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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
Piedmont Hospital Inc

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
1968 PEACHTREE ROAD NW

City or town, state or country, and ZIP + 4
ATLANTA, GA 303091285

D Employer identification number
58-0566213

E Telephone number
(404)425-1303

G Gross receipts $ 940,236,146

F Name and address of principal officer
R TIMOTHY STACK
1968 PEACHTREE ROAD NW
ATLANTA, GA 30309

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 PIEDMONT ORG

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

L Year of formation 1905

M State of legal domicile GA

Part I Summary

1 Briefly describe the organization's mission or most significant activities
TO PROVIDE HEALTHCARE MARKED BY COMPASSION AND SUSTAINABLE EXCELLENCE IN A PROGRESSIVE ENVIRONMENT, GUIDED BY PHYSICIANS, DELIVERED BY EXCEPTIONAL PROFESSIONALS, AND INSPIRED BY THE COMMUNITIES WE SERVE

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	12
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**	4,925
6	Total number of volunteers (estimate if necessary)	**6**	400
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	7,343,892
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-3,771,819

		Prior Year	Current Year
Revenue			
8	Contributions and grants (Part VIII, line 1h)	7,081,071	6,093,577
9	Program service revenue (Part VIII, line 2g)	682,293,710	706,531,500
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	-12,354,019	20,014,761
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	12,930,101	11,724,574
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	689,950,863	744,364,412
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	865,613	367,486
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)	251,374,640	255,649,503
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)	362,020,449	405,541,941
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	614,260,702	661,558,930
19	Revenue less expenses Subtract line 18 from line 12	75,690,161	82,805,482
Net Assets or Fund Balances		**Beginning of Current Year**	**End of Year**
20	Total assets (Part X, line 16)	1,075,778,927	1,401,215,248
21	Total liabilities (Part X, line 26)	674,945,883	833,929,688
22	Net assets or fund balances Subtract line 21 from line 20	400,833,044	567,285,560

Part II Signature Block

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

Sign Here

▶ Signature of officer — Date: 2012-05-15

▶ CHARLIE HALL 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
Firm's name ▶ ERNST & YOUNG US LLC				Firm's EIN ▶
Firm's address ▶ 55 IVAN ALLEN JR BLVD STE 1000 ATLANTA, GA 30308				Phone no ▶ (404) 874-8300

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

TO PROVIDE HEALTHCARE MARKED BY COMPASSION AND SUSTAINABLE EXCELLENCE IN A PROGRESSIVE ENVIRONMENT, GUIDED BY PHYSICIANS, DELIVERED BY EXCEPTIONAL PROFESSIONALS, AND INSPIRED BY THE COMMUNITIES WE SERVE

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . . ☐ Yes ☑ No

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . . ☐ Yes ☑ No

If "Yes," describe these changes on Schedule O

4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses $ 105,750,831 including grants of $ 0) (Revenue $ 150,876,148)

PIEDMONT HOSPITAL CARDIOVASCULAR SERVICES HAD 15,825 INPATIENT AND 48,919 OUTPATIENT ENCOUNTERS DURING THE FISCAL YEAR ENDING 6/30/2011, AND RECEIVED CERTIFICATION BY THE JOINT COMMISSION FOR CONGESTIVE HEART FAILURE AND LEFT VENTRICULAR ASSIST DEVICE FOR DESTINATION THERAPY FOR THE SECOND YEAR IN A ROW, PIEDMONT HOSPITAL WAS NAMED BEST IN ATLANTA FOR OVERALL CARDIAC CARE, CARDIAC SURGERY AND CORONARY INTERVENTION BY HEALTHGRADES, AND EARNED THE DISTINCTION OF "AMERICA'S 100 BEST" IN ADDITION, THE HOSPITAL RECEIVED THE AMERICAN HEART ASSOCIATION'S "GOLD" AWARD FOR GUIDELINE DRIVEN CARE, AND HEALTHGRADES' "DISTINGUISHED HOSPITAL AWARD FOR CLINICAL EXCELLENCE"

4b (Code) (Expenses $ 40,124,475 including grants of $ 0) (Revenue $ 52,236,790)

PIEDMONT HOSPITAL TRANSPLANT SERVICES PERFORMED A TOTAL OF 958 INPATIENT CASES DURING THE FISCAL YEAR ENDING 6/30/2011, AND HAD 13,136 OUTPATIENT ENCOUNTERS

4c (Code) (Expenses $ 21,327,728 including grants of $ 0) (Revenue $ 37,890,078)

Piedmont Hospital Orthopedic Services performed a total of 2,332 Inpatient cases during the fiscal year ending 6/30/2011

4d Other program services (Describe in Schedule O)

(Expenses $ 341,116,252 including grants of $ 367,486) (Revenue $ 469,982,405)

4e **Total program service expenses** ▶ $ 508,319,286

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instruction)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		
6	Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in term, permanent,or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, and program service activities outside the United States? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, 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**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	399		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			1c	Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	2a	4,925		
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	12		
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		No
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		No

Section C. Disclosure

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

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 ▶

CHARLIE HALL
1968 PEACHTREE ROAD NW
ATLANTA, GA 303091285
(404) 425-1303

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

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

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation, and **current** key employees Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees, if any See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations

List persons in the following order individual trustees or directors, institutional trustees, officers, key employees, highest compensated employees, and former such persons

☐ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) Dr William Blincoe Board member	1 0	X						0	594,499	43,187
(2) Dr Carol T Aitcheson Board member	1 0	X						0	0	0
(3) Dr Letha Yurko Griffin Board member	1 0	X						0	0	0
(4) Mr David G Hanna Board member	1 0	X						0	0	0
(5) Mr Gary T Jones Board member	1 0	X						0	0	0
(6) Dr Louise H Jacobs Board member	1 0	X						0	0	0
(7) Ms Nell Long Board member	1 0	X						0	0	0
(8) Dr Bryant Wilson Board member	1 0	X						0	0	0
(9) Mr Gregory B Morrison Board member	1 0	X						0	0	0
(10) Dr Jay J Singh Board member	1 0	X						0	0	0
(11) Dr Patrick M Battey Chairman	2 0	X						0	455,170	34,430
(12) Dr Hewitt W Matthews Board member	1 0	X						0	0	0
(13) Mr Charlie Hall Treasurer	2 0			X				0	610,821	83,119
(14) Ms Debbie W Gramling Secretary	2 0			X				0	148,811	32,636
(15) Mr Leslie A Donahue President and CEO	55 0			X				298,237	0	21,378
(16) Ms Denise Ray VP Chief Operating Officer	55 0				X			403,446	0	37,018

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(17) Ms Connie Whittington Chief Nursing Officer	55 0					X		274,808	0	29,402
(18) Mr Thomas Arnold VP Chief Financial Officer	55 0					X		353,369	0	60,257
(19) Mr Wright Alcorn VP Patient Services	55 0					X		299,943	0	34,640
(20) Mr Everett Thompson VP Facility Services	55 0					X		320,669	0	52,843
(21) Dr Matthew Schreiber VP and Chief Medical Officer	55 0					X		430,559	0	74,146
(22) Mr Robert W Maynard Former President & CEO	0 0						X	1,562,793	0	1,103,639
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								3,943,824	1,809,301	1,606,695

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 ▶187

			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
SKANSKA USA BUILDING INC 55 Ivan Allen Jr Blvd Ste 600 ATLANTA, GA 30308	CONSTRUCTION	3,311,027
EMORY MEDICAL LABORATORIES PO BOX 403054 ATLANTA, GA 30384	DIALYSIS	2,208,534
ALLIANCE LAUNDRY AND TEXTILE SERVIC 7990 Second Flags Drive Suite A AUSTELL, GA 30168	LAUNDRY SERVICES	2,318,775
DELOITTE CONSULTING LLP PO BOX 7247 6447 PHILADELPHIA, PA 19170	CONSULTING SERVICES	2,310,907
SPECIALTY LABS INC FILE 51048 LOS ANGELES, CA 90074	LAB SERVICES	1,772,487

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 ▶42

Part VIII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a Federated campaigns . .	1a				
	b Membership dues	1b				
	c Fundraising events	1c				
	d Related organizations . . .	1d				
	e Government grants (contributions)	1e	156,926			
	f All other contributions, gifts, grants, and similar amounts not included above	1f	5,936,651			
	g Noncash contributions included in lines 1a-1f $					
	h **Total.** Add lines 1a-1f	▶	6,093,577			
Program Service Revenue		Business Code				
	2a HEALTHCARE SERVICES	622110	696,659,025	696,659,025		
	b OUTSIDE LAB	621500	6,970,948		6,970,948	
	c PARKING	900099	2,901,527	2,901,527		
	d					
	e					
	f All other program service revenue					
	g **Total.** Add lines 2a–2f	▶	706,531,500			
	3 Investment income (including dividends, interest and other similar amounts)	▶	1,103,449	0	0	1,103,449
	4 Income from investment of tax-exempt bond proceeds . .	▶	0			
	5 Royalties	▶	0			

		(i) Real	(ii) Personal				
	6a Gross Rents	10,455,901					
	b Less rental expenses	5,629,036					
	c Rental income or (loss)	4,826,865					
	d Net rental income or (loss)	▶		4,826,865	4,453,921	372,944	0

		(i) Securities	(ii) Other				
	7a Gross amount from sales of assets other than inventory	209,043,228	110,782				
	b Less cost or other basis and sales expenses	190,132,155	110,543				
	c Gain or (loss)	18,911,073	239				
	d Net gain or (loss)	▶		18,911,312	0	0	18,911,312
Other Revenue	8a Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . . a						
	b Less direct expenses . . . b						
	c Net income or (loss) from fundraising events . .	▶		0			
	9a Gross income from gaming activities See Part IV, line 19 . a						
	b Less direct expenses . . . . . b						
	c Net income or (loss) from gaming activities . . .	▶		0			
	10a Gross sales of inventory, less returns and allowances . a						
	b Less cost of goods sold . . b						
	c Net income or (loss) from sales of inventory . .	▶		0			
	Miscellaneous Revenue		Business Code				
	11a CAFETERIA		722210	3,200,957			3,200,957
	b FITNESS CENTER		713940	847,692			847,692
	c COFFEE CART		900099	128,143			128,143
	d All other revenue			2,720,917			2,720,917
	e **Total.** Add lines 11a–11d	▶		6,897,709			
	12 **Total revenue.** See Instructions . . .	▶		744,364,412	704,014,473	7,343,892	26,912,470

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	305,334	305,334		
2	Grants and other assistance to individuals in the U S See Part IV, line 22	62,152	62,152		
3	Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	805,272		805,272	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7	Other salaries and wages	208,769,540	197,430,882	11,338,658	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	12,599,138	11,869,648	729,490	
9	Other employee benefits	17,348,964	16,344,459	1,004,505	
10	Payroll taxes	16,126,589	15,192,859	933,730	
a	Fees for services (non-employees) Management	11,039,660		11,039,660	
b	Legal	1,885,414		1,885,414	
c	Accounting	0			
d	Lobbying	0			
e	Professional fundraising services *See Part IV, line 17*	0			
f	Investment management fees	0			
g	Other	17,605,636	16,500,235	1,105,401	
12	Advertising and promotion	4,074,866		4,074,866	
13	Office expenses	166,185,946	165,376,656	809,290	
14	Information technology	15,808,930		15,808,930	
15	Royalties	0			
16	Occupancy	23,068,693	19,120,963	3,947,730	
17	Travel	137,994	122,974	15,020	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	230,942	207,528	23,414	
20	Interest	7,297,275		7,297,275	
21	Payments to affiliates	20,606,998		20,606,998	
22	Depreciation, depletion, and amortization	36,763,506		36,763,506	
23	Insurance	5,925,102		5,925,102	
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	BAD DEBT EXPENSE	46,087,016	46,087,016		
b	COLLECTIONS EXPENSE	7,225,445	7,225,445		
c	LAB FEES	4,321,092	4,321,092		
d	GEORGIA PROVIDER FEE	8,152,043	8,152,043		
e	MISCELLANEOUS	29,125,383		29,125,383	
f	All other expenses				
25	**Total functional expenses.** Add lines 1 through 24f	661,558,930	508,319,286	153,239,644	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		157,682,865	1	185,994,924
	2	Savings and temporary cash investments		1,804,000	2	0
	3	Pledges and grants receivable, net		3,047,314	3	2,359,701
	4	Accounts receivable, net		110,492,319	4	110,959,425
	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		2,145,946	7	2,707,966
	8	Inventories for sale or use		11,477,694	8	12,063,445
	9	Prepaid expenses and deferred charges		6,475,836	9	5,125,822
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 728,933,247			
	b	Less accumulated depreciation	10b 452,929,961	291,791,104	10c	276,003,286
	11	Investments—publicly traded securities		361,183,527	11	434,864,453
	12	Investments—other securities See Part IV, line 11		5,299,256	12	2,652,597
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	15,417,924
	15	Other assets See Part IV, line 11		124,379,066	15	353,065,705
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		1,075,778,927	16	1,401,215,248
Liabilities	17	Accounts payable and accrued expenses		54,466,559	17	50,586,054
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		374,820,006	20	466,922,801
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*			21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*			22	
	23	Secured mortgages and notes payable to unrelated third parties		27,693,138	23	28,460,499
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities Complete Part X of Schedule D		217,966,180	25	287,960,334
	26	**Total liabilities.** Add lines 17 through 25		674,945,883	26	833,929,688
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		364,820,689	27	530,441,527
	28	Temporarily restricted net assets		14,410,528	28	14,096,222
	29	Permanently restricted net assets		21,601,827	29	22,747,811
		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		400,833,044	33	567,285,560
	34	Total liabilities and net assets/fund balances		1,075,778,927	34	1,401,215,248

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	744,364,412
2	Total expenses (must equal Part IX, column (A), line 25)	2	661,558,930
3	Revenue less expenses Subtract line 2 from line 1	3	82,805,482
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	400,833,044
5	Other changes in net assets or fund balances (explain in Schedule O)	5	83,647,034
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	567,285,560

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
Piedmont Hospital Inc

Employer identification number
58-0566213

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

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

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

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

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

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

_____

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Part II **Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public Support.** Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support** (Add lines 7 through 10)						

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

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

Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2010 (line 6 column (f) divided by line 11 column (f)) **14**

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

16a **33 1/3% support test—2010.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support test—2009.** If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2010.** If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

b **10%-facts-and-circumstances test—2009.** If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	**(a)** 2006	**(b)** 2007	**(c)** 2008	**(d)** 2009	**(e)** 2010	**(f)** Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public Support** (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in)	**(a)** 2006	**(b)** 2007	**(c)** 2008	**(d)** 2009	**(e)** 2010	**(f)** Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support** (Add lines 9, 10c, 11 and 12)						

14 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

19a **33 1/3% support tests—2010.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2009.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

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

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

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SCHEDULE C (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ **Complete if the organization is described below.**
▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**

OMB No 1545-0047

2010

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	Employer identification number
Piedmont Hospital Inc	58-0566213

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)?	Yes		
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?	Yes		408,111
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV		No	
j	Total lines 1c through 1i			408,111
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
Lobbying Activities	SCHEDULE C, PART II-B, LINE 1(G)	HEALTH CARE POLICY IS CRITICAL TO ALL AMERICANS, AND PIEDMONT HOSPITAL BELIEVES THAT HEALTH CARE PROVIDERS MUST PARTICIPATE IN SHAPING HEALTH CARE POLICY BY INTERACTING WITH NATIONAL, STATE, AND LOCAL REPRESENTATIVES AND THEIR STAFF MEMBERS TO HELP THEM BETTER UNDERSTAND THE COMPLEXITIES AND RAMIFICATIONS OF KEY HEALTH CARE POLICIES INCLUDING, WITHOUT LIMITATION, THOSE RELATED TO UNINSURED AND INDIGENT PATIENT NEEDS, AS WELL AS THE IMPORTANCE OF ASSURING THE DELIVERY OF COST-EFFICIENT, QUALITY HEALTH CARE PIEDMONT HEALTHCARE'S VICE PRESIDENT OF GOVERNMENT AND EXTERNAL AFFAIRS REPRESENTED THE INTERESTS OF PIEDMONT HEALTHCARE (EIN 58-1503902), PIEDMONT HOSPITAL (58-0566213), AND RELATED ENTITIES BEFORE FEDERAL, STATE, AND LOCAL ELECTED OFFICIALS AND REGULATORS

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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
Piedmont Hospital Inc

Employer identification number
58-0566213

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	343,861,628	293,945,492	347,223,727		
b Contributions			149,534		
c Investment earnings or losses	18,073,893	49,633,360	-53,718,394		
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses	-361,479	-282,776	-290,625		
g End of year balance	362,297,000	343,861,628	293,945,492		

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

- a Board designated or quasi-endowment ▶ 100 000 %
- b Permanent endowment ▶ 0 %
- c Term endowment ▶ 0 %

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

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

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

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		12,990,987		12,990,987
b Buildings		462,020,636	267,910,680	194,109,956
c Leasehold improvements				
d Equipment		252,617,537	185,019,281	67,598,156
e Other		1,304,087		1,304,087
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				276,003,186

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

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

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

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

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

(a) Description	(b) Book value
(1) BENEFICIAL INT IN PERP TRUST	8,301,497
(2) DUE FROM RELATED PARTIES	296,060,387
(3) A/R PROFESSIONAL BUILDING	604,217
(4) STOP / LOSS GA ADS	146,002
(5) PCL CON AND NON-COMPETE	701,900
(6) CASH HELD BY TRUSTEE	41,479,503
(7) UNAMORTIZED LOAN DISCOUNT	5,772,199
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	353,065,705

