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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) | OMB No 1545-0047 <div> <div>2010</div> <div>Open to Public Inspection</div> </div> |
| | The organization may have to use a copy of this return to satisfy state reporting requirements | |

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

| | | | |
|--|---|---|---|
| B Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending | C Name of organization NORTHCREST MEDICAL CENTER | | D Employer identification number 62-1046595 |
| | Doing Business As | | E Telephone number (615) 384-1711 |
| | Number and street (or P O box if mail is not delivered to street address) 100 NORTHCREST MEDICAL CENTER | Room/suite | G Gross receipts \$ 74,170,728 |
| | City or town, state or country, and ZIP + 4 SPRINGFIELD, TN 371723961 | | |
| | F Name and address of principal officer JAMES F SCHMIDT 100 NORTHCREST MEDICAL CENTER SPRINGFIELD, TN 371723961 | | |
| I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () <input type="checkbox"/> (Insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527 | | H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) H(c) Group exemption number <input type="checkbox"/> | |
| J Website: <input checked="" type="checkbox"/> WWW.NORTHCREST.COM | | | |

| | | |
|---|---------------------------------|-------------------------------------|
| K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other <input type="checkbox"/> | L Year of formation 1987 | M State of legal domicile TN |
|---|---------------------------------|-------------------------------------|

Part I Summary

| | | | |
|--|--|---|-------------------------|
| Activities & Governance | 1 Briefly describe the organization's mission or most significant activities OPERATION OF A NONPROFIT 109-BED ACUTE CARE FACILITY IN SPRINGFIELD, TENNESSEE | | |
| | | | |
| | 2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets | | |
| | 3 Number of voting members of the governing body (Part VI, line 1a) | 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 | 790 |
| | 6 Total number of volunteers (estimate if necessary) | 6 | 63 |
| | 7a Total unrelated business revenue from Part VIII, column (C), line 12 | 7a | 0 |
| 7b Net unrelated business taxable income from Form 990-T, line 34 | 7b | 0 | |
| Revenue | 8 Contributions and grants (Part VIII, line 1h) | Prior Year 453,302 | Current Year 388,471 |
| | 9 Program service revenue (Part VIII, line 2g) | 74,109,475 | 72,571,125 |
| | 10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) | 249,254 | 216,782 |
| | 11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) | 1,114,012 | 993,596 |
| | 12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) | 75,926,043 | 74,169,974 |
| | Expenses | 13 Grants and similar amounts paid (Part IX, column (A), lines 1–3) | 157,982 |
| 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) | | 29,748,022 | 29,541,697 |
| 16a Professional fundraising fees (Part IX, column (A), line 11e) | | 0 | 0 |
| b Total fundraising expenses (Part IX, column (D), line 25) <input type="checkbox"/> 0 | | | |
| 17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f) | | 44,329,455 | 44,042,990 |
| 18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25) | | 74,235,459 | 73,791,713 |
| 19 Revenue less expenses Subtract line 18 from line 12 | | 1,690,584 | 378,261 |
| Net Assets or Fund Balances | | Beginning of Current Year | End of Year |
| | 20 Total assets (Part X, line 16) | 78,506,202 | 80,290,027 |
| | 21 Total liabilities (Part X, line 26) | 58,893,212 | 61,496,610 |
| | 22 Net assets or fund balances Subtract line 21 from line 20 | 19,612,990 | 18,793,417 |

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 | | | | 2012-04-23 Date | | |
| | JAMES F SCHMIDT CFO Type or print name and title | | | | | | |
| Paid Preparer Use Only | Print/Type preparer's name MARSHA H DIECKMAN CPA | | Preparer's signature MARSHA H DIECKMAN CPA | | Date 2012-04-23 | Check if self-employed <input checked="" type="checkbox"/> | PTIN |
| | Firm's name <input checked="" type="checkbox"/> HORNE LLP | | | | | Firm's EIN <input checked="" type="checkbox"/> | |
| | Firm's address <input checked="" type="checkbox"/> 1020 HIGHLAND COLONY PKWY STE 400 RIDGELAND, MS 39157 | | | | | Phone no <input checked="" type="checkbox"/> (601) 326-1000 | |

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 ☐ Yes ☒ No

1

Briefly describe the organization's mission

NORTHCREST MEDICAL CENTER IS A TENNESSEE NONPROFIT CORPORATION THAT OPERATES A 109-BED GENERAL ACUTE CARE FACILITY THE HOSPITAL PROVIDES A FULL RANGE OF MEDICAL SERVICES TO BOTH INPATIENTS AND OUTPATIENTS IN AND AROUND THE SPRINGFIELD, TENNESSEE AREA

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 \$ 69,526,749 including grants of \$ 207,026) (Revenue \$ 72,914,876)

IN ADDITION TO HEALTH CARE SERVICES, NORTHCREST MEDICAL CENTER SPONSORS MONTHLY SUPPORT GROUPS FOR GRIEF, CANCER AND DIABETES EDUCATION, HOSTS PRENATAL CLASSES, PUBLISHES A QUARTERLY NEWSLETTER, AND PROVIDES STROKE AND PROSTATE CANCER SCREENINGS ALONG WITH FREE BLOOD PRESSURE CHECKS NORTHCREST MEDICAL CENTER ALSO CONDUCTS SEMINARS ON EXERCISE, NUTRITION, WEIGHT LOSS, ARTHRITIS, AND SODIUM PROTECTION

4b

(Code) (Expenses \$ including grants of \$) (Revenue \$)

4c

(Code) (Expenses \$ including grants of \$) (Revenue \$)

4d

Other program services (Describe in Schedule O)

















(Expenses \$ including grants of \$) (Revenue \$)

4e

Total program service expenses \$ 69,526,749

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)? <i>If "Yes," complete Schedule A.</i>  | 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? <i>If "Yes," complete Schedule C, Part I.</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? <i>If "Yes," complete Schedule C, Part II.</i> | 4 | No |
| 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? <i>If "Yes," complete Schedule C, Part III.</i> | 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? <i>If "Yes," complete Schedule D, Part I.</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? <i>If "Yes," complete Schedule D, Part II.</i>  | 7 | No |
| 8 | Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III.</i>  | 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? <i>If "Yes," complete Schedule D, Part IV.</i>  | 9 | No |
| 10 | Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V.</i>  | 10 | No |
| 11 | If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable | | |
| a | Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI.</i>  | 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? <i>If "Yes," complete Schedule D, Part VII.</i>  | 11b | Yes |
| c | Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII.</i>  | 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? <i>If "Yes," complete Schedule D, Part IX.</i>  | 11d | Yes |
| e | Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X.</i>  | 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)? <i>If "Yes," complete Schedule D, Part X.</i>  | 11f | Yes |
| 12a | Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII.</i>  | 12a | No |
| b | Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional.</i>  | 12b | Yes |
| 13 | Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E.</i> | 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? <i>If "Yes," complete Schedule F, Parts I and IV.</i> | 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? <i>If "Yes," complete Schedule F, Parts II and IV.</i> | 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? <i>If "Yes," complete Schedule F, Parts III and IV.</i> | 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? <i>If "Yes," complete Schedule G, Part I (see instructions).</i> | 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? <i>If "Yes," complete Schedule G, Part II.</i> | 18 | No |
| 19 | Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III.</i> | 19 | No |
| 20a | Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H.</i>  | 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? <i>If "Yes," complete Schedule I, Parts I and II</i> | 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? <i>If "Yes," complete Schedule I, Parts I and III</i> | 22 | | No |
| 23 | Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i> | 23 | Yes | |
| 24a | Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b–24d and complete Schedule K. If "No," go to line 25</i> | 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? <i>If "Yes," complete Schedule L, Part I</i> | 25a | | No |
| b | Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i> | 25b | | No |
| 26 | 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? <i>If "Yes," complete Schedule L, Part II</i> | 26 | | No |
| 27 | Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i> | 27 | | No |
| 28 | Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions) | | | |
| a | A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> | 28a | | No |
| b | A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> | 28b | | 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? <i>If "Yes," complete Schedule L, Part IV</i> | 28c | | No |
| 29 | Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> | 29 | | No |
| 30 | Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> | 30 | | No |
| 31 | Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> | 31 | | No |
| 32 | Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i> | 32 | | No |
| 33 | Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i> | 33 | | No |
| 34 | Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i> | 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)? <i>If "Yes," complete Schedule R, Part V, line 2</i> | | | |
| 36 | Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> | 36 | | No |
| 37 | Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i> | 37 | | No |
| 38 | Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 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 | 86 | | |
| | | 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, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return. | 2a | 790 | | |
| | b If at least one is reported on line 2a, did the organization file all required federal employment tax returns? | | | | |
| Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions). | | | | | |
| 3a Did the organization have unrelated business gross income of \$1,000 or more during the year? | | | 3a | | No |
| b If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O. | | | 3b | | |
| 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 | 12 | | |
| b | Enter the number of voting members included in line 1a, above, who are independent | 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 | | No |
| 7a | Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body? | 7a | | No |
| b | Are any decisions of the governing body subject to approval by members, stockholders, or other persons? | 7b | | No |
| 8 | Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following | | | |
| a | The governing body? | 8a | Yes | |
| b | Each committee with authority to act on behalf of the governing body? | 8b | Yes | |
| 9 | Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O | 9 | | No |

| Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.) | | | Yes | No |
|---|--|-----|-----|----|
| 10a | Does the organization have local chapters, branches, or affiliates? | 10a | | No |
| b | If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization? | 10b | | |
| 11a | Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form? | 11a | Yes | |
| b | Describe in Schedule O the process, if any, used by the organization to review this Form 990 | | | |
| 12a | Does the organization have a written conflict of interest policy? If "No," go to line 13 | 12a | Yes | |
| b | Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts? | 12b | Yes | |
| c | Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done | 12c | Yes | |
| 13 | Does the organization have a written whistleblower policy? | 13 | Yes | |
| 14 | Does the organization have a written document retention and destruction policy? | 14 | Yes | |
| 15 | Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision? | | | |
| a | The organization's CEO, Executive Director, or top management official | 15a | Yes | |
| b | Other officers or key employees of the organization | 15b | Yes | |
| | If "Yes" to line 15a or 15b, describe the process in Schedule O (See instructions) | | | |
| 16a | Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? | 16a | | No |
| 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 | | |

| Section C. Disclosure | |
|-----------------------|---|
| 17 | List the States with which a copy of this Form 990 is required to be filed |
| 18 | Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> 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. JAMES SCHMIDT 100 NORTHCREST DRIVE SPRINGFIELD, TN 37172 (615) 384-1503 |

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) TED STUBBLEFIELD TRUSTEE, CHAIRMAN | 1.00 | X | | | | | | 3,000 | 0 | 0 |
| (2) DAVID BELLAR TRUSTEE, VICE CHAIRMAN | 1.00 | X | | | | | | 3,000 | 0 | 0 |
| (3) JAMES G BOWENS TRUSTEE | 1.00 | X | | | | | | 3,000 | 0 | 0 |
| (4) HOWARD BRADLEY TRUSTEE | 1.00 | X | | | | | | 3,000 | 0 | 0 |
| (5) TOMMY CRUNK TRUSTEE | 1.00 | X | | | | | | 57,028 | 0 | 0 |
| (6) GEORGE DAHIR TRUSTEE | 1.00 | X | | | | | | 2,500 | 471,528 | 23,900 |
| (7) GERALDINE FARMER TRUSTEE | 1.00 | X | | | | | | 3,000 | 0 | 0 |
| (8) ALVIN FOWLER TRUSTEE, SECRETARY | 1.00 | X | | | | | | 3,000 | 0 | 0 |
| (9) AMY GALLAGHER TRUSTEE | 1.00 | X | | | | | | 3,000 | 0 | 0 |
| (10) E DEE REID TRUSTEE | 1.00 | X | | | | | | 3,000 | 0 | 0 |
| (11) TRACY LANGSTON TRUSTEE | 1.00 | X | | | | | | 3,000 | 0 | 0 |
| (12) DAN GREEN TRUSTEE | 1.00 | X | | | | | | 3,000 | 0 | 0 |
| (13) SCOTT RAYNES PRESIDENT/CEO | 40.00 | | | X | | | | 386,127 | 0 | 51,808 |
| (14) JIM SCHMIDT CFO | 40.00 | | | X | | | | 199,630 | 0 | 34,590 |
| (15) RANDY MILLS VICE PRESIDENT - BUSINESS | 40.00 | | | X | | | | 191,235 | 0 | 27,507 |
| (16) ANGELA BEARD CNO | 40.00 | | | X | | | | 184,876 | 0 | 22,054 |

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) AMBER KING VICE PRESIDENT - HUMAN RESOURCES | 40 00 | | | X | | | | 102,193 | 0 | 30,160 |
| (18) RANDY DAVIS CIO | 40 00 | | | X | | | | 151,897 | 0 | 33,079 |
| (19) JOAN CHATHAM QA/PI DIRECTOR | 40 00 | | | | | X | | 109,832 | 0 | 12,083 |
| (20) LISA LINVILLE CCU DIRECTOR | 40 00 | | | | | X | | 105,642 | 0 | 11,854 |
| (21) MIKE TINAL PFS DIRECTOR | 40 00 | | | | | X | | 100,956 | 0 | 14,407 |
| (22) SHARON JEHL FORMER KEY EMPLOYEE AND FORMER CNO | 0 00 | | | | | | X | 149,026 | 0 | 0 |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| 1b Sub-Total | | | | | | | | | | |
| c Total from continuation sheets to Part VII, Section A | | | | | | | | | | |
| d Total (add lines 1b and 1c) | | | | | | | | 1,770,942 | 471,528 | 261,442 |

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 in reportable compensation from the organization10

| | Yes | No |
|---|-------|----|
| 3 Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i> | 3 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? <i>If "Yes," complete Schedule J for such individual</i> | 4 Yes | |
| 5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i> | 5 | No |

