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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

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

OMB No 1545-0047

2010

Open to Public Inspection

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

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

C Name of organization
REGIONAL MEDICAL CENTER BOARD

Doing Business As
NORTHEAST ALABAMA REGIONAL MEDICAL C

Number and street (or P O box if mail is not delivered to street address)
PO BOX 2208

Room/suite

City or town, state or country, and ZIP + 4
ANNISTON, AL 36202

D Employer identification number
63-6000090

E Telephone number
(256) 235-5255

G Gross receipts $ 175,331,554

F Name and address of principal officer
J DAVID MCCORMACK
PO BOX 2208
ANNISTON, AL 36202

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

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

H(c) Group exemption number ▶

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

J Website: ▶ WWW RMCCARES ORG

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

L Year of formation 1974

M State of legal domicile AL

Part I Summary

1 Briefly describe the organization's mission or most significant activities
TO PROVIDE PERSONALIZED HEALTHCARE TO CITIZENS OF NORTHEAST ALABAMA

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	15
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	11
5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	**5**	1,706
6	Total number of volunteers (estimate if necessary)	**6**	210
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	21,676	85,679
9	Program service revenue (Part VIII, line 2g)	173,657,696	169,922,886
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	5,785,856	2,835,769
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	267,581	238,172
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	179,732,809	173,082,506
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	101,670	104,708
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)	69,063,966	64,520,426
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	110,138,252	109,918,048
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	179,303,888	174,543,182
19	Revenue less expenses Subtract line 18 from line 12	428,921	-1,460,676

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	185,902,414	182,436,435
21	Total liabilities (Part X, line 26)	53,678,649	51,673,345
22	Net assets or fund balances Subtract line 21 from line 20	132,223,765	130,763,090

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 — 2012-05-15 Date

J DAVID MCCORMACK PRESIDENT/CEO — Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name AMY BIBBY	Preparer's signature AMY BIBBY	Date	Check if self-employed ☐	PTIN
Firm's name ▶ DIXON HUGHES GOODMAN LLP				Firm's EIN ▶
Firm's address ▶ 500 RIDGEFIELD COURT ASHEVILLE, NC 28806				Phone no ▶ (828) 254-2254

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

Part III **Statement of Program Service Accomplishments**

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

1 Briefly describe the organization's mission

THE BOARD'S PRIMARY MISSION IS TO PROVIDE ADVANCED HEALTH CARE OF THE HIGHEST QUALITY, WITH COMPASSION AND INTEGRITY, TO EVERY PATIENT

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 $ 164,339,073 including grants of $ 61,745) (Revenue $ 169,659,495)

DURING THE YEAR ENDED JUNE 30, 2011, NORTHEAST ALABAMA REGIONAL MEDICAL CENTER HAD 13,200 ADULT AND PEDIATRIC INPATIENT ADMISSIONS, 1,301 NEWBORN ADMISSIONS AND SERVED PATIENTS THROUGH AMBULATORY CARE INCLUDING 3,348 OBSERVATION PATIENTS, 44,465 EMERGENCY DEPARTMENT PATIENTS,61,466 REFERRED OUTPATIENTS, 3,312 SAME DAY SURGERY PATIENTS THE MEDICAL CENTER IS ALSO INVOLVED IN EDUCATION, RESEARCH, AND COMMUNITY BENEFIT ACTIVITIES DESIGNATED TO PROVIDE HEALTH AND WELLNESS REGIONAL MEDICAL CENTER HOLDS DESIGNATIONS FOR THE FOLLOWING BLUE CROSS CENTER OF DISTINCTION FOR CARDIAC CARE, MEDICARE CENTER OF EXCELLENCE FOR BARIATRICS, ASCR GOLD STANDARD AWARD (ALABAMA STATEWIDE CANCER REGISTRY) REGIONAL MEDICAL CENTER IS PROUD TO BE CATEGORIZED AS A TIER 1 HOSPITAL BY BLUE CROSS AND BLUE SHIELD OF ALABAMA HOSPITALS DESIGNATED AS TIER 1 ARE RECOGNIZED AS HAVING ATTAINED THE HIGHEST LEVEL OF COMPLIANCE ACROSS THE FOLLOWING AREAS QUALITY AWARENESS, PATIENT SAFETY AWARENESS, FINANCIAL AWARENESS, AND PATIENT SATISFACTION

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** ▶ $ 164,339,073

Part IV Checklist of Required Schedules

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

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
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**		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)?	**35**	Yes	
a	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2* ☐ **Yes** ☑ **No**			
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	387		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			1c	Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	2a	1,706		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			2b	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			3a		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	1a	15		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	11		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2			No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . .	3			No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4			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		Yes	
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons? . .	7b		Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	8a		Yes	
b	Each committee with authority to act on behalf of the governing body?	8b		Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9			No

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

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

Section C. Disclosure

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

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

☐ Own website ☑ Another's website ☑ Upon request

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

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

SUSAN MARNEY DIRECTOR- ACCOUNTING
PO BOX 2208
ANNISTON, AL 36202
(256) 235-5678

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								1,852,919	0	100,890

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 in reportable compensation from the organization ▶ 27

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
ANESTHESIA SOLUTIONS OF ANNISTON 2901 2ND AVENUE SUITE 270 BIRMINGHAM, AL 35233	CRNA SERVICES	2,675,337
MORRISONS HEALTH CARE DIVISION PO BOX 102289 ATLANTA, GA 303682289	MANAGEMENT OF FOOD SVC	1,315,492
EMERGENCY ROOM SERVICES OF ANNISTON LLC PO BOX 3477 OXFORD, AL 36203	ER PHYSICIAN SERVICES	1,105,231
COASTAL EXTRACORPOREAL TECHNOLOGY INC 612 EAST BALDWIN ROAD PANAMA CITY, FL 32405	PERFUSION SERVICES	550,017
AMERICAN ENDOSCOPY SERVICES INC 8 CADILLAC DRIVE STE 200 BRENTWOOD, TN 37027	REPROCESSING SURGICAL INSTRUMENTS	464,065

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 in compensation from the organization ▶ 24

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	29,157				
	e Government grants (contributions) 1e					
	f All other contributions, gifts, grants, and similar amounts not included above 1f	56,522				
	g Noncash contributions included in lines 1a-1f $					
	h **Total.** Add lines 1a-1f . . . . . ▶		85,679			
Program Service Revenue		Business Code				
	2a NET PATIENT SERVICE RE	621400	165,784,402	165,784,402		
	b MEDICAID DISP SHARE	900099	3,736,914	3,736,914		
	c AFTERCARE REHAB SERVIC	624100	60,240	60,240		
	d DISCOUNTS	900099	34,796	34,796		
	e MEDICAL LIBRARY	900099	8,175			8,175
	f All other program service revenue		298,359	298,359		
	g **Total.** Add lines 2a–2f . . . . . ▶		169,922,886			
	3 Investment income (including dividends, interest and other similar amounts) . . . . . ▶		2,646,781			2,646,781
	4 Income from investment of tax-exempt bond proceeds . . ▶		134,546			134,546
	5 Royalties . . . . . ▶					
		(i) Real	(ii) Personal			
	6a Gross Rents	1,697,541				
	b Less rental expenses	2,211,870				
	c Rental income or (loss)	-514,329				
	d Net rental income or (loss) . . . . . ▶		-514,329			-514,329
		(i) Securities	(ii) Other			
	7a Gross amount from sales of assets other than inventory		91,620			
	b Less cost or other basis and sales expenses		37,178			
	c Gain or (loss)		54,442			
	d Net gain or (loss) . . . . . ▶		54,442			54,442
Other Revenue	8a Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . . a					
	b Less direct expenses . . . b					
	c Net income or (loss) from fundraising events . . ▶					
	9a Gross income from gaming activities See Part IV, line 19 . a					
	b Less direct expenses . . . . . b					
	c Net income or (loss) from gaming activities . . ▶					
	10a Gross sales of inventory, less returns and allowances . a					
	b Less cost of goods sold . . b					
	c Net income or (loss) from sales of inventory . . ▶					
	Miscellaneous Revenue	Business Code				
	11a FOOD SERVICE & VENDING	722210	634,654			634,654
	b OTHER INCOME	900099	78,794			78,794
	c GIFT SHOP REVENUE	453220	39,053			39,053
	d All other revenue					
	e **Total.** Add lines 11a–11d . . . . . ▶		752,501			
	12 **Total revenue.** See Instructions . . . ▶		173,082,506	169,914,711	0	3,082,116

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	61,745	61,745		
2	Grants and other assistance to individuals in the U S See Part IV, line 22	42,963	42,963		
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	1,084,611	357,922	726,689	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	311,161	311,161		
7	Other salaries and wages	50,620,671	46,839,848	3,780,823	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	2,938,229	2,470,729	467,500	
9	Other employee benefits	5,578,594	5,164,594	414,000	
10	Payroll taxes	3,987,160	3,691,264	295,896	
a	Fees for services (non-employees) Management				
b	Legal	211,457		211,457	
c	Accounting				
d	Lobbying	10,000		10,000	
e	Professional fundraising services *See Part IV, line 17*				
f	Investment management fees				
g	Other	15,192,273	12,845,370	2,346,903	
12	Advertising and promotion				
13	Office expenses	38,100,721	37,668,503	432,218	
14	Information technology	1,565,313	590,943	974,370	
15	Royalties				
16	Occupancy	2,975,079	2,975,079		
17	Travel	9,558	6,563	2,995	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	138,256	90,624	47,632	
20	Interest	2,011,313	2,011,313		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	12,133,303	12,133,303		
23	Insurance	972,705	972,705		
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	BAD DEBTS	36,040,677	36,040,677		
b	RECRUITMENT	428,051		428,051	
c	OTHER EXPENSES	129,342	63,767	65,575	
d					
e					
f	All other expenses				
25	**Total functional expenses.** Add lines 1 through 24f	174,543,182	164,339,073	10,204,109	0
26	**Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		6,103,166	1	2,536,906
	2	Savings and temporary cash investments			2	
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		13,694,212	4	14,709,280
	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		1,005,035	7	1,809,919
	8	Inventories for sale or use		4,985,652	8	5,305,072
	9	Prepaid expenses and deferred charges		1,399,498	9	2,017,474
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 248,818,142			
	b	Less accumulated depreciation	10b 168,978,479	83,894,688	10c	79,839,663
	11	Investments—publicly traded securities		71,474,480	11	74,111,909
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		3,345,683	15	2,106,212
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		185,902,414	16	182,436,435
Liabilities	17	Accounts payable and accrued expenses		12,755,043	17	13,243,544
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		38,060,000	20	36,735,000
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*			21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities Complete Part X of Schedule D		2,863,606	25	1,694,801
	26	**Total liabilities.** Add lines 17 through 25		53,678,649	26	51,673,345
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		132,213,565	27	130,752,930
	28	Temporarily restricted net assets			28	
	29	Permanently restricted net assets		10,200	29	10,160
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		132,223,765	33	130,763,090
	34	Total liabilities and net assets/fund balances		185,902,414	34	182,436,435

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	173,082,506
2	Total expenses (must equal Part IX, column (A), line 25)	2	174,543,182
3	Revenue less expenses Subtract line 2 from line 1	3	-1,460,676
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	132,223,765
5	Other changes in net assets or fund balances (explain in Schedule O)	5	0
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	130,763,090

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
REGIONAL MEDICAL CENTER BOARD

Employer identification number
63-6000090

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

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

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

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

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

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

_____

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

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

Section C. Computation of Public Support Percentage

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

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

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

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

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

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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