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	0
DUE TO RELATED PARTIES	196,585,502
ACCRUED PENSION COSTS	42,422,607
SELF INSURANCE RESERVES	19,755,362
INTEREST SWAPS	18,494,536
SERP PAYABLE	4,993,118
OTHER DEFERRALS	5,709,209
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	287,960,334

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
ASC 740 FOOTNOTE (FKA FIN 48)	SCHEDULE D, PART X, LINE 2	On July 1, 2007, Piedmont Hospital adopted ASC 740 (FKA FIN 48) THE COMPANY ACCOUNTS FOR INCOME TAXES UNDER THE PROVISIONS OF THE INCOME TAXES TOPIC OF ASC (ASC 740) UNDER THE REQUIREMENTS OF ASC 740, TAX-EXEMPT ORGANIZATIONS MAY BE REQUIRED TO RECORD AN OBLIGATION AS THE RESULT OF A TAX POSITION THEY HAVE HISTORICALLY TAKEN ON VARIOUS TAX EXPOSURE ITEMS THERE WERE NO MATERIAL UNCERTAIN TAX POSITIONS AS OF JUNE 30, 2011

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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
Piedmont Hospital Inc

Employer identification number
58-0566213

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 **125. %**	3a	Yes	
b	Does the organization use FPG to determine eligibility for providing *discounted* care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care . . . . . ☐ 200% ☑ 250% ☐ 300% ☐ 350% ☐ 400% ☐ Other **%**	3b	Yes	
c	If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? . . .	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		
6a	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)			11,887,020	0	11,887,020	1 930 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			18,605,568	13,239,591	5,365,977	0 870 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			30,492,588	13,239,591	17,252,997	2 800 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			1,383,025	0	1,383,025	0 220 %
f Health professions education (from Worksheet 5)			5,000	0	5,000	
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)			3,133,492	0	3,133,492	0 510 %
i Cash and in-kind contributions to community groups (from Worksheet 8)			507,592	0	507,592	0 080 %
j **Total** Other Benefits			5,029,109	0	5,029,109	0 810 %
k **Total.** Add lines 7d and 7j			35,521,697	13,239,591	22,282,106	3 610 %

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	Yes		
2	Enter the amount of the organization's bad debt expense (at cost)	2	12,627,961		
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	631,398		
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	210,568,679
6	Enter Medicare allowable costs of care relating to payments on line 5	6	228,060,502
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-17,491,823
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	Peachtree Orthopedi	Orthopedic Surgery	15 000 %		85 000 %
2	Digestive Healthcare	Endo/GI Surgery	14 959 %		85 041 %
3	Piedmont West ASC	ambulatory surgery	83 500 %		16 500 %
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	Piedmont Hospital Inc 1968 Peachtree Road NW Atlanta, GA 30309	X	X					X		

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

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

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

Part VI Supplemental Information

Complete this part to provide the following information

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

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

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

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

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

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

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

Identifier	ReturnReference	Explanation
1 REQUIRED DESCRIPTIONS	SCHEDULE H, PART VI, LINE 1 REQUIRED DESCRIPTIONS	PUBLIC AVAILABILITY OF COMMUNITY BENEFIT REPORT SCHEDULE H, PART I, LINE 6A PIEDMONT HEALT HCARE, INC (PIEDMONT HOSPITAL'S SOLE MEMBER) PREPARES A WRITTEN COMMUNITY BENEFIT REPORT WHICH CONTAINS THE COMMUNITY BENEFIT REPORT FOR PIEDMONT HOSPITAL THIS REPORT IS MADE AVA ILABLE TO THE PUBLIC PERCENT OF TOTAL EXPENSE SCHEDULE H, PART I, LINE 7(F) THE DENOMINAT OR USED FOR THE CALCULATION OF COLUMN (F), PERCENT OF TOTAL EXPENSE, WAS THE AMOUNT OF TOT AL FUNCTIONAL EXPENSES ON FORM 990, PART IX, LINE 25, COLUMN (A) OF $661,558,930, LESS BAD DEBT EXPENSE OF $46,087,016 FROM FORM 990, PART IX, LINE 24(A) FINANCIAL ASSISTANCE AND CERTAIN OTHER COMMUNITY BENEFITS AT COST SCHEDULE H, PART I, LINE 7 A RATIO OF PATIENT CAR E COST TO CHARGES, CONSISTENT WITH WORKSHEET 2, WAS USED TO REPORT THE AMOUNTS IN PART I, LINES 7A-7D FOR AMOUNTS ON LINES 7E-7K, ACTUAL EXPENSES FOR EACH COMMUNITY BENEFIT ACTIVI TY ARE TRACED AND REPORTED USING THE ORGANIZATION'S COST ACCOUNTING SYSTEM BAD DEBT EXPEN SE CALCULATION AND FOOTNOTE SCHEDULE H, PART III, LINE 4 BASED ON PRIOR EXPERIENCE AND CER TAIN DEMOGRAPHICS AND OTHER INFORMATION OBTAINED DURING ADMISSION, THE ORGANIZATION BELIEV ES A PORTION OF THE BAD DEBT EXPENSES AT COST IS ATTRIBUTABLE TO PATIENTS THAT WOULD OTHER WISE QUALIFY FOR CHARITY CARE DESPITE ITS BEST EFFORTS TO EDUCATE PATIENTS ABOUT QUALIFYI NG FOR ITS CHARITY CARE PROGRAM (AS DISCUSSED IN PART VI, QUESTION 3 BELOW), MANY UNINSURE D PATIENTS EITHER REFUSE OR FAIL TO COMPLETE A CHARITY CARE APPLICATION OR PROVIDE SUFFICI ENT INFORMATION AT THE TIME OF ADMISSION, DURING THEIR STAY, OR AFTER BEING DISCHARGED TO QUALIFY FOR ASSISTANCE UNDER THE ORGANIZATION'S CHARITY CARE POLICY THE AMOUNT REPORTED O N PART III, LINE 3, WAS DETERMINED BY TAKING THE AVERAGE ACCEPTANCE RATE FOR ALL CHARITY C ARE APPLICATIONS RECEIVED DURING THE YEAR MULTIPLIED BY THE NUMBER OF DENIALS THAT WERE AT TRIBUTABLE TO INSUFFICIENT INFORMATION BAD DEBT EXPENSE FOOTNOTE FROM CONSOLIDATED, AUDIT ED FINANCIAL STATEMENTS THE PROVISION FOR BAD DEBTS IS BASED UPON MANAGEMENT'S ASSESSMENT OF HISTORICAL AND EXPECTED NET COLLECTIONS CONSIDERING BUSINESS AND ECONOMIC CONDITIONS, TRENDS IN HEALTH CARE COVERAGE, AND OTHER COLLECTION INDICATORS PERIODICALLY, MANAGEMENT ASSESSES THE ADEQUACY OF THE ALLOWANCE FOR DOUBTFUL ACCOUNTS BASED UPON HISTORICAL WRITE-O FF EXPERIENCE BY PAYER CATEGORY THE RESULTS OF THIS REVIEW ARE THEN USED TO MAKE ANY MODI FICATIONS TO THE PROVISION FOR BAD DEBTS TO ESTABLISH AN APPROPRIATE ALLOWANCE FOR UNCOLLE CTIBLE RECEIVABLES PH PROVIDES CARE TO PATIENTS WHO MEET CERTAIN CRITERIA UNDER ITS CHARI TY CARE POLICY WITHOUT CHARGE OR AT AMOUNTS LESS THAN ITS ESTABLISHED RATES AMOUNTS DETER MINED TO QUALIFY AS CHARITY CARE ARE NOT REPORTED AS REVENUE MEDICARE SHORTFALLS AS COMMU NITY BENEFIT SCHEDULE H, PART III, LINE 8 THE AMOUNT REPORTED ON PART III, SECTION B, LINE 6 WAS CALCULATED IN ACCORDANCE WITH THE SCHEDULE H INSTRUCTIONS AND UTILIZING THE ORGANIZ ATION'S ALLOWABLE MEDICARE COST AS REPORTED IN THE MEDICARE COST REPORT, WHICH IS BASED ON A COST TO CHARGE RATIO HOWEVER, THE ALLOWABLE COSTS IN THE MEDICARE COST REPORT DO NOT R EFLECT THE ACTUAL COST OF PROVIDING CARE TO PATIENTS SINCE THE MEDICARE COST REPORT EXCLUD ES MANY DIRECT PATIENT CARE COSTS THAT ARE ESSENTIAL TO PROVIDING QUALITY HEALTHCARE FOR M EDICARE PATIENTS FOR EXAMPLE, CERTAIN COVERAGE FEES TO PHYSICIANS, COST OF MEDICARE C AND D, AND OTHER SIMILAR DIRECT PATIENT CARE EXPENSES ARE SPECIFICALLY EXCLUDED FROM ALLOWABL E COST IN THE MEDICARE COST REPORT THE ORGANIZATION BELIEVES THAT THE ENTIRE $17,491,823 OF MEDICARE SHORTFALL REPORTED ON LINE 7 OF SCHEDULE H, PART III SHOULD BE CONSIDERED COMM UNITY BENEFIT FOR THE FOLLOWING REASONS FIRST, THE IRS COMMUNITY BENEFIT STANDARD INCLUDE S THE PROVISION OF CARE TO THE ELDERLY AND MEDICARE PATIENTS IRS REVENUE RULING 69-545 PR OVIDES, IN PART, THAT HOSPITALS SERVING PATIENTS WITH GOVERNMENTAL HEALTH BENEFITS, INCLUD ING, FOR EXAMPLE, MEDICARE, IS AN INDICATION THAT THE HOSPITAL OPERATES FOR THE PROMOTION OF HEALTH IN THE COMMUNITY SECOND, DURING FISCAL YEAR 2011, MEDICARE ACCOUNTED FOR 30 2 P ERCENT OF PH'S PATIENT SERVICE REVENUE PIEDMONT HOSPITAL'S POLICY IS TO TREAT MEDICARE PA TIENTS REGARDLESS OF THE EXTENT TO WHICH MEDICARE ACTUALLY COVERS THE COSTS OF THAT TREATM ENT FOR MANY OF THE MEDICAL SERVICES PROVIDED BY THE HOSPITAL, MEDICARE DOES NOT PROVIDE SUFFICIENT REIMBURSEMENT TO COVER THE COST OF PROVIDING CARE TO THE PATIENTS RESULTING ME DICARE SHORTFALLS MUST BE ABSORBED BY PIEDMONT HOSPITAL IN ORDER TO CONTINUE TREATING ELDE RLY MEDICARE PATIENTS IN THE METROPOLITAN ATLANTA COMMUNITY FURTHER, IT IS EXPECTED THAT REIMBURSEMENT UNDER THE MEDICARE PROGRAM WILL CONTINUE TO DECLINE AND THEREFORE MAY FURTHE R LIMIT ACCESS TO CARE FOR ELDERLY PATIENTS DUE TO THE ANTICIPATED REDUCTION OF PARTICIPAT ION IN THE MEDICARE PROGRAM BY HEALTHCARE PROVIDERS IN THE COMMUNITY AS A RESULT, NONPROF IT HOSPITALS AND/OR COUNTY HOSPITAL DISTRICTS WILL

Identifier	ReturnReference	Explanation
1 REQUIRED DESCRIPTIONS	SCHEDULE H, PART VI, LINE 1 REQUIRED DESCRIPTIONS	LIKELY BEAR THE MAJORITY OF THE FINANCIAL BURDEN OF TREATING MEDICARE PATIENTS THIRD, PI EDMONT HOSPITAL RELIEVES A FINANCIAL BURDEN ON THE FEDERAL AND STATE GOVERNMENTS TO PAY FO R ALL OF THE SERVICES PROVIDED TO MEDICARE PATIENTS FOURTH, THE STATE OF GEORGIA REQUIRES NON-PROFIT HOSPITALS TO PROVIDE A MINIMAL LEVEL OF COMMUNITY BENEFIT IN ORDER TO OBTAIN E XEMPTION FROM STATE AND LOCAL TAXES ACCORDING TO GEORGIA STATE LAW, THE UNREIMBURSED COST OF MEDICARE IS CONSIDERED TO BE COMMUNITY BENEFIT FIFTH, MANY OF THE MEDICARE PARTICIPAN TS HAVE LOW, FIXED INCOMES AND THEREFORE WOULD QUALIFY FOR CHARITY CARE OR OTHER MEANS-TES TED GOVERNMENT PROGRAMS, ABSENT BEING ENROLLED IN THE MEDICARE PROGRAM COLLECTION PRACTIC ES SCHEDULE H, PART III, LINE 9(B) INITIAL SCREENINGS OF ALL INPATIENT, EMERGENCY, AND SUR GERY ENCOUNTERS, AS WELL AS MOST OUTPATIENT VISITS, ARE CONDUCTED BY FINANCIAL COUNSELORS IN ORDER TO IDENTIFY ANY AVAILABLE INSURANCE OR OTHER COVERAGE FOR EACH PATIENT COUNSELOR S CONTACT PATIENTS AND THEIR FAMILIES DIRECTLY, EITHER IN PERSON OR BY LETTER, TO ASSIST T HE FAMILY IN INDENTIFYING ANY PROGRAMS FOR WHICH THE PATIENT/SERVICE MAY QUALIFY (INCLUDIN G MEDICAID, STATE CHILDREN'S HEALTH INSURANCE PROGRAM ("SCHIP"), PRIVATE OR GOVERNMENT INS URANCE COVERAGE, AND CHARITY ASSISTANCE) IF THE FAMILY CANNOT BE TIMELY LOCATED OR IS UNC OOPERATIVE, RELATED ACCOUNTS ARE TRANSFERRED TO AN INTERNAL COLLECTION DEPARTMENT FOR FURT HER ATTEMPTS TO OBTAIN PAYMENT OR, IF THE PATIENT MAY QUALIFY FOR ASSISTANCE, TO SECURE A FINANCIAL ASSISTANCE APPLICATION THE ORGANIZATION'S DEBT COLLECTION POLICY AND PROCEDURES PROHIBIT ANY COLLECTION EFFORTS FOR THE PORTION OF A PATIENT ACCOUNT BALANCE THAT QUALIFI ES FOR FINANCIAL ASSISTANCE UNDER THE ORGANIZATION'S CHARITY CARE POLICY

Identifier	ReturnReference	Explanation
2 NEEDS ASSESSMENT	SCHEDULE H, PART VI, LINE 2 NEEDS ASSESSMENT	PIEDMONT HEALTHCARE HAS PARTNERED WITH THE GEORGIA STATE UNIVERSITY PUBLIC HEALTH DEPARTMENT TO ASSESS THE HEALTHCARE NEEDS OF OUR COMMUNITY IN MARCH 2010, PIEDMONT HEALTHCARE PARTNERED WITH THE GEORGIA STATE UNIVERSITY INSTITUTE OF PUBLIC HEALTH AS TO FORMALLY ASSESS THE HEALTHCARE NEEDS OF THE METROPOLITAN ATLANTA COMMUNITY THROUGH THE USE OF PRIMARY AND SECONDARY DATA AND STAKEHOLDER INPUT TO ESTABLISH COMMUNITY NEED WITH A FOCUS ON THE FOLLOWING AREAS POPULATION DEMOGRAPHIC PROFILE, HEALTH BURDENS, COMMUNITY-BASED HEALTH CARE AND SOCIAL SERVICE ASSETS AND NEEDS, COMMUNITY MEMBERS AND PIEDMONT STAFF PERCEPTIONS, AND, EMERGENCY DEPARTMENT USE TRENDS THE INFORMATION WAS THEN USED TO DESIGN AND EXECUTE A SYSTEMATIC APPROACH TO PHC'S COMMUNITY BENEFITS PROGRAMMING AS TO BETTER ADDRESS THE HEALTH NEEDS THAT WERE IDENTIFIED, WITH A PARTICULAR FOCUS ON THE MORE VULNERABLE MEMBERS OF THE COMMUNITY PHC USED THE COMMUNITY HEALTH NEEDS ASSESSMENT AS ITS BENCHMARK IN ESTABLISHING STANDARDS FOR PROGRAMMATIC EFFECTIVENESS, WHICH ARE REGULARLY REVIEWED AND EVALUATED

Identifier	ReturnReference	Explanation
3 PATIENT EDUCATION OF ASSISTANCE ELIGIBILITY	SCHEDULE H, PART VI, LINE 3 PATIENT EDUCATION OF ASSISTANCE ELIGIBILITY	IN ORDER TO INFORM AND EDUCATE PATIENTS ABOUT THEIR ELIGIBILITY FOR ASSISTANCE UNDER FEDERAL, STATE, OR LOCAL GOVERNMENT PROGRAMS, OR UNDER THE HOSPITAL'S CHARITY CARE POLICY, THE HOSPITAL FOLLOWS THE FOLLOWING PROCEDURES - REGISTRARS REVIEW PROGRAM GUIDELINES WITH PATIENTS, - BROCHURES THAT EXPLAIN PAYMENT AND FINANCIAL ASSISTANCE OPTIONS ARE AVAILABLE IN REGISTRATION AREAS, - THE HOSPITAL'S WEBSITE AND ALL BILLING STATEMENTS PROVIDE CONTACT INFORMATION FOR PATIENT FINANCIAL SERVICES, - PATIENT FINANCIAL SERVICES REPRESENTATIVES EXPLAIN THE PERTINENT POLICY TO THE PATIENT AND PROVIDE ANY FORMS THAT NEED TO BE COMPLETED BY THE PATIENT, - ALL UNINSURED PATIENTS ARE SCREENED FOR CHARITY ELIGIBILITY WITH AN AUTOMATIC ONLINE SERVICE (SEARCH AMERICA), AND FOR MEDICAID ELIGIBILITY USING A THIRD PARTY (BOTH SERVICES ARE FREE OF CHARGE TO THE PATIENT), - INDIGENT CARE CAN BE AUTHORIZED AT REGISTRATION

