June 30, 2011, 2010, and 2009 (in $000's):

	2011	2010	2009
ASSETS			
Current Assets	$ 194,576	$ 143,526	$ 112,477
Capital Assets, Net	268,125	261,418	240,388
Noncurrent Assets	217,212	136,265	120,875
Total Assets	$ 679,913	$ 541,209	$ 473,740
LIABILITIES			
Long-Term Debt, Including Current Portion	$ 159,570	$ 111,148	$ 99,788
Other Liabilities	106,878	85,655	76,487
Total Liabilities	266,448	196,803	176,275
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	103,728	150,270	140,600
Restricted	3,959	4,123	4,525
Unrestricted	305,778	190,013	152,340
Total Net Assets	413,465	344,406	297,465
Total Liabilities and Net Assets	$ 679,913	$ 541,209	$ 473,740

Financial Analysis (Continued)

Current assets increased $51,050 (35 6%) and $31,049 (27 6%) in 2011 and 2010, respectively. The increases result from growth in outpatient volumes, disciplined expense control, and improved reimbursement associated with renegotiated payor contracts.

Noncurrent assets increased $80,947 (59.4%) in 2011 and $15,390 (12 7%) in 2010, the result of investment earnings consistent with overall market performance.

During 2011 and 2010, long-term debt increased $48,423 (43 6%) and $11,360 (11 4%), respectively. In 2011, we issued Series 2010A Revenue Bonds, the proceeds of which refunded the Series 1998 Revenue Bonds and provided approximately $47,600 in funding for certain capital projects, resulting in a net increase in long-term debt The increase in 2010 is the net result of scheduled debt repayments on the Series 1998 Revenue Bonds and the Tax Exempt Lease Financing and the assumption of an additional $24,216 of indebtedness in conjunction with our acquisition of full ownership of our suburban campus in the Wakefield community.

Net assets increased $69,059 (20 1%) in 2011 and $46,941 (15.8%) during 2010, primarily the result of strong operating performance and investment earnings Investment income contributed $27,437 and $15,243 in 2011 and 2010, respectively, to the increase in net assets For further information on this change, see the following statement of revenues, expenses and changes in net assets

Capital Assets

Rex's investment in capital assets consisted of the following at June 30, 2011, 2010 and 2009 (in $000's)·

	2011	2010	2009
Land and Land Improvements	$ 49,679	$ 49,679	$ 42,816
Buildings and Improvements	263,902	264,540	235,763
Equipment	285,341	273,734	260,626
Total Capital Assets	598,922	587,953	539,205
Accumulated Depreciation	(360,765)	(334,139)	(304,200)
Total Capital Assets, Net	238,157	253,814	235,005
Construction in Progress	29,968	7,604	5,383
Total Capital Assets	$ 268,125	$ 261,418	$ 240,388

The increase in Rex's investment in capital assets in 2011 and 2010 represents purchases of capital assets, net of disposals and depreciation expense, combined with the capital assets of Rex CDP Ventures, LLC and subsidiaries which were acquired by Rex during fiscal year 2010

Capital investments in 2011 consisted primarily of costs incurred in conjunction with the construction of a replace Central Energy Plant for the main campus, new inpatient beds, and technology assets.

During 2010, Rex's major routine capital investments included two replacement linear accelerators, new inpatient beds and a replacement cardiac catheterization lab. Rex continued to invest in information technology with enhancements to the electronic medical record system

Financial Analysis (Continued)

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

While the combined balance sheets show the change in financial position of net assets, the following combined statements of revenues, expenses and changes in net assets provides answers to the nature and source of these changes for the years ended June 30, 2011, 2010 and 2009 (in $000's):

	2011	2010	2009
Operating Revenues	$ 628,617	$ 571,001	$ 513,126
Operating Expenses	579,761	535,228	492,560
Operating Income	48,856	35,773	20,566
Nonoperating Income (Loss)	26,232	12,187	(31,099)
Contributions and Other	(6,029)	(1,019)	-
Change in Net Assets	69,059	46,941	(10,533)
Net Assets, Beginning of Period	344,406	297,465	307,998
Net Assets, End of Period	$ 413,465	$ 344,406	$ 297,465

Operating Income

The increase in operating revenues in 2011 and 2010 is primarily the result of volume growth, increased reimbursement resulting from renegotiated payor contracts, and effective cost control In addition, Rex recognized $2,198 in operating revenues related to the North Carolina Medicaid Reimbursement Initiative Program in 2011 compared to $2,860 in 2010 The increases in operating expenses in each year are the result of changes in patient volumes, inflation and expansion of services offered, mitigated by coordinated cost control measures The increase in operating income is the net result of all these factors

Nonoperating Income

Nonoperating income consisted of the following for the years ended June 30, 2011, 2010 and 2009 (in $000's):

	2011	2010	2009
Interest Income	$ 983	$ 471	$ 1,326
Dividend Income	1,946	1,885	2,051
Realized Gains (Losses), Net	3,430	12,425	(12,591)
Net Change in Unrealized Gains (Losses) on Investments	21,990	751	(18,628)
Brokerage Fees	(745)	(597)	(515)
Income from Investments in Affiliates	253	308	273
Total Investment Income (Loss)	27,857	15,243	(28,084)
Other	(1,625)	(3,056)	(3,015)
Total Nonoperating Income (Loss)	$ 26,232	$ 12,187	$ (31,099)

Finance Contact

Rex's financial statements are designed to present users with a general overview of Rex's finances and to demonstrate Rex's accountability If you have any questions about this report or need additional financial information, inquiries may be sent to:

Chief Financial Officer
Rex Healthcare, Inc.
4420 Lake Boone Trail
Raleigh, North Carolina 27607

REX HEALTHCARE, INC. AND SUBSIDIARIES
COMBINED BALANCE SHEETS
JUNE 30, 2011 AND 2010
(IN $000's)

	2011	2010
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 96,427	$ 64,571
Patient Accounts Receivable, Net of Allowance for Uncollectible Accounts of Approximately $9,722 in 2011 and $7,912 in 2010	75,243	57,446
Other Receivables	5,989	5,637
Inventories	10,102	9,983
Prepaid Expenses and Other Current Assets	6,815	5,889
Total Current Assets	194,576	143,526
ASSETS LIMITED AS TO USE	206,120	126,692
CAPITAL ASSETS, NET	268,125	261,418
OTHER ASSETS		
Investments in Affiliates	5,582	5,321
Deferred Debt Issuance Costs, Net	1,405	1,531
Other Assets	4,105	2,721
Total Other Assets	11,092	9,573
Total Assets	$ 679,913	$ 541,209
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	$ 36,851	$ 11,844
Vendor Accounts Payable	30,709	29,498
Accrued Expenses and Other Liabilities	49,416	39,528
Estimated Third-Party Payor Settlements	24,640	15,758
Total Current Liabilities	141,616	96,628
LONG-TERM DEBT, Net of Current Maturities	122,719	99,304
NON-CONTROLLING INTEREST	1,170	-
OTHER NONCURRENT LIABILITIES	943	871
Total Liabilities	266,448	196,803
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	103,728	150,270
Restricted	3,959	4,123
Unrestricted	305,778	190,013
Total Net Assets	413,465	344,406
Total Liabilities and Net Assets	$ 679,913	$ 541,209