2010

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	Employer identification number
REGIONAL MEDICAL CENTER BOARD	63-6000090

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

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

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

A Check ☐ if the filing organization belongs to an affiliated group
B Check ☐ if the filing organization checked box A and "limited control" provisions apply

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV	Yes		25,774
j	Total lines 1c through 1i			25,774
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
EXPLANATION OF OTHER LOBBYING ACTIVITIES	PART II-B, LINE 1I	A PORTION OF MEMBERSHIP DUES PAID TO THE AMERICAN HOSPITAL ASSOCIATION (AHA) AND THE ALABAMA HOSPITAL ASSOCIATION (ALHA) IS ALLOCATED TO LOBBYING ACTIVITIES PERFORMED FOR THE BENEFIT OF THOSE ORGANIZATIONS' MEMBER BODY IN 2010, 24 42% OF DUES TO THE AHA ($7,451) AND 22 42% OF DUES PAID TO THE ALHA ($8,323) WAS ALLOCATED TO LOBBYING EFFORTS IN ADDITION, THE ORGANIZATION PAID THE LAW FIRM OF BAKER DONELSON BEARMAN CALDWELL & BERKOWITZ, PC $10,000 IN THE TAX YEAR FOR ASSISTANCE AS A PROFESSIONAL CONGRESSIONAL LOBBYIST

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11, or 12.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
REGIONAL MEDICAL CENTER BOARD

Employer identification number
63-6000090

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

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

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

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

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

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

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

			Held at the End of the Year
a	Total number of conservation easements	2a	
b	Total acreage restricted by conservation easements	2b	
c	Number of conservation easements on a certified historic structure included in (a)	2c	
d	Number of conservation easements included in (c) acquired after 8/17/06	2d	

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

b If "Yes," explain the arrangement in Part XIV

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

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance	10,200	10,212	10,000		
b Contributions					
c Investment earnings or losses	-40	-12	212		
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance	10,160	10,200	10,212		

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

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

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

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

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

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

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		4,015,957		4,015,957
b Buildings		84,053,315	58,516,840	25,536,475
c Leasehold improvements		4,171,132	2,903,889	1,267,243
d Equipment		154,495,445	107,557,750	46,937,695
e Other		2,082,293		2,082,293
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				79,839,663

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

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

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

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

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

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

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
PROFESSIONAL LIABILITY SELF INSURANCE	1,559,801
WORKER'S COMPENSATION LIABILITY	135,000
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	1,694,801

2. Fin 48 (ASC 740) Footnote In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC740)

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

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	173,082,506
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	174,543,182
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	-1,460,676
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	0
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	-1,460,676

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	139,883,514
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	2,841,685		
e	Add lines **2a** through **2d**			2e	2,841,685
3	Subtract line **2e** from line **1**			3	137,041,829
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	36,040,677		
c	Add lines **4a** and **4b**			4c	36,040,677
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	173,082,506

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

1	Total expenses and losses per audited financial statements			1	141,147,826
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	2,645,321		
e	Add lines **2a** through **2d**			2e	2,645,321
3	Subtract line **2e** from line **1**			3	138,502,505
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	36,040,677		
c	Add lines **4a** and **4b**			4c	36,040,677
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	174,543,182

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b Also complete this part to provide any additional information

Identifier	Return Reference	Explanation
DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS	PART V, LINE 4	THE KNOX ENDOWMENT WAS ESTABLISHED IN THE 1940'S BY THE KNOX FAMILY TO PROVIDE MATERNITY CARE FOR INDIGENT HOSPITAL PATIENTS INVESTMENT EARNINGS ON THE FUND ARE PUT TOWARDS INDIGENT MATERNITY PATIENTS ANNUALLY THE HOSPITAL HAS DISCRETION TO USE THE FUNDS FOR MEDICAL EXPENSES BESIDES MATERNITY CARE IF NECESSARY
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	INCOME TAXES- THE BOARD IS A POLICITAL SUBDIVISION AND THE AFFLIATE IS A NOT-FOR-PROFIT CORPORATION AS DESCRIBED IN SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE, THEREFORE, NO PROVISION HAS BEEN RECORDED FOR INCOME TAXES FOR THESE ENTITIES REGIONAL HEALTH MANAGEMENT CORPORATION ("RHMC") IS A WHOLLY-OWNED SUBSIDIARY FOR THE AFFILIATE RHMC IS A FOR-PROFIT CORPORATION AND ACCOUNTS FOR DEFERRED INCOME TAXES BASED ON THE METHOD DESCRIBED IN FASB ACCOUNTING STANDANDS CODIFICATION ("ASB") 740, INCOME TAXES ASC 740 USES THE ASSET AND LIABILITY METHOD TO ESTABLISH DEFERRED TAX ASSETS AND LIABILITIES FOR THE TEMPORARY DIFFERENCES BETWEEN THE FINANCIAL REPORTING BASES AND THE TAX BASES OF RHMC'S ASSETS AND LIABILITIES AT ENACTED TAX RATES EXPECTED TO BE IN EFFECT WHEN SUCH AMOUNTS ARE REALIZED OR SETTLED AS OF JUNE 30, 2011 AND 2010, A DEFERRED TAX LIABILITY HAS BEEN RECORDED IN THE AMOUNT OF $71,000 AND $83,000, RESPECTIVELY, RELATED PRIMARILY TO TIMING DIFFERENCES RELATED TO DEPRECIATION AND THE INVESTMENT IN THE SURGERY CENTER, LLC (SEE NOTE L), AND IS INCLUDED IN OTHER LONG-TERM LIABILITIES AND OTHER ASSETS ON THE COMBINED BALANCE SHEETS AS OF JUNE 30, 2011 AND 2010, ALL OF THE NET OPERATING LOSS CARRYFORWARDS HAS BEEN UTILIZED THE BOARD HAS EVALUATED THEIR TAX POSITIONS AND HAVE DETERMINED THAT THEY DO NOT HAVE ANY MATERIAL UNRECOGNIZED BENEFITS OR OBLIGATIONS AS OF JUNE 30, 2011 AND 2010
PART XII, LINE 2D - OTHER ADJUSTMENTS		REVENUES OF CONSOLIDATED ENTITIES 629,815 RENTAL EXPENSES NET W/ REVENUES 2,211,870
PART XII, LINE 4B - OTHER ADJUSTMENTS		BAD DEBTS NET W/ REVENUES 36,040,677
PART XIII, LINE 2D - OTHER ADJUSTMENTS		EXPENSES OF CONSOLIDATED ENTITIES 433,451 RENTAL EXPENSES NET W/ REVENUES 2,211,870
PART XIII, LINE 4B - OTHER ADJUSTMENTS		BAD DEBTS NET W/ REVENUES 36,040,677

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
REGIONAL MEDICAL CENTER BOARD

Employer identification number
63-6000090

Part I Financial Assistance and Certain Other Community Benefits at Cost

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

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheets 1 and 2)			7,489,216		7,489,216	5 030 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			13,869,916	13,773,974	95,942	0 060 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			21,359,132	13,773,974	7,585,158	5 090 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			42,963		42,963	0 030 %
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)			69,938	20,480	49,458	0 030 %
i Cash and in-kind contributions to community groups (from Worksheet 8)			61,745		61,745	0 040 %
j **Total** Other Benefits			174,646	20,480	154,166	0 100 %
k **Total.** Add lines 7d and 7j			21,533,778	13,794,454	7,739,324	5 190 %

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			
2	Enter the amount of the organization's bad debt expense (at cost)	2	7,387,687		
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			
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	52,917,832		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	51,137,353		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	1,780,479		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☐ Cost accounting system ☐ Cost to charge ratio ☑ Other

Section C. Collection Practices

9a	Does the organization have a written debt collection policy?	9a	Yes	
b	If "Yes," does the organization's collection policy contain provisions on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance? Describe in Part VI	9b		No

Part IV **Management Companies and Joint Ventures**

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

Part V Facility Information

Section A. Hospital Facilities

(list in order of size, measured by total revenue per facility, from largest to smallest)

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

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	NORTHEAST ALABAMA REGIONAL MEDICAL CENTE 400 EAST 10TH STREET ANNISTON,AL 36207	X	X					X		

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

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

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

	Name and address	Type of Facility (Describe)
1	NORTHEAST AL REGIONAL MED CENTER PSYCH U 400 EAST 10TH STREET ANNISTON,AL 36202	INPATIENT PSYCH UNIT
2		
3		
4		
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

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

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

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

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

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

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

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

Identifier	ReturnReference	Explanation
		PART I, LINE 3C OUR ORGANIZATION PROVIDES A 30% DISCOUNT TO THE BILL FOR ALL SELF PAY (UNINSURED) PATIENTS THIS ADJUSTMENT IS APPLIED TO THE BILL PRIOR TO STATEMENTS BEING MAILED TO THE PATIENT OR GUARANTOR WE ALSO RETAIN ON A CONTRACTED BASIS VENDORS THAT ASSIST IN SCREENING PATIENTS FOR QUALIFICATION FOR FREE OR CHARITY CARE THIS IS ACCOMPLISHED BY MEANS OF INTERVIEWS WITH THE PATIENT AS PART OF OUR NORMAL COLLECTION PROCESS

Identifier	ReturnReference	Explanation
		PART I, L7 COL(F) FOR PURPOSES OF CALCULATING COMMUNITY BENEFIT AS A PERCENTAGE OF TOTAL EXPENSE IN LINE 7, COLUMN (F), A BAD DEBT EXPENSE OF $25,676,768 HAS BEEN ADJUSTED FROM TOTAL EXPENSES PRESENTED ON FORM 990, PART XI, LINE 25

Identifier	ReturnReference	Explanation
		PART III, LINE 4 BAD DEBT EXPENSE AT COST WAS CALCULATED BY MULTIPLYING TOTAL BAD DEBT EXPENSE BY THE HOSPITAL'S COST TO CHARGE RATIO THE COST TO CHARGE RATIO WAS CALCULATED BY DIVIDING TOTAL OPERATING COSTS INTO TOTAL CHARGES

Identifier	ReturnReference	Explanation
		PART III, LINE 8 MEDICARE ALLOWABLE COSTS OF CARE WAS DERIVED FROM THE MEDICARE COST REPORT

Identifier	ReturnReference	Explanation
		PART III, LINE 9B THERE ARE NO SPECIFIC PROVISIONS REGARDING COLLECTION OF CHARITY ACCOUNTS AS THESE ACCOUNTS ARE ADJUSTED TO A ZERO BALANCE THEREFORE, NO COLLECTION EFFORTS TAKE PLACE ONCE THE INDIVIDUAL HAS QUALIFIED

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 OUR ORGANIZATION ASSESSES THE HEALTH CARE NEEDS OF OUR COMMUNITY IN SEVERAL WAYS WE UPDATE OUR MEDICAL STAFF DEVELOPMENT PLAN ANNUALLY THERE ARE SEVERAL COMPONENTS TO THIS PLAN, INCLUDING THE OVERALL POPULATION WITHIN OUR SERVICE AREA, THE AGE OF OUR CURRENT MEDICAL STAFF, AND PROJECTED PHYSICIAN NEEDS USING CALCULATIONS PROVIDED BY THE AMERICAN MEDICAL ASSOCIATION'S PHYSICIAN CHARACTERISTICS AND DISTRIBUTION IN THE US WE ALSO ASSESS THE NEEDS OF OUR COMMUNITY WHENEVER WE CONSIDER PROVIDING A NEW SERVICE, OR WHEN WE EVALUATE EXPANDING EXISTING SERVICES THAT WE CURRENTLY PROVIDE WE DEVELOP A PLAN BASED ON CALCULATIONS OF THE IMPACT THAT THE NEW OR EXPANDED SERVICE MAY HAVE ON OUR COMMUNITY