Identifier	ReturnReference	Explanation
4 COMMUNITY INFORMATION	SCHEDULE H, PART VI, LINE 4 COMMUNITY INFORMATION	PIEDMONT HOSPITAL PRIMARILY FOCUSES ON THE COMMUNITY WITHIN A 20 MILE RADIUS OF THE HOSPITAL ADDRESS AND SERVES THOSE WHO ARE UNINSURED, UNDERINSURED, AND UNDERSERVED, AS WELL AS THOSE IN NEED OF HEALTH EDUCATION

Identifier	ReturnReference	Explanation
5 PROMOTION OF COMMUNITY HEALTH	SCHEDULE H, PART VI, LINE 5 PROMOTION OF COMMUNITY HEALTH	PIEDMONT HEALTHCARE WORKS WITH COMMUNITY PARTNERS THAT COMBINE EDUCATION AND SUPPORT TO PROMOTE HEALTHY LIFESTYLES TO MEMBERS OF THE COMMUNITY THROUGH ONE SUCH PROGRAM, HEALTHMPOWERS, PHC PROVIDES NUTRITION AND FITNESS MATERIALS TO STUDENTS AND TEACHERS AT GARDEN HILLS ELEMENTARY SCHOOL IN ATLANTA, AS WELL AS TRAINING FOR THE TEACHERS TO INCORPORATE INTO REGULAR CURRICULUM HEALTHMPOWERS, SPECIALIZES IN THE DEVELOPMENT OF THE MATERIALS AND MONITORS THE PROGRESS OF THE TEACHERS AND STUDENTS OVER THE ENTIRE SCHOOL YEAR WITH NO EXTRA WORK ON THE SCHOOL'S PART, STUDENTS LEARN WAYS TO INCORPORATE FRUITS AND VEGETABLES INTO THEIR DIETS, AS WELL THE IMPORTANCE OF EXERCISING EACH DAY THE STUDENTS ARE THEN ABLE TO SHARE THIS KNOWLEDGE WITH THEIR PARENTS AND ENCOURAGE THEM TO DEVELOP HEALTHIER LIFESTYLES ADDITIONAL PROGRAMS OFFERED TO THE COMMUNITY INCLUDE WOMEN, MEN, AND FAMILY-FOCUSED HEALTH EXPOS, AS WELL AS MINORITY COMMUNITY FAIRS, WHERE PARTICIPANTS RECEIVE FREE HEALTH SCREENINGS AND CAN ATTEND EDUCATIONAL SEMINARS A LONG-STANDING PROGRAM WITH MEDSHARE INTERNATIONAL OFFERS MEDICAL EQUIPMENT AND SUPPLIES TO VULNERABLE AREAS, NATIONWIDE AND WORLDWIDE, WHICH PIEDMONT HOSPITALS ARE ABLE TO DONATE RATHER THAN WASTE WHEN THEY ARE CONSIDERED TO NOT BE IN OPTIMAL CONDITION OR HAVE EXPIRED

Identifier	ReturnReference	Explanation
6 AFFILIATED HEALTH CARE SYSTEM	SCHEDULE H, PART VI, LINE 6 AFFILIATED HEALTH CARE SYSTEM	THE ORGANIZATION IS PART OF AN INTEGRATED HEALTHCARE DELIVERY SYSTEM ("SYSTEM") SERVING THE HEALTHCARE NEEDS OF NORTH GEORGIA AND, SPECIFICALLY, THE METROPOLITAN ATLANTA AREA THE SYSTEM EXISTS TO PROVIDE PROGRESSIVE HEALTHCARE MARKED BY COMPASSION AND SUSTAINABLE EXCELLENCE TO ALL MEMBERS OF ITS COMMUNITY COMMUNITY BENEFITS ARE GENERATED THROUGH THE PROVISION OF CHARITY CARE, GOVERNMENT-SPONSORED PROGRAMS (SUCH AS MEDICAID AND MEDICARE), MEDICAL RESEARCH, MEDICAL EDUCATION, COMMUNITY HEALTH IMPROVEMENT SERVICES, DONATIONS TO OTHER NONPROFIT HEALTH CARE PROVIDERS, AND MANY OTHER COMMUNITY SERVICE ACTIVITIES IN FISCAL YEAR 2011, THE PIEDMONT HEALTHCARE SYSTEM INCLUDED FOUR FULL-SERVICE HOSPITALS, A PHILANTHROPIC FOUNDATION, A CARDIOVASCULAR RESEARCH INSTITUTE, A PHYSICIAN NETWORK, AMBULATORY SURGERY CENTERS, AND OTHER HEALTH CARE PROVIDERS, ALL OF WHICH FALL UNDER THE COMMON CONTROL OF PIEDMONT HEALTHCARE, INC , PIEDMONT HOSPITAL'S SOLE MEMBER AS PART OF THE PIEDMONT HEALTHCARE SYSTEM, CERTAIN AFFILIATES MAKE GRANTS AND/OR CONTRIBUTIONS TO OTHER RELATED NONPROFIT AFFILIATES TO HELP FINANCIALLY SUPPORT AND/OR FUND WORTHY COMMUNITY BENEFITS ACTIVITIES

Identifier	ReturnReference	Explanation
7 STATE OF FILING OF COMMUNITY BENEFIT REPORT	SCHEDULE H, PART VI, LINE 7 STATE OF FILING OF COMMUNITY BENEFIT REPORT	PIEDMONT HEALTHCARE, INC , FILES THE COMMUNITY BENEFIT REPORT FOR ITS HEALTHCARE SYSTEM IN THE STATE OF GEORGIA

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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
Piedmont Hospital Inc

Employer identification number
58-0566213

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 . . . ▶ 13

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
(1) Nursing education scholarship	5	62,152			

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
MONITORING THE USE OF GRANT FUNDS	SCHEDULE I, PART I, LINE 2	SCHOLARSHIPS NURSING EDUCATION SCHOLARSHIPS ARE GIVEN TO INDIVIDUALS WHO ARE JUNIORS OR SENIORS IN AN ACCREDITED NURSING SCHOOL INDIVIDUALS INTERESTED IN A SCHOLARSHIP MUST COMPLETE AN APPLICATION BEFORE JUNE 1ST OF THE YEAR APPLICANTS ARE INTERVIEWED BY A TWO PERSON NURSING COMMITTEE AND CHOSEN BASED UPON GPA (MUST BE GREATER THAN 3 0), LEADERSHIP, FINANCIAL NEED, REFERENCE LETTERS (TWO REQUIRED), AND A 500 WORD ESSAY DESCRIBING WHAT NURSING MEANS TO THEM APPLICANTS DO NOT NEED TO HAVE ANY CURRENT AFFILIATION WITH THE HOSPITAL HOWEVER, IN ORDER TO RECEIVE THE SCHOLARSHIPS, APPLICANTS MUST AGREE TO SIGN A 1 OR 2 YEAR EMPLOYMENT CONTRACT UPON COMPLETION OF SCHOOL NURSING ADMINISTRATION MONITORS COMPLIANCE WITH THE PROGRAM SPONSORSHIPS MONEY IS ALSO GIVEN TO CHARITABLE ORGANIZATIONS ORGANIZATIONS THAT RECEIVE MONEY ARE PRIMARILY CHARITABLE ORGANIZATIONS WHICH PROMOTE HEALTH CARE CAUSES OCCASIONALLY, MONEY IS GIVEN TO CHARITABLE ORGANIZATIONS WHICH ARE NOT HEALTHCARE ORGANIZATIONS THESE ORGANIZATIONS PROMOTE OTHER WORTHY CAUSES IN THE SURROUNDING COMMUNITY THE GRANTS ARE ADMINISTERED IN THE PUBLIC RELATIONS DEPARTMENT FEDERAL GRANTS GRANT FUNDS ARE MONITORED IN THE GRANTS MANAGEMENT DEPARTMENT ELIGIBILITY, SELECTION CRITERIA AND ALL NECESSARY RECORDS ARE MAINTAINED BY THIS DEPARTMENT TO ENSURE COMPLIANCE WITH THE RELEVANT REGULATIONS SCHOLARSHIPS NURSING EDUCATION SCHOLARSHIPS ARE GIVEN TO INDIVIDUALS WHO ARE JUNIORS OR SENIORS IN AN ACCREDITED NURSING SCHOOL INDIVIDUALS INTERESTED IN A SCHOLARSHIP MUST COMPLETE AN APPLICATION BEFORE JUNE 1ST OF THE YEAR APPLICANTS ARE INTERVIEWED BY A TWO PERSON NURSING COMMITTEE AND CHOSEN BASED UPON GPA (MUST BE GREATER THAN 3 0), LEADERSHIP, FINANCIAL NEED, REFERENCE LETTERS (TWO REQUIRED), AND A 500 WORD ESSAY DESCRIBING WHAT NURSING MEANS TO THEM APPLICANTS DO NOT NEED TO HAVE ANY CURRENT AFFILIATION WITH THE HOSPITAL HOWEVER, IN ORDER TO RECEIVE THE SCHOLARSHIPS, APPLICANTS MUST AGREE TO SIGN A 1 OR 2 YEAR EMPLOYMENT CONTRACT UPON COMPLETION OF SCHOOL NURSING ADMINISTRATION MONITORS COMPLIANCE WITH THE PROGRAM SPONSORSHIPS MONEY IS ALSO GIVEN TO CHARITABLE ORGANIZATIONS ORGANIZATIONS THAT RECEIVE MONEY ARE PRIMARILY CHARITABLE ORGANIZATIONS WHICH PROMOTE HEALTH CARE CAUSES OCCASIONALLY, MONEY IS GIVEN TO CHARITABLE ORGANIZATIONS WHICH ARE NOT HEALTHCARE ORGANIZATIONS THESE ORGANIZATIONS PROMOTE OTHER WORTHY CAUSES IN THE SURROUNDING COMMUNITY THE GRANTS ARE ADMINISTERED IN THE PUBLIC RELATIONS DEPARTMENT

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 58-0566213
Name: Piedmont 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
American Diabetes Association225 PEACHTREE STREET NE Atlanta,GA 30303	13-1623888	501(c)(3)	6,550				CHARITABLE EVENT SPONSORSHIP
American Heart Association PO BOX 4002900 DES MOINES,IA 50340	13-5613797	501(c)(3)	17,000				Charitable/Community Service

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
Good Samaritan Heatlh Center1015 Donald Lee Hollowell Pkwy Atlanta, GA 30318	58-2373395	501(c)(3)	55,500				Charitable/Community Service
ARTHRITIS FOUNDATION 2970 PEACHTREE ROAD NW Atlanta, GA 30305	58-6011830	501(c)(3)	10,000				"CRYSTAL BALL" EVENT SPONSORSHIP

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
Skyland Trail1961 North Druid Hills Road Atlanta,GA 30329	58-1489941	501(c)(3)	6,000				"BENEFITS OF LAUGHTER" EVENT SPONSORSHIP
HENRY MEDICAL CENTER FOUNDATION1133 EAGLES LANDING PARKWAY STOCKBRIDGE,GA 30281	58-1502600	501(c)(3)	15,000				CHARITABLE GOLF TOURNAMENT SPONSORSHIP

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
HENRYS HUFFIN FOR STUFFIN INC5136 HERON BAY BLVD LOCUS GROVE,GA 30248	58-1025691	501(C)(3)	5,510				THANKSGIVING 5K EVENT SPONSORSHIP
METRO SOUTH GOLF CHARITIES INC100 EAGLES LANDING WAY STOCKBRIDGE,GA 30281	58-2144566	501(C)(3)	7,500				CHARITABLE GOLF TOURNAMENT SPONSORSHIP

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
NATIONAL MARFAN FOUNDATION22 MANHASSET AVENUE PORT WASHINGTON,NY 11050	52-1265361	501(C)(3)	10,000				"HEARTWORKS ATLANTA" EVENT SPONSORSHIP
SUSAN G KOMEN FOR THE CURE4840 ROSWELL ROAD BLDG D STE 100 ATLANTA,GA 30342	75-1835298	501(C)(3)	11,000				"RACE FOR THE CURE" SPONSORSHIP

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
THE LEUKEMIA & LYMPHOMA SOCIETY3715 NORTHSIDE PARKWAY BLDG 400 S ATLANTA,GA 30327	13-5644916	501(C)(3)	25,000				"LIGHT THE NIGHT" EVENT SPONSORSHIP
WOMENETICS99 W Paces Ferry Rd NW Suite 200 ATLANTA,GA 30305	27-0362469	501(C)(3)	9,700				GLOBAL WOMEN'S PROGRAM SPONSORSHIP

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
YMCA OF METRO ATLANTA 100 EDGEWOOD AVE NE STE 1100 ALTANTA,GA 30303	58-0566253	501(C)(3)	6,000				CHARITABLE GOLF TOURNAMENT SPONSORSHIP

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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
Piedmont Hospital Inc

Employer identification number
58-0566213

Part I Questions Regarding Compensation

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

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

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

Note. The sum of columns (B)(i)-(iii) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) Dr William Blincoe	(i)	0	0	0	0	0	0	0
	(ii)	559,987	30,750	3,762	31,800	11,387	637,686	0
(2) Mr Robert W Maynard	(i)	341,902	163,730	1,057,161	1,097,599	6,040	2,666,432	0
	(ii)	0	0	0	0	0	0	0
(3) Mr Charlie Hall	(i)	0	0	0	0	0	0	0
	(ii)	407,719	156,975	46,127	73,201	9,918	693,940	0
(4) Ms Debbie W Gramling	(i)	0	0	0	0	0	0	0
	(ii)	120,396	24,802	3,613	22,132	10,504	181,447	0
(5) Ms Connie Whittington	(i)	211,736	45,177	17,895	23,874	5,528	304,210	0
	(ii)	0	0	0	0	0	0	0
(6) Mr Thomas Arnold	(i)	270,608	58,715	24,046	47,609	12,648	413,626	0
	(ii)	0	0	0	0	0	0	0
(7) Mr Wright Alcorn	(i)	223,319	49,792	26,832	23,291	11,349	334,583	0
	(ii)	0	0	0	0	0	0	0
(8) Mr Everett Thompson	(i)	228,591	49,818	42,260	42,356	10,487	373,512	0
	(ii)	0	0	0	0	0	0	0
(9) Dr Matthew Schreiber	(i)	349,098	75,275	6,186	62,078	12,068	504,705	0
	(ii)	0	0	0	0	0	0	0
(10) Dr Patrick M Battey	(i)	0	0	0	0	0	0	0
	(ii)	407,110	4,973	43,087	26,415	8,015	489,600	0
(11) Ms Denise Ray	(i)	319,848	68,757	14,841	26,010	11,008	440,464	0
	(ii)	0	0	0	0	0	0	0
(12) Mr Leslie A Donahue	(i)	228,358	40,000	29,879	17,767	3,611	319,615	0
	(ii)	0	0	0	0	0	0	0
(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
FIRST CLASS TRAVEL	SCHEDULE J, PART I, LINE 1A	EXPENSES FOR FIRST CLASS TRAVEL ARE PAID ON BEHALF OF CERTAIN EXECUTIVES THESE ITEMS ARE NOT REPORTED ON THE EMPLOYEE'S FORM W-2, HOWEVER, THE COMPANY IS REIMBURSED FOR ANY PERSONAL EXPENSES INCURRED BY THE EMPLOYEE
COMPENSATION OF THE CEO/EXECUTIVE DIRECTOR	SCHEDULE J, PART I, LINE 3	THE COMPENSATION FOR THE PRESIDENT/CEO OF PIEDMONT HOSPITAL IS SET BY THE ENTITY'S PARENT, PIEDMONT HEALTHCARE, INC PLEASE SEE THE SCHEDULE O NARRATIVE FOR FORM 990, PART VI, SECTION B, LINE 15A & 15B FOR ADDITIONAL INFORMATION
SUPPLEMENTAL COMPENSATION INFORMATION	SCHEDULE J, PART I, LINES 4A & 4B	WRIGHT ALCORN TERMINATED ON DECEMBER 31, 2010, AND RECEIVED A SEVERANCE PAYMENT FROM THE ORGANIZATION IN 2011IN THE AMOUNT OF $277,804 CHARLIE HALL, LESLIE DONAHUE, MATTHEW SCHREIBER, AND THOMAS ARNOLD PARTICIPATED IN A SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN, BUT DID NOT RECEIVE CURRENT YEAR PAYMENTS ROBERT MAYNARD, FORMER PRESIDENT & CEO, RECEIVED A PAYMENT FROM HIS SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN IN THE AMOUNT OF $1,027,869
BONUSES	FORM 990, PART VII AND SCHEDULE J, PART I LINES 6A & 6B	BONUSES ARE PAID ANNUALLY TO CERTAIN EMPLOYEES BASED ON VARIOUS METRICS, INCLUDING NET EARNINGS