See accompanying Notes to Combined Financial Statements

REX HEALTHCARE, INC. AND SUBSIDIARIES
COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2011 AND 2010
(IN $000's)

	2011	2010
OPERATING REVENUES		
Net Patient Service Revenue (Net of Provision for Uncollectible Accounts of Approximately $21,415 in 2011 and $23,304 in 2010)	$ 608,277	$ 552,635
Other Operating Revenues	20,340	18,366
Total Operating Revenues	628,617	571,001
OPERATING EXPENSES		
Salaries	247,064	226,298
Employee Benefits	68,788	59,098
Medical Supplies and Other Expenses	233,226	218,681
Depreciation and Amortization	25,713	26,725
Interest	4,970	4,426
Total Operating Expenses	579,761	535,228
OPERATING INCOME	48,856	35,773
NONOPERATING INCOME (LOSS)		
Investment Income, Net	27,857	15,243
Other, Net	(1,625)	(3,056)
Nonoperating Income, Net	26,232	12,187
EXCESS OF REVENUES AND GAINS OVER EXPENSES AND LOSSES	75,088	47,960
CONTRIBUTIONS TO RELATED PARTY	(5,609)	(1,200)
INCOME APPLICABLE TO NON-CONTROLLING INTEREST	(420)	-
OTHER	-	181
CHANGE IN NET ASSETS	69,059	46,941
Net Assets - Beginning of Year	344,406	297,465
NET ASSETS - END OF YEAR	$ 413,465	$ 344,406

See accompanying Notes to Combined Financial Statements

REX HEALTHCARE, INC. AND SUBSIDIARIES
COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2011 AND 2010
(IN $000's)

	2011	2010
OPERATING ACTIVITIES		
Receipts from Third-Party Payors and Patients	$ 599,010	$ 554,717
Payments to and on Behalf of Employees	(309,514)	(279,058)
Payments to Suppliers	(235,718)	(225,543)
Other Receipts	19,266	15,262
Net Cash Provided by Operating Activities	73,044	65,378
INVESTING ACTIVITIES		
Purchases and Sales of Investments, Net	(31,509)	(13,806)
Cash from Acquisition of Remaining Interest in Ventures	-	452
Contributions to Related Party	(5,609)	(1,200)
Investment Income	5,867	14,492
Other Nonoperating Income, Net	(1,625)	(3,056)
Net Cash Used in Investing Activities	(32,876)	(3,118)
CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of Capital Assets	(28,336)	(16,322)
Proceeds from Issuance of Long-Term Debt, Net of Premium	130,041	-
Principal Repayments of Long-Term Debt	(80,086)	(13,089)
Cash Paid for Financing Costs on Long-Term Debt	(1,361)	(125)
Cash Paid for Interest on Long-Term Debt	(2,641)	(4,451)
Net Cash Provided by (Used in) Capital and Related Financing Activities	17,617	(33,987)
INCREASE IN CASH AND CASH EQUIVALENTS	57,785	28,273
Cash and Cash Equivalents - Beginning of Year	66,284	38,011
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 124,069	$ 66,284
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO COMBINED BALANCE SHEETS:		
Cash and Cash Equivalents in Current Assets	$ 96,427	$ 64,571
Cash and Cash Equivalents in Assets Limited as to Use	27,642	1,713
Total Cash and Cash Equivalents	$ 124,069	$ 66,284

See accompanying Notes to Combined Financial Statements

REX HEALTHCARE, INC. AND SUBSIDIARIES
COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2011 AND 2010
(IN $000's)

	2011	2010
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	$ 48,856	$ 35,773
Interest Expense Considered Capital Financing Activity	4,970	4,426
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Provision for Uncollectible Accounts	21,415	23,304
Depreciation and Amortization	25,713	26,725
Loss on Disposal of Capital Assets	974	85
Changes in Assets and Liabilities		
Patient and Other Receivables, Net	(39,564)	(27,490)
Accounts Payable and Accrued Expenses	3,846	(524)
Estimated Third-Party Payor Settlements	8,882	6,268
Other Assets and Liabilities, Net	(2,048)	(3,189)
Net Cash Provided by Operating Activities	$ 73,044	$ 65,378
SUPPLEMENTAL DISCLOSURE OF NON-CASH INFORMATION		
Net Change in Unrealized Gains (Losses) on Investments	$ 21,989	$ 751
Additions to Capital Assets Included in Current Liabilities	$ 4,842	$ 2,592
Capital Assets Acquired through Capital Lease Obligations	$ -	$ 413

See accompanying Notes to Combined Financial Statements

NOTE 1 ORGANIZATION AND DESCRIPTION OF THE COMPANY

Rex Healthcare, Inc ("Rex") is a North Carolina not-for-profit corporation organized to provide a broad range of health care services to residents of the Triangle area of North Carolina Acting through its network of operating affiliates, Rex provides health care to patients from several locations through continued development of acute care and non-hospital programs.

Rex's sole member is the University of North Carolina Health Care System ("UNCHCS") UNCHCS appoints eight of the thirteen seats on Rex's Board of Trustees Additionally, UNCHCS reviews and approves Rex's annual operating and capital budgets As required by accounting principles generally accepted in the United States of America, the combined financial statements of Rex present the financial position and results of operations of the parent entity and its blended component units which are described below

Rex Hospital, Inc – Rex Hospital, Inc. (the "Hospital"), located in Raleigh, North Carolina, is a 433-bed hospital The Hospital provides inpatient, outpatient and emergency services primarily to the residents of Wake County, North Carolina. The Hospital operates on its main campus Rex Cancer Center, Rex Women's Center and Rex Rehabilitation and Nursing Care Center of Raleigh, a 120-bed nursing facility. The Hospital provides urgent care and diagnostics at its Cary, North Carolina campus, and outpatient surgery, oncology and wellness services, urgent care, family medicine and diagnostics at its Wakefield campus Rex's Knightdale campus provides urgent care, diagnostics, family medicine, wound care and a sleep disorders center. Rex also operates Rex Rehabilitation and Nursing Care Center of Apex, a 107-bed nursing facility located in Apex, North Carolina

Rex Holdings, LLC – Rex formed and became the sole member of Rex Holdings, LLC ("Holdings"), a single member limited liability company. Holdings was formed to hold membership interest in various limited liability companies. During fiscal year 2010, there was no activity related to this entity

Rex Physicians, LLC – Holdings formed and became the sole member of Rex Physicians LLC ("Physicians"), a single member limited liability company which has elected to be treated as a taxable corporation Physicians was formed to operate specialty physician practices serving the residents of Wake County and surrounding areas Physicians currently operates physician practices in the areas of general surgery, heart and vascular services, and thoracic surgery.