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization

| (A) Name and business address | (B) Description of services | (C) Compensation |
|---|--|---------------------|
| GOLDEN LIVING CENTER 104 WATSON ROAD SPRINGFIELD, TN 37172 | NURSING HOME CARE FOR HOSPICE PATIENTS | 218,982 |
| JJCA-JOHNSON JOHNSON CRABTREE 4551 TROUSDALE DRIVE NASHVILLE, TN 37204 | ARCHITECTS | 213,140 |
| MCCLEAREN DESIGN STUDIOS PO BOX 60676 NASHVILLE, TN 37206 | GRAPHIC DESIGN AND PRINTING SERVICES | 169,869 |
| FAVORITE HEALTHCARE STAFFING INC PO BOX 803356 KANSAS CITY, MO 64180 | NURSE STAFFING | 155,929 |
| LEE MEDICAL PO BOX 682027 FRANKLIN, TN 37068 | IV MANAGMENT SERVICES, EDC INSERTIONS | 145,150 |
| 2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization7 | | |

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 | 32,531 | | |
| | e | Government grants (contributions) | 1e | 22,512 | | |
| | f | All other contributions, gifts, grants, and similar amounts not included above | 1f | 333,428 | | |
| | g | Noncash contributions included in lines 1a-1f \$ | | | | |
| | h | Total. Add lines 1a-1f | | 388,471 | | |
| | Program Service Revenue | 2a | Business Code | | | |
| | | HEALTHCARE REVENUE | 621990 | 72,571,125 | 72,571,125 | |
| b | | | | | | |
| c | | | | | | |
| d | | | | | | |
| e | | | | | | |
| f | | All other program service revenue | | | | |
| g | | Total. Add lines 2a-2f | | 72,571,125 | | |
| Other Revenue | | 3 | Investment income (including dividends, interest and other similar amounts) | | 208,098 | |
| | 4 | Income from investment of tax-exempt bond proceeds . . | | | | |
| | 5 | Royalties | | | | |
| | 6a | Gross Rents | (i) Real | (ii) Personal | | |
| | b | Less rental expenses | 658,529 | | | |
| | c | Rental income or (loss) | 658,529 | | | |
| | d | Net rental income or (loss) | | | 658,529 | 658,529 |
| | 7a | Gross amount from sales of assets other than inventory | (i) Securities | (ii) Other | | |
| | b | Less cost or other basis and sales expenses | | 9,438 | | |
| | c | Gain or (loss) | | 754 | | |
| | d | Net gain or (loss) | | 8,684 | 8,684 | |
| | 8a | Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 | a | | | |
| | b | Less direct expenses | b | | | |
| | c | Net income or (loss) from fundraising events . . | | | | |
| | 9a | Gross income from gaming activities See Part IV, line 19 . . | a | | | |
| | b | Less direct expenses | b | | | |
| | c | Net income or (loss) from gaming activities . . | | | | |
| | 10a | Gross sales of inventory, less returns and allowances . . | a | | | |
| | b | Less cost of goods sold | b | | | |
| | c | Net income or (loss) from sales of inventory . . | | | | |
| | Miscellaneous Revenue | Business Code | | | | |
| 11a | CAFETERIA SALES | 722210 | 295,383 | 295,383 | | |
| b | MISCELLANEOUS | 623990 | 27,531 | 27,531 | | |
| c | VENDING MACHINES | 623990 | 12,153 | 12,153 | | |
| d | All other revenue | | | | | |
| e | Total. Add lines 11a-11d | | 335,067 | | | |
| 12 | Total revenue. See Instructions | | 74,169,974 | 72,914,876 | 0 | 866,627 |

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 | 207,026 | 207,026 | | |
| 2 | Grants and other assistance to individuals in the U S See Part IV, line 22 | | | | |
| 3 | Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16 | | | | |
| 4 | Benefits paid to or for members | | | | |
| 5 | Compensation of current officers, directors, trustees, and key employees | 1,564,183 | 864,267 | 699,916 | |
| 6 | Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) | | | | |
| 7 | Other salaries and wages | 23,374,197 | 22,543,210 | 830,987 | |
| 8 | Pension plan contributions (include section 401(k) and section 403(b) employer contributions) | | | | |
| 9 | Other employee benefits | 2,621,519 | 2,495,840 | 125,679 | |
| 10 | Payroll taxes | 1,981,798 | 1,894,411 | 87,387 | |
| a | Fees for services (non-employees) | | | | |
| | Management | | | | |
| b | Legal | | | | |
| c | Accounting | | | | |
| d | Lobbying | | | | |
| e | Professional fundraising services See Part IV, line 17 | | | | |
| f | Investment management fees | | | | |
| g | Other | | | | |
| 12 | Advertising and promotion | 295,276 | 292,565 | 2,711 | |
| 13 | Office expenses | 274,302 | 121,267 | 153,035 | |
| 14 | Information technology | | | | |
| 15 | Royalties | | | | |
| 16 | Occupancy | 1,206,858 | 1,201,304 | 5,554 | |
| 17 | Travel | 133,856 | 90,122 | 43,734 | |
| 18 | Payments of travel or entertainment expenses for any federal, state, or local public officials | | | | |
| 19 | Conferences, conventions, and meetings | | | | |
| 20 | Interest | 3,358,265 | 3,358,265 | | |
| 21 | Payments to affiliates | | | | |
| 22 | Depreciation, depletion, and amortization | 4,584,299 | 4,584,299 | | |
| 23 | Insurance | 4,060,982 | 3,642,444 | 418,538 | |
| 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 | SUPPLIES | 11,032,786 | 11,014,215 | 18,571 | |
| b | BAD DEBT EXPENSE | 9,061,368 | 9,061,368 | | |
| c | CONTRACT SERVICES | 4,216,627 | 2,682,381 | 1,534,246 | |
| d | EQUIPMENT RENTAL AND MA | 4,124,455 | 3,997,198 | 127,257 | |
| e | MEDICAL SPECIALIST | 426,917 | 426,917 | | |
| f | All other expenses | 1,266,999 | 1,049,650 | 217,349 | |
| 25 | Total functional expenses. Add lines 1 through 24f | 73,791,713 | 69,526,749 | 4,264,964 | 0 |
| 26 | Joint costs. Check here <input type="checkbox"/> 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) | | (B) |
|-----------------------------|---|---|-----|------------|------------|-------------------|------------|-------------|
| | | | | | | Beginning of year | | End of year |
| Assets | 1 | Cash—non-interest-bearing | | | | 1,633,297 | 1 | 3,713,295 |
| | 2 | Savings and temporary cash investments | | | | 18,964,934 | 2 | 10,527,262 |
| | 3 | Pledges and grants receivable, net | | | | | 3 | |
| | 4 | Accounts receivable, net | | | | 7,254,181 | 4 | 10,353,178 |
| | 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 | | | | 1,274,400 | 7 | 948,436 |
| | 8 | Inventories for sale or use | | | | 1,252,975 | 8 | 1,284,286 |
| | 9 | Prepaid expenses and deferred charges | | | | 647,377 | 9 | 773,417 |
| | 10a | Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D | 10a | 81,242,112 | 33,120,401 | 10c | 33,291,560 | |
| | b | Less accumulated depreciation | 10b | 47,950,552 | | | | |
| | 11 | Investments—publicly traded securities | | | | | 11 | |
| | 12 | Investments—other securities See Part IV, line 11 | | | | 3,443,452 | 12 | 6,070,830 |
| | 13 | Investments—program-related See Part IV, line 11 | | | | | 13 | |
| | 14 | Intangible assets | | | | | 14 | |
| | 15 | Other assets See Part IV, line 11 | | | | 10,915,185 | 15 | 13,327,763 |
| 16 | Total assets. Add lines 1 through 15 (must equal line 34) | | | | 78,506,202 | 16 | 80,290,027 | |
| Liabilities | 17 | Accounts payable and accrued expenses | | | | 3,911,440 | 17 | 5,294,261 |
| | 18 | Grants payable | | | | | 18 | |
| | 19 | Deferred revenue | | | | | 19 | |
| | 20 | Tax-exempt bond liabilities | | | | | 20 | |
| | 21 | Escrow or custodial account liability Complete Part IV of Schedule D | | | | | 21 | |
| | 22 | 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 | | | | 41,841,573 | 23 | 41,860,171 |
| | 24 | Unsecured notes and loans payable to unrelated third parties | | | | | 24 | |
| | 25 | Other liabilities Complete Part X of Schedule D | | | | 13,140,199 | 25 | 14,342,178 |
| | 26 | Total liabilities. Add lines 17 through 25 | | | | 58,893,212 | 26 | 61,496,610 |
| Net Assets or Fund Balances | Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34. | | | | | | | |
| | 27 | Unrestricted net assets | | | | 19,612,990 | 27 | 18,793,417 |
| | 28 | Temporarily restricted net assets | | | | | 28 | |
| | 29 | Permanently restricted net assets | | | | | 29 | |
| | Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34. | | | | | | | |
| | 30 | Capital stock or trust principal, or current funds | | | | | 30 | |
| | 31 | Paid-in or capital surplus, or land, building or equipment fund | | | | | 31 | |
| | 32 | Retained earnings, endowment, accumulated income, or other funds | | | | | 32 | |
| | 33 | Total net assets or fund balances | | | | 19,612,990 | 33 | 18,793,417 |
| | 34 | Total liabilities and net assets/fund balances | | | | 78,506,202 | 34 | 80,290,027 |

Part XI Reconciliation 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 | 74,169,974 |
| 2 | Total expenses (must equal Part IX, column (A), line 25) | 2 | 73,791,713 |
| 3 | Revenue less expenses Subtract line 2 from line 1 | 3 | 378,261 |
| 4 | Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) | 4 | 19,612,990 |
| 5 | Other changes in net assets or fund balances (explain in Schedule O) | 5 | -1,197,834 |
| 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 | 18,793,417 |

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 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O | | |
| 2a | Were the organization's financial statements compiled or reviewed by an independent accountant? | | No |
| b | Were the organization's financial statements audited by an independent accountant? | 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 | 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 <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> 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? | | 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 | | |

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 NORTHCREST MEDICAL CENTER | Employer identification number 62-1046595 |
|---|--|

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?
(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?
(ii) a family member of a person described in (i) above?
(iii) a 35% controlled entity of a person described in (i) or (ii) above?
- h

☐

Provide the following information about the supported organization(s)

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

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

Part II

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

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

| Section A. Public Support | | | | | | |
|---|----------|----------|----------|----------|----------|-----------|
| Calendar year (or fiscal year beginning in) ▶ | (a) 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 IIIPart 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).

Facts And Circumstances Test

SCHEDULE D
(Form 990)

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

Department of the Treasury
Internal Revenue Service

| | |
|--|---|
| Name of the organization NORTHCREST MEDICAL CENTER | Employer identification number 62-1046595 |
|--|---|

Part I

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

| | | |
|---|--|------------------------------|
| | (a) Donor advised funds | (b) Funds and other accounts |
| 1 | Total number at end of year | |
| 2 | Aggregate contributions to (during year) | |
| 3 | Aggregate grants from (during year) | |
| 4 | Aggregate value at end of year | |
| 5 | Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div> | |
| 6 | Did the organization inform all grantees, donors, and donor advisors in writing that grant funds 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 <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div> | |

Part II

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

| | | | | | | | | | | | | |
|---|---|--|--|-----------------------------|---|--|---|--|---|--|---|---|
| 1 | Purpose(s) of conservation easements held by the organization (check all that apply) <div><input type="checkbox"/> Preservation of land for public use (e g , recreation or pleasure) <input type="checkbox"/> Preservation of an historically importantly land area</div> <div><input type="checkbox"/> Protection of natural habitat <input type="checkbox"/> Preservation of a certified historic structure</div> <div><input type="checkbox"/> Preservation of open space</div> | | | | | | | | | | | |
| 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 | | | | | | | | | | | |
| | | <table><tr><td></td><td>Held at the End of the Year</td></tr><tr><td>a</td><td>Total number of conservation easements</td></tr><tr><td>b</td><td>Total acreage restricted by conservation easements</td></tr><tr><td>c</td><td>Number of conservation easements on a certified historic structure included in (a)</td></tr><tr><td>d</td><td>Number of conservation easements included in (c) acquired after 8/17/06</td></tr></table> | | Held at the End of the Year | a | Total number of conservation easements | b | Total acreage restricted by conservation easements | c | Number of conservation easements on a certified historic structure included in (a) | d | Number of conservation easements included in (c) acquired after 8/17/06 |
| | Held at the End of the Year | | | | | | | | | | | |
| a | Total number of conservation easements | | | | | | | | | | | |
| b | Total acreage restricted by conservation easements | | | | | | | | | | | |
| c | Number of conservation easements on a certified historic structure included in (a) | | | | | | | | | | | |
| d | Number of conservation easements included in (c) acquired after 8/17/06 | | | | | | | | | | | |
| 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? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div> | | | | | | | | | | | |
| 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)? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div> | | | | | | | | | | | |
| 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

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

| | |
|----|--------|
| | Amount |
| 1c | |
| 1d | |
| 1e | |
| 1f | |

2a

Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV

Part V

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

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

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶

b

Permanent endowment ▶

c

Term endowment ▶

3a

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

(i) unrelated organizations

3a(i)

Yes

No

(ii) related organizations

3a(ii)

Yes

No

b

If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

3b

Yes

No

4

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

Part VI

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

| Description of investment | (a) Cost or other basis (investment) | (b)Cost or other basis (other) | (c) Accumulated depreciation | (d) Book value |
|--|--------------------------------------|--------------------------------|------------------------------|----------------|
| 1a Land | | 3,059,050 | | 3,059,050 |
| b Buildings | | 41,290,477 | 22,590,987 | 18,699,490 |
| c Leasehold improvements | | | | |
| d Equipment | | 34,651,076 | 25,359,565 | 9,291,511 |
| e Other | | 2,241,509 | | 2,241,509 |
| Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶ | | | | 33,291,560 |

Schedule D (Form 990) 2010

| 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 |
|---|------------------|---|
| DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48 | PART X | THE HOSPITAL FOLLOWS THE GUIDANCE FOR ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES RECOGNIZED IN THE HOSPITAL'S CONSOLIDATED FINANCIAL STATEMENTS THAT PRESCRIBES A RECOGNITION THRESHOLD OF MORE LIKELY-THAN NOT TO BE SUSTAINED UPON EXAMINATION BY THE APPROPRIATE TAXING AUTHORITY. MEASUREMENT OF THE TAX UNCERTAINTY OCCURS IF THE RECOGNITION THRESHOLD HAS BEEN MET. THE GUIDANCE ALSO ADDRESSES THE DERECOGNITION, CLASSIFICATION, INTEREST AND PENALTIES, ACCOUNTING IN INTERIM PERIODS AND REQUIRED DISCLOSURES. THE HOSPITAL HAS DETERMINED THAT THERE ARE NO SIGNIFICANT UNCERTAIN TAX POSITIONS AT JUNE 30, 2011 OR 2010. IF INTEREST AND PENALTIES ARE INCURRED RELATED TO UNCERTAIN TAX POSITIONS, SUCH AMOUNTS WOULD BE RECOGNIZED IN INCOME TAX EXPENSE. TAX PERIODS FOR ALL FISCAL YEARS AFTER 2007 REMAIN OPEN TO EXAMINATION BY THE FEDERAL AND STATE TAXING JURISDICTIONS TO WHICH THE HOSPITAL IS SUBJECT. |

SCHEDULE H
(Form 990)

Hospitals

OMB No 1545-0047

2010

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, question 20.**
▶ **Attach to Form 990. ▶ See separate instructions.**

Name of the organization
NORTHCREST MEDICAL CENTER

Employer identification number
62-1046595

Part I

Financial Assistance and Certain Other Community Benefits at Cost

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 _____%

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 _____%

c

If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care

4

Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?