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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
Piedmont Hospital Inc

Employer identification number
58-0566213

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	DEVELOPMENT AUTHORITY OF FULTON COUNTY	58-1639487	359900ZX8	11-24-2009	248,554,761	SEE PART V - SUPPLEMENTAL INFO		X		X		X
B	HOSPITAL AUTHORITY OF FAYETTE COUNTY	58-2629223	31222TAJ2	11-24-2009	79,849,335	SEE PART V - SUPPLEMENTAL INFO		X		X		X
C	COWETA COUNTY DEVELOPMENT AUTHORITY	58-1057672	223658PW9	10-27-2010	99,459,357	CONSTRUCT AND EQUIP A NEW HOSPITAL		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	2,940,000	8,250,000	0	
2	Amount of bonds legally defeased	0	0	0	
3	Total proceeds of issue	299,999,726	78,404,371	99,459,357	
4	Gross proceeds in reserve funds	0	0	0	
5	Capitalized interest from proceeds	0	0	0	
6	Proceeds in refunding escrow	0	0	0	
7	Issuance costs from proceeds	7,212	1,885	0	
8	Credit enhancement from proceeds	0	0	0	
9	Working capital expenditures from proceeds	0	0	0	
10	Capital expenditures from proceeds	0	0	57,902,721	
11	Other spent proceeds	299,992,514	78,402,486	0	
12	Other unspent proceeds	0	0	41,479,502	
13	Year of substantial completion	2009	2009		

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?	X		X			X		
b	Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		
c	Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property?	X		X		X			
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	0 %		0 %		0 %			
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶	0 %		0 %		0 %			
6	Total of lines 4 and 5	0 %		0 %		0 %			
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		X		X			

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X		X		
2	Is the bond issue a variable rate issue?	X		X			X		
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X		X		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		X		X		
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?		X		X		X		
6	Did the bond issue qualify for an exception to rebate?		X		X		X		

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
DEVELOPMENT AUTHORITY OF FULTON COUNTY BONDS ISSUED 11/24/2009	SCHEDULE K, PART I, LINE A	ON NOVEMBER 24, 2009, PIEDMONT HEALTHCARE, INC , (PIEDMONT HOSPITAL'S SOLE MEMBER, EIN 58-1503902) ENTERED INTO A BOND ISSUANCE AGREEMENT WITH THE DEVELOPMENT AUTHORITY OF FULTON COUNTY CONSISTING OF THE FOLLOWING SERIES SERIES 2009A, CUSIP # 359900ZX8, ISSUE PRICE $166,454,761 (FIXED RATE) SERIES 2009B, CUSIP # 359900ZY6, ISSUE PRICE $70,000,000 (VARIABLE RATE) SERIES 2009C, CUSIP # NONE, ISSUE PRICE $62,100,000 (FIXED RATE) THE ISSUE WAS USED TO REFUND BONDS ISSUED ON 04/07/1999, 06/14/2001, 04/13/2003, 12/15/2005, AND 12/13/2007 THE 2009C BONDS WERE USED TO REPAY A LINE OF CREDIT (SUN TRUST NOTE) THAT FUNDED CONSTRUCTION AND RENOVATION PROJECTS
HOSPITAL AUTHORITY OF FAYETTE COUNTY BONDS ISSUED 11/24/2009	SCHEDULE K, PART 1, LINE B	ON NOVEMBER 24, 2009, PIEDMONT HEALTHCARE, INC , (PIEDMONT HOSPITAL'S SOLE MEMBER, EIN 58-1503902) ENTERED INTO A BOND ISSUANCE AGREEMENT WITH THE HOSPITAL AUTHORITY OF FAYETTE COUNTY CONSISTING OF THE FOLLOWING SERIES SERIES 2009A, CUSIP # 31222TAJ2, ISSUE PRICE $36,204,335 (FIXED RATE) SERIES 2009B, CUSIP # 31222TAH6, ISSUE PRICE $36,645,000 (VARIABLE RATE) SERIES 2009C, CUSIP # NONE, ISSUE PRICE $7,000,000 (FIXED RATE) THE ISSUE WAS USED TO REFUND BONDS ISSUED ON 04/07/1999, 06/14/2001, 04/13/2003, 12/15/2005, AND 12/13/2007 THE 2009C BONDS WERE USED TO REPAY A LINE OF CREDIT (SUN TRUST NOTE) THAT FUNDED CONSTRUCTION AND RENOVATION PROJECTS
TOTAL PROCEEDS OF ISSUE	SCHEDULE K, PART II, LINE 3, COLUMNS A & B	THE 2009 BOND ISSUES LISTED IN COLUMNS A & B OF PART I ARE COMBINED ON THE FORM 8038 FILED BY PIEDMONT HOWEVER, FOR PURPOSES OF SCHEDULE K REPORTING, PIEDMONT HAS BROKEN OUT THE BOND ISSUES BASED ON THE AUTHORITY (I E FAYETTE OR FULTON) THAT ISSUED THE BONDS CONSEQUENTLY, THE REPORTING IN COLUMNS A & B WILL NOT TIE TO THE FORM 8038 FILED WITH THE IRS AT THE TIME OF ISSUANCE

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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
Piedmont Hospital Inc

Employer identification number
58-0566213

Identifier	Return Reference	Explanation
Program Services	FORM 990, PART III, LINE 4D	The top three Piedmont Hospital ("PH") Service Lines for FY 2011 were Cardiovascular, Transplant, and Orthopedic Services The remaining Program Service Revenues and expenses consist of other Inpatient and Outpatient Service Lines for the fiscal year ended June 30, 2011

Identifier	Return Reference	Explanation
ORGANIZATION'S SOLE MEMBER	FORM 990, PART VI, SECTION A, LINE 6	PIEDMONT HEALTHCARE, INC , (EIN 58-1503902) IS THE SOLE MEMBER OF PIEDMONT HOSPITAL, INC (''PH'')

Identifier	Return Reference	Explanation
ELECTION OF GOVERNING BODY	FORM 990, PART VI, SECTION A, LINE 7A	THE BOARD OF PIEDMONT HEALTHCARE APPOINTS THE MEMBERS OF THE BOARD OF DIRECTORS OF PIEDMONT HOSPITAL

Identifier	Return Reference	Explanation
DECISIONS OF GOVERNING BODY	FORM 990, PART VI, SECTION A, LINE 7B	PIEDMONT HOSPITAL'S BOARD POLICIES AND DECISIONS MUST BE FILED, IMMEDIATELY AFTER ADOPTION, WITH THE SECRETARY OF THE PIEDMONT HEALTHCARE BOARD OF DIRECTORS SUCH POLICIES AND DECISIONS OF THE PIEDMONT HOSPITAL BOARD OF DIRECTORS ARE NOT SUBJECT TO THE APPROVAL OF OR RATIFICATION BY THE PIEDMONT HEALTHCARE BOARD, BUT SHOULD THE NEED ARISE, THEY MAY BE RESCINDED BY THE PIEDMONT HEALTHCARE BOARD THROUGH A MAJORITY VOTE OF ITS DIRECTORS

Identifier	Return Reference	Explanation
990 REVIEW PROCESS	FORM 990, PART VI, SECTION B, LINE 11B	INFORMATION NEEDED TO PREPARE PIEDMONT HOSPITAL'S FORM 990 IS COMPILED BY INDIVIDUALS IN THE ORGANIZATION'S FINANCE DEPARTMENT THE INFORMATION IS REVIEWED BY PH'S CONTROLLER AND VP/CFO THE 990 IS THEN PREPARED INTERNALLY BY PIEDMONT HEALTHCARE, INC 'S TAX COMPLIANCE MANAGER AND SUBMITTED TO AN EXTERNAL TAX PREPARER FOR REVIEW COPIES OF FORM 990 ARE PROVIDED TO THE BOARD OF DIRECTORS OF PIEDMONT HEALTHCARE, INC , PRIOR TO FILING

Identifier	Return Reference	Explanation
CONFLICT OF INTEREST POLICY	FORM 990, PART VI, SECTION B, LINE 12C	COMPLIANCE WITH THE ORGANIZATION'S CONFLICT OF INTEREST POLICY IS MONITORED AND ENFORCED BY ORGANIZATION MANAGEMENT IN COORDINATION WITH PIEDMONT HEALTHCARE'S VICE PRESIDENT OF COMPLIANCE. ALL SENIOR LEADERS, BOARD MEMBERS, PHYSICIAN EMPLOYEES, AND EMPLOYEES ENGAGED IN RESEARCH ARE REQUIRED TO ANNUALLY DISCLOSE ALL MATTERS WHICH COULD POTENTIALLY CONSTITUTE A CONFLICT OF INTEREST. MATTERS DISCLOSED UNDER THE POLICY MUST BE REVIEWED IN WRITING BY THE REPORTING INDIVIDUAL'S SUPERVISING MANAGER AND THEN BY THE PIEDMONT HEALTHCARE CONFLICT OF INTEREST COMMITTEE IN ORDER TO DETERMINE WHETHER A CONFLICT EXISTS AND, IF SO, WHETHER TO ELIMINATE OR MANAGE THE CONFLICT. ALL BOARD MEMBERS AND EMPLOYEES OF PIEDMONT HOSPITAL ARE PROVIDED TRAINING ON THE REQUIREMENTS OF THE CONFLICT OF INTEREST POLICY AT NEW-EMPLOYEE ORIENTATION AND AT LEAST ANNUALLY THEREAFTER. NONCOMPLIANCE WITH THE CONFLICT OF INTEREST POLICY MUST BE REPORTED TO PIEDMONT HEALTHCARE'S VICE PRESIDENT OF COMPLIANCE FOR INVESTIGATION AND REMEDIAL STEPS MUST BE TAKEN AS APPROPRIATE UNDER THE PIEDMONT HEALTHCARE DISCIPLINARY POLICIES

Identifier	Return Reference	Explanation
EXECUTIVE COMPENSATION	FORM 990, PART VI, SECTION B, LINES 15A & 15B	COMPENSATION FOR EXECUTIVES OF PIEDMONT HOSPITAL IS SET BY THE BOARD OF DIRECTORS OF PIEDMONT HEALTHCARE, INC THE PIEDMONT HEALTHCARE, INC , BOARD OF DIRECTORS EXECUTIVE PERFORMANCE AND COMPENSATION COMMITTEE (''THE COMMITTEE'') IS COMPOSED OF AT LEAST THREE MEMBERS, SERVING TERMS OF THREE YEARS, AND THE MAJORITY OF WHICH ARE COMMUNITY DIRECTORS WHO GENERALLY DO NOT HAVE CONFLICTS OF INTEREST RELATED TO FULFILLMENT OF THE DUTIES AS OUTLINED BELOW THE COMMITTEE HAS BEEN AUTHORIZED BY THE PIEDMONT HEALTHCARE BOARD OF DIRECTORS TO PERFORM THE FOLLOWING FUNCTIONS -SELECT AN EXTERNAL EXECUTIVE COMPENSATION CONSULTANT (''THE CONSULTANT'') THE COMMITTEE HAS UTILIZED THE SERVICES OF INTEGRATED HEALTHCARE STRATEGIES (FORMERLY CLARK CONSULTING) FOR THE PAST SEVERAL YEARS -WORK WITH THE PRESIDENT/CEO TO FORMULATE AND IMPLEMENT ANNUAL PERFORMANCE OBJECTIVES THE COMMITTEE MEETS ANNUALLY WITH PIEDMONT HEALTHCARE'S CEO AND KEY SENIOR EXECUTIVES -TO REVIEW AND APPROVE EXECUTIVE PERFORMANCE OBJECTIVES FOR THE FISCAL YEAR -ANNUALLY ASSESS PRESIDENT/CEO PERFORMANCE THE COMMITTEE MEETS ANNUALLY WITH THE CEO AND KEY SENIOR EXECUTIVES -TO REVIEW THE ACCOMPLISHMENTS OF THE EXECUTIVE PERFORMANCE OBJECTIVES AFTER THE CLOSE OF THE FISCAL YEAR -ASSESS AND IMPLEMENT POLICIES REGARDING PRESIDENT/CEO PERFORMANCE AND COMPENSATION THE COMMITTEE HAS DEVELOPED AN EXECUTIVE COMPENSATION PHILOSOPHY AND REVIEWS THE PHILOSOPHY ANNUALLY THE COMMITTEE SEEKS INPUT AND GUIDANCE FROM THE CONSULTANT TO ENSURE THAT THE PHILOSOPHY IS REASONABLE AND COMPARABLE TO THAT OF SIMILAR ORGANIZATIONS -APPROVE LONG- AND SHORT-TERM GOALS TO BE USED IN CONNECTION WITH EXECUTIVE STAFF COMPENSATION PROGRAM AS RECOMMENDED BY THE PRESIDENT/CEO AND VALIDATED BY THE COMPENSATION CONSULTANT THE COMMITTEE MEETS ANNUALLY WITH THE CEO AND KEY SENIOR EXECUTIVES AS WELL AS THE CONSULTANT TO REVIEW SALARY ADJUSTMENTS AND INCENTIVE PAY FOR THE CEO, SENIOR EXECUTIVES, AND EXECUTIVES THROUGHOUT THE ORGANIZATION THE COMMITTEE MEETS WITH THE CONSULTANT ANNUALLY TO RECEIVE INPUT AND RECOMMENDATIONS TO ENSURE THAT SALARY ADJUSTMENTS, INCENTIVES, AND BENEFITS ARE REASONABLE AND COMPARABLE TO THOSE OF LIKE ORGANIZATIONS -PERFORM ANY TASKS RELATED TO EXECUTIVE PERFORMANCE AND COMPENSATION, INCLUDING BUT NOT LIMITED TO, APPROVAL OF EXECUTIVE EMPLOYMENT CONTRACTS, AND EXECUTIVE BENEFITS THE COMMITTEE SEEKS INPUT FROM THE CONSULTANT, AS WELL AS EXTERNAL LEGAL ADVISORS, WHEN IT IS NECESSARY TO DEVELOP AND/OR AMEND EXECUTIVE EMPLOYMENT CONTRACTS AND BENEFITS

Identifier	Return Reference	Explanation
JOINT VENTURE ARRANGEMENTS	FORM 990, PART VI, LINE 16B	PIEDMONT HOSPITAL, INC CURRENTLY DOES NOT HAVE A WRITTEN POLICY IN PLACE PERTAINING SPECIFICALLY TO THE EVALUATION OF JOINT VENTURE ARRANGEMENTS HOWEVER, IT HAS ALWAYS BEEN, AND REMAINS, PIEDMONT HOSPITAL'S PRACTICE TO CAREFULLY CONSIDER EACH POTENTIAL JOINT VENTURE IN LIGHT OF THE HOSPITAL'S EXEMPT STATUS, AND TO DECLINE PARTICIPATION IN ANY OPPORTUNITY THAT POSES A THREAT TO THAT STATUS FURTHER, PIEDMONT HOSPITAL, THROUGH ITS PARENT ORGANIZATION PIEDMONT HEALTHCARE, INC , IS CURRENTLY IN THE PROCESS OF DRAFTING A WRITTEN POLICY OUTLINING ITS HISTORIC PRACTICE OF CAREFULLY CONSIDERING PARTNERSHIPS AND JOINT VENTURES

Identifier	Return Reference	Explanation
DISCLOSURE OF GOVERNING, CONFLICT OF INTEREST AND FINANCIAL DOCUMENTS	FORM 990, PART VI, SECTION C, LINE 19	GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS ARE AVAILABLE UPON REQUEST THESE DOCUMENTS SHOULD BE REQUESTED FROM PIEDMONT HEALTHCARE, INC'S LEGAL COUNSEL

Identifier	Return Reference	Explanation
RECONCILIATION OF NET ASSETS	FORM 990, PART XI, LINE 5	CHANGES TO NET ASSETS REPORTED ON PART XI, LINE 5 ARE PRIMARILY COMPRISED OF UNREALIZED INVESTMENT INCOME (APPROXIMATELY $55 1 MILLION), ADJUSTMENT OF THE INTEREST RATE SWAPS TO MARKET VALUE (APPROXIMATELY $7 MILLION) AND PENSION LIABILITY TRUE UP (APPROXIMATELY $42 2 MILLION) WHICH ARE RECORDED FOR GAAP REPORTING PURPOSES BUT ARE NOT INCLUDED IN TAXABLE INCOME. THESE AMOUNTS ARE OFFSET BY TRANSFERS BETWEEN THE ORGANIZATION AND ITS PARENT OR OTHER RELATED ORGANIZATIONS OF APPROXIMATELY $15 1 MILLION AND RESTRICTED CONTRIBUTIONS OF APPROXIMATELY $6 MILLION WHICH ARE EXCLUDED FROM INCOME

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Dr William Blincoe TITLE Board member HOURS 39

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Dr Patrick M Battey TITLE Chairman HOURS 53

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Mr Charlie Hall TITLE Treasurer HOURS 53

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Ms Debbie W Gramling TITLE Secretary HOURS 53

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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
Piedmont Hospital Inc

