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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 10-01-2010 and ending 09-30-2011

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

C Name of organization
PITT COUNTY MEMORIAL HOSPITAL INC

Doing Business As

Number and street (or P O box if mail is not delivered to street address) Room/suite
2100 STANTONSBURG ROAD

City or town, state or country, and ZIP + 4
GREENVILLE, NC 27835

D Employer identification number
56-0585243

E Telephone number
(252) 847-5129

G Gross receipts $ 967,745,020

F Name and address of principal officer
STEVE LAWLER
2100 STANTONSBURG ROAD
GREENVILLE,NC 27835

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 UHSEAST COM

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1953 | **M** State of legal domicile NC

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities
TO PROVIDE ACCESS TO QUALITY MEDICAL SERVICE TO ALL CITIZENS OF PITT COUNTY AND EASTERN NC

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	20
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	17
5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	5	7,370
6	Total number of volunteers (estimate if necessary)	6	897
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	342,230
b	Net unrelated business taxable income from Form 990-T, line 34	7b	-29,229

			Prior Year	Current Year
Revenue	8	Contributions and grants (Part VIII, line 1h)	782,420	7,748,197
	9	Program service revenue (Part VIII, line 2g)	913,172,094	947,370,700
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	13,778,680	14,909,010
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	140,995	-2,282,887
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	927,874,189	967,745,020
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	1,677,366	950,000
	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)	421,987,304	428,426,015
	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)	455,568,434	462,982,967
	18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	879,233,104	892,358,982
	19	Revenue less expenses Subtract line 18 from line 12	48,641,085	75,386,038

			Beginning of Current Year	End of Year
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	1,022,702,998	859,100,190
	21	Total liabilities (Part X, line 26)	529,612,998	541,814,745
	22	Net assets or fund balances Subtract line 21 from line 20	493,090,000	317,285,445

Part II Signature Block

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

Sign Here

****** | 2012-03-29
Signature of officer | Date

DAVID S HUGHES CHIEF FINANCIAL OFFICER
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check if self-employed ▶ ☐	PTIN
GREGORY W JOHNS	GREGORY W JOHNS			

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

Firm's address ▶ 101 N TRYON STREET SUITE 1000
CHARLOTTE, NC 28246 | Phone no ▶ (704) 998-5200

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

IN AFFILIATION WITH THE BRODY SCHOOL OF MEDICINE, PITT COUNTY MEMORIAL HOSPITAL, INC ("PCMH") IS COMMITTED TO PROVIDING ACCESS TO QUALITY MEDICAL SERVICES TO ALL CITIZENS OF PITT COUNTY AND EASTERN NORTH CAROLINA SEE ALSO SCHEDULE O

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 $ 239,668,975 including grants of $) (Revenue $ 352,444,613)

CANCER AND CLINICAL SERVICESPCMH CANCER SERVICES INCLUDE THE MOST ADVANCED TREATMENTS FOR THE PEOPLE OF EASTERN NORTH CAROLINA WE USE THE LATEST TECHNOLOGIES, INCLUDING GAMMA KNIFE RADIOSURGERY, AVAILABLE TO OUR EXPERT MEDICAL STAFF, NURSES AND THERAPISTS COMBINING NATIONAL TREATMENT PROTOCOLS AND THE HIGHEST STANDARDS OF CLINICAL QUALITY, OUR TEAM OF SPECIALISTS TAKE CARE OF THOUSANDS OF PATIENTS EACH YEAR IN CANCER AND CLINICAL SERVICES DURING 2011, PCMH PERFORMED 2,294,585 LAB TESTS, 138,088 RADIOLOGY PROCEDURES, 1,526 PET SCANS, 49 GAMMA KNIFE PROCEDURES, AND 297,486 RESPIRATORY TREATMENTS

4b (Code) (Expenses $ 225,266,930 including grants of $) (Revenue $ 241,092,164)