4

Yes

5a

Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?

5a

Yes

b

If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?

5b

Yes

c

If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?

5c

No

6a

Does the organization prepare a community benefit report during the tax year?

6a

No

6b

If "Yes," did the organization make it available to the public?

6b

Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H

7

Financial Assistance and Certain Other Community Benefits at Cost

| Financial Assistance and Means-Tested Government Programs | (a) Number of activities or programs (optional) | (b) Persons served (optional) | (c) Total community benefit expense | (d) Direct offsetting revenue | (e) Net community benefit expense | (f) Percent of total expense |
|---|---|-------------------------------|-------------------------------------|-------------------------------|-----------------------------------|------------------------------|
| a Financial Assistance at cost (from Worksheets 1 and 2) | | | 1,227,620 | | 1,227,620 | 1 900 % |
| b Unreimbursed Medicaid (from Worksheet 3, column a) | | | 12,700,672 | 10,469,165 | 2,231,507 | 3 450 % |
| c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b) | | | | | | |
| d Total Financial Assistance and Means-Tested Government Programs | | | 13,928,292 | 10,469,165 | 3,459,127 | 5 350 % |
| Other Benefits | | | | | | |
| e Community health improvement services and community benefit operations (from Worksheet 4) | | | | | | |
| f Health professions education (from Worksheet 5) | | | 12,272 | | 12,272 | 0 020 % |
| g Subsidized health services (from Worksheet 6) | | | | | | |
| h Research (from Worksheet 7) | | | | | | |
| i Cash and in-kind contributions to community groups (from Worksheet 8) | | | 147,036 | 8,901 | 138,135 | 0 210 % |
| j Total Other Benefits | | | 159,308 | 8,901 | 150,407 | 0 230 % |
| k Total. Add lines 7d and 7j | | | 14,087,600 | 10,478,066 | 3,609,534 | 5 580 % |

For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 990.

Cat No 50192T

Schedule H (Form 990) 2010

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 | 2,937,490 |
| 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 | 293,749 |
| 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 | 18,892,486 |
| 6 | Enter Medicare allowable costs of care relating to payments on line 5 | 6 | 20,579,602 |
| 7 | Subtract line 6 from line 5. This is the surplus or (shortfall) | 7 | -1,687,116 |
| 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: <input type="checkbox"/> Cost accounting system <input type="checkbox"/> Cost to charge ratio <input checked="" type="checkbox"/> Other | | |

Section C. Collection Practices

| | | | |
|----|---|----|-----|
| 9a | Does the organization have a written debt collection policy? | 9a | Yes |
| b | If "Yes," does the organization's collection policy contain provisions on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance? Describe in Part VI | 9b | Yes |

Part IV

Management Companies and Joint Ventures

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

Section A. Hospital Facilities

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

| | |
|---|--|
| 1 | NORTHCREST MEDICAL CENTER INC 100 NORTHCREST DRIVE SPRINGFIELD, TN 37186 |
|---|--|

Other (Describe)

| |
|--------------------------|
| ER-other |
| ER-24 hours |
| Research facility |
| Critical access hospital |
| Teaching hospital |
| Children's hospital |
| General medical & surg |
| Licensed hospital |

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? 2

| Name and address | | Type of Facility (Describe) |
|------------------|---|-----------------------------|
| 1 | NORTHCREST IMAGING AND SPECIALTY CLINIC 2536 HWY 49 SUITE 120 PLEASANT VIEW, TN 37172 | DIAGNOSTIC CENTER |
| 2 | NORTHCREST IMAGING AND SPECIALTY CLINIC 2536 HWY 49 SUITE 120 PLEASANT VIEW, TN 37172 | DIAGNOSTIC CENTER |
| 3 | | |
| 4 | | |
| 5 | | |
| 6 | | |
| 7 | | |
| 8 | | |
| 9 | | |
| 10 | | |

Part VI

Supplemental Information

Complete this part to provide the following information

- 1
- Required descriptions.** Provide the description required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21
- 2
- Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B
- 3
- Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4
- Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5
- Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g, open medical staff, community board, use of surplus funds, etc)
- 6
- Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7
- State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

| Identifier | ReturnReference | Explanation |
|------------|-----------------|--|
| | | PART I, LINE 3C FREE CARE IS PROVIDED BASED ON 200% OF FPG CARE IS DISCOUNTED BASED ON SIMILAR CRITERIA FROM INSURANCE ARRANGEMENTS WITH PROVIDERS FPG IS NOT USED WHEN DETERMINING THE DISCOUNTED CARE AMOUNT |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|--|
| | | PART I, LINE 7 THE COSTING METHOD USED WAS DERIVED FROM WORKSHEET 2 |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|--|
| | | PART I, LINE 7, COLUMN (F) THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS \$ 9061368 |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|--|
| | | <p>PART III, LINE 4 THE COST OF BAD DEBT WAS CALCULATED USING THE COST TO CHARGE RATIO FROM WORKSHEET 2 THE AMOUNT OF BAD DEBT THAT COULD REASONABLY BE ATTRIBUTABLE TO PATIENTS QUALIFYING FOR CHARITY CARE IS ESTIMATED AT 10% BASED ON THE PERCENT OF SELF-PAY PROJECTED TO THE TOTAL THE FINANCIAL STATEMENT FOOTNOTE READS PATIENT ACCOUNTS RECEIVABLE ARE REPORTED AT ESTIMATED NET REALIZABLE AMOUNTS FOR SERVICES RENDERED COLLECTIBLE FROM FEDERAL AND STATE AGENCIES (UNDER THE MEDICARE AND MEDICAID/TENNCARE PROGRAMS), MANAGED HEALTH PLANS, COMMERCIAL INSURANCE COMPANIES, WORKERS' COMPENSATION, EMPLOYERS AND PATIENTS RECEIVABLES ARE GENERALLY UNCOLLATERALIZED, BUT CREDIT RISK RELATING TO ACCOUNTS RECEIVABLE IS LIMITED TO SOME EXTENT BY THE DIVERSITY AND NUMBER OF PATIENTS AND PAYORS LATE FEES AND INTEREST CHARGES, IF ANY, ARE RECOGNIZED WHEN RECEIVED THE HOSPITAL MANAGES THE RECEIVABLES BY REGULARLY REVIEWING ITS ACCOUNTS AND CONTRACTS AND BY PROVIDING APPROPRIATE ALLOWANCES FOR UNCOLLECTIBLE AMOUNTS THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS IS BASED ON HISTORICAL LOSSES AND AN ANALYSIS OF CURRENTLY OUTSTANDING AMOUNTS THIS ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS IS GENERALLY INCREASED BY CHARGES TO A PROVISION FOR UNCOLLECTIBLE ACCOUNTS AND DECREASED BY WRITE OFFS OF ACCOUNTS DETERMINED BY MANAGMENT TO BE UNCOLLECTIBLE</p> |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|---|
| | | PART III, LINE 8 MEDICARE ALLOWABLE COSTS WERE TAKEN FROM THE HOSPITAL'S COST REPORT |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|---|
| | | PART III, LINE 9B THERE ARE NO COLLECTION EFFORTS TAKEN ON THE PATIENTS THAT QUALIFY FOR CHARITY CARE THEIR ACCOUNTS ARE WRITTEN OFF SO NO MONEY IS OWED AND NO CHARGES ARE RECORDED AS INCOME |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|---|
| | | PART VI, LINE 2 NORTHCREST MEDICAL CENTER IS ALWAYS LOOKING FOR BETTER WAYS TO SERVE ITS COMMUNITY WE USE MANY DIFFERENT SURVEYS TO GATHER INFORMATION ABOUT OUR HEALTHCARE SERVICES FROM OUR COMMUNITY THE PATIENT SATISFACTION SURVEY PROVIDES OUR PATIENTS WITH THE OPPORTUNITY TO TELL US HOW WELL WE ARE PROVIDING OUR SERVICES THE COMMUNITY PERCEPTION SURVEY ALLOWS THOSE THAT MAY NOT USE OUR FACILITY THE ABILITY TO PROVIDE US FEEDBACK ALSO ANOTHER OPPORTUNITY FOR FEEDBACK IS THE COMMUNITY NEEDS SURVEY WHICH ALLOWS THE COMMUNITY TO EXPRESS WHAT ADDITIONAL SERVICES IT WOULD LIKE FOR US TO PROVIDE |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|--|
| | | PART VI, LINE 3 PATIENTS ARE SCREENED UPON REGISTRATION TO SEE IF THEY QUALIFY FOR CHARITY CARE THE PAPERWORK IS EXPLAINED AND PRESENTED AT THAT TIME UNINSURED PATIENTS WITH NO MEANS OF PAYMENT ARE ALSO MAILED CHARITY APPLICATIONS AFTER DISCHARGE AND PRIOR TO COLLECTION AGENCY PLACEMENT COLLECTION AGENCY IS ALSO EDUCATED IN EXPLAINING CHARITY POLICY AND WILL REFER QUALIFYING PATIENT TO HOSPITAL FOR REVIEW |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|--|
| | | PART VI, LINE 4 NORTHCREST MEDICAL CENTER IS A COMMUNITY, NOT-FOR-PROFIT HOSPITAL LOCATED IN ROBERTSON COUNTY, WHICH IS LOCATED IN NORTHERN MIDDLE TENNESSEE AND INCLUDES EIGHT INDIVIDUAL MUNICIPALITIES NORTHCREST MEDICAL CENTER IS THE ONLY HOSPITAL LOCATED IN THE COUNTY WITH A POPULATION OF APPROXIMATELY 67,000 CITIZENS ROBERTSON COUNTY HAS AN AVERAGE HOUSEHOLD INCOME OF \$49,000, AND ITS POPULATION IS MADE UP OF 83% CAUCASIAN, 8% AFRICAN-AMERICAN, AND 7% HISPANIC |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|---|
| | | PART VI, LINE 6 NORTHCREST MEDICAL CENTER IS A NOT-FOR-PROFIT, INDEPENDENT, COMMUNITY HOSPITAL THAT HAS BEEN PROVIDING COMPASSIONATE, QUALITY HEALTHCARE SINCE 1956 WITH A MISSION OF ENHANCING COMMUNITY AND PATIENT WELLNESS, NORTHCREST PROVIDES INPATIENT, OUTPATIENT, AND EMERGENCY MEDICAL SERVICES TO NORTHERN MIDDLE TENNESSEE AND SOUTHERN KENTUCKY NORTHCREST MEDICAL CENTER IS GOVERNED BY A BOARD OF TRUSTEES MADE UP OF LOCAL COMMUNITY-MINDED MEN AND WOMEN NORTHCREST'S LOCAL BOARD ALLOWS US TO FOCUS ON THE NEEDS OF OUR COMMUNITY AND USE THE MEDICAL CENTER'S RESOURCES TO PROVIDE ADVANCED, HIGH QUALITY CARE IN A CONVENIENT LOCATION FOR OUR CITIZENS AND SUPPORT OUR COMMUNITY'S ORGANIZATIONS AND EVENTS NORTHCREST'S MEDICAL STAFF IS MADE UP OF HIGHLY TRAINED AND SKILLED PHYSICIANS FROM THROUGHOUT THE WORLD THE MEDICAL STAFF IS DEDICATED TO SUPPORTING THE MEDICAL CENTER AND ITS MISSION NORTHCREST IS ALSO LOOKING TO ADD SERVICES AND PHYSICIANS THAT ARE NEEDED FOR THE COMMUNITY |

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
NORTHCREST MEDICAL CENTER

Employer identification number
62-1046595

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 |
|--|------------|------------------------------------|--------------------------|-----------------------------------|--|--|---|
| (1) NORTHCREST MEDICAL CENTER FOUNDATION100 NORTHCREST DRIVE SPRINGFIELD, TN 371723961 | 20-4224449 | 501 (C) (3) | 117,379 | | | | FURTHER EXEMPT PURPOSE OF FOUNDATION BY FUNDING SALARIES OF EMPLOYEES |
| (2) AMERICAN CANCER SOCIETY2000 CHARLOTTE AVE NASHVILLE, TN 37172 | 13-1788491 | 501 (C) (3) | 10,000 | | | | FURTHER EXEMPT PURPOSE OF AMERICAN CANCER SOCIETY |
| (3) UNITED WAY101 FIFTH AVE WEST SPRINGFIELD, TN 37172 | 62-1763845 | 501 (C) (3) | 11,667 | | | | FURTHER EXEMPT PURPOSE OF UNITED WAY |
| (4) ROBERTSON COUNTY SCHOOLS2121 WOODLAND STREET SPRINGFIELD, TN 37172 | 62-6000810 | GOVERNMENT | 23,750 | | | | FURTHER EXEMPT PURPOSE OF ROBERTSON COUNTY SCHOOLS |
| (5) VOLUNTEER STATE COMMUNITY COLLEGE 1480 NASHVILLE PARK GALLATIN, TN 37066 | 58-1863050 | GOVERNMENT | 20,000 | | | | FURTHER EXEMPT PURPOSE OF VOLUNTEER STATE COMMUNITY COLLEGE |
| (6) YMCA OF MIDDLE TENNESSE900 CHURCH STREET NASHVILLE, TN 37203 | 62-0476243 | 501 (C) (3) | 9,000 | | | | TO FURTHER EXEMPT PURPOSE OF YMCA OF MIDDLE TENNESSEE |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

2

Enter total number of section 501(c)(3) and government organizations

6

3

Enter total number of other organizations

Part III

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

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

Part IV

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

| Identifier | Return Reference | Explanation |
|--|------------------|--|
| PROCEDURE FOR MONITORING GRANTS IN THE U S | PART I, LINE 2 | SCHEDULE I, PART I, LINE 2 NORTHCREST MEDICAL CENTER ONLY PROVIDES FUNDS TO CHARITIES AND QUALIFIED GOVERNMENTAL ENTITIES TO SUPPORT SPECIFIC PROJECTS RELATED TO THE HOSPITAL'S EXEMPT PURPOSES AND THOSE THAT BENEFIT THE COMMUNITY SERVED |

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2010

Open to Public Inspection

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.