Employer identification number
58-0566213

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) Piedmont Healthcare INC 1968 Peactree Road NW Atlanta, GA 30309 58-1503902	HC Management	GA	501(C)(3)	11 III-OTH	NA		
(2) FAYETTE COMMUNITY HOSPITAL INC 1255 HIGHWAY 154 WEST FAYETTEVILLE, GA 30214 58-2232328	HOSPITAL	GA	501(C)(3)	3	PHC		
(3) PIEDMONT MOUNTAINSIDE HOSPITAL INC 1266 HIGHWAY 515 SOUTH JASPER, GA 30143 35-2228583	HOSPITAL	GA	501(C)(3)	3	PHC		
(4) PIEDMONT NEWNAN HOSPITAL INC 745 POPLAR ROAD NEWNAN, GA 30265 20-5077249	HOSPITAL	GA	501(C)(3)	3	PHC		
(5) PIEDMONT HEALTHCARE FOUNDATION INC 1968 PEACHTREE ROAD NW ATLANTA, GA 30309 58-1272768	FUNDRAISING	GA	501(C)(3)	11 III-0TH	PHC		
(6) PIEDMONT HEART INSTITUTE INC 95 COLLIER ROAD NW STE 2045 ATLANTA, GA 30309 26-3553500	HEALTHCARE	GA	501(C)(3)	7	PHC		

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) Disproportionate allocations? No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) General or managing partner? No	(k) Percentage ownership
(1) Piedmont Surgical Management Company c/o Gates Moore 3340 Peachtree Road Atlanta, GA30326 20-5109540	Management Svcs	GA	NA	RELATED	322,962	0		No	0		No	0 %
(2) Peachtree Orthopedic Surgery Center 2001 Peachtree Road NE Suite 705 Atlanta, GA30309 58-2562721	Orthopedic Surgry	GA	NA	RELATED	563,816	579,553		No	0		No	15 000 %
(3) Digestive Healthcare of Georgia 95 Collier Road NW suite 4075 Atlanta, GA303091721 58-2406657	Endo / GI sur	GA	NA	RELATED	356,170	235,982		No	0		No	14 959 %

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) PIEDMONT WEST AMBULATORY SURGERY CENTER 1800 Howell Mill Rd Ste 200 Atlanta, GA30318 26-4422348	ambulatory suRG	GA	NA	C-CORP	-2,491,971	5,182,812	83 500 %
(2) PIEDMONT MEDICAL CARE CORPORATION 2727 PACES FERRY RD SUITE 1-1100 ATLANTA, GA30339 58-2092768	HEALTHCARE	GA	NA	C-CORP	0	0	0 %
(3) THE PIEDMONT CLINIC INC 2727 PACES FERRY ROAD SUITE 1-1100 ATLANTA, GA30339 58-2005358	HEALTHCARE	GA	NA	C-CORP	0	0	0 %
(4) PIEDMONT HEART INSTITUTE PHYSICIANS INC 95 COLLIER ROAD NW STE 2045 ATLANTA, GA30309 26-0593850	HEALTHCARE	GA	NA	C-CORP	0	0	0 %
(5) AMSTER MCRAE INSURANCE COMPANY	INSURANCE	CJ	NA	C-CORP	0	0	0 %

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	Yes	
b Gift, grant, or capital contribution to other organization(s)	1b		No
c Gift, grant, or capital contribution from other organization(s)	1c		No
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		No
l Performance of services or membership or fundraising solicitations by other organization(s)	1l		No
m Sharing of facilities, equipment, mailing lists, or other assets	1m		No
n Sharing of paid employees	1n		No
o Reimbursement paid to other organization for expenses	1o	Yes	
p Reimbursement paid by other organization for expenses	1p	Yes	
q Other transfer of cash or property to other organization(s)	1q		No
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) PIEDMONT WEST AMBULATORY SURGERY CENTER	D	5,555,840	
(2)			
(3)			
(4)			
(5)			
(6)			

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Are all partners section 501(c)(3) organizations?		(e) Share of end-of-year assets	(f) Disproprtionate allocations?		(g) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(h) General or managing partner?	
			Yes	No		Yes	No		Yes	No

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 58-0566213
Name: Piedmont Hospital Inc

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
Piedmont Healthcare INC 1968 Peactree Road NW Atlanta, GA30309 58-1503902	HC Management	GA	501(C)(3)	11 III-OTH	NA		
FAYETTE COMMUNITY HOSPITAL INC 1255 HIGHWAY 154 WEST FAYETTEVILLE, GA30214 58-2232328	HOSPITAL	GA	501(C)(3)	3	PHC		
PIEDMONT MOUNTAINSIDE HOSPITAL INC 1266 HIGHWAY 515 SOUTH JASPER, GA30143 35-2228583	HOSPITAL	GA	501(C)(3)	3	PHC		
PIEDMONT NEWNAN HOSPITAL INC 745 POPLAR ROAD NEWNAN, GA30265 20-5077249	HOSPITAL	GA	501(C)(3)	3	PHC		
PIEDMONT HEALTHCARE FOUNDATION INC 1968 PEACHTREE ROAD NW ATLANTA, GA30309 58-1272768	FUNDRAISING	GA	501(C)(3)	11 III-0TH	PHC		
PIEDMONT HEART INSTITUTE INC 95 COLLIER ROAD NW STE 2045 ATLANTA, GA30309 26-3553500	HEALTHCARE	GA	501(C)(3)	7	PHC		

CONSOLIDATED FINANCIAL STATEMENTS

Piedmont Healthcare, Inc and Affiliates
Years Ended June 30, 2011 and 2010
With Report of Independent Auditors

Ernst & Young LLP

ERNST & YOUNG

Piedmont Healthcare, Inc. and Affiliates

Consolidated Financial Statements

Years Ended June 30, 2011 and 2010

Contents

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Report of Independent Auditors

The Board of Directors
Piedmont Healthcare, Inc and Affiliates

We have audited the accompanying consolidated balance sheets of Piedmont Healthcare, Inc and Affiliates (PHC) as of June 30, 2011 and 2010, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended These financial statements are the responsibility of PHC's management Our responsibility is to express an opinion on these financial statements based on our audits

We conducted our audits in accordance with auditing standards generally accepted in the United States Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement We were not engaged to perform an audit of the PHC's internal control over financial reporting Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the PHC's internal control over financial reporting Accordingly, we express no such opinion An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation We believe that our audits provide a reasonable basis for our opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Piedmont Healthcare, Inc and Affiliates at June 30, 2011 and 2010, and the consolidated results of their operations and their cash flows for the years then ended in conformity U S with generally accepted accounting principles

Ernst + Young LLP

September 21, 2011

Piedmont Healthcare, Inc. and Affiliates

Consolidated Balance Sheets

	June 30	
	2011	**2010**
	(In Thousands)	
Assets		
Current assets		
Cash and cash equivalents	**$ 198,796**	$ 170,957
Short-term investments	**–**	1,804
Patient accounts receivable, net of allowance for doubtful accounts of $73,031 in 2011 and $65,510 in 2010	**181,888**	181,280
Other current assets	**44,022**	37,514
Total current assets	**424,706**	391,555
Long-term investments	**–**	2,533
Investments and assets limited as to use	**496,239**	375,812
Property and equipment, net	**580,903**	533,358
Self-insurance investments	**27,485**	26,791
Beneficial interest in perpetual trust	**8,301**	7,139
Other assets	**77,381**	72,523
Total assets	**$ 1,615,015**	$ 1,409,711

	June 30	
	2011	**2010**
	(In Thousands)	
Liabilities and net assets		
Current liabilities		
Current portion of long-term debt	**$ 8,790**	$ 7,490
Accounts payable and accrued expenses	**121,190**	113,270
Estimated third-party payor settlements	**8,893**	8,026
Current portion of self-insurance reserves	**11,298**	10,623
Other current liabilities	**2,879**	1,494
Total current liabilities	**153,050**	140,903
Long-term debt, net of current portion	**458,133**	367,330
Medical office building financing obligation	**45,378**	44,821
Self-insurance reserves	**33,864**	32,188
Accrued pension cost	**42,423**	93,515
Other long-term liabilities	**43,093**	47,572
Net assets		
Unrestricted	**797,139**	647,277
Temporarily restricted	**19,187**	14,503
Permanently restricted	**22,748**	21,602
Total net assets	**839,074**	683,382
Total liabilities and net assets	**$ 1,615,015**	$ 1,409,711

See accompanying notes.

Piedmont Healthcare, Inc. and Affiliates

Consolidated Statements of Operations

	Year Ended June 30	
	2011	**2010**
	(In Thousands)	
Unrestricted revenue, gains, and other support		
Net patient service revenue	**$ 1,299,955**	$ 1,201,180
Other revenue	**37,837**	36,520
Total revenue, gains, and other support	**1,337,792**	1,237,700
Expenses		
Salaries and benefits	**658,124**	603,684
Supplies and other expenses	**468,307**	417,969
Depreciation and amortization	**65,602**	68,313
Interest	**14,152**	13,473
Provision for bad debts	**114,447**	87,912
Total expenses	**1,320,632**	1,191,351
Operating income	**17,160**	46,349
Nonoperating income (expense)		
Investment income	**78,712**	56,474
Change in fair value of interest rate swaps	**7,094**	(6,764)
Loss from extinguishment of debt	**–**	(2,759)
	85,806	46,951
Excess of revenue, gains, and other support over expenses	**102,966**	93,300
Net assets released from restrictions used for purchase of property and equipment	**6,127**	967
Pension adjustments	**42,233**	(23,010)
Other	**(1,464)**	(570)
Change in unrestricted net assets	**$ 149,862**	$ 70,687

See accompanying notes.

Piedmont Healthcare, Inc. and Affiliates

Consolidated Statements of Changes in Net Assets

	Year Ended June 30	
	2011	**2010**
	(In Thousands)	
Unrestricted net assets		
Excess of revenues, gains, and other support over expenses	**$ 102,966**	$ 93,300
Net assets released from restrictions used for purchase of property and equipment	**6,127**	967
Pension adjustments	**42,233**	(23,010)
Other	**(1,464)**	(570)
Change in unrestricted net assets	**149,862**	70,687
Temporarily restricted net assets		
Contributions	**10,795**	6,265
Net assets released from restrictions used for purchase of property and equipment	**(6,127)**	(967)
Net assets released from restrictions used for operations	**(884)**	(1,373)
Other transfers	**900**	–
Change in temporarily restricted net assets	**4,684**	3,925
Permanently restricted net assets		
Contributions	**84**	350
Change in beneficial interest in perpetual trust	**1,162**	693
Other transfers	**(100)**	–
Change in permanently restricted net assets	**1,146**	1,043
Change in net assets	**155,692**	75,655
Net assets at beginning of year	**683,382**	607,727
Net assets at end of year	**$ 839,074**	$ 683,382

See accompanying notes.

Piedmont Healthcare, Inc. and Affiliates

Consolidated Statements of Cash Flows

	Year Ended June 30	
	2011	**2010**
	(In Thousands)	
Operating activities		
Change in net assets	**$ 155,692**	$ 75,655
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	**65,602**	68,313
Net change in unrealized gains/losses on investments	**(43,683)**	(59,518)
Increase in beneficial interest in perpetual trust	**(1,162)**	(693)
Provision for bad debts	**114,447**	87,912
Pension adjustments	**(42,233)**	23,010
Change in fair value of interest rate swaps	**(7,094)**	6,674
Restricted contributions	**(10,879)**	(6,615)
(Increase) decrease in		
Patient accounts receivable	**(115,055)**	(105,717)
Other current assets	**(6,508)**	6,008
Other assets	**(2,358)**	(5,134)
(Decrease) increase in		
Accounts payable and accrued expenses	**7,920**	5,340
Estimated third-party payor settlements	**867**	2,112
Self-insurance reserves	**2,351**	4,026
Accrued pension cost	**(8,859)**	(4,210)
Other current liabilities	**1,385**	841
Other long-term liabilities	**5,398**	3,438
Net cash provided by operating activities	**115,831**	101,442
Investing activities		
Decrease in investments classified as trading	**(31,621)**	11,660
Capital expenditures	**(115,162)**	(63,364)
Acquisitions, net of cash acquired	**(2,500)**	(6,048)
Net cash used in investing activities	**(149,283)**	(57,752)

Piedmont Healthcare, Inc. and Affiliates

Consolidated Statements of Cash Flows (continued)

	Year Ended June 30	
	2011	**2010**
	(In Thousands)	
Financing activities		
Restricted contributions	**$ 10,879**	$ 6,615
Payments of indebtedness	**(7,490)**	(4,216)
Proceeds from issuance of debt	**57,902**	378,520
Payments on line of credit	**–**	(65,000)
Bond redemptions	**–**	(341,860)
Proceeds from remarketed bonds	**–**	101,400
Proceeds from letters of credit	**–**	31,540
Payments on letters of credits	**–**	(101,400)
Net cash provided by financing activities	**61,291**	5,599
Net change in cash and cash equivalents	**27,839**	49,289
Cash and cash equivalents at beginning of year	**170,957**	121,668
Cash and cash equivalents at end of year	**$ 198,796**	$ 170,957

See accompanying notes.

Piedmont Healthcare, Inc. and Affiliates

Notes to Consolidated Financial Statements

June 30, 2011

1. Organization and General

The Board of Directors of Piedmont Healthcare, Inc and Affiliates (PHC) appoints the governing boards of

- Piedmont Hospital, Inc (the Hospital) The Hospital, located in Atlanta, Georgia, is a not-for-profit acute care hospital providing inpatient, outpatient, and emergency care services primarily for residents of the Atlanta metropolitan area Admitting physicians are primarily practitioners in the local area

- Piedmont West Ambulatory Surgery Center, LLC (the PWASC) The PWASC, located in Atlanta, Georgia, is a multi-specialty ambulatory surgery center 83 5% owned by the Hospital which was acquired during fiscal year 2010

- Piedmont Healthcare Foundation, Inc (the Foundation) The Foundation's primary purpose is to raise funds for PHC and the PHC affiliates

- Piedmont Medical Care Corporation (PMCC) PMCC is a taxable, not-for-profit entity whose purpose is to develop a primary care network for the benefit of the PHC affiliates

- Piedmont Clinic, Inc (the Clinic) The Clinic is a physician-hospital organization whose purpose is to negotiate contracts with various managed care payors for the PHC affiliates

- Piedmont Fayette Hospital, Inc (Fayette) Fayette, located in Fayetteville, Georgia, is a not-for-profit acute care hospital providing inpatient, outpatient, and emergency care services primarily for residents of Fayette County

- Piedmont Mountainside Hospital, Inc (Mountainside) Mountainside, located in Jasper, Georgia, is a not-for-profit acute care hospital providing inpatient, outpatient, and emergency care services primarily for residents of Pickens County

- Amster-McRae Insurance Company (AMIC) AMIC was incorporated on December 10, 2003 under the laws of the Cayman Islands AMIC insures the hospital professional liability and commercial general liability risks of PHC and certain PHC affiliates

- Piedmont Newnan Hospital, Inc (Newnan) Newnan, located in Newnan, Georgia, is a not-for-profit acute care hospital providing inpatient, outpatient, and emergency care services primarily for residents of Coweta County

1. Organization and General (continued)

- Piedmont Heart Institute Physicians, Inc (PHIP) PHIP is a taxable, not-for-profit entity whose purpose is to provide an integrated cardiovascular healthcare delivery program for the benefit of the PHC affiliates

- Piedmont Heart Institute, Inc (PHI) is a not-for-profit entity whose purpose is to provide cardiovascular research services for the benefit of the PHC affiliates

2. Significant Accounting and Reporting Policies

A summary of the significant accounting and reporting policies followed by PHC in the preparation of its consolidated financial statements is presented below

Principles of Consolidation

The consolidated financial statements include the accounts of PHC, the Hospital, the PWASC, the Foundation, PMCC, the Clinic, Fayette, Mountainside, AMIC, Newnan, PHIP, and PHI All significant intercompany transactions and accounts have been eliminated in consolidation

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, deposits with banks, and investments in highly liquid debt instruments with maturities of three months or less when purchased, excluding amounts limited as to use PHC invests cash not required for immediate operating needs principally with major financial institutions with strong credit ratings By policy, the amount of credit exposure to any one institution is limited, and such investments are generally not collateralized

2. Significant Accounting and Reporting Policies (continued)

Investments and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets Investment income or loss (including unrealized and realized gains and losses on investments, interest, and dividends) is included in the excess of revenue, gains, and other support over expenses unless the income or loss is restricted by donor or law PHC accounts for investment transactions on a settlement-date basis Substantially all of PHC's investment portfolio is classified as trading, with unrealized gains and losses included in excess of revenue, gains, and other support over expenses Fair values are based on quoted market prices if available, or estimated using quoted market prices for similar securities The cost of substantially all securities sold is based on the average cost method PHC invests in alternative investments These alternative investments provide PHC with a proportionate share of the fair value of the fund returns PHC accounts for its ownership interests in the alternative investments based upon the equity method Accordingly, PHC's share of the alternative investment's income or loss, both realized and unrealized, is recognized as investment income Alternative investments held by the noncontributory defined benefit plan are accounted for at fair value The cost of substantially all securities sold is based on the average cost method

PHC classifies investments with maturities of less than one year from the balance sheet date when purchased as short-term and investments with maturities of greater than one year from the balance sheet date when purchased as long-term

Assets Limited as to Use

These assets are limited as to use by debt instruments or designations by PHC's governing board for plant replacement, expansion of certain facilities, purchase of equipment, and payment of certain future debt service requirements