Rex Enterprises Company, Inc. – Rex Enterprises Company, Inc ("Enterprises") is a North Carolina for-profit corporation organized to hold investments in various affiliates and to promote the development of real property in support of the mission of Rex

NOTE 1 ORGANIZATION AND DESCRIPTION OF THE COMPANY (CONTINUED)

Rex CDP Ventures, LLC – Rex CDP Ventures, LLC ("Ventures"), is a limited liability company organized to own and develop real estate in the Wakefield community of northern Wake County Prior to June 15, 2010, Enterprises owned a 50% interest in Ventures and accounted for this investment using the equity method of accounting. On June 15, 2010, Enterprises purchased the remaining 50% interest in Ventures from Wakefield Rex Investors, LLC and accordingly began combining the financial position and results of Ventures in the combined financial statements. At June 30, 2011, Ventures was the sole member of the following limited liability companies:

Rex Wakefield Wellness, LLC – Enterprises formed and became the sole member of Rex Wakefield Wellness, LLC ("Wellness"), a single member limited liability company. Wellness was created to develop a wellness center building on the Wakefield campus of the Hospital. The Hospital leases the building from Wellness On June 15, 2010, Enterprises contributed its membership interest in Wellness to Ventures.

Rex CDP Ventures – HT, LLC – Ventures formed and became the sole member of Rex CDP Ventures – HT, LLC ("HT"), a single member limited liability company HT was formed to develop a retail unit of the Wakefield campus of the Hospital

Wakefield Rex Investors MOB, LLC – Wakefield Rex Investors, LLC, formed and became the sole member of Rex Wakefield Investors MOB, LLC ("MOB") a single member limited liability company. MOB was formed to develop a medical office building on the Wakefield campus of the Hospital On June 15, 2010, Wakefield Rex Investors, LLC contributed its ownership interest in MOB to Ventures

Rex CDP Ventures – Retail, LLC – Ventures formed and became the sole member of Rex CDP Ventures – Retail, LLC ("Retail"), a single member limited liability company. Retail was formed to develop a retail unit of the Wakefield campus of the Hospital

Rex Healthcare Foundation, Inc. – Rex Healthcare Foundation, Inc. (the "Foundation") is a North Carolina not-for-profit corporation organized to promote the health and welfare of the people of the Triangle area by promoting philanthropic contributions and public support of Rex.

Rex Home Services, Inc. – The Hospital owns Rex Home Services, Inc ("Home Services"), a North Carolina not-for-profit corporation, organized to provide home health services primarily to the residents of Wake County, North Carolina

Smithfield Radiation Oncology, LLC – Smithfield Radiation Oncology, LLC ("SRO") is a limited liability company organized to own and operate a linear accelerator. The Hospital is the sole member of SRO

NOTE 1 ORGANIZATION AND DESCRIPTION OF THE COMPANY (CONTINUED)

Rex Surgery Center of Cary, LLC – Rex Surgery Center of Cary, LLC ("Surgery Center") is a limited liability company organized to own and operate an ambulatory surgery center Surgery Center was formed and began operations on February 28, 2011 The Hospital owns 79 5% of the membership interests, with the remaining 20 5% owned by an unrelated third party. Since the Hospital controls the Surgery Center, it is combined in the accompanying financial statements, with a non-controlling interest

The financial statements include the accounts of Rex, the Hospital, Enterprises, Physicians, the Foundation, Home Services and SRO All significant intercompany transactions and balances have been eliminated in combination.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

As a result of the transfer of the membership interest to UNCHCS, an agency of the State of North Carolina, Rex is subject to the application of accounting pronouncements issued by the Governmental Accounting Standards Board (GASB) In 1993, GASB issued Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Government Entities that use Proprietary Fund Accounting* (the Statement), which provides guidance on how GASB pronouncements affect government entities that use business-type accounting and financial reporting. The provisions of the Statement were effective for periods beginning after December 15, 1993 As is allowable under the Statement, Rex has elected to follow the GASB hierarchy exclusively regarding authoritative literature issued after November 30, 1989

Use of Estimates

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, all highly liquid investments with an original maturity of three months or less, and which are not designated as investments, are considered to be cash equivalents and are recorded at cost which approximates market value.

Inventories

Inventories are stated at the lower of cost (first-in, first-out method) or market

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments in marketable debt and equity securities with readily determinable fair values, including assets whose use is limited, are measured at fair value in the accompanying balance sheets. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in nonoperating income (loss) in the accompanying combined financial statements The calculation of realized gains and losses is independent of a calculation of the net change in the fair value of investments.

Investments in Affiliates

Enterprises own a 50% interest in Quality Textile Services, Inc ("QTS"), a Raleigh, North Carolina company that provides laundry services to local hospitals. Enterprises exercises significant influence over QTS; however, it does not control it through a majority voting interest This investment is accounted for using the equity method of accounting; accordingly, Enterprises' investment has been adjusted for its share of QTS's operations Enterprises' equity in the net income of this affiliate totaled approximately $12,000 and $27,000 for the years ended June 30, 2011 and 2010, respectively, and is included in net nonoperating income. Enterprises received no cash distributions from QTS during 2011 or 2010 Enterprises' investment in QTS totaled approximately $2,313,000 and $2,299,000 as of June 30, 2011 and 2010, respectively Separate financial statements for QTS are not publicly available.

Enterprises owns a 32.5% interest in Rex Cary MOB, LLC, a company that in July 2003, built and began leasing a medical office building in Cary, North Carolina. Enterprises exercises significant influence over Rex Cary MOB, LLC; however, it does not control it through a majority voting interest. This investment is accounted for using the equity method of accounting; accordingly, Enterprises' investment has been adjusted for its share of Rex Cary MOB, LLC's operations. Enterprises' equity in the net income of this affiliate totaled approximately $241,000 and $281,000 for the years ended June 30, 2011 and 2010, respectively, and is included in net nonoperating income. Additionally, Enterprises received cash distributions from Rex Cary MOB, LLC totaling approximately $241,000 and $131,000 during 2011 and 2010, respectively. Enterprises' investment in Rex Cary MOB, LLC totaled approximately $614,000 and $599,000 as of June 30, 2011 and 2010, respectively Separate financial statements for Rex Cary MOB, LLC are not publicly available.

Enterprises owns less than a 5% interest in Rex MOB Partners, LLC, a company that operates a multi-tenant medical office building in Raleigh, North Carolina on land leased from the Hospital. This investment is accounted for using the cost method of accounting. Enterprises' investment in Rex MOB Partners, LLC totaled approximately $300,000 as of June 30, 2011 and 2010. Separate financial statements for Rex MOB Partners, LLC are not publicly available.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital asset acquisitions are recorded at cost and include interest on funds used to finance the acquisition or construction of major capital projects. Assets under capital lease are stated at the present value of the minimum lease payments at the inception of the lease Depreciation is provided on both straight-line and accelerated methods over the estimated useful lives of the depreciable assets which is generally 5 to 15 years for equipment, 5 to 15 years for building improvements, and 30 to 40 years for buildings

Assets under capital leases and leasehold improvements are depreciated over the estimated useful life or the related lease term, whichever is shorter, generally periods ranging from 5 to 7 years Depreciation of assets under capital leases and leasehold improvements is included in depreciation and amortization expense in the accompanying statements of revenues, expenses and changes in net assets.