Name of the organization
NORTHCREST MEDICAL CENTER

Employer identification number

62-1046595

Part I

Questions Regarding Compensation

| | | | |
|----|---|-----|-----|
| | | Yes | No |
| 1a | Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items. <div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input checked="" type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input checked="" type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Discretionary spending account</div><div><input checked="" type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div> | | |
| b | If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain | 1b | No |
| 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. <div><div><input type="checkbox"/> Compensation committee</div><div><input checked="" type="checkbox"/> Written employment contract</div><div><input type="checkbox"/> Independent compensation consultant</div><div><input checked="" type="checkbox"/> Compensation survey or study</div><div><input type="checkbox"/> Form 990 of other organizations</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div> | | |
| 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: <div><div>a Receive a severance payment or change-of-control payment from the organization or a related organization?</div><div>b Participate in, or receive payment from, a supplemental nonqualified retirement plan?</div><div>c Participate in, or receive payment from, an equity-based compensation arrangement?</div></div> If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III | 4a | Yes |
| | | 4b | Yes |
| | | 4c | No |
| 5 | Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9. For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of: <div><div>a The organization?</div><div>b Any related organization?</div></div> If "Yes," to line 5a or 5b, describe in Part III | 5a | No |
| | | 5b | No |
| 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: <div><div>a The organization?</div><div>b Any related organization?</div></div> If "Yes," to line 6a or 6b, describe in Part III | 6a | No |
| | | 6b | No |
| 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 accrued 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) GEORGE DAHIR | (i) | 2,500 | 0 | 0 | 0 | 0 | 2,500 | 0 |
| | (ii) | 441,352 | 0 | 30,176 | 9,808 | 14,092 | 495,428 | 0 |
| (2) SCOTT RAYNES | (i) | 321,775 | 46,000 | 18,352 | 34,188 | 17,620 | 437,935 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (3) JIM SCHMIDT | (i) | 176,540 | 22,000 | 1,090 | 16,359 | 18,231 | 234,220 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (4) RANDY MILLS | (i) | 168,274 | 21,000 | 1,961 | 16,395 | 11,112 | 218,742 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (5) ANGELA BEARD | (i) | 145,898 | 38,744 | 234 | 4,725 | 17,329 | 206,930 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (6) RANDY DAVIS | (i) | 132,718 | 19,000 | 179 | 14,645 | 18,434 | 184,976 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (7) SHARON JEHLE | (i) | 0 | 0 | 149,026 | 0 | 0 | 149,026 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (8) | | | | | | | | |
| (9) | | | | | | | | |
| (10) | | | | | | | | |
| (11) | | | | | | | | |
| (12) | | | | | | | | |
| (13) | | | | | | | | |
| (14) | | | | | | | | |
| (15) | | | | | | | | |
| (16) | | | | | | | | |

Part IIISupplemental Information

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

| Identifier | Return Reference | Explanation |
|------------|--------------------|---|
| | PART I, LINE 1B | THE DUES, TRAVEL, AND TAX INDEMNIFICATION PAYMENTS ARE APPROVED ON A CASE BY CASE BASIS AT THE DISCRETION OF THE CEO. TRAVEL FOR COMPANIONS AND PERSONAL SERVICES REIMBURSEMENTS ARE NOT SPECIFICALLY LISTED IN THE EXPENSE POLICIES. HOWEVER, THEY BOTH REQUIRE DOCUMENTATION TO BE REIMBURSED AND BOTH ARE INCLUDED IN COMPENSATION IN BOX 1 OF THE W-2 OR 1099-MISC. |
| | PART I, LINES 4A-B | SHARON JEHLE RECEIVED \$149,026 AS A SEVERANCE PAYMENT, DURING 2010. SEVERAL OFFICERS PARTICIPATED IN A 457(F) PLAN THROUGH THE MEDICAL CENTER. IN 2010, THE FOLLOWING 457(F) AMOUNTS WERE ACCRUED AND ARE RECORDED ON SCHEDULE J AND PART VII, ACCORDINGLY: SCOTT RAYNES 25,000; JIM SCHMIDT 10,000; RANDY DAVIS 10,000; RANDY MILLS 10,000; AMBER KING 10,000. |

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
NORTHCREST MEDICAL CENTER

Employer identification number
62-1046595

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 THE HEALTH AND EDUCATIONAL FACILITIES BOARD OF THE CITY OF SPRINGFIELD TN | 52-1353943 | 85141WAA8 | 12-30-2010 | 35,775,000 | FUNDS BEING USED TO RESTRUCTURE DEBT | | X | | X | | X |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |

Part II Proceeds

| | | A | | B | | C | | D | |
|----|--|------------|----|---|--|---|--|---|--|
| 1 | Amount of bonds retired | | | | | | | | |
| 2 | Amount of bonds legally defeased | | | | | | | | |
| 3 | Total proceeds of issue | 35,775,000 | | | | | | | |
| 4 | Gross proceeds in reserve funds | | | | | | | | |
| 5 | Capitalized interest from proceeds | | | | | | | | |
| 6 | Proceeds in refunding escrow | | | | | | | | |
| 7 | Issuance costs from proceeds | | | | | | | | |
| 8 | Credit enhancement from proceeds | | | | | | | | |
| 9 | Working capital expenditures from proceeds | 35,775,000 | | | | | | | |
| 10 | Capital expenditures from proceeds | | | | | | | | |
| 11 | Other spent proceeds | | | | | | | | |
| 12 | Other unspent proceeds | | | | | | | | |
| 13 | Year of substantial completion | 1995 | | | | | | | |
| | | Yes | No | | | | | | |
| 14 | Were the bonds issued as part of a current refunding issue? | X | | | | | | | |
| 15 | Were the bonds issued as part of an advance refunding issue? | | X | | | | | | |
| 16 | Has the final allocation of proceeds been made? | X | | | | | | | |
| 17 | Does the organization maintain adequate books and records to support the final allocation of proceeds? | X | | | | | | | |

Part III Private Business Use

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

Part IIIPrivate Business Use (Continued)

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

Part IVArbitrage

| | | A | | B | | C | | D | |
|----|--|-----------------|----|-----|----|-----|----|-----|----|
| | | Yes | No | Yes | No | Yes | No | Yes | No |
| 1 | Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue? | | X | | | | | | |
| 2 | Is the bond issue a variable rate issue? | X | | | | | | | |
| 3a | Has the organization or the governmental issuer entered into a hedge with respect to the bond issue? | X | | | | | | | |
| b | Name of provider | MORGAN KEEGAN | | | | | | | |
| c | Term of hedge | 22 080000000000 | | | | | | | |
| d | Was the hedge superintegrated? | | X | | | | | | |
| e | Was a hedge terminated? | | X | | | | | | |
| 4a | Were gross proceeds invested in a GIC? | | X | | | | | | |
| b | Name of provider | | | | | | | | |
| c | Term of GIC | | | | | | | | |
| d | Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied? | | | | | | | | |
| 5 | Were any gross proceeds invested beyond an available temporary period? | | X | | | | | | |
| 6 | Did the bond issue qualify for an exception to rebate? | | X | | | | | | |

Part VSupplemental Information

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

| Identifier | Return Reference | Explanation |
|------------|------------------|-------------|
| | | |
| | | |
| | | |

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 NORTHCREST MEDICAL CENTER | Employer identification number 62-1046595 |
|---|--|

| Identifier | Return Reference | Explanation |
|--|------------------|--|
| FORM 990, PART VI, SECTION B, LINE 11 | | AFTER COMPLETION OF FORM 990, NORTHCREST'S ACCOUNTANT PROVIDES THE BOARD WITH A COPY OF THE FORM 990 FOR REVIEW AND IS AVAILABLE TO PRESENT AND EXPLAIN THE FORM 990 AT REQUEST OF BOARD |

| Identifier | Return Reference | Explanation |
|------------|---|--|
| | FORM 990, PART VI, SECTION B, LINE 12C | THE CONFLICT OF INTEREST POLICY IS REVIEWED ANNUALLY BY THE BOARD AND A CONFLICT DISCLOSURE IS SIGNED |

| Identifier | Return Reference | Explanation |
|------------|--|--|
| | FORM 990, PART VI, SECTION B, LINE 15 | BOARD REVIEWS DIFFERENT SOURCES, SUCH AS MARKET ANALYSIS, BEFORE APPROVING COMPENSATION OF CEO CEO THEN IN TURN REVIEWS AND APPROVES COMPENSATION OF KEY EMPLOYEES |

| Identifier | Return Reference | Explanation |
|------------|--|--|
| | FORM 990, PART VI, SECTION C, LINE 19 | THE REQUESTS FOR GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS GO THROUGH THE COMPLIANCE OFFICER, AND THE LEGALLY REQUIRED DOCUMENTS ARE MADE AVAILABLE UPON REQUEST |

| Identifier | Return Reference | Explanation |
|--|---------------------------|--|
| CHANGES IN NET ASSETS OR FUND BALANCES | FORM 990, PART XI, LINE 5 | NET UNREALIZED GAINS ON INVESTMENTS 4,149 EQUITY METHOD LOSS - NORTHCREST PHYSICIAN SERVICES -1,716,407 CHANGE IN FAIR VALUE OF INTEREST RATE SWAP AGREEMENT 514,424 TOTAL TO FORM 990, PART XI, LINE 5 -1,197,834 |

| Identifier | Return Reference | Explanation |
|-----------------|-----------------------------|---|
| AUDIT COMMITTEE | FORM 990, PART XII, LINE 2C | THE BOARD OF DIRECTORS HAS A FINANCE COMMITTEE THAT IS RESPONSIBLE FOR OVERSIGHT OF THE AUDIT THEIR PROCESSES FOR REVIEW AND SELECTION OF INDEPENDENT ACCOUNTANT HAVE NOT CHANGED FROM THE PRIOR YEAR |

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
NORTHCREST MEDICAL CENTER

Employer identification number
62-1046595

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 |
|---|-------------------------|--|---------------------|---------------------------|----------------------------------|
| | | | | | |
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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) NORTHCREST MEDICAL CENTER FOUNDATION 100 NORTHCREST DRIVE SPRINGFIELD, TN 372123961 20-4224449 | SUPPORT AND AID IN FINANCING THE EDUCATION OF HEALTH CARE SERVICE PROVIDERS | TN | 501(C)(3) | 509(A)(3) | N/A | | No |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

Part III

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

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Direct controlling entity | (e) Predominant income (related, unrelated, excluded from tax under sections 512- 514) | (f) Share of total income | (g) Share of end-of-year assets | (h) Disproporionate allocations? | | (i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065) | (j) General or managing partner? | | (k) Percentage ownership |
|--|-------------------------|--|-------------------------------------|---|------------------------------|---------------------------------------|--|----|---|---|----|--------------------------------|
| | | | | | | | Yes | No | | Yes | No | |
| | | | | | | | | | | | | |
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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) NORTHCREST STRATEGIC SERVICES INC 100 NORTHCREST DRIVE SPRINGFIELD, TN37172 62-1638556 | OPERATIONS LAB | TN | N/A | C | | 11,991 | 100 000 % |
| (2) NORTHCREST PHYSICIAN SERVICES INC 100 NORTHCREST DRIVE SPRINGFIELD, TN37172 62-1638557 | FAMILY PHYSICIAN | TN | NORTHCREST STRATEGIC SERVICES INC | C | 9,410,743 | 2,506,232 | 100 000 % |
| | | | | | | | |
| | | | | | | | |
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| | | | | | | | |

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

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

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

b Gift, grant, or capital contribution to other organization(s)

c Gift, grant, or capital contribution from other organization(s)

d Loans or loan guarantees to or for other organization(s)

e Loans or loan guarantees by other organization(s)

f Sale of assets to other organization(s)

g Purchase of assets from other organization(s)

h Exchange of assets

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

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

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

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

m Sharing of facilities, equipment, mailing lists, or other assets

n Sharing of paid employees

o Reimbursement paid to other organization for expenses

p Reimbursement paid by other organization for expenses

q Other transfer of cash or property to other organization(s)

r Other transfer of cash or property from other organization(s)

Yes

No

1a Yes

1b Yes

1c Yes

1d

1e

1f

1g

1h

1i Yes

1j

1k Yes

1l

1m Yes

1n

1o

1p

1q Yes

1r

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

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

Schedule R (Form 990) 2010

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

[illegible]

Part VII **Supplemental Information**

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

| Identifier | Return Reference | Explanation |
|------------|------------------|-------------|
|------------|------------------|-------------|

Software ID:

Software Version:

EIN: 62-1046595

Name: NORTHCREST MEDICAL CENTER

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

| (a) Name of other organization | (b) Transaction type(a-r) | (c) Amount Involved (\$) | (d) Method of determining amount involved |
|--|---------------------------------|--------------------------------|---|
| (1) NORTHCREST PHYSICIAN SERVICES | A | 266,715 | CASH RECEIVED |
| (2) NORTHCREST MEDICAL CENTER FOUNDATION | B | 117,379 | CASH GIVEN |
| (3) NORTHCREST MEDICAL CENTER FOUNDATION | C | 32,531 | CASH RECEIVED |
| (4) NORTHCREST PHYSICIAN SERVICES | I | 266,715 | CASH GIVEN |
| (5) NORTHCREST PHYSICIAN SERVICES | K | 228,673 | CASH RECEIVED |
| (6) NORTHCREST MEDICAL CENTER FOUNDATION | K | 7,803 | FAIR MARKET VALUE OF SERVICES |
| (7) NORTHCREST MEDICAL CENTER FOUNDATION | M | 1,406 | FAIR MARKET VALUE OF SERVICES |
| (8) NORTHCREST PHYSICIAN SERVICES | Q | 2,467,119 | CASH GIVEN |