Inventory

Inventories are valued at the lower of cost (first-in, first-out method) or market Inventories consist primarily of pharmaceuticals and medical supplies and are recorded within other current assets in the accompanying consolidated balance sheets

2. Significant Accounting and Reporting Policies (continued)

Property and Equipment

Property and equipment acquisitions are recorded at cost, with the exception of donated items which are recorded at fair value at the date of donation Expenditures for renewals and improvements are charged to the property accounts For properties sold or retired, the cost and related accumulated depreciation are removed from the property accounts Any resulting gains or losses are included in other revenue Replacements, maintenance, and repairs that do not improve or extend the life of the respective assets are charged to operations Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method The estimated useful lives are 10–25 years for land improvements, 15–40 years for buildings and fixtures, and 3–20 years for equipment (with an average of 17 years for equipment)

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

Software and Software Development Costs

Software and software development costs include costs incurred by PHC to develop software for internal use in medical records maintenance, physician order entry, and clinical documentation

Costs of software developed for internal use are accounted for in accordance with the provisions of Accounting Standards Codification (ASC) 350-40, *Internal Use Software* In accordance with ASC 350-40, internal and external costs incurred to develop internal use computer software during the application development stage are capitalized Application development stage costs generally include software configuration, coding, installation of hardware and testing Costs of significant upgrades and enhancements that result in additional functionality are also capitalized In accordance with ASC 350-40, as of June 30, 2011 and 2010, PHC has net capitalized software costs of approximately $5,145,000 and $0, respectively, related to internal use software projects

2. Significant Accounting and Reporting Policies (continued)

All other costs incurred in connection with an internal software project, including maintenance, minor upgrades, enhancements and training, are expensed as incurred Capitalized software costs are amortized on a straight-line basis over the estimated useful lives of the related software applications of up to five years

Long-Lived Assets

PHC periodically reviews long-lived assets, such as property and equipment, to determine whether any impairments exist Management believes that the long-lived assets in the accompanying consolidated balance sheets are appropriately valued at June 30, 2011 and 2010

Other Assets

Other assets include goodwill of $48,747,000 and $40,361,000 at June 30, 2010, respectively Prior to July 1, 2010, goodwill was being amortized over 10 to 25 years Included in depreciation and amortization expense on the accompanying consolidated statements of operations is amortization expense of $3,274,000 for the year ended June 30, 2010 Effective July 1, 2010, the Hospital adopted the provisions of ASC 350, *Intangibles – Goodwill and Other* In accordance with ASC 350, the Hospital evaluates its goodwill annually for potential impairment

Beneficial Interest in Perpetual Trust

PHC is the beneficiary of six separate endowments held in trust by a local bank, with fair values as of June 30, 2011 and 2010 aggregating $8,301,000 and $7,139,000, respectively In accordance with the requirements of accounting for these types of endowments, the beneficial interest as of June 30, 2011 and 2010 has been recorded in long-term assets at fair value and the change in value has been recorded as a change in permanently restricted net assets

Vacation Policy

PHC accrues employee vacation pay as earned by the employee

2. Significant Accounting and Reporting Policies (continued)

Advertising Costs

Advertising costs are expensed as incurred and approximated $7,067,000 and $7,474,000 for the years ended June 30, 2011 and 2010, respectively

Estimated Malpractice Costs

The provision for estimated medical malpractice claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by PHC is restricted by the donor for a specific time period or purpose Permanently restricted net assets have been restricted by donors to be maintained by PHC in perpetuity

Net Patient Service Revenue, Accounts Receivable, and Allowance for Doubtful Accounts

PHC has agreements with third-party payors that provide for payments to PHC at amounts different from their established rates Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, and includes estimated retroactive revenue adjustments under reimbursement agreements with third-party payors due to future audits, reviews, and investigations

2. Significant Accounting and Reporting Policies (continued)

Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations

Net patient service revenue is summarized below

	Year Ended June 30	
	2011	**2010**
	(In Thousands)	
Patient service charges	**$ 4,034,593**	$ 3,613,459
Less charges related to charity care	**92,523**	92,344
Less other contractual adjustments and deductions	**2,642,115**	2,319,935
Net patient service revenue	**$ 1,299,955**	$ 1,201,180

The provision for bad debts is based upon management's assessment of historical and expected net collections considering business and economic conditions, trends in health care coverage, and other collection indicators Periodically, management assesses the adequacy of the allowance for doubtful accounts based upon historical write-off experience by payor category The results of this review are then used to make any modifications to the provision for bad debts to establish an appropriate allowance for uncollectible receivables

Charity Care

PHC provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates Amounts determined to qualify as charity care are not reported as revenue

2. Significant Accounting and Reporting Policies (continued)

Excess of Revenue, Gains, and Other Support Over Expenses

The consolidated statements of operations include excess of revenue, gains, and other support over expenses Changes in unrestricted net assets which are excluded from excess of revenue, gains, and other support over expenses, consistent with industry practice, include pension adjustments and contributions of long-lived assets (including assets acquired using contributions which, by donor restriction, were to be used for the purposes of acquiring such assets)

Pledges Receivable and Donor-Restricted Gifts

Unconditional promises to give cash and other assets to PHC are reported at fair value at the date the promise is received Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations as net assets released from restrictions Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated financial statements Current pledges receivable are included in other current assets in the amounts of $6,792,000 and $2,137,000 in the accompanying consolidated balance sheets as of June 30, 2011 and 2010, respectively Long-term pledges receivable are included in other assets in the amounts of $669,000 and $910,000 in the accompanying consolidated balance sheets as of June 30, 2011 and 2010, respectively

2. Significant Accounting and Reporting Policies (continued)

The following is a summary of all pledges that are receivable and discounted to their present value using an average rate of 0 5% at June 30, 2011 and 2010

	June 30	
	2011	**2010**
	(In Thousands)	
Current pledges receivable	**$ 6,792**	$ 2,155
Pledges receivable in two to five years	**679**	1,081
	7,471	3,236
Less Discount on pledges greater than one year	**8**	20
Allowance for uncollectible amounts	**2**	169
	$ 7,461	$ 3,047

Interest Expense

PHC incurred interest expense in the amount of $14,152,000 and $13,473,000 for the years ended June 30, 2011 and 2010, respectively, net of amounts capitalized of $5,357,000 and $65,000 for the years ended June 30, 2011 and 2010, respectively Cash paid for interest amounted to $18,968,000 and $15,315,000 for the years ended June 30, 2011 and 2010, respectively

Income Taxes

Piedmont Healthcare, Inc , the Hospital, the Foundation, Fayette, Mountainside, Newnan and PHI are organizations exempt from federal income tax pursuant to Section 501(a), as organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and state income tax AMIC is exempt from federal and state income tax pursuant to the laws of the Government of the Cayman Islands PMCC is a taxable, not-for-profit entity that operated in a net loss position for financial reporting and tax purposes during the years ended June 30, 2011 and 2010 The Clinic is a taxable, not-for-profit entity that operated in a net loss position for financial reporting and tax purposes during the years ended June 30, 2011 and 2010 PHIP is a taxable, not-for-profit entity that operated in a net loss position for financial reporting and tax purposes during the years ended June 30, 2011 and 2010 PWASC is a taxable, not-for-profit limited liability company that operated in a net loss position for financial reporting and tax purposes during the years ended June 30, 2011 and 2010

2. Significant Accounting and Reporting Policies (continued)

As of June 30, 2011 and 2010, PMCC, the Clinic, and PHIP had net operating loss carryforwards totaling approximately $226,160,000 and $162,585,000, respectively, which expire at various dates through 2030 PMCC, the Clinic, and PHIP had net deferred income tax assets totaling approximately $94,844,000 and $68,116,000 as of June 30, 2011 and 2010, respectively, which consisted primarily of net operating loss carryforwards and differences relating to allowances for doubtful accounts and accruals and which were offset by a full valuation allowance

The Company accounts for income taxes under the provisions of the *Income Taxes* Topic of ASC (ASC 740) Under the requirements of ASC 740, tax-exempt organizations may be required to record an obligation as the result of a tax position they have historically taken on various tax exposure items There were no material uncertain tax positions as of June 30, 2011 and 2010

Prior Year Reclassifications

Certain reclassifications have been made to the fiscal year 2010 consolidated financial statements to conform to the fiscal year 2011 presentation These reclassifications had no impact on the results of operations or change in net assets in the accompanying consolidated financial statements

Defined Benefit Pension Plan

PHC accounts for its defined benefit pension plan in accordance with ASC 715, *Compensation – Retirement Benefits* ASC 715 requires an entity to recognize in its statement of financial position an asset for a defined benefit postretirement plan's overfunded status or a liability for a plan's underfunded status, measure a defined benefit postretirement plan's assets and obligations that determine its funded status as of the end of the employer's fiscal year, recognize changes in the funded status of a defined benefit postretirement plan as a separate line item or items within changes in unrestricted net assets, apart from expenses, in the year in which the changes occur and provide additional disclosures PHC employees participate in PHC's trusteed noncontributory defined benefit pension plan (the Plan) The Plan's benefits are based on a combination of years of service and the employee's compensation PHC's funding policy is to contribute annually to the Plan an amount sufficient to meet the minimum funding standards of Employee Retirement Income Security Act (ERISA) or an amount sufficient to maintain the Plan on a sound actuarial basis, as certified by an enrolled actuary Plan assets consist primarily of common stocks, alternative investments, fixed investments, and cash equivalents

2. Significant Accounting and Reporting Policies (continued)

Subsequent Events

PHC evaluated events and transactions occurring subsequent to June 30, 2011 through September 21, 2011, the date the consolidated financial statements were available to be issued During this period there were no subsequent events that required recognition in the consolidated financial statements Additionally there were no nonrecognized subsequent events that required disclosure other than as disclosed in Note 16

Recent Accounting Pronouncements

On July 1, 2010, PHC adopted amendments to ASC 958-805, *Not-for-Profit Entities – Business Combinations*, which requires mergers to be accounted for using the carryover method and acquisitions to be accounted for using the acquisition method These amendments require recognition of a contribution when net assets are received without transferring consideration, or if the consideration transferred is less than the fair value of the net assets received These amendments also amend ASC 350 to include not-for-profit entities within its scope, thus requiring not-for-profit entities to cease amortizing goodwill and other indefinite-lived intangible assets and perform impairment testing on at least an annual basis These amendments also amend ASC 810 to include not-for-profit entities within the scope of its model for accounting for noncontrolling interests in consolidated financial statements The adoption of this standard did not have a material impact on PHC's consolidated financial position or results of operations

In August 2010, the FASB issued Accounting Standard Updates (ASU) 2010-23, *Health Care Entities (Topic 954): Measuring Charity Care for Disclosure*, which prescribes a specific measurement basis of charity care for disclosure The guidance provided in this ASU is effective for fiscal years beginning after December 15, 2010, with early adoption permitted The adoption of this standard will not have a material impact on PHC's consolidated financial position or results of operations

In August 2010, the FASB issued ASU 2010-24, *Health Care Entities (Topic 954): Presentation of Insurance Claims and Related Insurance Recoveries*, which clarifies that a health care entity should not net insurance recoveries against a related claim liability The guidance provided in this ASU is effective for the fiscal years, and interim periods within those years, beginning after December 15, 2010, with early adoption permitted The adoption of this standard will not have a material impact on PHC's consolidated financial position or results of operations

2. Significant Accounting and Reporting Policies (continued)

In May 2011, the FASB issued ASU No 2011-04, *Fair Value Measurements (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs* This guidance contains certain updates to the fair value measurement guidance as well as enhanced disclosure requirements The most significant change in disclosures is an expansion of the information required for "Level 3" measurements including enhanced disclosure for (1) the valuation processes used by the reporting entity, and (2) the sensitivity of the fair value measurement to changes in unobservable inputs and the interrelationships between those unobservable inputs, if any The provisions of this update are effective for interim and annual periods beginning on or after December 15, 2011, with early adoption prohibited PHC anticipates that the adoption of this standard will not materially expand its disclosures

In July 2011, the FASB issued ASU No 2011-07, *Healthcare Entities (Topic 954), Presentation and Disclosure of Net Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts* ASU 2011-07 requires certain health care organizations to present their bad debt provision related to patient services revenue separately as contra-revenue in the statement of operations In addition, ASU 2011-07 requires the following disclosures (1) A company's policy for considering collectability in the timing and amount of revenue and bad debt recognized, (2) The amount of revenue (i e , less contractual discounts) recognized, by major payor source, and (3) Quantitative and qualitative information about changes in the bad debt allowance, including judgments made and changes in estimates The provisions of this ASU 2011-07 are effective for interim and annual periods ending after December 15, 2011 PHC is currently evaluating the impact this will have on its financial statements and related disclosures

3. Acquisitions

During fiscal year 2010, PWASC acquired the assets of Buckhead Surgery Center for $2,633,000 The excess of the purchase price over the fair value of the assets acquired has been allocated based upon independent appraisals to the Certificate of Need (CON) of $1,520,000 and goodwill of $212,000 Prior to July 1, 2010, goodwill was being amortized over 25 years The results of the operations of the acquired company are included in the accompanying consolidated statements of operations from the date of acquisition On April 30, 2010, PHC sold 16 5% of its interest in the PWASC to physicians for approximately $442,000

3. Acquisitions (continued)

During fiscal year 2010, PHC acquired the assets and liabilities of Cardiovascular Consultants of Georgia, P C (CCG) for $3,180,000 The excess of the purchase price over the fair value of the assets acquired of $1,220,000 has been allocated to goodwill Prior to July 1, 2010, goodwill was being amortized over 10 years The results of the operations of the acquired company are included in the accompanying consolidated statements of operations from the date of acquisition

4. Net Patient Service Revenue

PHC has agreements with third-party payors that provide for payments to PHC at amounts different from its established rates A summary of payment arrangements with major third-party payors follows

Medicare and Medicaid

PHC renders care to patients covered by the Medicare and Medicaid programs Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors Medicare reimburses for outpatient services based on a prospective outpatient payment system similar to the inpatient system

Inpatient services rendered to Medicaid program beneficiaries are reimbursed under a prospective payment reimbursement methodology Outpatient services are reimbursed under a cost-based methodology PHC is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by PHC and audits thereof by the Medicaid fiscal intermediary

Services rendered under these programs are recorded at established rates and reduced to the estimated amount due from the third-party payors through recording of contractual adjustments and other discounts Because PHC cannot pursue collections for the contractual or discounted amounts, they are not reported as revenue

4. Net Patient Service Revenue (continued)

Net patient service revenue from the Medicare and Medicaid programs accounted for approximately 24% and 2%, respectively, of PHC's net patient service revenue for the year ended June 30, 2011, and 24% and 1%, respectively, of PHC's net patient service revenue for the year ended June 30, 2010 Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term Net patient service revenue is reported at the estimated net realizable amounts from the Medicare and Medicaid programs for services rendered and includes estimated retroactive revenue adjustments due to future audits, reviews, and investigations

Final settlement has been reached for all Medicare cost reports prior to fiscal year 2007 In addition, final settlement has been reached for all Medicaid cost reports prior to fiscal year 2006 PHC has recorded amounts due to Medicare and Medicaid of $8,893,000 and $8,026,000 as of June 30, 2011 and 2010, respectively, as an estimate of final third-party payor settlements for open cost report years Management recorded a favorable change in estimate related to third-party settlements of $2,869,000 and $3,918,000 for the years ended June 30, 2011 and 2010, respectively The amounts due to Medicare and Medicaid represent management's best estimate of final settlement

Managed Care and Other Payors

PHC has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations (HMOs), and preferred provider organizations The bases for payments to PHC under these agreements include prospectively determined rates per discharge, discounts from established charges, and daily rates

Georgia Provider Payment Agreement Act

Effective July 1, 2010, the State of Georgia imposed a fee on not-for-profit hospitals based on net revenue levels as defined by the State of Georgia Included in the accompanying consolidated statement of operations for the year ended June 30, 2011 is approximately $11,872,000 relating to this fee

5. Charity Care and Community Benefits

PHC provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates Amounts determined to qualify as charity care are not reported as revenue or accounts receivable in the accompanying consolidated financial statements

PHC maintains records to identify and monitor the level of charity care it provides These records include the amount of charges forgone for services furnished under its charity care policy Charity care, measured at established rates, was approximately $92,523,000 and $92,344,000 for the years ended June 30, 2011 and 2010, respectively PHC offers many other wellness and educational services to the community at low and, in some cases, no cost Health fairs are held throughout the year at convenient locations, providing various health screenings, such as blood pressure and cholesterol checks Educational programs are offered for all ages PHC operates 24-hour emergency rooms that provide care to all patients regardless of ability to pay The costs for these services are included in operating expenses

6. Investments

Investments and Assets Limited as to Use

The composition of investments and assets limited as to use is set forth in the following table

	June 30	
	2011	**2010**
	(In Thousands)	
Internally designated for capital acquisition		
Cash and short-term investments	**$ 12,673**	$ 2,855
Corporate obligations	**14,206**	12,516
Fixed-income securities	**114,667**	100,525
Corporate stocks	**74,012**	53,630
Equity interest in mutual funds	**145,269**	124,653
Alternative investments	**74,255**	65,550
	435,082	359,729
Cash held by trustee – construction funds	**41,480**	–
Cash and short-term investments	**547**	128
Corporate obligations	**643**	561
Fixed-income securities	**5,193**	4,502
Corporate stocks	**3,352**	2,402
Equity interest in mutual funds	**6,580**	5,554
Alternative investments	**3,362**	2,936
	61,157	16,083
Totals	**$ 496,239**	$ 375,812