Deferred Debt Issuance Costs

Deferred debt issuance costs are amortized over the term of the related bond issuance under a method which approximates the effective interest method over the life of the bonds. Amortization of deferred debt issuance costs totaled approximately $131,000 and $109,000 for years ended June 30, 2011 and 2010. Cumulative amortization of deferred debt issuance costs totaled approximately $1,203,000 and $1,312,000 as of June 30, 2011 and 2010, respectively

Other Assets

Other assets consisted of the following at June 30, 2011 and 2010 (in $000's)

	2011	2010
Goodwill	$ 1,812	$ 1,862
Other Assets	2,293	859
Total	$ 4,105	$ 2,721

The excess of purchase price over the fair values of identifiable net assets acquired has been allocated to goodwill Management periodically evaluates the carrying value and remaining amortization periods of unamortized amounts based on an analysis of estimated undiscounted operating earnings from the operations of each specific business Any events or circumstances occurring during the year or future years that might have an impact on such carrying value or remaining amortization periods are considered. Other than amortization, no adjustments have been made to the carrying value of the goodwill at June 30, 2011 and 2010.

Proprietary Fund Accounting

Rex utilizes the proprietary fund method of accounting whereby revenue and expenses are recognized on the accrual basis Substantially all revenues and expenses are subject to accrual

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

In accordance with GASB Statement No 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, net assets are categorized as invested in capital assets, net of related debt, restricted and unrestricted Invested in capital assets, net of related debt is intended to reflect the portion of net assets that are associated with non-liquid capital assets less outstanding debt related to capital assets. Restricted net assets are assets generated from revenues that have third-party limitation on their use. Unrestricted net assets have no third-party restrictions on use

Restricted net assets included the following at June 30, 2011 and 2010 (in $000's)

	2011	2010
Restricted Net Assets		
Expendable		
Various Scholarships, Lectureships and Buildings	$ 481	$ 416
Various Supplies, Equipment and Patient Charity Care	3,144	3,407
Total Expendable	3,625	3,823
Nonexpendable Restricted Net Assets		
Endowments	334	300
Total Restricted Net Assets	$ 3,959	$ 4,123

Net Patient Service Revenue

Net patient service revenue is recorded at established rates when services are provided with contractual adjustments, estimated bad debt expenses, and services qualifying as charity care deducted to arrive at net patient service revenue Contractual adjustments arise under reimbursement agreements with certain insurance carriers, health maintenance organizations and preferred provider organizations, which provide for payments that are generally less than established billing rates. Contractual adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in the future as final settlements are determined Total contractual adjustments were approximately $1,026,693,000 and $942,592,000, respectively, for the years ended June 30, 2011 and 2010

Medicare and Medicaid Programs

Services rendered to Medicare program beneficiaries and inpatient services rendered to Medicaid program beneficiaries are paid primarily at prospectively determined rates per discharge These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors and cover both operating and capital costs Outpatient services rendered to Medicaid beneficiaries are reimbursed based on a percentage of actual costs incurred. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports and audits thereof by fiscal intermediaries Final settlements are based on regulations established by the respective programs and as interpreted by fiscal intermediaries The classification of patients under the Medicare and Medicaid programs, and the appropriateness of their admission, are subject to review by an independent peer review organization

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Medicare and Medicaid Programs (Continued)

Accounts receivable and patient service revenue relating to these programs are stated at estimated net realizable amounts in the accompanying combined financial statements The Hospital's Medicare cost reports have been audited through June 30, 2007. During 2011, the Hospital filed the 2010 Medicare cost report, resulting in a tentative cash settlement of approximately $279,000 During 2010, the Hospital filed the 2009 Medicare cost report, resulting in a tentative cash settlement of approximately $171,000. For the years ended June 30, 2011 and 2010, net patient service revenue increased by approximately $5,109,000 and decreased $2,486,000, respectively, as a result of changes in estimates related to various third-party accruals and reserves

The Hospital participates in a voluntary Medicaid disproportionate share program (the "Program") The Program allows the Hospital to receive additional annual Medicaid funding Prior to fiscal 2001, funding was received prior to final approval of the Program year by the Centers for Medicare and Medicaid Services ("CMS") and was subject to final settlement by the State of North Carolina once approved by CMS Prior to 2010, the Hospital's policy was to defer 100% of the amounts received until the fiscal year after CMS approved the Program year, at which time the Hospital recognized a portion of the amounts received During 2010, the State of North Carolina provided additional information related to the operation of the Program. With this new information, the Hospital updated its revenue recognition policy related to the Program and now recognizes all funds from the Program as net patient service revenue when received For the years ended June 30, 2011 and 2010, the Hospital recognized net patient revenue of approximately $2,198,000 and $2,860,000, respectively, related to the Program

Other Payors

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentrations of Credit Risk

Rex provides services primarily to residents of Wake and surrounding counties without collateral or other proof of ability to pay Concentrations of credit risk with respect to patient accounts receivable are limited due to large numbers of patients served and formalized agreements with third-party payors Rex has significant accounts receivable whose collectability is dependent upon the performance of certain governmental programs, primarily Medicare. Management does not believe there are significant credit risks associated with these governmental programs

The aggregate mix of accounts receivable from patients and third-party payors was as follows at June 30, 2011 and 2010

	2011	2010
Medicare	25 %	28 %
Medicaid	3	3
Managed Care	52	48
Self Pay	20	21
Total	100 %	100 %

Charity Care

Rex provides care without charge or at amounts less than its established rates to patients who meet certain criteria under its charity care policy Because Rex does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue or accounts receivable in the accompanying financial statements Rex maintains records to identify and monitor the level of charity care it provides These records include the amount of charges forgone for services and supplies furnished under its charity care policy The amount of charity care provided, based on charges foregone, was approximately $61,364,000 and $44,271,000 for the years ended June 30, 2011 and 2010, respectively.

Functional Expenses

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

Operating Income

Rex classifies all revenues and expenses earned or incurred in the course of providing health care to patients as operating activities.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nonoperating Income (Loss)

Nonoperating income (loss) consists primarily of investment income and other miscellaneous income and expense items. Activities related to Ventures and its affiliates are included in other nonoperating income (loss) Nonoperating income (loss) consisted of the following for the years ended June 30, 2011 and 2010 (in $000's).

	2011	2010
Interest Income	$ 983	$ 471
Dividend Income	1,946	1,885
Realized Gains (Losses), Net	3,430	12,425
Net Change in Unrealized Gains (Losses) on Investments	21,990	751
Brokerage Fees	(745)	(597)
Income from Investments in Affiliates	253	308
Total Investment Income (Loss)	27,857	15,243
Other	(1,625)	(3,056)
Total Nonoperating Income, Net	$ 26,232	$ 12,187

Capitalized Interest
Interest incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets Interest of approximately $171,000 and $0 was capitalized during the years ended June 30, 2011 and 2010, respectively

Risk Management

Rex 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; employee health, dental, and accident benefits; and medical malpractice (see Note 10) Commercial insurance and stop loss coverage is purchased for claims arising from such matters, subject to various deductibles.