**NORTHCREST MEDICAL CENTER
AND AFFILIATES**

Springfield, Tennessee

Audited Consolidated Financial Statements

Years Ended June 30, 2011 and 2010

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
NorthCrest Medical Center and Affiliates
Springfield, Tennessee

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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NorthCrest Medical Center and Affiliates as of June 30, 2011 and 2010, and the results of their operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Nashville, Tennessee
September 28, 2011

NORTHCREST MEDICAL CENTER AND AFFILIATES

Consolidated Balance Sheets

June 30, 2011 and 2010

| | 2011 | 2010 |
|---|-----------------------------|-----------------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 7,436,302 | \$ 15,949,654 |
| Investments | 7,500,000 | 5,000,000 |
| Patient accounts receivable, less allowance for doubtful accounts of \$5,054,979 in 2011 and \$6,086,018 in 2010 | 11,742,765 | 8,245,414 |
| Third party settlements | 136,101 | 392,578 |
| Other receivables | 308,745 | 226,407 |
| Current portion of notes receivable | 241,168 | 433,492 |
| Inventories | 1,378,934 | 1,324,352 |
| Prepaid expenses | 879,687 | 734,641 |
| Total current assets | <u>29,623,702</u> | <u>32,306,538</u> |
| Property and equipment, net | 33,767,842 | 33,552,955 |
| Loan costs, net of accumulated amortization of \$12,598 in 2011 and \$81,872 in 2010 | 549,428 | 391,668 |
| Notes receivable, excluding current portion | 707,268 | 840,908 |
| Investments | 6,070,830 | 3,443,452 |
| Other assets | - | 1,939 |
| Total assets | <u><u>\$ 70,719,070</u></u> | <u><u>\$ 70,537,460</u></u> |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities | | |
| Current maturities of long-term debt | \$ 1,318,000 | \$ 1,150,000 |
| Current maturities of capital lease obligations | 1,055,848 | 764,301 |
| Accounts payable | 933,654 | 1,054,265 |
| Accrued expenses | 5,188,104 | 3,676,875 |
| Total current liabilities | <u>8,495,606</u> | <u>6,645,441</u> |
| Fair value of interest rate swap agreement | 3,906,961 | 4,421,385 |
| Long-term debt, less current maturities | 37,082,000 | 38,237,108 |
| Capital lease obligations, less current maturities | 2,404,323 | 1,690,164 |
| Total liabilities | <u>51,888,890</u> | <u>50,994,098</u> |
| Net assets | | |
| Unrestricted | <u>18,830,180</u> | <u>19,543,362</u> |
| Total net assets | <u>18,830,180</u> | <u>19,543,362</u> |
| Total liabilities and net assets | <u><u>\$ 70,719,070</u></u> | <u><u>\$ 70,537,460</u></u> |

See accompanying notes

NORTHCREST MEDICAL CENTER AND AFFILIATES
Consolidated Statements of Operations and Changes in Unrestricted Net Assets
Years Ended June 30, 2011 and 2010

| | 2011 | 2010 |
|--|-----------------------------|-----------------------------|
| Unrestricted revenues, gains and other support | | |
| Net patient service revenue | \$ 81,824,090 | \$ 81,731,682 |
| Other revenue | 1,406,763 | 1,632,807 |
| Total unrestricted revenues, gains and other support | <u>83,230,853</u> | <u>83,364,489</u> |
| Expenses | | |
| Salaries and benefits | 41,151,653 | 40,236,211 |
| Supplies and other expenses | 19,556,542 | 19,502,439 |
| Purchased services | 6,862,381 | 6,644,405 |
| Provision for uncollectible accounts | 9,306,402 | 10,715,522 |
| Depreciation and amortization | 4,868,891 | 5,173,862 |
| Interest expense | 2,794,094 | 2,251,866 |
| Total expenses | <u>84,539,963</u> | <u>84,524,305</u> |
| Operating loss | <u>(1,309,110)</u> | <u>(1,159,816)</u> |
| Nonoperating revenues (expenses) | | |
| Loss on extinguishment of debt | (490,475) | - |
| Contributions | 355,992 | 425,147 |
| Investment income | 211,838 | 291,564 |
| Total nonoperating revenues | <u>77,355</u> | <u>716,711</u> |
| Deficiency of revenues, gains and other support over expenses | (1,231,755) | (443,105) |
| Change in unrealized gains and losses on other than trading securities | 4,149 | 81,429 |
| Change in fair value of interest rate swap agreement | 514,424 | (1,815,029) |
| Decrease in unrestricted net assets | (713,182) | (2,176,705) |
| Net assets, beginning of year | <u>19,543,362</u> | <u>21,720,067</u> |
| Net assets, end of year | <u><u>\$ 18,830,180</u></u> | <u><u>\$ 19,543,362</u></u> |

See accompanying notes

NORTHCREST MEDICAL CENTER AND AFFILIATES

Consolidated Statements of Cash Flows
Years Ended June 30, 2011 and 2010

| | 2011 | 2010 |
|---|---------------------|----------------------|
| Cash flows from operating activities | | |
| Decrease in unrestricted net assets | \$ (713.182) | \$ (2,176.705) |
| Adjustments to reconcile decrease in unrestricted net assets to net cash provided by operating activities | | |
| Depreciation | 4,795.194 | 5,122.329 |
| Amortization of notes receivable | 459.749 | 466.051 |
| Amortization of loan costs | 69.574 | 42.921 |
| Amortization of bond discount | 4.123 | 8.612 |
| Provision for uncollectible accounts | 9,306.402 | 10,715.522 |
| Unrealized gain on other than trading securities | (4.149) | (81.429) |
| Loss from extinguishment of debt | 490.475 | - |
| Change in fair value of interest rate swap agreement | (514.424) | 1,815.029 |
| (Gain) loss on disposal of property and equipment | (8.685) | 41.693 |
| Changes in assets and liabilities | | |
| Patient accounts receivable | (12,803.753) | (10,815.202) |
| Other receivables | (82.338) | (189.639) |
| Inventories | (54.582) | (15.828) |
| Prepaid expenses and other current assets | (143.107) | 107.745 |
| Accounts payable | (571.581) | (160.535) |
| Accrued expenses | 1,511.229 | 105.569 |
| Third-party settlements | 256.477 | 292.916 |
| Net cash provided by operating activities | <u>1,997.422</u> | <u>5,279.049</u> |
| Cash flows from investing activities | | |
| Purchases of property and equipment | (2,774.302) | (1,648.181) |
| Proceeds from sale of property and equipment | 9.438 | 4.300 |
| Proceeds from sale of investments | 3,184.340 | 17,895.529 |
| Purchase of investments | (8,307.569) | (16,123.529) |
| Advances on notes receivable | (170.790) | (112.487) |
| Collections on notes receivable | 37.005 | 44.950 |
| Net cash provided by (used in) investing activities | <u>(8,021.878)</u> | <u>60.582</u> |
| Cash flows from financing activities | | |
| Proceeds from issuance of long-term debt, net of discount | 38,400.000 | - |
| Proceeds from repayment of issuance costs | - | 47.163 |
| Principal payments on long-term debt | (39,525.000) | (1,095.000) |
| Principal payments on capital lease obligations | (772.858) | (766.434) |
| Payment of loan costs | (591.038) | (123.787) |
| Net cash used in financing activities | <u>(2,488.896)</u> | <u>(1,938.058)</u> |
| Net increase (decrease) in cash and cash equivalents | (8,513.352) | 3,401.573 |
| Cash and cash equivalents - beginning of year | <u>15,949.654</u> | <u>12,548.081</u> |
| Cash and cash equivalents - end of year | <u>\$ 7,436.302</u> | <u>\$ 15,949.654</u> |
| Supplemental disclosure of cash flow information | | |
| Cash paid for interest | <u>\$ 2,727.608</u> | <u>\$ 2,136.391</u> |
| Noncash investing and financing activities | | |
| Assets acquired through capital lease obligations | <u>\$ 1,785.562</u> | <u>\$ 1,226.556</u> |
| Acquisition of property and equipment recorded in accounts payable | <u>\$ 450.970</u> | <u>\$ -</u> |

See accompanying notes

NORTHCREST MEDICAL CENTER AND AFFILIATES
Years Ended June 30, 2011 and 2010

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Operations

NorthCrest Medical Center and Affiliates (the "Hospital") is a Tennessee nonprofit corporation that operates a 109-bed general acute care facility. The Hospital provides a full range of medical services to both inpatients and outpatients in and around the Springfield, Tennessee area. Admitting physicians are primarily practitioners in the local area.

Also included in the accompanying consolidated financial statements are the Hospital's wholly-owned subsidiaries, NorthCrest Strategic Services, Inc. ("NCSS") and NorthCrest Physician Services, Inc., ("NCPS") both of which are for-profit corporations engaged in providing healthcare services, and NorthCrest Medical Center Foundation (the "Foundation" or "NCF"), a Tennessee nonprofit corporation organized to foster, promote, develop and provide healthcare facilities in Robertson County, Tennessee.

Note 2. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying consolidated financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

Principles of Consolidation

The consolidated financial statements include the accounts of the Hospital, its wholly-owned subsidiaries discussed above and the Foundation. All significant intercompany accounts and transactions have been eliminated in consolidation.

New Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board ("FASB") issued authoritative guidance on improving disclosures about fair value measurements to add additional disclosures about the different classes of assets and liabilities measured at fair value, the valuation techniques and inputs used, the activity in Level III fair value measurements, and the transfers between Levels I, II and III. The guidance also clarified the level of desegregation for each class of assets and liabilities disclosed. The Hospital adopted this new accounting standards update in the year ended June 30, 2011, except for the provisions of the update that relate to the roll forward of the Level III activity that will be effective in the year ending June 30, 2012.

NORTHCREST MEDICAL CENTER AND AFFILIATES
Years Ended June 30, 2011 and 2010

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Continued

Use of Estimates

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

The most sensitive estimates included in these consolidated financial statements relate to contractual discounts under third-party payor arrangements and the allowance for doubtful accounts receivable. In particular, laws and regulations governing the Medicare and Medicaid/TennCare programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates related to these programs will change by a material amount in the near term.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with an original maturity of three months or less when acquired.

Patient Accounts Receivable

Patient accounts receivable are reported at estimated net realizable amounts after deduction of allowances for doubtful accounts for services rendered collectible from federal and state agencies (under the Medicare and Medicaid/TennCare programs), managed health plans, commercial insurance companies, workers' compensation, employers and patients. Receivables are generally uncollateralized, but credit risk relating to accounts receivable is limited to some extent by the diversity and number of patients and payors. Late fees and interest charges, if any, are recognized when received.

The Hospital manages the receivables by regularly reviewing its accounts and contracts and by providing appropriate allowances for uncollectible amounts. The allowance for uncollectible accounts is based on historical losses and an analysis of currently outstanding amounts. This allowance for uncollectible accounts is generally increased by charges to a provision for uncollectible accounts and decreased by write offs of accounts determined by management to be uncollectible.

NORTHCREST MEDICAL CENTER AND AFFILIATES
Years Ended June 30, 2011 and 2010

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Continued

Investments and Investment Income

Investments consist of U S government securities and certificates of deposit with original maturities greater than three months U S government securities are stated at fair value as determined by quoted market prices, which approximates cost Certificates of deposit have short-term maturities and are stated at cost Subsequent to year end, the Hospital has invested a significant portion of their existing investments in common stocks

Investment income (including realized gains and losses on investments, interest and dividends) is included in nonoperating revenues (expenses) Unrealized gains and losses on investments on other than trading securities are excluded from deficiency of revenues, gains and other support over expenses Management has determined that all investments are considered other than trading securities

Investment securities are exposed to various risks such as interest rate, market and credit Due to the level of risk associated with certain investment securities and the level of uncertainty related to the changes in the fair value of investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect the net assets of the Hospital

Notes Receivable

In order to recruit physicians to the Hospital and the surrounding community, the Hospital periodically makes agreements with physicians in which the Hospital guarantees revenue to the physician or pays medical school expenses for the physicians The Hospital also periodically makes agreements with medical and nursing students to pay education expenses once the students become employees of the Hospital Each physician or employee signs a note agreement whereby the physician or employee agrees to repay the monies advanced by the Hospital over a certain period of time However, the note agreements provide that the physician or employee may repay the note by continuing medical practice or employment with the Hospital In such cases, the Hospital amortizes the related notes over the life of the agreement beginning approximately one year after the physician or employee begins providing medical services If a physician or employee does not continue providing medical services as required in the note agreement, the physician or employee is required to repay the unamortized portion of the note receivable back to the Hospital The Hospital recognizes interest income when earned The Hospital's management regularly reviews the notes receivable and provides an allowance for uncollectible amounts when considered necessary As of June 30, 2011 and 2010, the Hospital did not consider any allowance to be necessary related to the notes receivable

Inventories

Inventories, consisting primarily of medical supplies and pharmaceuticals, are stated on the basis of the lower of cost, determined on a first-in, first-out ("FIFO") method, or market

NORTHCREST MEDICAL CENTER AND AFFILIATES
Years Ended June 30, 2011 and 2010

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Continued

Property and Equipment

Property and equipment are recorded at cost, or in the case of donated items, on the basis of fair market value at date of donation. Routine maintenance and repairs are charged to expense as incurred. Expenditures that increase values, change capacities or extend useful lives are capitalized, as is interest on amounts borrowed to finance such expenditures.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 10 to 40 years for buildings and 4 to 20 years for equipment. Assets under capital lease obligations are amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the asset. Amortization of equipment under capital leases is included in the depreciation and amortization on the accompanying financial statements.

Long-Lived Assets

Management evaluates the recoverability of its investment in long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

Loan costs

Loan costs associated with the issuance of long-term debt are amortized using the straight-line method over the term of the respective debt agreements, which approximates the effective interest method.

Compensated Absences

The Hospital's policy is to compensate employees for absences due to earned vacation leave. Accumulated vacation pay is accrued as of the balance sheet date because it is payable upon termination of employment if certain conditions are met.