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 ALL PATIENT BILLS HAVE A STATEMENT EXPLAINING THAT CHARITY CARE IS AVAILABLE TO QUALIFYING INDIVIDUALS CONTACT INFORMATION IS LISTED ALSO SIGNS ARE POSTED IN ALL REGISTRATION AREAS AS WELL AS THE FACILITY'S WEBSITE REGARDING CHARITY CARE

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 OUR SERVICE AREA IS COMPRISED OF APPROXIMATELY 200,000 PEOPLE RESIDING IN THE COUNTIES OF CALHOUN, CLEBURNE, CLAY, RANDOLPH AND TALLADEGA ALL AGE GROUPS ARE SERVED FROM NEWBORNS TO THE ELDERLY SERVICES INCLUDE MEDICAL/SURGICAL, INTENSIVE CARE, OBSTETRICS, PEDIATRICS, PSYCHIATRIC, CARDIOLOGY AND ONCOLOGY ALL CITIZENS ARE SERVED REGARDLESS OF PAYER OR ABILITY TO PAY WHILE RMC IS THE ONLY FULL SERVICE HOSPITAL IN THE SERVICE AREA, SMALLER HOSPITALS IN CALHOUN COUNTY INCLUDE STRINGFELLOW HOSPITAL AND JACKSONVILLE HOSPITAL OTHER HOSPITALS IN OUR 5 COUNTY SERVICE AREA INCLUDE WEDOWEE HOSPITAL AND RANDOLPH MEDICAL CENTER IN RANDOLPH COUNTY, CLAY COUNTY HOSPITAL IN CLAY COUNTY, AND CITIZENS HOSPITAL AND COOSA VALLEY MEDICAL CENTER IN TALLADEGA COUNTY CLEBURNE AND RANDOLPH COUNTIES ARE CONSIDERED FEDERALLY DESIGNATED MEDICALLY UNDERSERVED FOR PRIMARY CARE, AND ALL COUNTIES ARE CONSIDERED UNDERSERVED FOR SPECIALTY PHYSICIANS THE AREA ALSO QUALIFIES AS UNDERSERVED FOR PSYCHIATRIC SERVICES BY THE NATIONAL HEALTH SERVICE CORPS

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 REGIONAL MEDICAL CENTER PROMOTES HEALTH WITHIN THE COMMUNITY WE SERVE IN A VARIETY OF WAYS AS A NONPROFIT, WE PROVIDE SERVICES FOR ALL PATIENTS REGARDLESS OF THEIR ABILITY TO PAY, AND WE SEE A VERY HIGH NUMBER OF UNINSURED, UNDERINSURED AND INDIGENT PATIENTS IN OUR EMERGENCY DEPARTMENT WE ASSIST THE MEMBERS OF OUR MEDICAL STAFF IN RECRUITING NEW PHYSICIANS TO THE AREA AS PART OF OUR ASSISTANCE PROGRAM, RECRUITED PHYSICIANS MUST AGREE TO SEE ALL PATIENTS, REGARDLESS OF INCOME LEVEL OR ABILITY TO PAY RMC PROVIDES MANY COMMUNITY SERVICES IN THE FORM OF HEALTH EDUCATION, SCREENINGS AND SUPPORT GROUPS OUR CANCER RESOURCE CENTER, PARISH NURSING PROGRAM, AND CONGREGATIONAL HEALTH OUTREACH ARE BUT A FEW OF OUR SERVICES TO OUR COMMUNITY THAT PROVIDE HIGHLY SKILLED STAFF TO PERFORM HEALTH SCREENINGS AND EDUCATION FREE OF CHARGE

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

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
REGIONAL MEDICAL CENTER BOARD

Employer identification number
63-6000090

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) EAST ALABAMA EMERGENCY MEDICAL SERVICESPO BOX 700 LINCOLN,AL 35096	63-0707345	501(C)(3)	16,500		CASH		GENERAL ACTIVITY SPONSORSHIP

2 Enter total number of section 501(c)(3) and government organizations . . . . . ▶ 1

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
(1) MEDICATION/MEDICAL SUPPLIES	116	3,631			
(2) TRANSPORTATION	299	5,325			
(3) FOOD	183	861			
(4) INFANT CAR SEATS	1	35			
(5) AMBULANCE TRANSPORTS	5	865			
(6) IV THERAPY/HHC VISITS/MEDS	19	32,076			
(7) MISCELLANEOUS	3	170			

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 THE ORGANIZATION ADOPTED WRITTEN GUIDELINES FOR ORGANIZATIONS TO APPLY FOR COMMUNITY CONTRIBUTIONS (GRANTS) A DETAILED APPLICATION MUST BE COMPLETED AND APPROVED BY THE REVIEW COMMITTEE OF THE BOARD A COPY OF THE APPLICATION IS AVAILABLE UPON REQUEST AT THE ORGANIZATION'S ADMINSITRATIVE OFFICE

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
REGIONAL MEDICAL CENTER BOARD

Employer identification number
63-6000090

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items			
	☐ First-class or charter travel	☑ Housing allowance or residence for personal use		
	☑ Travel for companions	☐ Payments for business use of personal residence		
	☐ Tax idemnification and gross-up payments	☑ Health or social club dues or initiation fees		
	☐ Discretionary spending account	☐ Personal services (e g , maid, chauffeur, chef)		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement orprovision of all the expenses described above? If "No," complete Part III to explain	**1b**	Yes	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**	Yes	
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply			
	☑ Compensation committee	☑ Written employment contract		
	☐ Independent compensation consultant	☑ Compensation survey or study		
	☑ Form 990 of other organizations	☑ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment from the organization or a related organization?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**		No
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**		No
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in 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) J DAVID MCCORMACK	(i)	287,645	0	0	0	10,438	298,083	0
	(ii)	0	0	0	0	0	0	0
(2) LOUIS BASS	(i)	150,591	0	0	23,796	10,438	184,825	0
	(ii)	0	0	0	0	0	0	0
(3) JOSEPH WEAVER	(i)	185,759	0	0	0	10,438	196,197	0
	(ii)	0	0	0	0	0	0	0
(4) WILLIAM BOHANNON	(i)	141,582	0	0	0	10,390	151,972	0
	(ii)	0	0	0	0	0	0	0
(5) ROBERT B FREEMAN	(i)	426,189	0	0	0	10,558	436,747	0
	(ii)	0	0	0	0	0	0	0
(6) AYMAN ABDUL GHANI	(i)	300,219	0	0	0	10,360	310,579	0
	(ii)	0	0	0	0	0	0	0
(7) RONALD J VARCAK	(i)	158,691	0	45,220	0	4,311	208,222	0
	(ii)	0	0	0	0	0	0	0
(8)								
(9)								
(10)								
(11)								
(12)								
(13)								
(14)								
(15)								
(16)								

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
	PART I, LINE 1A	ALL TRAVEL EXPENSES FOR SPOUSES AND COMPANIONS, AS WELL AS TEMPORARY HOUSING ALLOWANCES PER EMPLOYMENT AGREEMENTS ARE ADDED AS WAGES ON THE RECIPIENTS' FORM W-2 OR 1099-MISC

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

▶ Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V lines 38a or 40b.
▶ Attach to Form 990 or Form 990-EZ. ▶See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
REGIONAL MEDICAL CENTER BOARD

Employer identification number
63-6000090

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

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

1 (a) Name of disqualified person	(b) Description of transaction	(c) Corrected? Yes	(c) Corrected? No

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

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

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

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

Part III Grants or Assistance Benefitting Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of grant or type of assistance

Part IV **Business Transactions Involving Interested Persons.**

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
See Additional Data Table					

Part V **Supplemental Information**

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

Identifier	Return Reference	Explanation

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
REGIONAL MEDICAL CENTER BOARD

Employer identification number
63-6000090

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7A		THE MEMBERS OF THE BOARD OF DIRECTORS SHALL BE THOSE DULY APPOINTED UNDER THE PROVISIONS OF ORDINANCE NO 74-0-13 ADOPTED BY THE COUNCIL OF THE CITY OF ANNISTON, AL, ON MAY 7, 1974

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7B		THE BOARD IS RESTRICTED FROM THE SALE OR DISPOSAL OF ANY PART OF THE REAL ESTATE USED IN CONNECTION WITH THE OPERATION OF THE MEDICAL CENTER OR THE TRANSFER OF THE OPERATION AND MANAGEMENT OF THE MEDICAL CENTER WITHOUT THE CONSENT OF THE GOVERNING BODY OF THE CITY OF ANNISTON, AL

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11		THE RETURN WAS PREPARED BY AN INDEPENDENT ACCOUNTING FIRM WITH ASSISTANCE AND INFORMATION PROVIDED BY MANAGEMENT UPON COMPLETION, THE RETURN WAS REVIEWED INTERNALLY BY MANAGEMENT, AND FORWARDED TO THE MEMBERS OF THE BOARD OF DIRECTORS AFTER THE RETURN WAS REVIEWED BY THE BOARD MEMBERS, IT WAS FILED WITH THE IRS

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	BOARD MEMBERS ARE REQUIRED TO DISCLOSE ON AN ANNUAL BASIS ANY POTENTIAL CONFLICTS OF INTEREST PER THE ORGANIZATION'S OFFICIAL WRITTEN POLICY A DISINTERESTED PARTY IS ASSIGNED TO INVESTIGATE ANY CONFLICTS THAT ARISE, AND AFFECTED BOARD MEMBERS ARE ADVISED OF THE PARTY'S DECISION

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15A	THE CEO COMPENSATION PACKAGES ARE DETERMINED BY CONDUCTING SALARY SURVEYS FROM INDIVIDUAL HOSPITALS AS WELL AS UTILIZING SALARY INFORMATION AVAILABLE FROM INDEPENDENT SOURCES SUCH AS STATE HOSPITAL ASSOCIATIONS, INDEPENDENT COMPENSATION CONSULTANTS, AND PERIODICALS THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS OVERSEES THE PROCESS AND DETERMINES THE COMPENSATION FOR THE CEO AFTER REVIEW AND CONSIDERATION OF ALL RELEVANT INFORMATION THE CEO APPROVES COMPENSATION PACKAGES FOR ALL OTHER APPLICABLE EMPLOYEES

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 18	PHOTOCOPIES OF THE FORM 1023 AND RECENT FILINGS OF THE FORM 990 ARE AVAILABLE UPON REQUEST AT THE ORGANIZATION'S ADMINISTRATIVE OFFICE. IN ADDITION, RECENT FILINGS OF THE FORM 990 ARE AVAILABLE ONLINE AT WWW GUIDESTAR ORG

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	PHOTOCOPIES OF THE ORGANIZATION'S GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS ARE AVAILABLE UPON REQUEST AT THE ORGANIZATION'S ADMINISTRATIVE OFFICE

Identifier	Return Reference	Explanation
	FORM 990, PART XII, LINE 2C	THE PROCESS HAS NOT CHANGED FROM THE PRIOR YEAR

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
REGIONAL MEDICAL CENTER BOARD

Employer identification number
63-6000090

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) MEDICAL CENTER MEMORIAL FOUNDATION INC PO BOX 2208 ANNISTON, AL 36202 63-0981593	EXEMPT ORG SUPPORT	AL	501(C)(3)	LINE 7	N/A		No
(2) REGIONAL HEALTH SERVICES INC PO BOX 2208 ANNISTON, AL 36202 63-0721572	EXEMPT ORG SUPPORT	AL	501(C)(3)	LINE 11A, I	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) Disproportionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership

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) REGIONAL HEALTH MANAGEMENT CORPORATION PO BOX 2345 ANNISTON, AL36202 63-0819576	MANAGEMENT	AL	REGIONAL HEALTH SERVICES INC	C			

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

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

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) MEDICAL CENTER MEMORIAL FOUNDATION INC	B	132,303	
(2) REGIONAL HEALTH MANAGMENT CORPORATION	D		
(3)			
(4)			
(5)			
(6)			

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

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

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

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation

Additional Data

Software ID:
Software Version:
EIN: 63-6000090
Name: REGIONAL MEDICAL CENTER BOARD

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
THOMAS ANTHONY HUMPHRIES CHAIRMAN	1 00	X		X				44	0	0
GREGORY KERNION VICE CHAIRMAN	1 00	X		X				44	0	0
SANDRA FOX SUDDUTH SECRETARY	1 00	X		X				56	0	0
JOHN E BLUE II PAST CHAIRMAN	1 00	X						2,052	0	0
EDDYER L BROWN BOARD MEMBER	1 00	X						248	0	0
KOVEN L BROWN BOARD MEMBER	1 00	X						500	0	0
JAMES S HIXON MD CHIEF OF STAFF	1 00	X						0	0	0
ROHIT G PATEL MD VICE CHIEF OF STAFF	1 00	X						19,544	0	0
LARRY K DEASON BOARD MEMBER	1 00	X						56	0	0
ARTHUR F FITE III BOARD MEMBER	1 00	X						0	0	0
BILLY DON GRIZZARD BOARD MEMBER	1 00	X						0	0	0
TRUDY D HARDEGREE BOARD MEMBER	1 00	X						90	0	0
MICHAEL W KIMBERLY DRPHMPHHCLD BOARD MEMBER	1 00	X						56	0	0
STEVEN P LYNCH BOARD MEMBER	1 00	X						44	0	0
SAMUEL H MONK II JD BOARD MEMBER	1 00	X						56	0	0
JEFFERY A PARKER BOARD MEMBER	1 00	X						0	0	0
JAMES E ROBERTS BOARD MEMBER	1 00	X						44	0	0
DAVID WESLEY SMITH MD BOARD MEMBER	1 00	X						37	0	0
VAUGHN M STEWART II BOARD MEMBER	1 00	X						0	0	0
FRED WILSON BOARD MEMBER	1 00	X						44	0	0
ELLEN BASS BOARD MEMBER	1 00	X						548	0	0
J DAVID MCCORMACK CEO	40 00			X				287,645	0	10,438
LOUIS BASS CFO	40 00			X				150,591	0	34,234
JOSEPH WEAVER COO	40 00				X			185,759	0	10,438
WILLIAM BOHANNON PHYSICIAN	40 00					X		141,582	0	10,390

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
ROBERT B FREEMAN PHYSICIAN	40 00					X		426,189	0	10,558
AYMAN ABDUL GHANI PHYSICIAN	40 00					X		300,219	0	10,360
RONALD J VARCAK MEDICAL DIRECTOR	40 00					X		203,911	0	4,311
KATHERINE D SUNDAY REGISTERED PHARMACIST	40 00					X		133,560	0	10,161

Additional Data

Software ID:
Software Version:
EIN: 63-6000090
Name: REGIONAL MEDICAL CENTER BOARD

Form 990, Schedule L, Part IV - Business Transactions Involving Interested Persons

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction $	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
RACHEL CALDWELL	FAMILY MEMBER OF CORPORATE OFFICER	51,396	COMPENSATION AS EMPLOYEE OF HOSPITAL		No
ANNISTON ORTHOPAEDIC ASSOCIATES PA	OWNERSHIP SHARE BY FORMER BOARD MEMBER	244,490	RENT PAID TO HOSPITAL FOR USE OF OFFICE SPACE		No
JOHN FITE	FAMILY MEMBER OF BOARD MEMBER	18,064	COMPENSATION AS EMPLOYEE OF HOSPITAL		No
MELANIE GRIZZARD	FAMILY MEMBER OF BOARD MEMBER	69,086	COMPENSATION AS EMPLOYEE OF HOSPITAL		No
ADAM LYNCH	FAMILY MEMBER OF FORMER BOARD MEMBER	20,410	COMPENSATION AS EMPLOYEE OF HOSPITAL		No
BRIAN JENKINS	FAMILY MEMBER OF FORMER CORPORATE OFFICER	116,514	COMPENSATION AS EMPLOYEE OF HOSPITAL		No
BRIAN EUBANKS	FAMILY MEMBER OF FORMER CORPORATE OFFICER	35,691	COMPENSATION AS EMPLOYEE OF HOSPITAL		No

REGIONAL MEDICAL CENTER BOARD AND AFFILIATE

COMBINED FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

DIXON HUGHES GOODMAN LLP

REGIONAL MEDICAL CENTER BOARD AND AFFILIATE
Table of Contents
June 30, 2011 and 2010

DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

INDEPENDENT AUDITORS' REPORT

Board of Directors
Regional Medical Center Board and Affiliate
Anniston, Alabama

We have audited the accompanying combined balance sheets of Regional Medical Center Board and Affiliate (the "Board") as of June 30, 2011 and 2010, and the related combined statements of revenues, expenses, and changes in net assets and cash flows for the fiscal years then ended These combined financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements, 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 combined financial statements referred to above present fairly, in all material respects, the financial position of Regional Medical Center Board and Affiliate as of June 30, 2011 and 2010, and the results of their operations and their cash flows for the fiscal years then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 2 through 9 be presented to supplement the combined financial statements Such information, although not part of the combined financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the combined financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the combined financial statements, and other knowledge we obtained during our audit of the combined financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Dixon Hughes Goodman LLP

October 10, 2011

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MANAGEMENT'S DISCUSSION AND ANALYSIS

(UNAUDITED)

This section of the Regional Medical Center Board and Affiliate's (the "Board") combined financial statements presents management's analysis of the Board's financial performance during the fiscal years that ended on June 30, 2011 and 2010 Please read it in conjunction with the combined financial statements, which follow this section

FINANCIAL HIGHLIGHTS

Fiscal Year 2011

Operating revenues decreased by 4 1% The decrease in operating revenues results from a decrease in net patient revenues of 4 2% and a decrease in other operating revenues of 2 1% Net patient revenues decreased primarily due to a decrease in inpatient admissions of 3 3%, and an increase in bad debt expense, charity write odds, and uninsured discounts of 0 4% The other operating revenue decreased primarily due to a decrease in combined Medicaid revenues for enhancement, disproportionate share and PHP capitation premium of about 6 0%

Operating expenses decreased by 4 5% primarily as a result of decreased employee benefits and other expenses, partially offset by increases in depreciation and purchased services expenses Employee benefit expenses decreased $3 7 million due to decreases in group health insurance expense, pension expense, and workers compensation insurance expense Supplies and other expenses decreased $3 8 million primarily due to decreases in implant expense and professional and general liability insurance expense Purchased services expense increased primarily due to the implementation of a hospitalist program Depreciation and amortization expense increase primarily due to fixed asset additions during the year of $7 0 million dollars

Nonoperating income, net, decreased approximately $2 9 million or 69 1% primarily as a result of the decrease in investment income of $2 8 million

Fiscal Year 2010

Operating revenues decreased by 0 6% The decrease in operating revenues results from a decrease in net patient revenues of 0 3% and a decrease in other operating revenues of 7 4% Net patient revenues decreased primarily due to a 3 0% decrease in inpatient admissions and a 7 0% decrease in the Medicare Case Mix Index The other operating revenue decrease is attributed primarily to a 17 5% decrease in rental income and a 5 7% decrease in combined Medicaid revenues for enhancement and disproportionate share hospital payments

Operating expenses increased 0 6% primarily as a result of increased supplies and other expenses, as well as an increase in depreciation and amortization expense partially offset by decreases in salaries, wages, and employee benefits as well as other expenses Supplies and other expenses increased primarily due to the increase for general and professional liability insurance expense Depreciation and amortization expense increased primarily due to the additions of fixed assets of $12 2 million

Nonoperating income, net, decreased approximately $0 4 million or 8 9% primarily as a result of the prior fiscal year net gain of $2 0 million on the sale of the operations of the Home Health Agency offset by an increase of investment income of $1 3 million

Overview

The combined financial statements consist of two parts management's discussion and analysis (unaudited) and the combined financial statements The combined financial statements also include notes that explain in more detail some of the information in the combined financial statements

Required Basic Combined Financial Statements

The combined financial statements of the Board offer short-term and long-term financial information about its activities The combined balance sheets include all of the Board's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to Board creditors (liabilities) The assets and liabilities are presented in a classified format, which distinguishes between current and long-term assets and liabilities It also provides the basis for computing rate of return, evaluating the capital structure of the Board and assessing the liquidity and financial flexibility of the Board

All of the current fiscal year's revenues and expenses are accounted for in the combined statements of revenues, expenses, and changes in net assets This statement measures the success of the Board's operations over the past fiscal year and can be used to determine whether the Board has successfully recovered all its costs through its services provided, as well as its profitability and creditworthiness

The final required financial statement is the combined statements of cash flows The primary purpose of this statement is to provide information about the Board's cash receipts and cash payments during the reporting period The statement reports cash receipts, cash payments and net changes in cash resulting from operating, investing, noncapital financing and capital and related financing activities, and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period

Financial Analysis

Our analysis of the combined financial statements of the Board begins below One of the most important questions asked about the Board's finances is "is the Board as a whole better off or worse off as a result of the fiscal year's activities?" The combined balance sheets and the statements of revenues, expenses, and changes in net assets report information about the Board's activities in a way that will help answer this question These two statements report the net assets of the Board and changes in them You can think of the Board's net assets - the difference between assets and liabilities - as one way to measure financial health or financial position Over time, increases or decreases in the Board's net assets are one indicator of whether its financial health is improving or deteriorating However, you will need to consider other nonfinancial factors such as changes in economic conditions, regulations, and new or changed government legislation

Net Assets

To begin our analysis, a summary of the Board's combined balance sheets is presented in Tables A-1 and A-2

Table A-1
Condensed combined balance sheets (in millions of dollars)

	FY 2011	FY 2010	Dollar Changes	Percentage Changes
Receivables, net	$ 17 1	$ 16 9	$ 0 2	1 2%
Other current assets	10 1	12 8	(2 7)	-21 1%
Current assets	27 2	29 7	(2 5)	-8 4%
Other assets	78 9	76 0	2 9	3 8%
Property and equipment, net	79 9	83 9	(4 0)	-4 8%
Total assets	$ 186 0	$ 189 6	$ (3 6)	-1 9%
Current liabilities	$ 13 5	$ 14 3	$ (0 8)	-5 6%
Other long-term liabilities	1 8	3 1	(1 3)	-41 9%
Long-term debt	36 9	37 1	(0 2)	-0 5%
Total liabilities	$ 52 2	$ 54 5	$ (2 3)	-4 2%
Net assets				
Invested in capital assets, net of related debt	$ 44 2	$ 47 0	$ (2 8)	-6 0%
Restricted for debt service	0 3	0 3	-	0 0%
Unrestricted	89 3	87 8	1 5	1 7%
Total net assets	$ 133 8	$ 135 1	$ (1 3)	-1 0%

As shown in Table A-1, net assets decreased $1 3 million from fiscal year 2010 This change in net asset position was primarily attributable to operating losses of $2 5 million, partially offset by nonoperating income of $1 2 million, as shown in Table A-3