Tax-Exempt Status

Rex, the Hospital, the Foundation, and Home Services are exempt from federal income tax under Section 501(a) as organizations described in Section 501(c)(3) of the Internal Revenue Code. Enterprises is a taxable corporation that has net operating loss carryforwards. Physicians is a single member limited liability company that has elected to be taxed as a for-profit corporation Physicians currently has a net operating loss in 2011 and 2010. Accordingly, no provision for income taxes has been reflected in these combined financial statements.

Rex is the sole member of SRO and Enterprises is the sole member of Ventures, Wellness, HT, MOB and Retail. As such, SRO, Ventures Wellness, HT, MOB and Retail are considered disregarded entities for tax purposes.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain amounts in the 2010 combined financial statements have been reclassified to conform to the 2011 presentation. These reclassifications had no effect on previously reported changes in net assets

NOTE 3 CASH, CASH EQUIVALENTS AND INVESTMENTS

Assets Limited as to Use

At June 30, 2011 and 2010, Rex had the following investments, all of which were held by custodians that are agents of Rex (in $000's)

	2011	2010
Cash and Cash Equivalents	$ 27,642	$ 1,713
Certificates of Deposit	200	300
Mutual Funds	125,212	80,346
Equities	12,800	7,010
Alternative Investments	40,266	28,254
Common Trust Funds	-	9,069
	$ 206,120	$ 126,692

As of June 30, 2011, all of these investments had maturities of one year or less

Interest rate risk – Rex has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates The policy requires that the duration of the portfolio shall not exceed six years and its average maturity shall range between two and six years

Credit risk – Rex's investment policy allows it to invest in (i) direct obligations or obligations on which the principal and interest are unconditionally guaranteed by the United States government, (ii) obligations issued by an approved agency or corporation wholly-owned by the United States government; (iii) interest-bearing time deposits, certificates of deposit or other approved forms of deposits in any bank or trust company in North Carolina which satisfies insurance and, if necessary, collateral requirements for holding Company money, and (iv) corporate notes and bonds.

Alternative investments are investments in the common stock of limited investment companies that offer a pattern of returns different from that of the overall market and occasionally have lesser levels of liquidity Examples of alternative investments include non-publicly traded companies, real estate and hedge funds

NOTE 3 CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Assets Limited as to Use (Continued)

Concentration of credit risk – Rex limits the amount it may invest in any single issuer. Fixed income holdings in a single issuer (excluding obligations of the United States Government, its agencies and government sponsored entities) shall be limited to 5 percent of the portfolio measured at market value at the time of purchase. Treasuries, agencies and government-sponsored entities have no issuer limits. Securities rated under "A-" are limited to 3% per issuer.

Custodial credit risk – At year end, Rex's investments were not exposed to custodial credit risk.

The carrying amount of deposits and investments included in the combined balance sheets are as follows at June 30, 2011 and 2010 (in $000's):

	2011	2010
Carrying Amount.		
Deposits	$ 124,069	$ 66,284
Investments	178,478	124,979
	$ 302,547	$ 191,263
Included in the Following Balance Sheet Captions.		
Cash and Cash Equivalents	$ 96,427	$ 64,571
Assets Limited as to Use:		
Restricted by Contributors and Grantors	3,959	4,123
Bond Funds Held by Trustee	22,001	-
Funds Held in Escrow or Trust	30	470
Designated for Long-Term Investment	180,130	122,099
	$ 302,547	$ 191,263

All investments in securities are on deposit with Rex's fiduciary agent, which holds these securities by book entry in its fiduciary Federal Reserve accounts. Rex's ownership of these securities is identified through the internal records of the fiduciary agent. Certain of these securities are optionally callable at par by the issuer on specified dates.

NOTE 4 CAPITAL ASSETS AND ACCUMULATED DEPRECIATION

A summary of changes in the historical cost of capital assets and accumulated depreciation and amortization related to capital assets are as follows (in $000's):

For the year ended June 30, 2011:

	June 30, 2010	Transfers/ Additions	Transfers/ Retirements	June 30, 2011
PROPERTY AND EQUIPMENT				
Land	$ 34,375	$ -	$ -	$ 34,375
Land Improvements	15,304	-	-	15,304
Buildings and Improvements	264,540	-	(638)	263,902
Equipment	273,734	13,495	(1,888)	285,341
Construction in Progress	7,604	27,357	(4,993)	29,968
Total	595,557	40,852	(7,519)	628,890
ACCUMULATED DEPRECIATION				
Land Improvements	6,051	734	-	6,785
Buildings	113,317	14,412	(638)	127,091
Equipment	214,771	12,754	(636)	226,889
Total	334,139	27,900	(1,274)	360,765
Property and Equipment, Net	$261,418	$ 12,952	$ (6,245)	$268,125

For the year ended June 30, 2010

	June 30, 2009	Transfers/ Additions	Transfers/ Retirements	June 30, 2010
PROPERTY AND EQUIPMENT				
Land	$ 27,634	$ 6,741	$ -	$ 34,375
Land Improvements	15,182	122	-	15,304
Buildings and Improvements	235,763	28,777	-	264,540
Equipment	260,626	13,579	(471)	273,734
Construction in Progress	5,383	15,326	(13,105)	7,604
Total	544,588	64,545	(13,576)	595,557
ACCUMULATED DEPRECIATION				
Land Improvements	5,432	619	-	6,051
Buildings	99,402	13,905	10	113,317
Equipment	199,366	15,765	(360)	214,771
Total	304,200	30,289	(350)	334,139
Property and Equipment, Net	$240,388	$ 34,256	$ (13,226)	$261,418

The capital acquisitions' figures above are presented net of transfers from construction in progress to operating asset categories and sales and other dispositions. Depreciation expense related to Ventures and its related entities is included in other nonoperating income Depreciation and amortization expense totaled approximately $28,115,000 and $28,244,000 for the years ended June 30, 2011 and 2010, respectively. The expense shown in the table above is net of decreases in accumulated depreciation for sales and other dispositions of capital assets At June 30, 2011 and 2010, equipment under capital obligations had a cost of approximately $4,214,000 and $4,214,000 and accumulated amortization of approximately $2,134,000 and $1,414,000, respectively

NOTE 5 ACCOUNTS RECEIVABLE AND ACCRUED EXPENSES

Accounts receivable, accrued expenses and other liabilities consisted of the following at June 30, 2010 and 2009 (in $000's)

	2011	2010
Gross Receivables		
Medicare	$ 38,810	$ 34,276
Medicaid	4,798	3,726
Managed Care	78,650	59,232
Self Pay	30,030	26,024
	152,288	123,258
Less		
Contractual Allowances	(67,323)	(57,900)
Allowance for Doubtful Accounts	(9,722)	(7,912)
	$ 75,243	$ 57,446
Accrued Salaries, Wages and Withholdings	$ 26,518	$ 21,290
Accrued Paid Time Off	13,126	12,075
Reserve for Workers' Compensation Claims	1,541	1,743
Reserve for Employee Health Benefit Claims	1,840	2,135
Reserve for Medical Malpractice Claims	2,355	1,247
Other	4,036	1,038
	$ 49,416	$ 39,528

NOTE 6 LONG-TERM DEBT

A summary of long-term debt and changes in long-term debt for the years ended June 30, 2011 and 2010 is as follows (in $000's).