Net Assets

All resources that are not restricted by donors are included in unrestricted net assets. Resources temporarily restricted by donors for specific purposes are reported as temporarily restricted net assets. When the specific purposes are achieved, either through passage of a stipulated time or the purpose for restriction is accomplished, they are reclassified to unrestricted net assets and reported in the statement of operations and changes in net assets. Resources temporarily restricted by donors for additions to land, building and equipment are initially reported as temporarily restricted net assets and are transferred to unrestricted net assets when expended.

NORTHCREST MEDICAL CENTER AND AFFILIATES
Years Ended June 30, 2011 and 2010

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Continued

Donor-imposed restrictions which stipulate that the resources be maintained permanently are reported as permanently restricted net assets. Investment income for these permanently restricted net assets is classified as either temporarily restricted or unrestricted based on the intent of the donor. At June 30, 2011 and 2010, there are no permanently or temporarily restricted net assets.

Net Patient Service Revenue

Patient service revenue is reported at estimated net realizable amounts from patients, third-party payors and others, for services rendered and includes estimated retroactive adjustments under reimbursement agreements with third-party payors due to audits, reviews and investigations. Retroactive adjustments are considered in the recognition and accrual of revenue on an estimated basis in the period the related services are rendered and adjusted in future periods and final settlements are determined.

The primary third-party programs include Medicare and Medicaid/TennCare, which account for a significant amount of the Hospital's revenue. The laws and regulations under which the Medicare and Medicaid/TennCare programs operate are complex and subject to interpretation and frequent changes. As part of operating under these programs there is a possibility that government authorities may review the Hospital's compliance with these laws and regulations. Such review may result in adjustment to program reimbursement previously received and subject the Hospital to fines and penalties. Although no assurance can be given, management believes it has complied with the requirement of these programs.

Charity Care

The Hospital provides care to patients who meet certain criteria under its charity policy without charge. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Deficiency of Revenues, Gains and Other Support Over Expenses

The consolidated statements of operations and changes in unrestricted net assets include deficiency of revenues, gains and other support over expenses. Changes in unrestricted net assets, which are excluded from deficiency of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, and changes in the fair value of the interest rate swap agreement.

NORTHCREST MEDICAL CENTER AND AFFILIATES
Years Ended June 30, 2011 and 2010

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Continued

Operating Activity

The Hospital's primary purpose is to provide healthcare services through its acute care facility. As such, activities related to the ongoing operations of the Hospital are classified as operating revenues. Operating revenues include those generated from direct patient care, related support services, gains or losses from disposition of operating properties and miscellaneous revenues related to the operations of the Hospital. In addition, contributions and earnings on interest-bearing investments that are used to support health related activities are reported as nonoperating income.

Income Taxes

The Hospital and the Foundation are exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3), and, accordingly, no provision for income taxes is included in the consolidated financial statements. The Hospital's wholly-owned subsidiaries are for-profit corporations and are taxed under Subchapter "C" of the Internal Revenue Code. These for-profit corporations have incurred significant tax losses. Due to the uncertainty of future taxable income, a net deferred tax asset of approximately \$2,030,000 at June 30, 2011 and \$1,797,000 at June 30, 2010 have been fully reserved. The most significant deferred items relate to net operating loss carryforwards, the allowance for doubtful accounts and accrued vacation. These entities have approximately \$9,002,000 of net operating losses available at June 30, 2011 that may be used to offset future taxable income. The net operating losses expire in various years beginning June 30, 2019.

The Hospital follows the guidance for accounting for uncertainty in income taxes recognized in the Hospital's consolidated financial statements that prescribes a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. The guidance also addresses the derecognition, classification, interest and penalties, accounting in interim periods and required disclosures.

The Hospital has determined that there are no significant uncertain tax positions at June 30, 2011 or 2010. If interest and penalties are incurred related to uncertain tax positions, such amounts would be recognized in income tax expense. Tax periods for all fiscal years after 2007 remain open to examination by the federal and state taxing jurisdictions to which the Hospital is subject.

Advertising and Promotion Costs

Advertising and promotion costs are expensed as incurred. Advertising costs for the year ended June 30, 2011 and 2010 were \$291,625 and \$300,688, respectively.

NORTHCREST MEDICAL CENTER AND AFFILIATES
Years Ended June 30, 2011 and 2010

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Continued

Reclassifications

Certain reclassifications were made to the prior year's consolidated financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or net assets.

Note 3. Credit Risk and Other Concentrations

The Hospital generally maintains cash and cash equivalents on deposit at banks in excess of federally insured amounts. Effective December 31, 2010, the Federal Deposit Insurance Corporation (FDIC) provided for temporary unlimited deposit insurance coverage of noninterest-bearing bank accounts. The temporary provision for unlimited coverage will expire on December 31, 2012. Based on this provision, the amount of uninsured bank balances at risk as of June 30, 2011 totaled approximately \$3,576,000. The Hospital has not experienced any losses in such accounts.

The Hospital's primary concentration of credit risk is patient accounts receivable, which consist of amounts owed by various governmental agencies, insurance companies and patients. The Hospital manages the receivables by regularly reviewing its accounts and contracts and by providing appropriate allowances for uncollectible amounts. The mix of receivables from patient and third-party payors as of June 30, 2011 and 2010 are as follows:

| | 2011 | 2010 |
|--------------------------|------|------|
| Medicare | 19% | 20% |
| Medicaid / TennCare | 17 | 15 |
| Other third-party payors | 33 | 31 |
| Self-pay | 31 | 34 |
| Total | 100% | 100% |

Concentration of credit risk relating to accounts receivable is limited to some extent by the diversity and number of patients and third-party payors.

Note 4. Patient Service Revenue

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

NORTHCREST MEDICAL CENTER AND AFFILIATES
Years Ended June 30, 2011 and 2010

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4. Continued

Medicare

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. The Hospital is reimbursed for these items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization. The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through June 30, 2007.

For outpatient services, the Center for Medicare and Medicaid Services ("CMS") established an outpatient prospective payment system ("OPPS") which established groups called Ambulatory Payment Classifications ("APC") for outpatient procedures. Payment is made for each APC depending upon the service rendered.

Medicaid

The Medicaid program reimburses the Hospital for the cost of services rendered to Medicaid beneficiaries at a prospective rate which is based on the lower of the reimbursable cost of services rendered or a reimbursement cap set by Medicaid. The reimbursement cap is expressed as a per diem.

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 could change by a material amount in the near term. For the years ended June 30, 2011 and 2010, net patient service revenue (decreased) increased approximately \$(246,000) and \$416,000, respectively, due to adjustments in excess of amounts previously estimated.

TennCare

The TennCare program is a managed care program to provide healthcare coverage to those previously eligible for Medicaid as well as the uninsured population. The Hospital contracts with various managed care organizations which offer both health maintenance organization and preferred provider organization healthcare products. Inpatient reimbursement to the Hospital is received through per diems and Diagnosis-Related Group ("DRG") payments. Outpatient payments are generally received on a discounted fee for service basis.

NORTHCREST MEDICAL CENTER AND AFFILIATES
Years Ended June 30, 2011 and 2010

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4. Continued

Other

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

The composition of net patient revenue for the years ended June 30, 2011 and 2010 are as follows:

| | 2011 | 2010 |
|---|----------------------|----------------------|
| Gross patient service revenue | \$ 212,487,993 | \$ 215,204,181 |
| Less provisions for contractual and other adjustments | 130,663,903 | 133,472,499 |
| Net patient service revenue | <u>\$ 81,824,090</u> | <u>\$ 81,731,682</u> |

The composition of gross revenues for patient services rendered for the years ended June 30, 2011 and 2010 are as follows:

| | 2011 | 2010 |
|--------------------------|-------------|-------------|
| Medicare | 32% | 32% |
| Medicaid / TennCare | 20 | 21 |
| Other third-party payors | 37 | 36 |
| Self-pay | 11 | 11 |
| Total | <u>100%</u> | <u>100%</u> |

Note 5. Charity Care

The Hospital maintains records to identify and to monitor the level of charity care it provides. These records include the amount of charges forgone for services and supplies furnished under its charity care policy, the estimated cost of those services and supplies and equivalent service statistics. The amount of charges forgone for services and supplies under the Hospital's charity care policy aggregated approximately \$3,787,000 and \$3,427,000 for the years ended June 30, 2011 and 2010, respectively. The Hospital also provided other community benefits upon which no value could be placed.

NORTHCREST MEDICAL CENTER AND AFFILIATES
Years Ended June 30, 2011 and 2010

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6. Investments

The composition of investments is as follows

| | 2011 | 2010 |
|--|----------------------|---------------------|
| Certificates of deposit – current | \$ 7,500,000 | \$ 5,000,000 |
| U S Treasury securities and obligations of the U S Government and its agencies | 6,070,830 | 3,443,452 |
| Total | <u>\$ 13,570,830</u> | <u>\$ 8,443,452</u> |

Information pertaining to investments with gross unrealized losses at June 30, 2011 and 2010 aggregated by investment category and length of time that individual securities have been in a continuous loss position, follows

| Description of Securities | 2011 | | | |
|----------------------------------|--------------------------------|-------------------|--------------------------------|-------------------|
| | Less Than Twelve Months | | Over Twelve Months | |
| | Gross Unrealized Losses | Fair Value | Gross Unrealized Losses | Fair Value |
| Government securities | \$ (25,417) | \$ 1,410,897 | \$ - | \$ - |

| Description of Securities | 2010 | | | |
|----------------------------------|--------------------------------|-------------------|--------------------------------|-------------------|
| | Less Than Twelve Months | | Over Twelve Months | |
| | Gross Unrealized Losses | Fair Value | Gross Unrealized Losses | Fair Value |
| Government securities | \$ (2,994) | \$ 139,664 | \$ - | \$ - |

Management evaluates securities for other-than-temporary impairment on a periodic basis, more frequently when economic or market conditions warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer and (3) the intent and ability of the Hospital to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

At June 30, 2011 and 2010, the gross unrealized losses are primarily the result of changes in market condition considered to be temporary in nature. As the Hospital has the ability to hold the securities for the foreseeable future, no declines are deemed to be other-than-temporary.

NORTHCREST MEDICAL CENTER AND AFFILIATES
Years Ended June 30, 2011 and 2010

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7. Notes Receivable

At June 30, 2011 and 2010, the Hospital had \$948,436 and \$1,274,400, respectively, in unsecured notes receivable due from physicians who practice at the Hospital or in the surrounding community and non-physicians who receive reimbursement for tuition expenses. The notes mature at various dates through December 2013 and bear interest at rates commensurate with market rates at the time of the loan (ranging from 5.0 percent - 9.0 percent). Amortization related to these notes was \$459,749 and \$466,051 in 2011 and 2010, respectively. In addition, the Hospital made additional advances under such note agreements of \$170,790 and \$112,487 during 2011 and 2010, respectively.

Interest income on these notes receivable totaled to approximately \$31,000 and \$39,000 during 2011 and 2010, respectively.

Note 8. Property and Equipment

| | 2011 | 2010 |
|--|----------------------|----------------------|
| Land | \$ 4,141,658 | \$ 4,141,658 |
| Buildings | 41,300,995 | 41,048,995 |
| Equipment | 34,734,259 | 31,661,337 |
| Construction-in-progress | 2,217,372 | 653,074 |
| | <u>82,394,284</u> | <u>77,505,064</u> |
| Less accumulated depreciation and amortization | (48,626,442) | (43,952,109) |
| | <u>\$ 33,767,842</u> | <u>\$ 33,552,955</u> |

Depreciation and amortization expense related to these assets was approximately \$4,795,000 and \$5,122,000 in 2011 and 2010, respectively. Interest expense of approximately \$27,000 was capitalized in 2011. No interest expense was capitalized in 2010.

The Hospital has a remaining commitment on a construction contract in the amount of \$3,701,098 at June 30, 2011.

NORTHCREST MEDICAL CENTER AND AFFILIATES
Years Ended June 30, 2011 and 2010

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9. Long-Term Debt and Debt Restructuring

A summary of long-term debt as of June 30, 2011 and 2010, is as follows

| | 2011 | 2010 |
|--|---------------|------|
| The Health and Education Facilities Board of the City of Springfield, Hospital Revenue Refunding Bonds, Series 2010A, interest payable monthly at variable rates (2.03 percent at June 30, 2011), principal payable in annual installments through August 2032, collateralized by a first deed of trust on the Hospital building, accounts receivable, inventory, equipment, furniture and fixtures | \$ 30,000,000 | \$ - |
| The Health and Education Facilities Board of the City of Springfield, Hospital Revenue Refunding Bonds, Series 2010B, interest payable monthly at variable rates (2.03 percent at June 30, 2011), principal payable in annual installments through August 2032, collateralized by a first Deed of trust on the Hospital building, accounts receivable, Inventory, equipment, furniture and fixtures | 5,775,000 | - |
| The Health and Education Facilities Board of the City of Springfield, Taxable Revenue Refunding Bonds, Series 2010C, interest payable monthly at variable rates (2.74 percent at June 30, 2011), due August 2032, collateralized by a deed of trust on the Hospital building, accounts receivable, inventory, equipment, and furniture and fixtures | 2,600,000 | - |
| The Health and Education Facilities Board of the City of Springfield, Taxable Revenue Bonds, Series 2010D, interest payable monthly at variable rates (2.74 percent at June 30, 2011), due August 2032, collateralized by a deed of trust on the Hospital building, accounts receivable, inventory, equipment, and furniture and fixtures (Total available amount that can be borrowed is \$5,025,000) | 25,000 | - |

NORTHCREST MEDICAL CENTER AND AFFILIATES
Years Ended June 30, 2011 and 2010

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9. Continued

| | 2011 | 2010 |
|--|---------------|---------------|
| The Health and Education Facilities Board of the City of Springfield, Hospital Revenue Refunding Bonds, Series 2008, interest payable monthly at variable rates (1.50 percent at June 30, 2010), principal payable in annual installments through August 2033, collateralized by a first lien on the Hospital building | \$ - | \$ 36,925,000 |
| Less unamortized bond discount | - | (137,892) |
| | 38,400,000 | 36,787,108 |
| The Health and Education Facilities Board of the City of Springfield, Taxable Hospital Revenue Bonds, Series 2006B, interest only payable monthly at variable rates (1.40 percent at June 30, 2010), due September 2033, collateralized by a deed of trust on hospital and medical office building | - | 2,600,000 |
| Total long-term debt | 38,400,000 | 39,387,108 |
| Less current maturities | (1,318,000) | (1,150,000) |
| Long-term debt, less current maturities | \$ 37,082,000 | \$ 38,237,108 |

Effective December 30, 2010, the Hospital issued the Series 2010 Variable Rate Revenue Refunding Bonds ("2010 Revenue Bonds") which were primarily used to advance refund the Series 2008 and 2006B Hospital Revenue Refunding Bonds. As a result of the refinancing, the Hospital paid off the bonds and was legally released as the obligor of the Series 2008 Hospital Revenue Refunding Bonds and the Series 2006B Hospital Revenue Bonds.