Table A-2
Condensed combined balance sheets (in millions of dollars)

	FY 2010	FY 2009	Dollar Changes	Percentage Changes
Receivables, net	$ 16 9	$ 15 9	$ 1 0	6 3%
Other current assets	12 8	13 8	(1 0)	-7 2%
Current assets	29 7	29 7	-	0 0%
Other assets	76 0	73 9	2 1	2 8%
Property and equipment, net	83 9	84 2	(0 3)	-0 4%
Total assets	$ 189 6	$ 187 8	$ 1 8	1 0%
Current liabilities	$ 14 3	$ 13 5	$ 0 8	5 9%
Other long-term liabilities	3 1	1 2	1 9	158 3%
Long-term debt	37 1	38 8	(1 7)	-4 4%
Total liabilities	$ 54 5	$ 53 5	$ 1 0	1 9%
Net assets				
Invested in capital assets, net of related debt	$ 47 0	$ 46 1	$ 0 9	2 0%
Restricted for debt service	0 3	0 3	-	0 0%
Unrestricted	87 8	87 9	(0 1)	-0 1%
Total net assets	$ 135 1	$ 134 3	$ 0 8	0 6%

As shown in Table A-2, net assets increased $0 8 million from fiscal year 2009 This change in net asset position was primarily attributable to increases in current liabilities and other long-term liabilities of $2 7 million and a decrease of $1 7 million in long-term debt with total assets increasing by $1 8 million

Revenues, Expenses, and Changes in Net Assets

While the combined balance sheets show the change in financial position of net assets, the combined statements of revenues, expenses, and changes in net assets provide information as to the nature and source of these changes A summary of the Board's combined statements of revenues, expenses, and changes in net assets is presented in Tables A-3 and A-4

Revenues, Expenses, and Changes in Net Assets (Continued)

Table A-3
Condensed combined statements of revenues, expenses, and changes in net assets (in millions of dollars)

	FY 2011	FY 2010	Dollar Changes	Percentage Changes
Operating revenues	$ 136 5	$ 142 3	$ (5 8)	-4 1%
Salaries, wages, and employee benefits	64 5	69 1	(4 6)	-6 7%
Supplies and other	48 9	52 7	(3 8)	-7 2%
Depreciation and amortization	12 9	12 5	0 4	3 2%
Other expenses	12 7	11 3	1 4	12 4%
Total operating expenses	139 0	145 6	(6 6)	-4 5%
Operating Loss	(2 5)	(3 3)	0 8	-24 2%
Nonoperating income, net	1 2	4 1	(2 9)	-70 7%
(Deficiency) Excess of revenues, gains, and other support over expenses	(1 3)	0 8	(2 1)	-262 5%
Beginning net assets	135 1	134 3	0 8	0 6%
Ending net assets	$ 133 8	$ 135 1	$ (1 3)	-1 0%

As seen in Table A-3 above, operating revenues decreased by 4 1% The decrease in operating revenues results from a decrease in net patient revenues of 4 2% and a decrease in other operating revenues of 2 1% Net patient revenues decreased primarily due to a decrease in inpatient admissions of 3 3%, and an increase in bad debt expense, charity write offs, and uninsured discounts of 0 4% The other operating revenue decrease is attributed primarily due to a decrease in combined Medicaid revenues for enhancement, disproportionate share and PHP capitation premium of about 6 0%

Operating expenses decreased by 4 5% primarily as a result of decreased employee benefits and supplies and other expenses, partially offset by increases in depreciation and purchased services expenses Employee benefit expenses decreased $3 7 million due to decreases in group health insurance expense, pension expense and workers compensation insurance expense Supplies and other expenses decreased $3 8 million primarily due to decreases in implant expense and professional and general liability insurance expense Purchased services expense increased primarily due to the implementation of a hospitalist program Depreciation and amortization expense increased primarily due fixed asset additions during the year of $7 0 million dollars

Nonoperating income, net, decreased approximately $2 9 million or 69 1% primarily as a result of the decrease in investment income of $2 8 million

Revenues, Expenses, and Changes in Net Assets (Continued)

Table A-4
Condensed combined statements of revenues, expenses, and changes in net assets (in millions of dollars)

	FY 2010	FY 2009	Dollar Changes	Percentage Changes
Operating revenues	$ 142 3	$ 143 2	$ (0 9)	-0 6%
Salaries, wages, and employee benefits	69 1	69 6	(0 5)	-0 7%
Supplies and other	52 7	50 1	2 6	5 2%
Depreciation and amortization	12 5	12 1	0 4	3 3%
Other expenses	11 3	12 9	(1 6)	-12 4%
Total operating expenses	145 6	144 7	0 9	0 6%
Operating Loss	(3 3)	(1 5)	(1 8)	120 0%
Nonoperating income, net	4 1	4 5	(0 4)	-8 9%
Excess of revenues, gains, and other support over expenses	0 8	3 0	(2 2)	-73 3%
Beginning net assets	134 3	131 3	3 0	2 3%
Ending net assets	$ 135 1	$ 134 3	$ 0 8	0 6%

As seen in Table A-4 above, operating revenues decreased by 0 6% The decrease in operating revenues results from a decrease in net patient revenues of 0 3% and a decrease in other operating revenues of 7 4% Net patient revenues decreased primarily due to a 3 0% decrease in inpatient admissions and a 7 0% decrease in the Medicare Case Mix Index The other operating revenue decrease is attributed primarily to a 17 5% decrease in rental income and a 5 7% decrease in combined Medicaid revenues for enhancement and disproportionate share hospital payments

Operating expenses increased 0 6% primarily as a result of increased supplies and other expenses, as well as an increase in depreciation and amortization expense partially offset by decreases in salaries, wages, and employee benefits as well as other expenses Supplies and other expenses increased primarily due to the increase for general and professional liability insurance expense Depreciation and amortization expense increased primarily due to the additions of fixed assets of $12 2 million

Nonoperating income, net, decreased approximately $0 4 million or 8 9% primarily as a result of the prior fiscal year net gain of $2 0 million on the sale of the operations of the Home Health Agency offset by an increase of investment income of $1 3 million

Capital Assets and Debt Financing

Property and Equipment

As of June 30, 2011, the Board had $79 9 million invested in a variety of capital assets, as reflected in Table A-5 below, which represents a net decrease (additions, deductions and depreciation) of $4 0 million or 4 8% from the end of last fiscal year

As of June 30, 2010, the Board had $83 9 million invested in a variety of capital assets, as reflected in Table A-5 below, which represents a net decrease (additions, deductions and depreciation) of $0 3 million or 0 4% from the end of last fiscal year

Table A-5
Capital assets (in millions of dollars)

	FY 2011	FY 2010	FY 2009
Land and land improvements	$ 8 2	$ 8 2	$ 8 2
Buildings and building improvements	137 3	136 1	134 4
Furniture, fixtures, and equipment	102 7	98 0	92 9
Total capital assets	248 2	242 3	235 5
Accumulated depreciation	(170 4)	(158 6)	(151 6)
Construction in progress	2 1	0 2	0 3
Net capital assets	$ 79 9	$ 83 9	$ 84 2

Debt Financing

On June 30, 1998, the Board issued $50 million of Series 1998-A Bonds (the "Series 1998 Bonds") The proceeds were used to finance the Board's renovation and replacement plan, which includes various capital improvements and additions

The Series 1998 Bonds are subject to redemption prior to their respective maturities at the option of the Board, on or after June 1, 2008, at redemption prices ranging from 100% to 102% of principal plus accrued interest at the date of redemption Beginning in 2014, the Bonds, which mature in 2014 and after, are required to be redeemed in annual amounts ranging from $1 54 million to $3 16 million

Debt Financing (Continued)

The Series 1998 Bonds are limited obligations of the Board The principal of and the interest on the Series 1998 Bonds are secured by a pledge of, and are payable solely out of, the gross revenue of the Board to be derived from the operation of the Regional Medical Center Board None of the physical assets of the Board have been pledged or mortgaged to secure the Series 1998 Bonds These bonds do not constitute an indebtedness of the State of Alabama, Calhoun County or the City of Anniston, nor do they give rise to a pecuniary liability or a charge against the general credit or taxing powers of any of the foregoing

On August 22, 2011, the Board entered into a $36,735,000 notes payable for the purpose of refunding $36,735,000 of then outstanding Series 1998 Bonds Interest is payable monthly at a rate of 65% of LIBOR plus 1 54% The note requires annual debt service payments with final payment due on August 1, 2021

On May 27, 2005, Regional Health Management Corporation ("RHMC"), the subsidiary of the affiliate, obtained a $2 4-million note payable from Regions Bank The proceeds of the note payable were used to pay down amounts owed to the Board The note payable is guaranteed by the Board

On September 12, 2008, RHMC amended and restated its note agreement The amended note bears interest at 5 430% and is due in monthly payments of $24,918, including interest, maturing on March 4, 2013

For more detailed information regarding the Board's capital assets and debt financing, please refer to the notes to the combined financial statements

COMBINED FINANCIAL STATEMENTS

REGIONAL MEDICAL CENTER BOARD AND AFFILIATE
Combined Balance Sheets
June 30, 2011 and 2010

	2011	2010
Assets		
Current assets		
Cash and cash equivalents	$ 2,703,049	$ 6,316,017
Patient accounts receivable, net of allowance for uncollectible accounts of $31,663,927 and $25,947,227 at June 30, 2011 and 2010, respectively	14,709,280	13,694,212
Other receivables	1,832,951	1,012,967
Estimated third-party settlements	554,962	2,156,681
Inventories	5,305,072	4,985,652
Prepaid expenses	1,784,609	1,220,299
Noncurrent cash and investments required for current liabilities	273,258	273,251
Total current assets	27,163,181	29,659,079
Noncurrent cash and investments		
Designated by board for capital improvements	73,838,651	71,201,229
Held by trustee under bond indentures	273,258	273,251
Less noncurrent cash and investments required for current liabilities	(273,258)	(273,251)
Total noncurrent cash and investments	73,838,651	71,201,229
Property and equipment, net	79,863,355	83,895,329
Investment in uncombined entity	3,249,978	3,347,883
Other assets	1,248,253	1,311,004
Net pension asset	237,971	181,208
Goodwill	425,000	-
Total assets	$ 186,026,389	$ 189,595,732

See accompanying notes to combined financial statements.

	2011	2010
Liabilities and Net Assets		
Current liabilities		
Accounts payable	$ 8,265,579	$ 7,919,973
Accrued salaries, benefits, and payroll taxes	4,825,688	4,653,468
Accrued interest payable	157,427	162,837
Current portion of long-term debt	260,933	1,572,172
Total current liabilities	13,509,627	14,308,450
Long-term debt, less current portion	36,857,284	37,140,970
Other long-term liabilities	1,845,727	3,068,250
Total liabilities	52,212,638	54,517,670
Net assets		
Invested in capital assets, net of related debt	44,194,445	46,964,131
Restricted for debt service	273,258	273,251
Unrestricted	89,346,048	87,840,680
Total net assets	133,813,751	135,078,062
Total liabilities and net assets	$ 186,026,389	$ 189,595,732

REGIONAL MEDICAL CENTER BOARD AND AFFILIATE
Combined Statements of Revenues, Expenses, and Change in Net Assets
Fiscal Years Ended June 30, 2011 and 2010

	2011	2010
Unrestricted revenues, gains, and other support		
Net patient service revenue, net of provision for bad debts of $36,040,677 ($34,049,266 in fiscal year 2010)	$ 129,758,716	$ 135,424,113
Other revenue	6,720,300	6,867,805
Total revenue, gains, and other support	136,479,016	142,291,918
Salaries and wages	52,030,679	52,962,743
Employee benefits	12,420,491	16,118,421
Supplies	37,158,344	38,628,919
Other	11,774,955	14,124,286
Fees	2,093,814	2,187,622
Purchased services	10,602,117	9,151,710
Depreciation	12,940,290	12,467,523
Total expenses	139,020,690	145,641,224
Operating loss	(2,541,674)	(3,349,306)
Nonoperating income (expense)		
Investment income	2,783,058	5,546,352
Contributions	65,182	21,676
Interest expense	(2,040,398)	(2,116,142)
Income from uncombined entity	501,816	733,269
Gain on sale of assets	54,442	241,851
Income tax	(86,737)	(295,086)
(Deficiency) excess of revenues, gains, and other support over expenses	(1,264,311)	782,614
Net assets, beginning of fiscal year	135,078,062	134,295,448
Net assets, end of fiscal year	$ 133,813,751	$ 135,078,062

See accompanying notes to combined financial statements.