	June 30, 2009	Borrowings	Payments and Discount Amortization	June 30, 2010	Borrowings	Payments and Discount Amortization	June 30, 2011
Bonds Payable							
Series 1998	$ 79,872	$ -	$ (5,966)	$ 73,906	$ -	$ (73,906)	$ -
Series 2010A	-	-	-	-	125,509	(95)	125,414
Tax-Exempt Financing	9,534	-	(6,303)	3,231	-	(3,231)	-
Construction Loan	7,328	24,216	-	31,544	2,445	(1,306)	32,683
Line of Credit	-	-	-	-	140	-	140
Obligations Under Capital Lease	3,054	413	(1,000)	2,467	-	(1,134)	1,333
	$ 99,788	$ 24,629	$ (13,269)	$ 111,148	$ 128,094	$ (79,672)	$ 159,570

Bonds Payable

In March 1998, Rex issued $124,215,000 Hospital Revenue Bonds (1998 Bonds) through the North Carolina Medical Care Commission (the "Commission") under a Master Indenture and other related agreements The proceeds were used to refund a portion of the Series 1993 Bonds and to finance certain capital projects

NOTE 6 LONG-TERM DEBT (CONTINUED)

Bonds Payable (Continued)

In October 2010, Rex issued $122,965,000 Series 2010A Health Care Facilities Revenue and Revenue Refunding Bonds (2010A Bonds) through the Commission The proceeds were used to refund the outstanding 1998 Bonds, fund costs of construction and equipment related to the relocation of Rex's power plant, pay construction period interest, and pay for issuance costs for the 2010A Bonds.

The 2010A Bonds mature annually in amounts ranging from $1,000,000 to $8,130,000 and bear interest at rates between 2 00% and 5.00% for amounts maturing between 2011 and 2030 Under the agreements, the Obligated Group must also maintain a defined level of income available for debt service. As of June 30, 2011, Rex believed that the Obligated Group was in compliance with all debt covenants.

The 2010A Bonds are secured by a pledge of and a lien on the accounts receivable and the proceeds thereof derived from the ownership and operation of the Obligated Group In the Master Indenture agreements for the 2010A Bonds, the Obligated Group includes Rex and the Hospital. Under the terms of the Master Indenture agreement for the 2010A Bonds, the Obligated Group is subject to certain financial covenants including but not limited to limitations on the transfer or sale of the Obligated Group's assets, limitations on the incurrence of additional indebtedness, maintenance of adequate insurance coverage on property, and maintenance of its tax-exempt status Under the agreements, the Obligated Group must also maintain a defined level of income available for debt service Rex believes the Obligated Group is in compliance with all debt covenants at June 30, 2011

As a result of the early extinguishment of the 1998 Bonds, Rex incurred a loss of approximately $1,947,000 during 2011. The loss has been deferred and is being amortized over the remaining life of the 1998 Bonds At June 30, 2011, accumulated amortization of the deferred loss was approximately $166,000

Tax-Exempt Equipment Financing

In December 2005, Rex entered into a tax-exempt equipment financing arrangement through the Commission for $30,000,000 The proceeds were used in connection with a lease-purchase financing of various capital equipment. The remaining outstanding balance was repaid in full during 2011.

Construction Loan

Ventures entered into a construction loan agreement with Wellness, HT, Retail and MOB as "Co-Borrowers" to fund the construction of the Wakefield campus The loan bears interest at the BBA LIBOR daily floating rate plus 1.45% (1.64% and 1 78% at June 30, 2011 and 2010, respectively) and required interest only payments through April 2011. Beginning May 2011, all net cash flow from the Rex CDP properties will be applied to the outstanding principal balance of the construction loan through December 2011 Beginning in January 2012, 50% of the net cash flow from properties will be applied to the outstanding principal balance of the construction loan until the note matures and all outstanding balances are due in March 2012

NOTE 6 LONG-TERM DEBT (CONTINUED)

Construction Loan (Continued)

Proceeds from the loan are drawn for specific projects in the Wakefield development and are allocated to the appropriate Co-Borrower for each project. Repayments of the loan will be made primarily using proceeds from lease rental payments from various lessees (See Note 9). The total maximum amount allowable under the loan is approximately $38,360,000, of which, approximately $32,683,000 and $31,544,000 is outstanding at June 30, 2011 and 2010, respectively (in $000's):

	2011	2010
Rex Wakefield Wellness, LLC	$ 7,282	$ 7,547
Rex CDP Ventures, LLC	2,286	5,342
Rex CDP Ventures-HT, LLC	2,201	2,369
Rex CDP Ventures- Retail, LLC	3,372	-
Wakefield Rex Investors MOB, LLC	17,542	16,286
	$ 32,683	$ 31,544

The loan is collateralized by the real property Each of the four individual Co-Borrowers are jointly and severally liable for repayment of the loan and is guaranteed by Enterprises.

Lines of Credit

During the year ended June 30, 2009, the Hospital entered into a note agreement for a short-term revolving line of credit with a financial institution for an amount up to $50,000,000 to support short-term normal operating expenses and to enhance liquidity. The line of credit is collateralized by the Hospital's accounts receivable Interest is due and payable monthly at the monthly London Inter-Bank Offered Rate ("LIBOR") plus 1 25 percent The outstanding principal amount along with any accrued interest will be due upon the maturity date of March 31, 2012. The Hospital has not drawn any proceeds on this line of credit, thus, at June 30, 2011 and 2010, there was no outstanding balance

During 2011, the Surgery Center entered into a note agreement for a short-term revolving line of credit with a financial institution for an amount up to $1,250,000 to support short-term normal operating expense and to enhance liquidity. The line of credit is collateralized by certain assets of the Surgery Center. Interest is due and payable monthly at 3 0%. The outstanding principal amount along with any accrued interest will be upon maturity date of March 8, 2012 At June 30, 2011, the Surgery Center has drawn approximately $140,000.

Equipment Loan

During the year ended June 30, 2011, the Surgery Center entered into a note agreement with a financial institution for an amount up to $1,000,000 to support purchases of equipment. Surgery Center had not made any draws on the note at June 30, 2011 and has until September 8, 2011 to draw advances The note bears interest at one month-LIBOR (.187% at June 30, 2011) + 1 75%, with a minimum floor of 3.0% Monthly payments are interest only through September 8, 2011, with monthly principal and interest payments from October 8, 2011 through September 8, 2018 The note is collateralized by certain assets of the Surgery Center.