In accordance FASB ASC Topic 860 ("ASC 860"), the Hospital recorded a charge to its operations of \$490,475 for the year ended June 30, 2011, related to the loss from extinguishment of its Series 2008 and Series 2006B bonds.

The master trust indenture, under which the 2010 Revenue Bonds were issued, and the related reimbursement and credit agreements contain several covenants, the most restrictive of which are the maintenance of certain minimum financial ratios and limitations on the incurrence of additional debt. The Hospital was in compliance with all such covenants as of June 30, 2011 and 2010.

NORTHCREST MEDICAL CENTER AND AFFILIATES
Years Ended June 30, 2011 and 2010

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9. Continued

A summary of future maturities of long-term debt as of June 30, 2011 is as follows

| Year Ending June 30, | Amount |
|---------------------------------|-----------------------------|
| 2012 | \$ 1,318,000 |
| 2013 | 1,373,000 |
| 2014 | 1,438,000 |
| 2015 | 1,498,000 |
| 2016 | 1,568,000 |
| Thereafter | <u>31,205,000</u> |
| | <u><u>\$ 38,400,000</u></u> |

Note 10. Capital Lease Obligations

The Hospital leases equipment under capital lease agreements that expire at various times and have various renewal options

The Hospital's obligation under these capital leases as of June 30, 2011 and 2010, was as follows

| | 2011 | 2010 |
|------------------------------------|----------------------------|----------------------------|
| Minimum lease payments payable | \$ 3,739,540 | \$ 2,669,477 |
| Less portion representing interest | <u>(279,369)</u> | <u>(215,012)</u> |
| Capital lease obligations | 3,460,171 | 2,454,465 |
| Less current portion | <u>(1,055,848)</u> | <u>(764,301)</u> |
| Long-term portion | <u><u>\$ 2,404,323</u></u> | <u><u>\$ 1,690,164</u></u> |

NORTHCREST MEDICAL CENTER AND AFFILIATES
Years Ended June 30, 2011 and 2010

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10. Continued

Future minimum annual lease payments payable under the capital leases as of June 30, 2011 are as follows

| Year Ending June 30, | Amount |
|------------------------------------|---------------------|
| 2012 | \$ 1,188,454 |
| 2013 | 1,008,050 |
| 2014 | 782,164 |
| 2015 | 413,680 |
| 2016 | <u>347,192</u> |
| Minimum lease payments payable | 3,739,540 |
| Less portion representing interest | <u>(279,369)</u> |
| | <u>\$ 3,460,171</u> |

Equipment utilized under capital leases as of June 30, 2011 and 2010 is as follows

| | 2011 | 2010 |
|-------------------------------|---------------------|---------------------|
| Equipment | \$ 8,545,710 | \$ 6,567,994 |
| Less accumulated amortization | <u>(5,358,150)</u> | <u>(4,649,899)</u> |
| | <u>\$ 3,187,560</u> | <u>\$ 1,918,095</u> |
| Amortization expense | <u>\$ 659,685</u> | <u>\$ 619,270</u> |

Note 11. Employee Benefit Plans

The Hospital has a defined contribution retirement plan. Employees are eligible to participate after completing 90 days of service and attaining age 19. For each plan year, the Hospital contribution is 3 percent of the effective compensation of a participant, as defined in the plan agreement. In addition, the Hospital makes a matching contribution of 25 percent of employee contributions up to 3 percent of compensation. Employees hired after December 1, 1990 are fully vested after five years of service. The Hospital's retirement plan contribution expense was approximately \$711,000 and \$629,000 for the years ended June 30, 2011 and 2010, respectively.

NORTHCREST MEDICAL CENTER AND AFFILIATES
Years Ended June 30, 2011 and 2010

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 11. Continued

During 2011, the Hospital entered into a self-funded health insurance program for its employees. Prior to entering into the self-funded arrangement, the Hospital provided for employee health insurance under a fully insured plan. Claims against the program are administered by an independent risk management firm. Claims are recorded as an expense as they are paid. An annual estimate is accrued for both reported claims and claims incurred but not reported at year end. The Hospital has recorded a reserve in the amount of \$407,000 at June 30, 2011. Funds maintained to pay future claims are included in the Medical Center's financial statements. Total expense for claims incurred for the year ended June 30, 2011 was \$3,757,199. Total premiums paid for employees was \$3,662,370 for the year ended June 30, 2010.

Note 12. Lease and Other Commitments

The Hospital leases various equipment and office space under operating leases expiring at various dates through June 2016. Total rental expense in 2011 and 2010 for all operating leases was approximately \$1,279,000 and \$1,146,000, respectively.

The following is a schedule by year of future minimum lease payments under noncancelable operating leases as of June 30, 2011, that have initial or remaining lease terms in excess of one year.

| Year Ending June 30, | Amount |
|---------------------------------|---------------------|
| 2012 | \$ 640,531 |
| 2013 | 555,442 |
| 2014 | 512,743 |
| 2015 | 410,337 |
| 2016 | 122,415 |
| | <u>\$ 2,241,468</u> |

It is expected that in the normal course of business, leases and service agreements that expire will be renewed or replaced by other leases, thus, it is anticipated that future lease and service agreement payments will not be less than the commitment for 2012.

Note 13. Commitments and Contingent Liabilities

The Hospital currently maintains medical malpractice insurance on a claims-made basis through Arch Specialty Insurance Company ("Arch"). The Hospital's policy with Arch offers coverage for any claims incurred and reported during the policy period. Should the Hospital's claims-made medical malpractice policy not be renewed or replaced with equivalent insurance, claims

NORTHCREST MEDICAL CENTER AND AFFILIATES
Years Ended June 30, 2011 and 2010

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 13. Continued

that are reported subsequent to the policy date will not be insured. The Hospital intends to continue carrying the claims-made insurance. Management and legal counsel are not aware of any incidents that would ultimately result in a loss in excess of the Hospital's insurance coverage.

In accordance with an education initiative to attract higher education to the surrounding community, the Hospital has committed to pay the utility costs for a proposed community college upon its completion and occupancy in the amount of \$250,000 per year for a period of up to two years. As of June 30, 2011, no amounts have been paid.

The Hospital is involved in certain claims or legal actions arising in the normal course of business, including a dispute related to the amount of fees potentially owed to a consultant in connection with the refinancing of the Revenue Bonds during 2011. Legal counsel is unable to estimate the potential effect, if any, upon operations or financial condition of the Hospital. Management believes that these matters will be resolved without material adverse effect on the Hospital.

Note 14. Derivative Financial Instrument

Effective August 1, 2008, in connection with the issuance of the 2008 Revenue Refunding Bonds, the Hospital entered into an interest rate swap agreement with a financial institution to reduce the impact of changes in interest rates on the bonds. Under the interest rate swap agreement, which is classified as a cash flow hedge, the Hospital pays interest monthly at a fixed rate of 4.05 percent and receives interest monthly at the Security Industry and Financial Market Association ("SIFMA") Municipal Swap Index. Effective changes in the market value are recorded as a component of unrestricted net assets and ineffective changes in the market value are recorded as a component of interest expense or income as incurred. The interest rate swap agreement is recorded at market value with market value being determined based upon quoted year-end market rates. The agreement terminates in August 2033 and has an original notional amount of \$38,020,000. Notional amounts do not quantify risk or represent assets or liabilities of the Hospital, but are used in the determination of cash settlements under the agreement. During 2011, the 2008 Revenue Refunding Bonds were paid off. However, the swap agreement was kept in place to hedge the variable interest rates associated with the new debt agreement. (See Note 9).

At June 30, 2011 and 2010, derivative financial instruments consisted of the following:

Designated for hedging:

| Description | Notional | Maturity | Pay Index | Receive Index | 2011 Fair Value |
|--------------|---------------|-------------|-----------|------------------------------|-----------------|
| Fixed pay or | \$ 35,775,000 | August 2033 | 4.05% | SIFMA – Municipal Swap Index | \$ (3,906,961) |

NORTHCREST MEDICAL CENTER AND AFFILIATES
Years Ended June 30, 2011 and 2010

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 14. Continued

Designated for hedging

| Description | Notional | Maturity | Pay Index | Receive Index | 2010 Fair Value |
|--------------|---------------|-------------|-----------|------------------------------|-----------------|
| Fixed pay or | \$ 36,925,000 | August 2033 | 4 05% | SIFMA – Municipal Swap Index | \$ (4,421,385) |

Note 15. Fair Value Measurements

FASB authoritative guidance defines fair value, establishes a framework and hierarchy for measuring fair value and provides for related disclosure requirements. The guidance indicates that a fair value measurement assumes that the transaction to sell an asset or transfer a liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability based upon an exit price model.

Financial assets and liabilities recorded on the consolidated balance sheets are categorized based on the inputs to the valuation techniques as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities and derivative contracts that are traded in an active exchange market.

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments or derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

NORTHCREST MEDICAL CENTER AND AFFILIATES

Years Ended June 30, 2011 and 2010

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 15. Continued

The following table represents the Hospital's fair value hierarchy for its financial assets and liabilities, and changes therein, measured at fair value on a recurring basis as of and for the years ended June 30, 2011 and 2010

| Fair Value Measurements at June 30, 2011 | | | | | |
|--|--|---|--|------------------------------|-----------|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total at June 30, 2011 | |
| Financial assets | | | | | |
| Investments | \$ 6,070.830 | \$ - | \$ - | \$ | 6,070.830 |
| Total assets | \$ 6,070.830 | \$ - | \$ - | \$ | 6,070.830 |
| Financial liabilities | | | | | |
| Interest rate swap | \$ - | \$ 3,906.961 | \$ - | \$ | 3,906.961 |
| Total liabilities | \$ - | \$ 3,906.961 | \$ - | \$ | 3,906.961 |
| Fair Value Measurements at June 30, 2010 | | | | | |
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total at June 30, 2010 | |
| Financial assets | | | | | |
| Investments | \$ 3,443.452 | \$ - | \$ - | \$ | 3,443.452 |
| Total assets | \$ 3,443.452 | \$ - | \$ - | \$ | 3,443.452 |
| Financial liabilities | | | | | |
| Interest rate swap | \$ - | \$ 4,421.385 | \$ - | \$ | 4,421.385 |
| Total liabilities | \$ - | \$ 4,421.385 | \$ - | \$ | 4,421.385 |

The Hospital's certificates of deposit are not investment securities, as defined in ASC Topic 320, and accordingly, are excluded from the tables above. The fair value of the investments are estimated based on quoted market prices. The fair value of the interest rate swap is based on the expected cash flows over the life of the swap. The expected cash flows are determined by evaluating transactions with a pricing model using a specific market environment. The values are produced using proprietary models that rely on certain assumptions and available market data.

NORTHCREST MEDICAL CENTER AND AFFILIATES

Years Ended June 30, 2011 and 2010

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 16. Functional Expenses

The Hospital provides general healthcare services to residents within its geographic location. Expenses related to providing these services are accumulated by function as follows at June 30, 2011 and 2010:

| | 2011 | 2010 |
|--|----------------------|----------------------|
| Nursing and other professional services | \$ 56,810,886 | \$ 56,722,111 |
| General and administrative office | 10,833,386 | 10,718,960 |
| Depreciation, interest and provision for bad debts | 16,895,691 | 18,083,234 |
| | <u>\$ 84,539,963</u> | <u>\$ 85,524,305</u> |

Note 17. Recently Issued Pronouncements

In August 2010, the FASB issued authoritative guidance that will require healthcare entities to measure and disclose their level of charity care based on the direct and indirect costs to provide those services instead of revenue rates. Also in August 2010, the FASB issued authoritative guidance that will preclude healthcare entities from offsetting medical malpractice and similar liabilities with related anticipated insurance recoveries. Both of these accounting standards updates will be effective in fiscal year ending June 30, 2012. The Hospital is currently evaluating the impact of its pending adoption of these updates on the consolidated financial statements.

In July 2011, the FASB issued authoritative guidance that will require healthcare entities to change the presentation and disclosures regarding patient service revenues, provisions for uncollectible accounts and the allowance for doubtful accounts. This update will require the Hospital to change the presentation of its statement of operations by reclassifying the provision for uncollectible accounts from an operating expense to a deduction from net patient service revenue. Additionally, the Hospital will be required to provide enhanced disclosures about its policy for recognizing revenue and assessing bad debts. The update also requires certain disclosures regarding patient service revenue as well as qualitative and quantitative information about the changes in the allowance for doubtful accounts. Unless early adopted, this update will be effective for the year ending June 30, 2013. The Hospital is currently evaluating the impact of its pending adoption of this update on the consolidated financial statements.

Note 18. Subsequent Events

In preparing these consolidated financial statements, the Hospital has evaluated events and transactions for potential recognition or disclosure through September 28, 2011, the date the consolidated financial statements were available to be issued.