REGIONAL MEDICAL CENTER BOARD AND AFFILIATE
Combined Statements of Cash Flows
Fiscal Years Ended June 30, 2011 and 2010

	2011	2010
Cash flows from operating activities		
Receipts from and on behalf of patients	$ 130,345,367	$ 134,204,835
Payments to suppliers	(63,499,575)	(61,376,912)
Payments to employees	(64,312,713)	(69,355,175)
Other receipts and payments, net	5,900,316	7,164,422
Net cash provided by operating activities	8,433,395	10,637,170
Cash flows from non-capital financing activities		
Contributions	65,182	21,676
Cash flows from capital and related financing activities		
Purchases of property and equipment	(8,920,494)	(12,142,788)
Repayment of long-term debt	(1,594,925)	(1,541,343)
Interest paid on long-term debt	(1,983,096)	(2,058,471)
Net cash used in capital and related financing activities	(12,498,515)	(15,742,602)
Cash flows from investing activities		
Change in noncurrent cash and investments	(2,195,505)	(176,422)
Distributions from investment in uncombined entity	599,721	544,609
Investment income	2,978,161	3,003,691
Purchase of Rural Health Center	(450,000)	-
Proceeds from the sale of property and equipment	91,620	267,385
Net cash provided by investing activities	1,023,997	3,639,263
Net decrease in cash and cash equivalents	(2,975,941)	(1,444,493)
Cash and cash equivalents, beginning of year	7,929,447	9,373,940
Cash and cash equivalents, end of year	$ 4,953,506	$ 7,929,447

REGIONAL MEDICAL CENTER BOARD AND AFFILIATE
Combined Statements of Cash Flows
Fiscal Years Ended June 30, 2011 and 2010

	2011	2010
Reconciliation of cash and cash equivalents to balance sheets		
Cash and cash equivalents	$ 2,703,049	$ 6,316,017
Cash and cash equivalents included in noncurrent cash and investments		
Internally designated for capital acquisitions	1,977,199	1,340,179
Held by trustees for debt service	273,258	273,251
Total cash and cash equivalents	$ 4,953,506	$ 7,929,447
Reconciliation of operating loss to net cash provided by operating activities		
Loss from operations	$ (2,541,674)	$ (3,349,306)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation	12,940,290	12,467,523
Provision for bad debts	36,040,677	34,049,266
Patient accounts receivable	(37,055,745)	(36,168,139)
Other receivables	(819,984)	296,617
Estimated third-party payor settlements	1,601,719	899,595
Inventories	(319,420)	(547,027)
Prepaid expenses	(564,310)	743,556
Other assets	39	539
Net pension asset	(56,763)	24,893
Accounts payable	246,869	639,354
Accrued salaries, benefits, and payroll taxes	172,220	(248,904)
Other long-term liabilities	(1,210,523)	1,829,203
Net cash provided by operating activities	$ 8,433,395	$ 10,637,170

REGIONAL MEDICAL CENTER BOARD AND AFFILIATE
Combined Statements of Cash Flows
Fiscal Years Ended June 30, 2011 and 2010

	2011	2010
Noncash Investing and financing activities		
Gain on sale of assets	$ 54,442	$ 241,851
Accounts payable for purchase of property and equipment	$ 51,995	$ -
Income from uncombined entity	$ 501,816	$ 733,269
Unrealized (loss) gain on investments	$ (195,103)	$ 2,542,661

NOTE A - NATURE OF BUSINESS

Organization and Nature of Business

Regional Medical Center Board (the "Board") was created as a public not-for-profit corporation on May 7, 1974, by the Council of the City of Anniston, Alabama Since September 30, 1974, the Board has operated the Northeast Alabama Regional Medical Center (the "Medical Center") The Board is restricted from the sale or disposal of any part of the real estate used in connection with the operation of the Medical Center or the transfer of the operation and management of the Medical Center without the consent of the governing body of the City of Anniston The combined financial statements include the accounts of the Board and its affiliate, Regional Health Services, Inc (the "Affiliate") The Affiliate is an Alabama not-for-profit entity with the Medical Center being the sole corporate member The Affiliate includes a subsidiary, Regional Health Management Corporation ("RHMC") The primary activity of RHMC, an Alabama for-profit corporation and a wholly owned subsidiary of RHS, is the leasing of office space to physicians Upon combination, all significant intercompany balances and transactions have been eliminated

On July 29, 1991, the Governor of Alabama signed into law Act No 91-552 which granted the Board, as well as other applicable hospitals, the powers of a health care authority organized under Article 11 of Chapter 22, otherwise known as "The Health Care Authorities Act of 1982 Code of Alabama 1975," whereby rights are generally less restricted than under previous law The Board reports as a governmental entity

Mission Statement

The Board's primary mission is to provide advanced health care of the highest quality, with compassion and integrity, to every patient

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Principles of Combination

The accompanying combined financial statements include the accounts of the Board and its Affiliate, Regional Health Services, Inc All significant intercompany accounts and transactions have been eliminated

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Enterprise Fund Accounting

The Board uses enterprise fund accounting Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus Based on Governmental Accounting Standards Board ("GASB") Statement No 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, as amended, the Board has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board ("FASB"), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements

Use of Estimates

The preparation of combined financial statements in conformity with accounting principles generally accepted in the Unites 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 reporting date and revenues and expenses during the reporting period Actual results could differ from those estimates

Operating Revenues and Expenses

The Board's combined statements of revenues, expenses, and changes in net assets distinguish between operating and nonoperating revenues and expenses Operating revenues result from exchange transactions associated with providing health care services, the Board's principal activity Nonexchange revenues, including investment income, contributions received for purposes other than capital asset acquisition, and various other items, are reported as nonoperating revenues Operating expenses are all expenses incurred to provide health care services, other than financing costs

Net Assets

Net assets of the Board are classified in four components *Net assets invested in capital assets, net of related debt,* consist of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets *Restricted expendable net assets* are noncapital net assets that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the Board, including amounts deposited with trustees as required by bond indentures discussed in Note F *Restricted nonexpendable net assets* equal the principal portion of permanent endowments The Board does not have any restricted nonexpendable net assets *Unrestricted net assets* are remaining net assets that do not meet the definition of *invested in capital assets, net of related debt* or *restricted.*

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Charity Care

The Medical Center provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates Because the Medical Center does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient service revenue in the accompanying combined financial statements

The Medical Center maintains records to identify and monitor the level of charity care it provides These records include the amount of charges foregone for services and supplies furnished under its charity care policy, the estimated cost of these services and supplies, and equivalent service statistics The following information measures the level of charity care provided during the fiscal years ended June 30, 2011 and 2010

	2011	2010
Charges foregone, based on established rates	$ 13,345,544	$ 13,590,610
Estimated costs and expenses incurred to provide charity care	$ 2,861,130	$ 2,924,907
Estimated percentage of charity care patients to all patients served	2 03%	1 98%

Net Patient Service Revenue

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

Revenues from the Medicare and Medicaid programs accounted for approximately 47% and 10%, respectively, of the Medical Center's net patient service revenue for the fiscal year ended June 30, 2011 (43% and 10%, respectively, for fiscal year 2010) Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation The Medical Center believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing

While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and exclusion from the Medicare and Medicaid programs

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents recorded as current assets consist primarily of net deposits in demand accounts and certificates of deposits with maturities not in excess of 90 days when purchased and are stated at cost, which approximates market The Board and the Affiliate's cash and cash equivalents are deposited in Alabama banks A portion of the Board's and the Affiliate's deposits was held by financial institutions in the State of Alabama's Security of Alabama Funds Enhancement ("SAFE") Program The SAFE Program was established by the Alabama Legislature and is governed by the provisions contained in the Code of Alabama 1975, Sections 41-14A-1 through 41-14A-14 Under the SAFE Program, all public funds are protected through a collateral pool administered by the Alabama State Treasurer's Office Under this program, financial institutions holding deposits of public funds must pledge securities as collateral against those deposits In the event of failure of a financial institution, securities pledged by that financial institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation ("FDIC") and the National Credit Union Administration ("NCUA") If the securities pledged failed to produce adequate funds, every institution participating in the pool would share the liability for the remaining balance The cash and cash equivalents balances reported by the banks were $5,559,350 and $9,550,630 at June 30, 2011 and 2010, respectively Of these balances, $504,185 were covered by the FDIC and NCUA, $5,040,555 were covered by the SAFE Program, and $14,610 were uninsured at June 30, 2011 ($608,872, $8,925,756, and $16,002, respectively, at June 30, 2010)

Patient Accounts Receivable and Third-Party Payor Settlements

Receivables from patients, insurance companies, and third-party contractual agencies are recorded at established charge rates A majority of the Medical Center's patients are insured by certain third-party insurers based on contractual agreements which generally result in the Medical Center collecting less than the established charge rates Final determination of payments under these agreements is subject to review by appropriate authorities Adequate allowances are provided for doubtful accounts, contractual adjustments, and other uncertainties Credit losses have historically been within management's expectations Allowances for doubtful accounts are estimated based on historical write-off percentages and review of large balance self-pay accounts, and contractual allowances are estimated based on the terms of third-party insured contracts Doubtful accounts are written off against the allowance after adequate collection effort is exhausted and recorded as recoveries of bad debts if subsequently collected

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Noncurrent Cash and Investments

The Board's cash and investments are reported at fair value based on quoted market prices As of June 30, the Board had the following noncurrent cash and investments

	2011	2010
Cash and cash equivalents	$ 2,250,457	$ 1,613,430
Floating rate notes	1,945,544	2,220,303
Asset backed securities	8,702,411	7,670,469
Collateralized mortgage obligations	879,551	1,960,372
Corporate bonds	16,347,326	14,554,917
Municipal bonds	1,762,810	482,131
Government and agency securities	29,858,868	31,254,241
Mortgage backed securities	12,364,942	11,718,617
	74,111,909	71,474,480
Less noncurrent cash and investments required for current liabilities	(273,258)	(273,251)
	$ 73,838,651	$ 71,201,229

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Board's investment policy limits maturities or the average life for any security held in the portfolio to 15 years As of June 30, 2011, the Board's investments had the following maturities

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less Than 1	1 - 5	6 - 10	More Than 10
Cash and cash equivalents	$ 2,250,457	$ 2,250,457	$ -	$ -	$ -
Floating rate notes	1,945,544	1,945,544	-	-	-
Asset backed securities	8,702,411	1,231,946	7,048,343	422,122	-
Collateralized mortgage obligations	879,551	384,357	495,194	-	-
Corporate bonds	16,347,326	789,418	8,166,946	7,390,962	-
Municipal bonds	1,762,810	-	946,499	816,311	-
Government and agency securities	29,858,868	1,812,857	20,779,513	7,266,498	-
Mortgage backed securities	12,364,942	2,336,776	9,790,859	100,722	136,585
	$ 74,111,909	$ 10,751,355	$ 47,227,354	$ 15,996,615	$ 136,585