NOTE 6 LONG-TERM DEBT (CONTINUED)

Obligations Under Capital Lease

Rex has entered into non-cancellable capital lease obligations for several pieces of equipment as of June 30, 2011 which expire at various dates through 2015

Total future debt service requirements subsequent to June 30, 2011 are as follows (in $000's)

	Bonds	Construction Loan	Obligations Under Capital Lease	Line of Credit	Interest	Total
Year Ending June 30						
2012	$ 3,120	$ 32,683	$ 908	$ 140	$ 6,586	$ 43,437
2013	4,645	-	404	-	6,443	11,492
2014	4,835	-	20	-	5,118	9,973
2015	4,980	-	1	-	4,945	9,926
2016	5,175	-	-	-	4,716	9,891
2017-2021	29,675	-	-	-	19,765	49,440
2022-2026	33,655	-	-	-	12,650	46,305
2027- 2031	36,880	-	-	-	4,794	41,674
	122,965	32,683	1,333	140	65,017	222,138
Unamortized Bond Premium, Net	4,230	-	-	-	-	4,230
Deferred Loss on Refunding, Net	(1,781)	-	-	-	-	(1,781)
	$ 125,414	$ 32,683	$ 1,333	$ 140	$ 65,017	$ 224,587

NOTE 7 RELATED PARTY TRANSACTIONS

UNCHCS provides certain services to Rex. Rex paid UNCHCS approximately $4,785,000 and $4,087,000 for such services during the years ended June 30, 2011 and 2010, respectively. UNCHCS paid Rex approximately $587,000 and $238,000 for such services during the years ended June 30, 2011 and 2010, respectively.

Under a management agreement effective January 1, 2000, UNCHCS assumed responsibility for the management and day-to-day operations of Rex Home Services, Inc. During the years ended June 30, 2011 and 2010, this agreement resulted in approximately $948,000 and $1,098,000, respectively, paid to UNCHCS.

During 2011, Rex contributed approximately $4,209,000 to UNCHCS to help fund working capital needs at Triangle Physicians Network, LLC ("TPN"), of which UNCHCS is the sole member. TPN provides health care to patients throughout the Triangle and surrounding counties in North Carolina. Rex also contributed $1,400,000 and $1,200,000 during the years ended June 30, 2011 and 2010, respectively, to the UNCHCS Enterprise Fund to support the ongoing health care mission of UNCHCS

Net payables due to UNCHCS were approximately $83,000 and $240,000 as of June 30, 2011 and 2010, respectively, and are included in accrued expenses and other liabilities in the accompanying combined balance sheets.

NOTE 7 RELATED PARTY TRANSACTIONS (CONTINUED)

The Hospital paid QTS (an equity investment, discussed in Note 2) approximately $1,395,000 and $1,343,000 for laundry services during the years ended June 30, 2011 and 2010, respectively

The Hospital paid Rex Cary MOB, LLC (an equity investment discussed in Note 2) approximately $764,000 and $820,000 in rent expenditures for the use of surgical and office suites during the years ended June 30, 2011 and 2010, respectively

Rex MOB Partners, LLC (a cost based investment discussed in Note 2) paid the Hospital approximately $293,000 and $134,000 for rent during the years ended June 30, 2011 and 2010, respectively

NOTE 8 EMPLOYEE BENEFITS

Rex Employees' Retirement Plan
The Hospital sponsors the Rex Employees' Retirement Plan (the "Plan"), a single-employer defined benefit retirement plan available to eligible employees The benefit formula is based on the highest five consecutive years of an employee's compensation during the 10 plan years preceding retirement.

During the year ended June 30, 2009, the Hospital amended the Plan to (1) reduce early retirement benefits by increasing the retirement age from 62 to 65, and (2) freeze access to the Plan for eligible employees hired after February 1, 2009. In addition, the Hospital revised certain actuarial assumptions to (1) change the amortization period for gains and losses from 10 to 30 years and (2) change the asset valuation method from 20% to 30% above and below market value.

Funding amounts for the Plan are based upon actuarial calculations The Plan utilized the projected unit-credit method to determine the annual contributions. The Hospital contributed approximately $7,475,000 and $6,141,000 to the Plan in 2011 and 2010, respectively There are no employee contributions to the Plan

Plan assets held in trust on behalf of the Plan participants consisted primarily of equity securities, U S. Treasury securities and corporate bonds at June 30, 2011 and 2010 The actuarial value of Plan assets was determined by using a five-year moving average method

The following table shows the trend in Rex's annual pension cost (APC), percentage of APC contributed, and net pension asset (in $000's):

	Trend Information		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
Fiscal Year Ending			
June 30, 2011	$ (7,475)	100 00 %	$ -
June 30, 2010	(6,141)	100 00	-
June 30, 2009	(6,283)	100 00	-

NOTE 8 EMPLOYEE BENEFITS (CONTINUED)

As of January 1, 2011, the most recent actuarial valuation date, the Plan was 84 1% funded The actuarial accrued liability for benefits was approximately $188,633,000 and the actuarial value of assets was approximately $158,693,000 resulting in an unfunded actuarial accrued liability of approximately $29,940,000 The covered payroll was approximately $190,434,000 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 15 7%

The schedule of funding progress, presented as Required Supplementary Information following the Notes to the Combined Financial Statements, presents multi-year trend information about whether the actuarial value of Plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits

The following assumptions were used in the January 1, 2011 and 2010 actuarial variations:

Inflation Rate	3 00%
Investment Rate of Return	8.00%
Projected Salary Increases	3 75%

Tax Deferred Annuity Retirement Plan
The Hospital sponsors a defined contribution retirement plan covering substantially all employees The Hospital matches one-half of each participant's voluntary contributions on a graduated scale based on length of service not to exceed 5% of the participant's annual salary. Employer contributions totaled approximately $5,705,000 and $5,402,000 for the years ended June 30, 2011 and 2010, respectively.

NOTE 9 COMMITMENTS AND CONTINGENCIES

Commitments
The Hospital has entered into certain agreements, in connection with ongoing development and support of its electronic medical records system Future minimum payments subsequent to June 30, 2011 are approximately $468,000 in 2012.

The Hospital has entered into a lease with Wellness to lease the wellness center. In addition, the Hospital entered into a lease with MOB for part of the medical office building. Rex has certain other noncancelable operating leases for the rental of office space and equipment Future rent payments under these leases subsequent to June 30, 2011 are as follows (in $000's).

Year Ending June 30	Wellness Center	Medical Office Building	Office Space and Equipment	Total
2012	$ 798	$ 2,157	$ 5,540	$ 8,495
2013	798	2,189	3,960	6,947
2014	835	2,221	2,401	5,457
2015	862	2,253	2,109	5,224
2016	862	2,286	1,780	4,928
2017-2021	4,487	9,812	7,916	22,215
2022-2026	4,846	9,206	4,008	18,060
2027-2029	2,429	5,339	-	7,768
	$ 15,917	$ 35,463	$ 27,714	$ 79,094

NOTE 9 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Total rental expense, including rental expense under noncancelable leases, was approximately $10,559,000 and $8,626,000 for the years ended June 30, 2011 and 2010, respectively.