Alternative Investments

PHC has $33,909,000 and $31,832,000 invested in the Federal Street Associates Offshore Fund (FSAOF) at June 30, 2011 and 2010, respectively, which is included in assets limited as to use in the accompanying consolidated balance sheets At June 30, 2011 and 2010, PHC recorded $2,077,000 and $2,260,000 as unrealized gains, respectively, for its proportionate share of the FSAOF unrealized gains for this investment These unrealized gains are included in investment income in the accompanying consolidated statements of operations

6. Investments (continued)

PHC has $25,064,000 and $22,788,000 invested in the Lighthouse Diversified Fund (LDF) at June 30, 2011 and 2010, respectively, which is included in investments and assets limited as to use in the accompanying consolidated balance sheets At June 30, 2011 and 2010, PHC recorded $2,276,000 and $1,839,000 as unrealized gains, respectively, for its proportionate share of the LDF unrealized gains for this investment These unrealized gains are included in investment income in the accompanying consolidated statements of operations

PHC has $18,644,000 and $13,865,000 invested in the Baillie Gifford FDS Funds (BG) at June 30, 2011 and 2010, respectively, which is included in investments and assets limited as to use in the accompanying consolidated balance sheets At June 30, 2011 and 2010, PHC recorded $4,528,000 and $1,757,000 as unrealized gains, respectively, for its proportionate share of the unrealized gains for this investment These unrealized gains are included in investment income in the accompanying consolidated statements of operations

Investment Income

Investment income, gains, and losses for investments and assets limited as to use are comprised of the following

	Year Ended June 30	
	2011	**2010**
	(In Thousands)	
Interest income	**$ 13,316**	$ 9,713
Net realized and unrealized gain on investments	**65,266**	47,436
Other income (loss)	**130**	(675)
Total income	**$ 78,712**	$ 56,474

7. Property and Equipment

A summary of property and equipment follows

	June 30	
	2011	**2010**
	(In Thousands)	
Land and land improvements	**$ 35,859**	$ 33,420
Buildings and fixtures	**646,657**	624,604
Equipment	**443,167**	427,428
	1,125,683	1,085,452
Less accumulated depreciation	**653,724**	596,997
	471,959	488,455
Construction-in-progress	**108,944**	44,903
Property and equipment, net	**$ 580,903**	$ 533,358

Depreciation expense for the years ended June 30, 2011 and 2010, amounted to approximately $65,602,000 and $63,492,000, respectively At June 30, 2011, the remaining commitment on construction contracts for remodeling PHC's facilities approximated $9,855,000

In August 2006, Fayette entered into a ground lease with Piedmont Fayette Medical Office Building, LLC (PFB), whereby Fayette is leasing real property to PFB In accordance with ASC 840, *Leases*, Fayette is considered the owner of the Medical Office Building (Fayette MOB) during the construction period and thereafter due to Fayette's continuing involvement in the Fayette MOB Accordingly, the value of the building and the construction notes paid by the developer are included in the financial statements At June 30, 2011, the value included in buildings and fixtures amounted to approximately $14,941,000 and the related Medical Office Building financing obligation approximated $16,917,000

In August 2005, the Hospital entered into a ground lease with Piedmont Physicians Plaza, L P (PPP), whereby the Hospital is leasing real property to PPP In accordance with ASC 840, the Hospital is considered the owner of the Medical Office Building (Piedmont MOB) during the construction period and thereafter due to the Hospital's continuing involvement in the MOB Accordingly, the cost of the building and the related financing obligation are included in the Hospital's financial statements At June 30, 2011, the net book value of the Piedmont MOB included in buildings and fixtures amounted to approximately $22,644,000 and the related Medical Office Building financing obligation approximated $28,460,000

8. Long-Term Debt

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

	June 30 2011	2010
Series 2010, fixed interest rates from 4 50% to 5 00%, interest payments due semi-annually, payable through 2045	**$ 100,000**	$ –
Series 2009A, fixed interest rates from 4 375% to 5 25%, interest payments due semi-annually, payable through 2024	**208,140**	208,140
Series 2009B, variable interest rates (0 09% at June 30, 2011), interest payments due monthly, payable through 2034	**104,810**	106,645
Series 2009C, variable interest rates (0 81% at June 30, 2011), interest payments due monthly, payable through 2019	**59,745**	65,400
Unamortized original issue discount, net	**(5,772)**	(5,365)
	466,923	374,820
Less current maturities	**(8,790)**	(7,490)
	$ 458,133	$ 367,330

On October 27, 2010, the Coweta County Development Authority issued $100,000,000 in Revenue Bonds Series 2010 (the Series 2010 Bonds) on behalf of PHC The proceeds of the Series 2010 Bonds are being used to construct a replacement hospital for Newnan Cash held by trustee in the amount of $41,480,000 is included in investments and assets limited as to use on the accompanying consolidated balance sheet The Series 2010 Bonds have been issued on a tax-exempt basis and are secured under a master trust indenture with all members of the Obligated Group (Piedmont Healthcare, Inc and all of its subsidiaries exclusive of AMIC) which provides, for among other things, the deposit of revenue with the master trustee in the event of certain defaults, pledges of accounts receivable, pledges not to encumber property and limitations on additional borrowings

8. Long-Term Debt (continued)

On November 24, 2009, the Development Authority of Fulton County and the Hospital Authority of Fayette County issued $304,345,000 and $79,540,000, respectively, ($383,885,000 collectively) in Revenue Bonds Series 2009A, 2009B and 2009C (the Series 2009 Bonds) on behalf of PHC The proceeds of the Series 2009 Bonds were used primarily to redeem previously outstanding Series 2007, Series 2005, Series 2001, and Series 1999 Revenue Bonds and fully repay a line of credit totaling approximately $65,000,000 PHC incurred a loss on the extinguishment of debt of approximately $2,759,000 primarily in relation to the write-off of unamortized deferred financing fees during the year ended June 30, 2010 The Series 2009 Bonds have been issued on a tax-exempt basis and are secured under a master trust indenture with all members of the Obligated Group (Piedmont Healthcare, Inc and all of its subsidiaries exclusive of AMIC) which provides, for among other things, the deposit of revenue with the master trustee in the event of certain defaults, pledges of accounts receivable, pledges not to encumber property and limitations on additional borrowings

The Series 2009B Bonds may be put to PHC at the option of the bondholder In connection with the Series 2009B Bonds, PHC entered into letter of credit agreements totaling approximately $106,188,000 to secure the Series 2009B Bonds The letters of credit expire November 15, 2015, at which time PHC will be required to either extend the existing letters of credit or obtain an acceptable replacement letter of credit All fees payable under the letter of credit agreements are the responsibility of PHC

On December 11, 2007, the Development Authority of Fulton County issued $100,000,000 in Revenue Bonds Series 2007 (the Series 2007 Bonds), the proceeds of which were used to reimburse PHC for previous capital additions and improvements to PHC, as well as for working capital needs The Series 2007 Bonds bore interest at a variable rate with interest payments due monthly The Series 2007 Bonds were redeemed on November 24, 2009 in connection with the issuance of the Series 2009 Bonds In connection with the Authority's issuance of the Series 2007 Bonds, PHC was required to enter into and maintain letter of credit agreements totaling approximately $100,000,000 to secure the Series 2007 Bonds The letters of credit were terminated effective November 24, 2009 in connection with the redemption of the Series 2009 Bonds

8. Long-Term Debt (continued)

On December 12, 2005, the Development Authority of Fulton County issued $80,000,000 in Revenue Bonds Series 2005 (the Series 2005 Bonds), the proceeds of which were used to reimburse PHC for previous capital additions and improvements to PHC, as well as for working capital needs The Series 2005 Bonds bore interest at a variable rate with interest payments due monthly The Series 2005 Bonds were redeemed on November 24, 2009 in connection with the issuance of the Series 2009 Bonds In connection with the Authority's issuance of the Series 2005 Bonds, PHC was required to enter into and maintain a letter of credit agreement for approximately $80,000,000 to secure the Series 2005 Bonds The letter of credit was terminated effective November 24, 2009 in connection with the redemption of the Series 2005 Bonds

On April 9, 2003, the Development Authority of Fulton County issued $80,000,000 in Revenue Bonds, Series 2003 (the Series 2003 Bonds), the proceeds of which were used to reimburse PHC for previous capital additions and improvements made, as well as for working capital needs The Series 2003 Bonds bore interest at auction rates with interest payments due monthly The Series 2003 Bonds were redeemed on November 24, 2009 in connection with the issuance of the Series 2009 Bonds

On May 1, 2001, the Hospital Authority of Fayette County issued $10,000,000 of tax-exempt Series 2001 Revenue Anticipation Certificates (the Series 2001 Bonds) The 2001 Bonds were issued for the purpose of financing the costs of the acquisition, installation and equipping of certain health care improvements and equipment at PHC The Series 2001 Bonds were redeemed on November 24, 2009 in connection with the issuance of the Series 2009 Bonds

In connection with the issuance of the Series 2001 Bonds, PHC was required to enter into and maintain a letter of credit agreement for approximately $10,000,000 to secure the Series 2001 Bonds The letter of credit was terminated effective November 24, 2009 in connection with the redemption of the Series 2001 Bonds

On April 7, 1999, the Fulco Hospital Authority issued $70,000,000 of tax-exempt Series 1999 Revenue Anticipation Certificates (the Series 1999 Bonds) The Series 1999 Bonds carried a variable interest rate with interest payments payable semiannually The Series 1999 Bonds were redeemed on November 24, 2009 in connection with the issuance of the Series 2009 Bonds

In connection with the Authority's issuance of the Series 1999 Bonds, PHC was required to enter into and maintain a letter of credit agreement for approximately $70,000,000 to secure the Series 1999 Bonds The letter of credit was terminated effective November 24, 2009 in connection with the redemption of the Series 1999 Bonds

8. Long-Term Debt (continued)

During the fourth quarter of PHC's fiscal year ended June 30, 2009, $28,500,000, $42,000,000 and $73,000,000 of the Series 1999 Bonds, Series 2005 Bonds and Series 2007 Bonds, respectively, were tendered to PHC The Series 1999 Bonds, Series 2005 Bonds and Series 2007 Bonds are hereinafter collectively referred to as the "1999 – 2007 Bonds" PHC utilized its available letters of credit to purchase these Bonds from the holders of the 1999 – 2007 Bonds Approximately $77,500,000 of the 1999 – 2007 Bonds were remarketed prior to June 30, 2009 and the remainder was remarketed in the year ended June 30, 2010 The proceeds from the remarketed 1999 – 2007 Bonds were utilized to repay the letters of credit In addition, during fiscal year 2010, approximately $21,400,000 of the 1999 – 2007 Bonds was tendered to PHC PHC utilized its available letters of credit to purchase these from the holders of the 1999 – 2007 Bonds These 1999 – 2007 Bonds were remarketed and the proceeds from the remarketed 1999 – 2007 Bonds were used to repay the letters of credit

Scheduled principal payments on the Series 2010 and Series 2009 Bonds are as follows (in thousands)

Year ended June 30	
2012	$ 8,790
2013	8,515
2014	9,375
2015	9,955
2016	10,000
Thereafter	426,060
	$ 472,695

Line of Credit

During fiscal year 2010, PHC entered into a line of credit for $70,000,000 with a local bank with an interest rate based on 30-day LIBOR plus 0 75% There were no outstanding borrowings on the $70,000,000 line of credit as of June 30, 2011 and 2010 The line of credit matures December 31, 2011

During fiscal year 2007, PHC entered into a line of credit for $70,000,000 with a local bank with an interest rate based on 30-day LIBOR plus 0 375 basis points During fiscal year 2009, the $70,000,000 line of credit was amended to provide for, among other items, an interest rate based on 30-day day LIBOR plus 0 75% and was extended to July 1, 2010 The line of credit was fully repaid on November 24, 2009 in connection with the issuance of the Series 2009 Bonds

8. Long-Term Debt (continued)

Interest Rate Swap Agreements

PHC has entered into eight interest rate swap agreements that are not accounted for as cash flow hedges These interest rate swaps are primarily utilized to economically hedge PHC's exposure to changing interest rates under its debt obligations The change in value of the interest rate swaps is reported as a component of nonoperating income in the period it occurs As of June 30, 2011 and 2010, the total notional amount of PHC's interest rate swaps was approximately $142,629,000 and $145,941,000, respectively

These interest rate swap agreements expose PHC to credit losses in the event of non-performance by the counterparty to the financial instruments The counterparty is a creditworthy financial institution and PHC management believes the counterparty will be able to fully satisfy its obligations under the contracts

PHC's interest rate swaps are reported at fair value in the accompanying consolidated balance sheets as follows

	June 30	
	2011	**2010**
	(In Thousands)	
Other long-term liabilities	**$ 16,189**	$ 23,267

The effects of PHC's interest rate swaps on the accompanying consolidated statements of operations are as follows

	Year Ended June 30	
	2011	**2010**
	(In Thousands)	
Gain (loss) recognized in nonoperating expense	**$ 7,094**	$ (6,764)
Loss recognized in supplies and other expenses	**(4,956)**	(4,238)
	$ 2,138	$ (11,002)

9. Medical Office Buildings

As discussed in Note 7, PHC is considered the owner of the Fayette MOB and the Piedmont MOB for financial reporting purposes. In accordance with ASC 840, *Leases*, PHC has reflected the operations of the Piedmont and Fayette MOB's in its consolidated financial statements which resulted in other income of approximately $5,062,000, interest expense of $2,476,000, and other operating expense of $2,587,000, for the year ended June 30, 2011 and other income of approximately $4,862,000, interest expense of $2,400,000 and other expense of $2,462,000 for the year ended June 30, 2010

10. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets available primarily for capital purchases, education and geriatric services were $19,187,000 and $14,503,000 at June 30, 2011 and 2010, respectively

Permanently restricted net assets are as follows, with a description of how the investment income is to be used

	June 30	
	2011	**2010**
	(In Thousands)	
Support of education	**$ 507**	$ 507
Beneficial interest in perpetual trust	**8,301**	7,139
Support of specific services	**13,940**	13,956
	$ 22,748	$ 21,602

11. Employee Benefits

Pension Plan

PHC has a trusted noncontributory defined benefit pension plan (the Plan) covering a portion of PHC employees The Plan's benefits are based on a combination of years of service and the employee's compensation PHC's funding policy is to contribute annually to the Plan an amount sufficient to meet the minimum funding standards of ERISA or an amount sufficient to maintain the Plan on a sound actuarial basis, as certified by an enrolled actuary Plan assets consist primarily of common stocks, alternative investments, guaranteed investment contracts, and cash equivalents

11. Employee Benefits (continued)

The following amounts have not yet been recognized in the net periodic cost, and are recognized as a reduction to unrestricted net assets

	June 30	
	2011	**2010**
	(In Thousands)	
Actuarial losses	**$ 32,744**	$ 74,789
Prior service cost	**169**	357
Total	**$ 32,913**	$ 75,146

Changes in the Plan's obligations and assets caused the following changes in unrestricted net assets

	Year Ended June 30	
	2011	**2010**
	(In Thousands)	
Amortization of prior service cost	**$ 188**	$ 188
Amortization of loss	**4,665**	2,872
Net actuarial gain (loss) during the year	**37,380**	(26,070)
Total	**$ 42,233**	$ (23,010)

11. Employee Benefits (continued)

The following table presents a reconciliation of the beginning and ending balances of the Plan's projected benefit obligation, the fair value of plan assets, the funded status of the Plan, and the accumulated benefit obligation

	June 30	
	2011	**2010**
	(In Thousands)	
Change in benefit obligations		
Projected benefit obligation, beginning of year	**$ 273,495**	$ 215,461
Service cost	**11,213**	9,955
Interest cost	**15,301**	14,920
Benefits paid	**(4,696)**	(4,224)
Actuarial (gain) loss	**(8,927)**	37,383
Projected benefit obligation, end of year	**$ 286,386**	$ 273,495
Accumulated benefit obligation	**$ 254,231**	$ 239,133
Change in Plan assets		
Fair value of Plan assets, beginning of year	**$ 179,980**	$ 140,746
Employer contributions	**25,000**	20,000
Actual return on Plan assets	**43,679**	23,458
Benefits paid	**(4,696)**	(4,224)
Fair value of Plan assets, end of year	**$ 243,963**	$ 179,980
Funded status of the Plan	**$ (42,423)**	$ (93,515)

The underfunded status of the Plan of $42,423,000 and $93,515,000 at June 30, 2011 and 2010, respectively, is recognized in the accompanying consolidated balance sheets as a long-term pension liability No Plan assets are expected to be returned to PHC during the fiscal year ended 2012

The prior service cost and unrecognized loss included in unrestricted net assets and expected to be recognized in net periodic pension cost during the year ending June 30, 2012, are $145,000 and $443,000, respectively

11. Employee Benefits (continued)

The following table sets forth the components of net periodic benefit cost

	Year Ended June 30	
	2011	**2010**
	(In Thousands)	
Components of net periodic benefit cost		
Service cost	**$ 11,213**	$ 9,955
Interest cost	**15,301**	14,920
Expected return on Plan assets	**(15,225)**	(12,145)
Amortization of prior service cost	**188**	188
Amortization of net actuarial loss	**4,665**	2,872
Total net periodic benefit cost	**$ 16,142**	$ 15,790