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Noncurrent Cash and Investments (Continued)

It is the Board's policy to limit its investments so that the average quality ratio of the portfolio is not less than AA No single issue may be rated less than A by S&P and Moody's at any time As of June 30, 2011, the Board's investments were rated as follows

Investment	S & P Credit Rating	Moody's Credit Rating	Percentage of Total
Cash and cash equivalents	N/A	N/A	3%
Floating rate notes	A	A3	1%
Floating rate notes	*	*	1%
Asset backed securities	AAA	Aaa	5%
Asset backed securities	AAA	Not Rated	4%
Asset backed securities	Not Rated	Aaa	3%
Collateralized mortgage obligations	*	*	1%
Corporate bonds	A	A1	1%
Corporate bonds	A+	A1	2%
Corporate bonds	AA-	A1	1%
Corporate bonds	A	A2	2%
Corporate bonds	A-	A2	1%
Corporate bonds	A	A3	2%
Corporate bonds	A-	A3	3%
Corporate bonds	A	Aa2	1%
Corporate bonds	A+	Aa2	1%
Corporate bonds	AA	Aa2	1%
Corporate bonds	AA+	Aa2	1%
Corporate bonds	A+	Aa3	3%
Corporate bonds	AA	Aa3	1%
Corporate bonds	AA-	Aa3	2%
Municipal bonds	A+	A1	1%
Municipal bonds	AA+	Aa3	1%
Government and agency securities	AAA	Aaa	1%
Government and agency securities	*	*	39%
Mortgage backed securities	AAA	Aaa	4%
Mortgage backed securities	AAA	Not Rated	3%
Mortgage backed securities	Not Rated	Aaa	2%
Mortgage backed securities	*	*	9%

* Guaranteed by the full faith and credit of the United States Government

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Noncurrent Cash and Investments (Continued)

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party Of the Board's $74,111,909 in investments at June 30, 2011, $73,838,651 of the underlying securities are held by the investment's counterparty, not in the name of the Board The Board does not have a policy that limits the amount of investments that are held by counterparties

The calculation of realized gains and losses is independent of a calculation of the net change in the fair value of investments Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current fiscal year were included as a change in fair value of investments reported in the prior fiscal year and the current fiscal year

Noncurrent cash and investments include assets set aside by the Board for future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes, and assets held by trustees under indenture agreements

Inventories

Inventories of drugs and other supplies are recorded at cost, using the first-in, first-out method, which is not in excess of market

Property and Equipment

It is the policy of the Board and the Affiliate to capitalize the cost of major additions to property and equipment and to remove from the accounts major items of property and equipment retired or sold The resulting gain or loss from asset retirements or sales is included in the nonoperating revenues and expenses section of the accompanying combined statements of revenues, expenses, and changes in net assets Depreciation is provided using the straight-line method based on the estimated useful lives stated in the American Hospital Association guidelines Property and equipment is depreciated over the following useful lives

Land improvements	5 - 40 years
Buildings and building improvements	5 - 40 years
Furniture, fixtures, and equipment	2 - 25 years

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Assets

Included in other assets are debt issuance costs associated with the issuance of the Series 1998 Bonds The deferred debt issuance costs are being amortized over the remaining life of the Series 1998 Bonds Such amortization, which is reported as interest expense in the combined statements of revenues, expenses, and changes in net assets, totaled $62,712 for fiscal years 2011 and 2010

Use of Restricted Resources

When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, then unrestricted resources as they are needed

Contributions

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

Income Taxes

The Board is a political subdivision and the Affiliate is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code, therefore, no provision has been recorded for income taxes for these entities Regional Health Management Corporation ("RHMC") is a wholly-owned subsidiary of the Affiliate RHMC is a for-profit corporation and accounts for deferred income taxes based on the method described in FASB Accounting Standards Codification ("ASC") 740, *Income Taxes* ASC 740 uses the asset and liability method to establish deferred tax assets and liabilities for the temporary differences between the financial reporting bases and the tax bases of RHMC's assets and liabilities at enacted tax rates expected to be in effect when such amounts are realized or settled As of June 30, 2011 and 2010, a deferred tax liability has been recorded in the amount of $71,000 and $83,000, respectively, related primarily to timing differences related to depreciation and the investment in The Surgery Center, LLC (see Note L), and is included in other long-term liabilities and other assets on the combined balance sheets As of June 30, 2011 and 2010, all of the net operating loss carryforwards had been utilized

The Board has evaluated their tax positions and have determined that they do not have any material unrecognized benefits or obligations as of June 30, 2011 and 2010

NOTE C - NET PATIENT SERVICE REVENUE

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

Medicare

Inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors Inpatient nonacute services and defined pass through costs are paid based on a cost reimbursement methodology The Medical Center is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of an annual cost report by the Medical Center and audits thereof by the Medicare fiscal intermediary The Medical Center's Medicare cost reports have been audited and final settlement has been made by the Medicare fiscal intermediary through June 30, 2007

Medicaid

Effective October 1, 2009, the funding plan for Medicaid claims was modified Under the new plan, inpatient services rendered to Medicaid program beneficiaries are reimbursed at an all-inclusive per diem rate The prospectively determined rates are not subject to retroactive settlement In addition, the Medical Center receives Medicaid Disproportionate Share payments Outpatient services are reimbursed based on a payment per outpatient encounter

Blue Cross

Inpatient services rendered to Blue Cross and Blue Shield of Alabama ("Blue Cross") subscribers are reimbursed through a prospectively agreed upon rate, based on rates per day of hospitalization The prospectively determined rates are not subject to retroactive adjustment Outpatient services rendered to Blue Cross beneficiaries are reimbursed under a cost reimbursement methodology subject to retroactive settlement The Medical Center is reimbursed for cost reimbursable items subject to retroactive adjustment at a tentative rate with final settlement determined after submission of an annual cost report by the Medical Center and audits thereof by Blue Cross Blue Cross cost reports for the Medical Center have been audited through June 30, 2009

NOTE C - NET PATIENT SERVICE REVENUE (Continued)

Others

The Medical Center has also entered into payment agreements with certain commercial insurance carriers, businesses, health maintenance organizations, and preferred provider organizations The bases for payment to the Medical Center under these agreements include discounts from established charges and prospectively determined daily rates

Net patient service revenue consists of the following for the fiscal years ended June 30

	2011	2010
Charges at established rates (excluding charity care)	$643,033,333	$672,044,727
Less contractual adjustments		
Medicare	246,205,267	260,319,721
Medicaid	51,962,985	52,917,254
Blue Cross	127,913,285	137,588,012
Other contractual adjustments	51,152,403	51,746,361
	165,799,393	169,473,379
Less provision for bad debts	36,040,677	34,049,266
	$129,758,716	$135,424,113

The Medical Center recorded an increase (decrease) of approximately $46,000 and ($347,000) to net patient service revenue for the fiscal years ended June 30, 2011 and 2010, respectively, as a result of changes of prior fiscal year estimates of cost report settlements

NOTE D - CONCENTRATION OF CREDIT RISK

The Medical Center grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor arrangements The mix of receivables from patients and third-party payors is as follows for the fiscal years ended June 30

	2011	2010
Medicare	38%	42%
Medicaid	6	5
Blue Cross	16	19
Commercial insurance	16	9
Self-pay and other payors	24	25
	100%	100%

NOTE E - PROPERTY AND EQUIPMENT

At June 30, 2011 and 2010, property and equipment, including additions and disposals, consist of the following

	Balance at June 30, 2010	Additions	Reductions	Transfer of CIP	Balance at June 30, 2011
Land and land improvements	$ 8,178,796	$ 13,329	$ (2,498)	$ -	$ 8,189,627
Building and building improvements	136,095,418	311,097	-	855,012	137,261,527
Furniture, fixtures, and equipment	98,015,395	4,350,111	(1,194,928)	1,517,881	102,688,459
	242,289,609	4,674,537	(1,197,426)	2,372,893	248,139,613
Accumulated depreciation	(158,578,511)	(12,940,290)	1,160,250	-	(170,358,551)
	83,711,098	(8,265,753)	(37,176)	2,372,893	77,781,062
Construction in progress	184,231	4,270,955	-	(2,372,893)	2,082,293
	$ 83,895,329	$ (3,994,798)	$ (37,176)	$ -	79,863,355

	Balance at June 30, 2009	Additions	Reductions	Transfer of CIP	Balance at June 30, 2010
Land and land improvements	$ 8,193,368	$ 4,135	$ (18,707)	$ -	$ 8,178,796
Building and building improvements	134,409,756	952,942	(761,651)	1,494,371	136,095,418
Furniture, fixtures, and equipment	92,925,680	9,186,426	(4,724,456)	627,745	98,015,395
	235,528,804	10,143,503	(5,504,814)	2,122,116	242,289,609
Accumulated depreciation	(151,590,264)	(12,467,523)	5,479,276	-	(158,578,511)
	83,938,540	(2,324,020)	(25,538)	2,122,116	83,711,098
Construction in progress	307,058	1,999,289	-	(2,122,116)	184,231
	$ 84,245,598	$ (324,731)	$ (25,538)	$ -	$ 83,895,329

NOTE F - LONG-TERM DEBT AND OTHER LONG-TERM LIABILITIES

At June 30, 2011 and 2010, long-term debt and other long-term liabilities, including additions and reductions, consist of the following

	Balance at June 30, 2010	Additions	Reductions	Balance at June 30, 2011	Amounts Due within One Year
Bonds and notes payable					
Series 1998 bonds	$ 38,060,000	$ -	$ 1,325,000	$ 36,735,000	$ -
Note payable - bank, RHMC	653,142	-	269,925	383,217	260,933
Total bonds and notes payable	38,713,142	-	1,594,925	37,118,217	260,933
Other long-term liabilities					
Accrued professional liability claims	2,751,606	-	1,191,805	1,559,801	-
Accrued workers' compensation claims	112,000	23,000	-	135,000	-
Other	204,644	-	53,718	150,926	-
Total other long-term liabilities	3,068,250	23,000	1,245,523	1,845,727	-
Total long-term liabilities	$ 41,781,392	$ 23,000	$ 2,840,448	$ 38,963,944	$ 260,933

	Balance at June 30, 2009	Additions	Reductions	Balance at June 30, 2010	Amounts Due within One Year
Bonds and notes payable					
Series 1998 bonds	$ 39,320,000	$ -	$ 1,260,000	$ 38,060,000	$ 1,325,000
Note payable - bank, RHMC	934,485	-	281,343	653,142	247,172
Total bonds and notes payable	40,254,485	-	1,541,343	38,713,142	1,572,172
Other long-term liabilities					
Accrued professional liability claims	830,685	1,920,921	-	2,751,606	-
Accrued workers' compensation claims	162,000	-	50,000	112,000	-
Other	250,362	-	45,718	204,644	-
Total other long-term liabilities	1,243,047	1,920,921	95,718	3,068,250	-
Total long-term liabilities	$ 41,497,532	$ 1,920,921	$ 1,637,061	$ 41,781,392	$ 1,572,172

NOTE F - LONG-TERM DEBT AND OTHER LONG-TERM LIABILITIES (Continued)