Contingencies
The Hospital self-insures a portion of its workers' compensation exposure up to $350,000 per claim An accrual for the self-insurance program is established to provide for estimated claims and losses and applicable legal expenses for claims incurred through June 30, 2011 but not reported This accrual was determined by an actuary and totaled approximately $1,541,000 and $1,743,000 at June 30, 2011 and 2010, respectively. The accrual is included in accrued expenses and other liabilities in the accompanying combined balance sheets Commercial insurance has been obtained for coverage in excess of the self-insured amounts

The Hospital self-insures a portion of its employee health benefits exposure up to $200,000 per incident An accrual for the self-insurance program is established to provide for estimated claims and losses and applicable legal expenses for claims incurred through June 30, 2011 but not reported This accrual was determined by an actuary and totaled approximately $1,840,000 and $2,135,000 at June 30, 2011 and 2010, respectively The accrual is included in accrued expenses and other liabilities in the accompanying balance sheets Commercial insurance has been obtained for coverage in excess of the self-insured amounts

Rex is involved in litigation arising in the normal course of business After consultation with legal counsel, management estimates these matters will be resolved without a material adverse effect on Rex's financial position or results of operations

During 2004, the Hospital entered into an agreement whereby patients without insurance that meet contractually specified criteria can apply for medical loans from a third-party lender Under this medical loan program, approved patients owe the third-party lender and the Hospital receives payment and recognizes revenue at the time medical services are provided. The Hospital is then contingently obligated to repurchase accounts receivable balances once the borrower does not make three scheduled monthly payments. Total accounts which the Hospital could possibly be required to repurchase were approximately $283,000 and $409,000 at June 30, 2011 and 2010, respectively The Hospital establishes a reserve for accounts it believes it will have to repurchase based on historical experience with this program. The Hospital reserved approximately $28,000 and $49,000 for potential recourse that was included in the net accounts receivable, at June 30, 2011 and 2010, respectively

The health care industry is subject to numerous laws and regulations of Federal, state and local governments These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers.

NOTE 9 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Management believes Rex is in compliance with fraud and abuse as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayment for patient services previously billed

NOTE 10 COMMUNITY BENEFITS

In addition to providing care without charge, or at amounts less than established rates to certain patients identified as qualifying for charity care, Rex also recognizes its responsibility to provide health care services and programs for the benefit of the community, at no cost or at reduced rates. Rex sponsors many community health initiatives, including breast and prostate cancer screenings, cardiovascular and pulmonary awareness and diabetes education programs that ultimately result in the overall improved health of our community. The Rex Healthcare Emergency Response Team provides emergency aid and medical treatment at special events in the Wake County area Rex also provides contributions, cash and in-kind, to various charitable and community organizations The costs of these programs are included in operating expenses in the accompanying statements of revenues, expenses and changes in net assets.

SUPPLEMENTARY INFORMATION

REX HEALTHCARE, INC. AND SUBSIDIARIES
COMBINING BALANCE SHEET
JUNE 30, 2011
(IN $000's)

	Obligated Group	Nonobligated Group	Eliminations	Combined Rex Healthcare, Inc. and Subsidiaries
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	$ 89,903	$ 6,524	$ -	**$ 96,427**
Patient Accounts Receivable, Net	63,497	11,746	-	**75,243**
Other Receivables	30,679	196	(24,886)	**5,989**
Inventories	9,584	518	-	**10,102**
Prepaid Expenses and Other Current Assets	5,995	820	-	**6,815**
Total Current Assets	199,658	19,804	(24,886)	**194,576**
ASSETS LIMITED AS TO USE	201,711	4,409	-	**206,120**
CAPITAL ASSETS, NET	228,353	39,772	-	**268,125**
OTHER ASSETS				
Investment in Affiliates	3,485	5,004	(2,907)	**5,582**
Deferred Debt Issuance Costs, Net	1,405	-	-	**1,405**
Other Assets	939	4,418	(1,252)	**4,105**
	5,829	9,422	(4,159)	**11,092**
Total Assets	$ 635,551	$ 73,407	$ (29,045)	**$ 679,913**
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Current Maturities of Long-Term Debt	$ 4,028	$ 32,823	$ -	**$ 36,851**
Vendor Accounts Payable	29,211	5,692	(4,194)	**30,709**
Accrued Expenses and Other Liabilities	46,761	23,347	(20,692)	**49,416**
Estimated Third-Party Settlements	24,435	205	-	**24,640**
Total Current Liabilities	104,435	62,067	(24,886)	**141,616**
LONG-TERM DEBT, Net of Current Maturities	122,719	-	-	**122,719**
NON-CONTROLLING INTEREST	-	-	1,170	**1,170**
OTHER NONCURRENT LIABILITIES	2,195	-	(1,252)	**943**
Total Liabilities	229,349	62,067	(24,968)	**266,448**
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	101,606	6,199	(4,077)	**103,728**
Restricted	1,010	2,949	-	**3,959**
Unrestricted	303,586	2,192	-	**305,778**
Total Net Assets	406,202	11,340	(4,077)	**413,465**
Total Liabilities and Net Assets	$ 635,551	$ 73,407	$ (29,045)	**$ 679,913**

REX HEALTHCARE, INC. AND SUBSIDIARIES
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2011
(IN $000's)

	Obligated Group	Nonobligated Group	Eliminations	Rex Healthcare, Inc. and Subsidiaries
OPERATING REVENUES				
Net Patient Service Revenue	$ 565,866	$ 42,411	$ -	$ **608,277**
Other Operating Revenues	18,407	1,933	-	**20,340**
Total Operating Revenues	584,273	44,344	-	**628,617**
OPERATING EXPENSES				
Salaries	220,502	26,562	-	**247,064**
Employee Benefits	64,200	4,588	-	**68,788**
Medical Supplies and Other Expenses	224,204	11,644	(2,622)	**233,226**
Depreciation and Amortization	25,150	563	-	**25,713**
Interest	4,969	1	-	**4,970**
Total Operating Expenses	539,025	43,358	(2,622)	**579,761**
OPERATING INCOME (LOSS)	45,248	986	2,622	**48,856**
NONOPERATING INCOME (LOSS)				
Investment Income (Loss), Net	26,780	1,077	-	**27,857**
Other, Net	1,462	(465)	(2,622)	**(1,625)**
Nonoperating Income (Loss), Net	28,242	612	(2,622)	**26,232**
EXCESS OF REVENUES AND GAINS OVER EXPENSES AND LOSSES	73,490	1,598	-	**75,088**
CONTRIBUTIONS TO RELATED PARTY	(5,609)	-	-	**(5,609)**
INCOME APPLICABLE TO NON-CONTROLLING INTEREST	-	-	(420)	**(420)**
OTHER	-	3,657	(3,657)	-
CHANGE IN NET ASSETS	67,881	5,255	(4,077)	**69,059**
Net Assets - Beginning of Year	338,321	6,085	-	**344,406**
NET ASSETS - END OF YEAR	$ 406,202	$ 11,340	$ (4,077)	$ **413,465**

REX HEALTHCARE, INC. AND SUBSIDIARIES
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR REX EMPLOYEES' RETIREMENT PLAN
(UNAUDITED)
JUNE 30, 2011
(IN $000's)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
January 1, 2011	$ 158,693	$ 188,633	$ 29,940	84 13 %	$ 190,434	15 72 %
January 1, 2010	149,019	171,627	22,608	86 83	199,427	11 34
January 1, 2009	140,562	155,914	15,352	90 15	173,000	8 87
January 1, 2008	139,324	151,747	12,423	91 81	152,626	8 14
January 1, 2007	123,721	136,052	12,331	90 94	140,917	8 75

The surplus actuarial accrued liability is being amortized over a ten-year period on an open basis using the level-dollar method