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Trustees
NorthCrest Medical Center and Affiliates
Springfield, Tennessee

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying consolidating information is presented for purposes of additional analysis of the basic consolidated financial statements rather than to present the financial position and results of operations of the individual companies. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

Nashville, Tennessee
September 28, 2011

NORTHCREST MEDICAL CENTER AND AFFILIATES
Consolidating Balance Sheet
June 30, 2011

| | Hospital | NCPS | NCF | NCSS | Total | Eliminations | Total Consolidated |
|---|---------------|--------------|------------|-----------|---------------|-----------------|--------------------|
| ASSETS | | | | | | | |
| Current assets | | | | | | | |
| Cash and cash equivalents | \$ 6,740,559 | \$ 295,310 | \$ 396,317 | \$ 4,116 | \$ 7,436,302 | \$ - | \$ 7,436,302 |
| Short-term investments | 7,500,000 | - | - | - | 7,500,000 | - | 7,500,000 |
| Patient accounts receivable, less allowance for doubtful accounts of \$5,054,979. | 10,353,178 | 1,390,427 | - | (840) | 11,742,765 | - | 11,742,765 |
| Due from affiliates | 12,496,230 | - | - | - | 12,496,230 | (12,496,230) | - |
| Third-party settlements | 136,101 | - | - | - | 136,101 | - | 136,101 |
| Other receivables | 143,240 | 165,505 | - | - | 308,745 | - | 308,745 |
| Current portion of notes receivable | 241,168 | - | - | - | 241,168 | - | 241,168 |
| Inventories | 1,284,286 | 94,648 | - | - | 1,378,934 | - | 1,378,934 |
| Prepaid expenses | 773,417 | 106,270 | - | - | 879,687 | - | 879,687 |
| Total current assets | 39,668,179 | 2,052,160 | 396,317 | 3,276 | 42,119,932 | (12,496,230) | 29,623,702 |
| Property and equipment, net | 33,291,560 | 454,072 | 13,495 | 8,715 | 33,767,842 | - | 33,767,842 |
| Loan costs, net of accumulated amortization of \$12,598 | 549,428 | - | - | - | 549,428 | - | 549,428 |
| Notes receivable, excluding current portion | 707,268 | - | - | - | 707,268 | - | 707,268 |
| Investments | 6,070,830 | - | - | - | 6,070,830 | - | 6,070,830 |
| Total assets | \$ 80,287,265 | \$ 2,506,232 | \$ 409,812 | \$ 11,991 | \$ 83,215,300 | \$ (12,496,230) | \$ 70,719,070 |
| LIABILITIES AND NET ASSETS | | | | | | | |
| Current liabilities | | | | | | | |
| Current maturities of long-term debt | \$ 1,318,000 | \$ - | \$ - | \$ - | \$ 1,318,000 | \$ - | \$ 1,318,000 |
| Current maturities of capital lease obligations | 1,055,848 | - | - | - | 1,055,848 | - | 1,055,848 |
| Accounts payable | 715,456 | 202,375 | 6,891 | 8,932 | 933,654 | - | 933,654 |
| Accrued expenses | 4,578,803 | 573,818 | 35,483 | - | 5,188,104 | - | 5,188,104 |
| Due to affiliates | - | 12,165,255 | 330,675 | 300 | 12,496,230 | (12,496,230) | - |
| Total current liabilities | 7,668,107 | 12,941,448 | 373,049 | 9,232 | 20,991,836 | (12,496,230) | 8,495,606 |
| Fair value of interest rate swap agreement | 3,906,961 | - | - | - | 3,906,961 | - | 3,906,961 |
| Long-term debt, less current maturities | 37,082,000 | - | - | - | 37,082,000 | - | 37,082,000 |
| Capital lease obligations, less current maturities | 2,404,323 | - | - | - | 2,404,323 | - | 2,404,323 |
| Total liabilities | 51,061,391 | 12,941,448 | 373,049 | 9,232 | 64,385,120 | (12,496,230) | 51,888,890 |
| Net assets (deficit) | | | | | | | |
| Unrestricted (deficit) | 29,225,874 | (10,435,216) | 36,763 | 2,759 | 18,830,180 | - | 18,830,180 |
| Total net assets (deficit) | 29,225,874 | (10,435,216) | 36,763 | 2,759 | 18,830,180 | - | 18,830,180 |
| Total liabilities and net assets | \$ 80,287,265 | \$ 2,506,232 | \$ 409,812 | \$ 11,991 | \$ 83,215,300 | \$ (12,496,230) | \$ 70,719,070 |

NORTHCREST MEDICAL CENTER AND AFFILIATES

Consolidating Balance Sheet

June 30, 2010

| | Hospital | NCPS | NCF | NCSS | Total | Eliminations | Total Consolidated |
|--|---------------|--------------|------------|-----------|---------------|-----------------|--------------------|
| ASSETS | | | | | | | |
| Current assets | | | | | | | |
| Cash and cash equivalents | \$ 15,598,227 | \$ 43,558 | \$ 303,753 | \$ 4,116 | \$ 15,949,654 | \$ - | \$ 15,949,654 |
| Short-term investments | 5,000,000 | - | - | - | 5,000,000 | - | 5,000,000 |
| Patient accounts receivable, less allowance for doubtful accounts of \$6,086,018 | 7,254,181 | 992,073 | - | (840) | 8,245,414 | - | 8,245,414 |
| Due from affiliates | 10,031,465 | - | - | - | 10,031,465 | (10,031,465) | - |
| Third-party settlements | 392,578 | - | - | - | 392,578 | - | 392,578 |
| Other receivables | 94,773 | 131,634 | - | - | 226,407 | - | 226,407 |
| Current portion of notes receivable | 433,492 | - | - | - | 433,492 | - | 433,492 |
| Inventories | 1,252,975 | 71,377 | - | - | 1,324,352 | - | 1,324,352 |
| Prepaid expenses | 647,377 | 87,264 | - | - | 734,641 | - | 734,641 |
| Total current assets | 40,705,068 | 1,325,906 | 303,753 | 3,276 | 42,338,003 | (10,031,465) | 32,306,538 |
| Property and equipment, net | 33,120,401 | 419,331 | 4,508 | 8,715 | 33,552,955 | - | 33,552,955 |
| Loan costs, net of accumulated amortization of \$81,872 | 391,668 | - | - | - | 391,668 | - | 391,668 |
| Notes receivable, excluding current portion | 840,908 | - | - | - | 840,908 | - | 840,908 |
| Investments | 3,443,452 | - | - | - | 3,443,452 | - | 3,443,452 |
| Other assets | 1,939 | - | - | - | 1,939 | - | 1,939 |
| Total assets | \$ 78,503,436 | \$ 1,745,237 | \$ 308,261 | \$ 11,991 | \$ 80,568,925 | \$ (10,031,465) | \$ 70,537,460 |
| LIABILITIES AND NET ASSETS | | | | | | | |
| Current liabilities | | | | | | | |
| Current maturities of long-term debt | \$ 1,150,000 | \$ - | \$ - | \$ - | \$ 1,150,000 | \$ - | \$ 1,150,000 |
| Current maturities of capital lease obligations | 764,301 | - | - | - | 764,301 | - | 764,301 |
| Accounts payable | 712,810 | 324,630 | 7,893 | 8,932 | 1,054,265 | - | 1,054,265 |
| Accrued expenses | 3,198,629 | 441,283 | 36,963 | - | 3,676,875 | - | 3,676,875 |
| Due to affiliates | - | 9,698,136 | 333,029 | 300 | 10,031,465 | (10,031,465) | - |
| Total current liabilities | 5,825,740 | 10,464,049 | 377,885 | 9,232 | 16,676,906 | (10,031,465) | 6,645,441 |
| Fair value of interest rate swap agreement | 4,421,385 | - | - | - | 4,421,385 | - | 4,421,385 |
| Long-term debt, less current maturities | 38,237,108 | - | - | - | 38,237,108 | - | 38,237,108 |
| Capital lease obligations, less current maturities | 1,690,164 | - | - | - | 1,690,164 | - | 1,690,164 |
| Total liabilities | 50,174,397 | 10,464,049 | 377,885 | 9,232 | 61,025,563 | (10,031,465) | 50,994,098 |
| Net assets (deficit) | | | | | | | |
| Unrestricted (deficit) | 28,329,039 | (8,718,812) | (69,624) | 2,759 | 19,543,362 | - | 19,543,362 |
| Total net assets (deficit) | 28,329,039 | (8,718,812) | (69,624) | 2,759 | 19,543,362 | - | 19,543,362 |
| Total liabilities and net assets | \$ 78,503,436 | \$ 1,745,237 | \$ 308,261 | \$ 11,991 | \$ 80,568,925 | \$ (10,031,465) | \$ 70,537,460 |

NORTHCREST MEDICAL CENTER AND AFFILIATES
Consolidating Statement of Operations and Changes in Unrestricted Net Assets
Year Ended June 30, 2011

| | Hospital | NCPS | NCF | NCSS | Total | Eliminations | Total Consolidated |
|--|---------------|-----------------|-----------|----------|---------------|--------------|--------------------|
| Unrestricted revenues, gains and other support | | | | | | | |
| Net patient service revenue | \$ 72,571,124 | \$ 9,252,966 | \$ - | \$ - | \$ 81,824,090 | \$ - | \$ 81,824,090 |
| Other revenue | 1,034,760 | 157,777 | 269,307 | - | 1,461,844 | (55,081) | 1,406,763 |
| Total unrestricted revenues, gains and other support | 73,605,884 | 9,410,743 | 269,307 | - | 83,285,934 | (55,081) | 83,230,853 |
| Expenses | | | | | | | |
| Salaries and benefits | 33,287,659 | 7,863,994 | - | - | 41,151,653 | - | 41,151,653 |
| Supplies and other expenses | 17,785,536 | 1,736,207 | 89,880 | - | 19,611,623 | (55,081) | 19,556,542 |
| Purchased services | 5,714,585 | 1,075,679 | 72,117 | - | 6,862,381 | - | 6,862,381 |
| Provision for uncollectible accounts | 9,061,368 | 245,034 | - | - | 9,306,402 | - | 9,306,402 |
| Depreciation and amortization | 4,657,995 | 206,233 | 4,663 | - | 4,868,891 | - | 4,868,891 |
| Interest expense | 2,794,094 | - | - | - | 2,794,094 | - | 2,794,094 |
| Total expenses | 73,301,237 | 11,127,147 | 166,660 | - | 84,595,044 | (55,081) | 84,539,963 |
| Operating income (loss) | 304,647 | (1,716,404) | 102,647 | - | (1,309,110) | - | (1,309,110) |
| Nonoperating revenues (expenses) | | | | | | | |
| Loss on early extinguishment of debt | (490,475) | - | - | - | (490,475) | - | (490,475) |
| Contributions | 355,992 | - | - | - | 355,992 | - | 355,992 |
| Investment income | 208,098 | - | 3,740 | - | 211,838 | - | 211,838 |
| Total nonoperating revenues (expenses) | 73,615 | - | 3,740 | - | 77,355 | - | 77,355 |
| Excess (deficiency) of revenues, gains and other support over expenses | 378,262 | (1,716,404) | 106,387 | - | (1,231,755) | - | (1,231,755) |
| Change in unrealized gains and losses on investments other than trading securities | 4,149 | - | - | - | 4,149 | - | 4,149 |
| Change in fair value of interest rate swap agreement | 514,424 | - | - | - | 514,424 | - | 514,424 |
| Increase (decrease) in unrestricted net assets | 896,835 | (1,716,404) | 106,387 | - | (713,182) | - | (713,182) |
| Net assets (deficit), beginning of year | 28,329,039 | (8,718,812) | (69,624) | 2,759 | 19,543,362 | - | 19,543,362 |
| Net assets (deficit), end of year | \$ 29,225,874 | \$ (10,435,216) | \$ 36,763 | \$ 2,759 | \$ 18,830,180 | \$ - | \$ 18,830,180 |

NORTHCREST MEDICAL CENTER AND AFFILIATES
Consolidating Statement of Operations and Changes in Unrestricted Net Assets
Year Ended June 30, 2010

| | Hospital | NCPS | NCF | NCSS | Total | Eliminations | Total Consolidated |
|--|---------------|----------------|-------------|----------|---------------|--------------|--------------------|
| Unrestricted revenues, gains and other support | | | | | | | |
| Net patient service revenue | \$ 74,109,475 | \$ 7,622,207 | \$ - | \$ - | \$ 81,731,682 | \$ - | \$ 81,731,682 |
| Other revenue | 1,100,474 | 323,907 | 276,432 | - | 1,700,813 | (68,006) | 1,632,807 |
| Total unrestricted revenues, gains and other support | 75,209,949 | 7,946,114 | 276,432 | - | 83,432,495 | (68,006) | 83,364,489 |
| Expenses | | | | | | | |
| Salaries and benefits | 33,345,614 | 6,895,716 | (5,119) | - | 40,236,211 | - | 40,236,211 |
| Supplies and other expenses | 17,792,429 | 1,656,522 | 121,494 | - | 19,570,445 | (68,006) | 19,502,439 |
| Purchased services | 5,637,333 | 934,051 | 73,021 | - | 6,644,405 | - | 6,644,405 |
| Provision for uncollectible accounts | 10,200,329 | 515,193 | - | - | 10,715,522 | - | 10,715,522 |
| Depreciation and amortization | 5,007,886 | 160,654 | 5,322 | - | 5,173,862 | - | 5,173,862 |
| Interest expense | 2,251,866 | - | - | - | 2,251,866 | - | 2,251,866 |
| Total expenses | 74,235,457 | 10,162,136 | 194,718 | - | 84,592,311 | (68,006) | 84,524,305 |
| Operating income (loss) | 974,492 | (2,216,022) | 81,714 | - | (1,159,816) | - | (1,159,816) |
| Nonoperating revenues (expenses) | | | | | | | |
| Contributions | 425,147 | - | - | - | 425,147 | - | 425,147 |
| Investment income | 290,947 | - | 617 | - | 291,564 | - | 291,564 |
| Total nonoperating revenues (expenses) | 716,094 | - | 617 | - | 716,711 | - | 716,711 |
| Excess (deficiency) of revenues, gains and other support over expenses | 1,690,586 | (2,216,022) | 82,331 | - | (443,105) | - | (443,105) |
| Change in unrealized gains and losses on investments other than trading securities | 81,429 | - | - | - | 81,429 | - | 81,429 |
| Change in fair value of interest rate swap agreement | (1,815,029) | - | - | - | (1,815,029) | - | (1,815,029) |
| Increase (decrease) in unrestricted net assets | (43,014) | (2,216,022) | 82,331 | - | (2,176,705) | - | (2,176,705) |
| Net assets (deficit), beginning of year | 28,372,053 | (6,502,790) | (151,955) | 2,759 | 21,720,067 | - | 21,720,067 |
| Net assets (deficit), end of year | \$ 28,329,039 | \$ (8,718,812) | \$ (69,624) | \$ 2,759 | \$ 19,543,362 | \$ - | \$ 19,543,362 |