On June 30, 1998, the Board issued $50,000,000 of Series 1998-A Bonds (the Series 1998 Bonds) The proceeds are to be used to finance the Board's renovation and replacement plan, which includes various capital improvements and additions The interest rates on the remaining outstanding Series 1998 Bonds range from 4 95% to 5 25%

The Series 1998 Bonds are subject to redemption prior to their respective maturities at the option of the Board, on or after June 1, 2008, at redemption prices ranging from 100% to 102% of principal plus accrued interest at the date of redemption Beginning in 2014, the Bonds, which mature in 2014 and after, are required to be redeemed in annual amounts ranging from $1,540,000 to $3,160,000 through 2028

The Series 1998 Bonds are limited obligations of the Board The principal of and the interest on the Series 1998 Bonds are secured by a pledge of, and are payable solely out of, the gross revenue of the Board to be derived from the operation of the Medical Center None of the physical assets of the Board have been pledged or mortgaged to secure the Series 1998 Bonds These bonds do not constitute an indebtedness of the State of Alabama, Calhoun County or the City of Anniston, nor do they give rise to a pecuniary liability or a charge against the general credit or taxing powers of any of the foregoing

In connection with the issuance of the Series 1998 Bonds, the Board is required to maintain certain minimum financial ratios, including debt service coverage, historical pro forma debt service coverage, and a cushion ratio The Board was in compliance with debt covenants as of June 30, 2011 and 2010 In addition to the above financial covenants, the Board is required to maintain the following accounts with the trustee

	2011	2010
Debt service account	$ 273,258	$ 273,251

Subsequent to fiscal 2011, the Board entered into a $36,735,000 note payable for the purpose of refunding $36,735,000 of then-outstanding Series 1998 Bonds Interest is payable monthly at a rate of 65% of LIBOR plus 1 54% The note requires annual debt service payments with final payment due on August 1, 2021

The Board entered into an interest rate swap agreement to modify the interest characteristics of the debt outstanding under this note payable The Agreement involves the receipt of amounts based on a variable interest rate in exchange for payments to the counterparty based on a fixed interest rate over the life of the agreement, with notional amounts equal to the outstanding balance of the note payable through the term of the note

Note payable - bank, RHMC consists of a 5 43%, note payable, due in monthly installments of $24,915, including interest, through March 4, 2013 The note payable is guaranteed by the Board

NOTE F - LONG-TERM DEBT AND OTHER LONG-TERM LIABILITIES (Continued)

Scheduled principal and interest repayments on long-term debt are as follows

	Principal	Interest
2012	$ 260,933	$ 989,759
2013	2,283,166	1,157,780
2014	2,160,882	1,084,638
2015	2,160,882	1,013,126
2016	2,160,882	944,163
2017 to 2021	10,804,412	3,637,144
2022 to 2026	17,287,060	95,611
	$ 37,118,217	$ 8,922,221

The Board has also established an irrevocable escrow trust fund consisting of cash and government obligations which is sufficient to retire the previously issued Series 1979 Bonds Accordingly, the related escrow trust fund and debt are not included in the accompanying financial statements The amount of debt considered extinguished at June 30, 2011 is $1,840,000 ($3,550,000 for 2010)

NOTE G - NET PATIENT ACCOUNTS RECEIVABLE

The components of patient accounts receivable, net, were as follows at June 30

	2011	2010
Receivable from patients and their insurance carriers	$ 56,631,326	$ 51,944,763
Receivable from Medicare	37,017,282	41,415,921
Receivable from Medicaid	5,945,610	4,963,810
Total patient accounts receivable	99,594,218	98,324,494
Less allowance for contractual adjustments	53,221,011	58,683,055
Less allowance for uncollectible accounts	31,663,927	25,947,227
Net patient accounts receivable	$ 14,709,280	$ 13,694,212

NOTE H - RETIREMENT PLANS

The Medical Center has a trusteed noncontributory defined benefit pension plan in which all employees employed prior to May 1, 2007, who have completed one year (1,000 hours or more per year) of service as of April 30, 2008 and have met the age requirements, are eligible to participate The Medical Center's funding policy is to contribute amounts based on periodic actuarial valuations and recommendations Assets held by the plan include cash equivalents (money market funds), government securities, nongovernment bonds, and corporate stocks

Annual Pension Cost and Net Pension Asset

The Medical Center's annual pension cost and net pension asset for the fiscal years ended June 30, 2011 and 2010, were as follows

	2011	2010
Annual required contribution	$ 2,290,749	$ 3,599,067
Interest on net pension obligation	(12,162)	(13,832)
Adjustment to annual required contribution	19,102	21,725
Annual pension cost	2,297,689	3,606,960
Contributions made	2,354,452	3,582,067
Change in net pension asset	56,763	(24,893)
Net pension asset - beginning of fiscal year	181,208	206,101
Net pension asset - end of fiscal year	$ 237,971	$ 181,208

NOTE H - RETIREMENT PLANS (Continued)

Annual Pension Cost and Net Pension Asset (Continued)

The following is a summary of required information

Fiscal Year Ended	Annual Pension Cost ("APC")	Percentage of APC Contributed	Net Pension Asset
June 30, 2009	$ 3,342,352	101 65%	$ 206,101
June 30, 2010	$ 3,606,960	99 31%	$ 181,208
June 30, 2011	$ 2,297,689	102 47%	$ 237,971

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Covered Payroll ((b-a)/c)
May 1, 2008	$ 33,431,059	$ 41,943,539	$ 8,512,480	79 70%	$ 43,976,221	19 36%
May 1, 2009	$ 28,534,556	$ 42,163,029	$ 13,628,473	67 68%	$ 39,265,993	34 71%
May 1, 2010	$ 32,713,170	$ 37,949,443	$ 5,236,273	86 20%	$ 36,085,357	14 51%

The annual required contribution for the current year was determined as part of a May 1, 2010, actuarial valuation using the "projected unit credit" method The actuarial assumptions included (a) a rate of increase in compensation levels of 3% and 5% for fiscal years 2011 and 2010, respectively, and (b) expected long-term rate of return on plan assets of 7 5% for fiscal years 2011 and 2010 Variances between actual experience and assumptions for costs and returns on assets which exceed the 10% corridor are amortized over the average expected vested working lives of employees in the plan

The Hospital has a 403(b) plan for employees hired after May 1, 2007 Employer contributions are based on years of service and employees will become 100% vested after completing five years of service Eligible employees may contribute a portion of their annual compensation The Hospital contributed approximately $339,000 and $187,000 to the plan in fiscal years 2011 and 2010, respectively

NOTE I - OPERATING LEASES

Total rental expenses for all operating leases for the fiscal years ended June 30, 2011 and 2010, amounted to $667,903 and $655,377, respectively The following is a schedule of future minimum lease payments under all operating leases having initial or remaining noncancelable lease terms in excess of one year

Fiscal Year	
2012	$ 318,840
2013	318,840
2014	69,120
2015	9,588
	$ 716,388

NOTE J - RENTAL INCOME

The Board rents office space to various parties, primarily to practicing physicians and surgeons Total rental income was $1,228,852 and $1,160,089 for the fiscal years ending June 30, 2011 and 2010, respectively Minimum future rental income under noncancelable operating lease agreements is as follows

Fiscal Year	
2012	$ 314,394
2013	116,333
2014	75,117
2015	50,995
2016	2,245
Thereafter	3,181
	$ 562,265

Property and equipment comprising the rentable properties at June 30 was as follows

	2011	2010
Land improvements	$ 580,782	$ 577,937
Buildings	13,641,039	13,544,285
Fixed equipment	6,550,543	6,485,660
	20,772,364	20,607,882
Less accumulated depreciation	12,617,814	11,779,164
	$ 8,154,550	$ 8,828,718

NOTE K - COMMITMENTS AND CONTINGENCIES

At June 30, 2011, lawsuits have been filed against the Medical Center claiming alleged personal and punitive damages While the outcome of these lawsuits is not presently determinable, it is the opinion of management that the ultimate resolution of these claims will not have a material effect on the accompanying combined financial statements

Effective June 12, 2003, the Medical Center is insured for medical malpractice claims through a claims-made insurance policy Such coverage had a deductible of $1,000,000 per claim until June 12, 2010, when the deductible was decreased to $25,000 per claim The Medical Center has recorded an accrual for its deductible as well as claims incurred prior to June 30, 2011, but not reported prior to that date based on historical experience This accrual is recorded in other long-term liabilities on the accompanying combined balance sheets

Effective May 1, 2003, the Medical Center is insured for workers' compensation claims through a claims-incurred insurance policy with Healthcare Workers' Compensation Self Insurance Fund Such coverage has a deductible of $250,000 per claim and is limited to claims incurred during the policy period

At June 30, 2011, the Medical Center had entered into commitments for equipment and property additions totaling $2,984,493

NOTE L - INVESTMENT IN UNCOMBINED ENTITY

Effective January 1998, the Medical Center authorized, upon becoming the sole member of Regional Health Services, Inc , a noninterest-bearing advance to Regional Health Services, Inc not to exceed $4,000,000 Additionally, effective August 2000, the Medical Center authorized a second noninterest-bearing advance to Regional Health Services, Inc not to exceed $1,000,000 The Affiliate, through its subsidiary, Regional Health Management Corporation ("RHMC"), has used the funds from the advances to partially finance a joint venture with local physicians The funds were used for the construction and operations of The Surgery Center, LLC (the "LLC"), an outpatient surgery center in Oxford, Alabama, that began operations in May 2000

NOTE L - INVESTMENT IN UNCOMBINED ENTITY (Continued)

During 2005, RHMC obtained a note payable from a bank The proceeds from this note payable were used to pay down amounts owed to the Medical Center RHMC accounts for the investment in the uncombined entity using the equity method of accounting RHMC's investment in the uncombined entity, was $3,249,978 and $3,347,883 at June 30, 2011 and 2010, respectively RHMC has a 50% interest in the uncombined entity

The results of operations and financial position of the LLC are summarized below

	2011	2010
Condensed statements of operations		
Net patient service revenue	$ 7,684,229	$ 8,068,809
Operating income	$ 1,148,301	$ 1,613,218
Revenues in excess of expenses	$ 1,003,631	$ 1,466,538
Condensed balance sheet information		
Current assets	$ 1,084,946	$ 1,117,962
Property and equipment, net	5,943,405	6,191,532
Total assets	$ 7,028,351	$ 7,309,494
Current liabilities	$ 550,461	$ 399,964
Noncurrent liabilities	2,400,059	2,635,888
Equity	4,077,831	4,273,642
Total liabilities and equity	$ 7,028,351	$ 7,309,494

NOTE M - EMPLOYEE MEDICAL SELF-INSURANCE

The Board is self-insured for employee health claims The plan is administered by a third party and includes per person stop loss coverage Health insurance expense totaled $5,352,010 and $6,534,077 for the fiscal years ended June 30, 2011 and 2010, respectively The Board has accrued an estimate of its liability for amounts due for incurred but not reported claims in the accompanying combined financial statements

NOTE N - FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of cash and cash equivalents, accounts receivable, and accounts payable approximate their fair values The carrying value of the Board's investments presented in Note B also approximates fair value Fair values of the Board's bonds are based on current traded value The fair value of the notes payable is based on the net present value of the scheduled payments discounted at current borrowing rates for similar issues The fair value of the Board's bonds and notes payable was approximately $35,172,540 at June 30, 2011

NOTE O - SUBSEQUENT EVENTS

The Board evaluated all events and transactions that occurred after June 30, 2011 through October 10, 2011, the date that the financial statements were available to be issued During this period, the Board did not have any material recognizable subsequent events, other than the refinancing of the Series 1998 Bonds disclosed in Note F