The actuarial assumptions used in the accounting for the net periodic cost for the Plan were as follows

	Year Ended June 30	
	2011	**2010**
Discount rate	**5.65%**	7 00%
Rate of increase in future compensation levels	**3.00%**	4 25%
Expected long-term rate of return on Plan assets	**7.75%**	7 75%

The actuarial assumptions used to determine the year-end benefit obligations for the Plan were as follows

	June 30	
	2011	**2010**
Discount rate	**5.85%**	5 65%
Rate of increase in future compensation levels	**3.00%**	3 00%

11. Employee Benefits (continued)

The PHC Board of Directors approved the freezing of the Plan for participation purposes, so that employees hired or re-hired on and after July 1, 2008 will not be eligible to participate in the Plan Current participants had the option under the "Choice" program to continue to accrue benefits in the Piedmont Healthcare Retirement Plan or to participate in the new Piedmont 401(k) plan, which began on January 1, 2009 Approximately 64% of active participants elected to continue to accrue benefits in the defined benefit pension plan

PHC uses fair value as the market-related value of assets in calculating the expected return on Plan assets component of net periodic pension expense for the years ended June 30, 2011 and 2010

Contributions expected to be paid to the Plan during fiscal year 2012 are estimated at $15,000,000

Benefits expected to be paid in each of the next five fiscal years are estimated as follows fiscal year 2012 – $6,314,000, fiscal year 2013 – $7,323,000, fiscal year 2014 – $8,445,000, fiscal year 2015 – $9,805,000, and fiscal year 2016 – $11,252,000 For fiscal years 2017 – 2021, the aggregate benefits expected to be paid are estimated at $81,132,000

The following table sets forth the asset allocation for the Plan

	June 30	
	2011	**2010**
Growth/equity securities	**58%**	61%
Hedge funds/private equity	**18**	15
Fixed securities	**24**	24
	100%	100%

11. Employee Benefits (continued)

The target allocation for the Plan is as follows

	June 30	
	2011	**2010**
Growth/equity securities	**57%**	57%
Hedge funds/private equity	**20**	20
Fixed securities	**23**	23
	100%	100%

To develop the expected long-term rate of return on assets assumption, PHC considered the historical returns and the future expectations for returns for each asset class, as well as the target asset allocation of the Plan's portfolio

The investment strategy of the Plan is to ensure, over the long-term life of the Plan, an adequate pool of assets along with contributions by PHC to support the benefit obligations to participants, retirees and beneficiaries PHC desires to achieve market returns consistent with a prudent level of diversification All investments are made solely in the interest of the Plan's participants and beneficiaries for the exclusive purposes of providing benefits to such participants and their beneficiaries and defraying the expenses related to administering the Plan The target allocation of all assets is to reflect proper diversification in order to reduce the potential of a single security or single sector of securities having a disproportionate impact on the portfolio In an effort to maintain the overall risk level of the portfolio within an acceptable range, the relative mix of asset classes will be rebalanced back toward the target allocations as opportunities permit, but in any event not less often than annually The use of futures and options contracts will be limited to liquid instruments listed and actively traded on major exchanges (except for short-term funds) to over-the-counter options or forward contract positions executed with major dealers No derivatives strategy may be used if it would subject the portfolios to greater variance than would be the case with the physical portfolio under a worst case scenario Short-term funds may use only exchange-traded futures contracts and options – specifically prohibited are any off-exchange instruments and any exotic or structured securities, as well as notes whose interest rate is tied to security with a maturity of more than one year PHC utilizes an outside investment consultant to implement its investment strategy

11. Employee Benefits (continued)

The fair value of financial assets of the Plan measured at fair value on a recurring basis was determined using the following inputs at June 30, 2011 (in thousands)

	Level 1	Level 2	Level 3	Total
Assets at fair value				
Corporate obligations	**$ – $**	**4,376 $**	**– $**	**4,376**
Fixed-income securities	**364**	**–**	**–**	**364**
Corporate stocks	**17,629**	**–**	**–**	**17,629**
Equity interest in mutual funds	**116,895**	**–**	**–**	**116,895**
Alternative investments	**–**	**104,699**	**–**	**104,699**
Total assets at fair value	**$ 134,888 $**	**109,075 $**	**– $**	**243,963**

The fair value of financial assets of the Plan measured at fair value on a recurring basis was determined using the following inputs at June 30, 2010 (in thousands)

	Level 1	Level 2	Level 3	Total
Assets at fair value				
Corporate obligations	$ – $	3,861 $	– $	3,861
Fixed-income securities	338	–	–	338
Corporate stocks	11,063	–	–	11,063
Equity interest in mutual funds	87,563	–	–	87,563
Alternative investments	–	77,155	–	77,155
Total assets at fair value	$ 98,964 $	81,016 $	– $	179,980

The Plan invests in alternative investments which proved the Plan with a proportionate share of the fair value of the fund returns The Federal Street Associates Offshore Fund and the Lighthouse Diversified Fund are funds that invest in other alternative investments (for example, funds of funds) and these are classified as Level 2 financial assets The value of these funds was determined based on the use of the net asset value (NAV) per share as a practical expedient in accordance with ASC 820 The Baillie Gifford FDS Fund, the LSV Emerging Markets Fund and the JPMCB Extended Duration Fund are funds whose underlying investments are in securities that are publicly traded on US and overseas exchanges and these are classified as Level 2 financial assets The Clarion Lion Partners Fund is a fund which invests in real estate and is classified as a Level 2 financial asset

11. Employee Benefits (continued)

The Plan's alternative investments do not have restrictions in excess of 90 days related to redemption

The fair values of the securities included in Level 1 were determined through quoted market prices The fair values of Level 2 financial assets for the corporate obligations were determined through evaluated bid prices provided by third-party pricing services where quoted market prices are not available The fair value of Level 2 alternative investments was determined based on the use of net asset value (NAV) per share as a practical expedient in accordance with ASC 820

Deferred Compensation Plan

PHC also offers a nonqualified deferred compensation plan, which is available to certain highly compensated PMCC employees The Plan permits such employees to defer the receipt and taxation of all or a portion of their salary until future years The deferred compensation is available for distribution to employees upon the election by the employee, provided the distribution election with respect to the deferred amounts has been made for a minimum of one year prior to the date of distribution

All deferrals are held as part of PHC's general assets and are subject to the claims of PHC's general creditors Employees' rights to the payment of benefits under the Plan are equal to those of general and unsecured creditors of the Corporation PHC has no liability for losses under the deferred compensation plan

The amounts recorded for the deferred compensation plan are approximately $12,004,000 and $9,305,000, at June 30, 2011 and 2010, respectively, and are recorded within other long-term liabilities in the accompanying consolidated balance sheets

401(k) Plan

PHC offers, as the sponsor, a deferred tax annuity plan (the 401(k) Plan) pursuant to Section 401(k) of the Internal Revenue Code of 1986 covering substantially all employees of PHC PHC contributes 100% of pretax contributions up to the first 3% of eligible pay and 50% of pretax contributions up to the next 2% into the 401(k) Plan and may make an additional discretionary contribution PHC recognized as expense approximately $6,071,000 and $8,391,000 for the years ended June 30, 2011 and 2010, respectively, related to the 401(k) Plan

12. Concentrations of Credit Risk

PHC grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements The mix of gross receivables from patients and third-party payors was as follows

	June 30	
	2011	**2010**
Medicare	**19%**	20%
Medicaid	**4**	4
Other third-party payors	**43**	43
Patients	**34**	33
	100%	100%

PHC recognizes that revenue and receivables from government agencies and third-party payors are significant to its operations but does not believe that there are significant credit risks associated with these collections

13. Commitments and Contingencies

General and Professional Liability Insurance

PHC has a trusteed self-insurance program for general and professional liability coverage, through AMIC AMIC insures PHC with professional liability and commercial general liability risks of PHC affiliates, namely the Hospital, Mountainside, Fayette, Newnan and PMCC, on a claims-made basis for the hospital professional liability and on an occurrence basis for the commercial general liability The insurance policies between PHC and AMIC are $5,000,000 per occurrence and $20,000,000 aggregate annual limit for coverage effective May 1, 2003, subject to a retroactive date of May 1, 2001, and $5,000,000 per occurrence and $19,000,000 aggregate annual limit for coverage effective May 1, 2005, through April 30, 2012 AMIC is consolidated by PHC PHC records the reported and estimated incurred but not reported liability based on an actuarial study at June 30, 2011 and 2010, which amounted to approximately $31,142,000 and $29,801,000, respectively, and is recorded as self-insurance reserves in the accompanying consolidated balance sheets Commercial insurance has been obtained on a claims-incurred basis to provide for excess coverage

13. Commitments and Contingencies (continued)

The general and professional self-insurance reserves included in the accompanying consolidated balance sheets include estimates of the ultimate costs for claims incurred but not reported through June 30, 2011 and 2010, applicable to the general and professional liability self-insurance plans for PHC PHC has employed independent actuaries to estimate the ultimate costs, if any, of the settlement of such claims Accrued malpractice losses have been discounted at 4% at June 30, 2011 and 2010

Other Self-Insurance Programs

PHC self-insures a portion of its workers' compensation liability exposure up to $350,000 per claim as of June 30, 2011 and 2010 Reserves for the self-insurance program are established to provide for estimated claims losses and applicable legal expenses for any claims incurred, both reported and unreported, through June 30, 2011, and are recorded in the accompanying consolidated financial statements PHC records the reported and estimated incurred but not reported liability for its claims as of June 30, 2011 and 2010, which amounted to approximately $5,646,000 and $5,584,000, respectively Commercial insurance has been obtained on a claims-incurred basis to provide for excess coverage

The workers' compensation self-insurance reserves included in the accompanying consolidated balance sheets include estimates of the ultimate costs for claims incurred but not reported through June 30, 2011 PHC has employed independent actuaries to estimate the ultimate costs, if any, of the settlement of such claims Accrued workers' compensation losses have been discounted at 4% at June 30, 2011 and 2010

PHC is self-insured for employee health benefits for its subsidiaries with reinsurance for high dollar claims As of June 30, 2011 and 2010, PHC recorded $3,408,000 and $3,298,000, respectively, as a liability for health benefit claims within the current portion of self-insurance reserves line item in the accompanying consolidated balance sheets

The employee health benefits self-insurance reserves in the accompanying consolidated balance sheets include estimates of the ultimate costs for claims incurred but not reported through June 30, 2011, applicable to the employee health benefits self-insurance plans PHC has employed independent actuaries to estimate the ultimate costs, if any, of the settlement of such claims Accrued employee health benefits losses have not been discounted due to the short-term nature of the payout of these liabilities

13. Commitments and Contingencies (continued)

In the opinion of management, adequate provision has been made for losses that may occur from the asserted and unasserted claims for all self-insurance programs

Operating Leases

PHC leases various equipment and facilities under operating leases expiring at various dates through fiscal year 2024 Total rent expense in fiscal years 2011 and 2010 for all operating leases was $33,871,000 and $24,130,000, respectively

The following is a schedule by year of future minimum lease payments under operating leases that have initial or remaining lease terms in excess of one year (in thousands)

Year ended June 30,	
2012	$ 20,526
2013	19,524
2014	18,526
2015	17,696
2016	14,529
Thereafter	63,956
	$ 154,757

Litigation

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

14. Functional Expenses

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

15. Fair Value of Financial Instruments

PHC follows ASC 820 which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measure date ASC 820 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement)

Certain of the PHC's financial assets and financial liabilities are measured at fair value on a recurring basis, including money market, fixed income and equity instruments, and interest rate swap agreements The three levels of the fair value hierarchy defined by ASC 820 and a description of the valuation methodologies used for instruments measured at fair value are as follows

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that PHC has the ability to access

Level 2 – Financial assets and liabilities whose values are based on pricing inputs which are either directly observable or that can be derived or supported from observable data as of the reporting date Level 2 inputs may include quoted prices for similar assets or liabilities in nonactive markets or pricing models whose inputs are observable for substantially the full term of the asset or liability

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both significant to the fair value of the financial asset or financial liability and are generally less observable from objective sources These inputs may be used with internally developed methodologies that result in management's best estimate of fair value PHC has no financial assets or financial liabilities with significant Level 3 inputs

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement

15. Fair Value of Financial Instruments (continued)

The fair value of financial assets and financial liabilities measured at fair value on a recurring basis was determined using the following inputs at June 30, 2011 (in thousands)

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	$ 198,796	$ –	$ –	$ 198,796
Investments and assets limited as to use				
Cash and cash equivalents	13,219	–	–	13,219
Cash held by trustee	41,480	–	–	41,480
Corporate obligations	1,087	13,763	–	14,850
Fixed income securities	119,860	–	–	119,860
Corporate stocks	77,364	–	–	77,364
Equity interests in mutual funds	151,849	–	–	151,849
Total investments and assets limited as to use	404,859	13,763	–	418,622
Self-insurance investments				
Corporate obligations	765	7,463	–	8,228
Treasury inflation protection securities	3,555	–	–	3,555
Fixed-income securities	5,179	–	–	5,179
Mortgage-backed securities	–	2,237	–	2,237
Equity interests in mutual funds	8,286	–	–	8,286
	17,785	9,700	–	27,485
Beneficial interest in perpetual trust	–	–	8,301	8,301
Total assets at fair value	$ 621,440	$ 23,463	$ 8,301	$ 653,204
Liabilities				
Interest rate swaps	$ –	$ 16,189	$ –	$ 16,189
Total liabilities at fair value	$ –	$ 16,189	$ –	$ 16,189

15. Fair Value of Financial Instruments (continued)

The fair value of financial assets and financial liabilities measured at fair value on a recurring basis was determined using the following inputs at June 30, 2010 (in thousands)

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	$ 170,957	$ –	$ –	$ 170,957
Short-term investments				
Fixed-income securities	1,804	–	–	1,804
Long-term investments				
Corporate stocks	2,533	–	–	2,533
Investments and assets limited as to use				
Cash and cash equivalents	2,983	–	–	2,983
Corporate obligations	1,029	12,048	–	13,077
Fixed income securities	105,027	–	–	105,027
Corporate stocks	56,032	–	–	56,032
Equity interests in mutual funds	130,207	–	–	130,207
Total investments and assets limited as to use	295,278	12,048	–	307,326
Self-insurance investments				
Corporate obligations	1,407	7,339	–	8,746
Fixed-income securities	3,817	–	–	3,817
Mortgage-backed securities	–	6,311	–	6,311
Equity interests in mutual funds	7,917	–	–	7,917
	13,141	13,650	–	26,791
Beneficial interest in perpetual trust	–	–	7,139	7,139
Total assets at fair value	$ 483,713	$ 25,698	$ 7,139	$ 516,550
Liabilities				
Interest rate swaps	$ –	$ 23,267	$ –	$ 23,267
Total liabilities at fair value	$ –	$ 23,267	$ –	$ 23,267

15. Fair Value of Financial Instruments (continued)

Financial assets and financial liabilities are reflected in the consolidated balance sheets as follows

	June 30	
	2011	**2010**
	(In Thousands)	
Investments and assets limited as to use measured at fair value	**$ 418,622**	$ 307,326
Alternative investments accounted for under the equity method	**77,617**	68,486
Total investments and assets limited as to use	**$ 496,239**	$ 375,812

See Note 8 for location of interest rate swap liabilities in the consolidated balance sheets

The fair values of the securities included in Level 1 were determined through quoted market prices The fair value of Level 2 and Level 3 financial assets and liabilities were determined as follows

Corporate obligations – These Level 2 investments were determined through evaluated bid prices provided by third-party pricing services where quoted market values are not available

Beneficial interest in perpetual trust – The fair values of these financial assets were determined from the fair value of the underlying assets contributed to the trusts

Interest rate swaps – The fair values of these financial liabilities interest rate swaps were determined based on the present value of expected future cash flows using discount rates appropriate with the risks involved The analysis reflects contractual terms of the interest rate swaps and uses observable market-based inputs, such as interest rate curves In addition credit valuation adjustments are included to reflect nonperformance risk

The following is the reconciliation of the beginning and ending balances of Level 3 financial assets measured at fair value on a recurring basis (in thousands)

Balance at July 1, 2010	$ 7,139
Net realized and unrealized gains	1,162
Balance at June 30, 2011	$ 8,301

15. Fair Value of Financial Instruments (continued)

The carrying values of patient accounts receivable, pledges receivable, and accounts payable and accrued expenses are reasonable estimates of their fair values due to the short-term nature of these financial instruments The fair value of the PHC's fixed-rate bonds is derived using market-observable inputs, such as risk-free rates, yield curves and credit spreads for debt that is actively traded and has similar maturities and credit ratings The fair value of the PHC's fixed-rate bonds approximated $314,000,000 compared to a carrying value of approximately $308,140,000 as of June 30, 2011 and approximated $213,000,000 compared to a carrying value of approximately $208,140,000 as of June 30, 2010 The carrying value approximates fair value for all other long-term debt as of June 30, 2011 and 2010

16. Subsequent Events

Effective July 29, 2011, in order to expand its primary care network, PHC acquired the assets and certain liabilities of The PAPP Clinic, a physician group consisting of 37 physicians located primarily in Coweta County, Georgia, for $8,953,000 The purchase price was based upon an independent fair value analysis

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