SURGICAL SERVICESSURGEONS AT PITT COUNTY MEMORIAL HOSPITAL ARE LEADERS IN THEIR FIELDS OUR BARIATRIC SURGEONS WERE PIONEERS OF GASTRIC BYPASS SURGERY AND NOW PERFORM GASTRIC BANDING AS WELL OTHER AREAS OF SURGICAL EMPHASIS INCLUDE ORTHOPEDICS, CARDIOTHORACIC, GYNECOLOGY, TRAUMA AND GENERAL SURGERY PCMH SURGICAL SERVICES PERFORMED 19,885 SURGERIES IN 2011

4c (Code) (Expenses $ 100,231,824 including grants of $) (Revenue $ 103,383,943)

CARDIOVASCULAR SERVICESPITT COUNTY MEMORIAL HOSPITAL PROVIDES PATIENTS WITH THE LATEST TREATMENTS AND TECHNOLOGY AVAILABLE WE HAVE NATIONALLY AND INTERNATIONALLY RECOGNIZED PHYSICIANS AT THE EAST CAROLINA HEART INSTITUTE, PERFORMING DELICATE HEART SURGERIES AND PROCEDURES USING THE DAVINCI ROBOT OUR HEART AND VASCULAR SERVICES INCLUDE STENTS, IMAGING STUDIES, PACEMAKER PLACEMENT, ABLATION, ROBOT-ASSISTED HEART SURGERY, AND HEART FAILURE PROGRAMS THESE AND MANY MORE SERVICES ARE PROVIDED AT THE EAST CAROLINA HEART INSTITUTE AT PITT COUNTY MEMORIAL HOSPITAL, THE FIRST FACILITY IN NORTH CAROLINA DEVOTED EXCLUSIVELY TO EDUCATION, RESEARCH, TREATMENT AND PREVENTION OF CARDIOVASCULAR DISEASES CARDIOVASCULAR SERVICES PERFORMED 61,315 EKGS, 5,879 CARDIAC CATH VISITS DURING 2011

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

(Expenses $ 216,342,335 including grants of $ 950,000) (Revenue $ 250,107,750)

4e **Total program service expenses**▶$ 781,510,064

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		No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b	Yes	
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, and program service activities outside the United States? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	1a	1		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			1c		
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	2a	7,370			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			2b	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			3a	Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			3b	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?			4a		No
b	If "Yes," enter the name of the foreign country ▶ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?			5a		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			5b		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			5c		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			6a		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			6b		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			7a		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			7c		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			7e		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?			7f		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			7h		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			8		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			9b		
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12	10a				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	11a				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O			13a		
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b				
c	Enter the amount of reserves on hand	13c				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			14a		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O*			14b		

Part VI **Governance, Management, and Disclosure** For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a 20			
b	Enter the number of voting members included in line 1a, above, who are independent	1b 17			
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . .		3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .		5		No
6	Does the organization have members or stockholders?		6		No
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?		7a		No
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons? . .		7b		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?		8a	Yes	
b	Each committee with authority to act on behalf of the governing body?		8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		9		No

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

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

Section C. Disclosure

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

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

☑ Own website ☐ Another's website ☑ Upon request

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

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

CHRIS TOWNSEND
2100 STANTONSBURG ROAD
GREENVILLE,NC 27835
(252) 847-5129

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) Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former	(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
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): Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former	(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
See Additional Data Table										
1b Sub-Total . . . . ▶										
c Total from continuation sheets to Part VII, Section A . . . . ▶										
d Total (add lines 1b and 1c) . . . . ▶								4,532,790	2,049,891	1,147,174

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 ▶279

			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
ECU SCHOOL OF MEDICINE PO BOX 75514 CHARLOTTE, NC 28275	MEDICAL STAFF SERVICES	19,969,348
PITT COUNTY ANESTHESIA 2080 B ARLINGTON BLVD GREENVILLE, NC 27834	ANESTHESIA SERVICES	7,906,351
MEDCOST BENEFIT SERVICES PO BOX 25987 WINSTON SALEM, NC 277145987	EMPLOYEE INSURANCE PROVIDER	3,346,992
GE MEDICAL SYSTEMS PO BOX 402076 ATLANTA, GA 30384	MEDICAL EQUIPMENT SERVICES	2,449,396
QUEST DIAGNOSTICS 12436 COLLECTIONS CENTER DRIVE CHICAGO, IL 60693	PATIENT LAB SERVICES	2,298,085

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 ▶109

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	5,861,780				
	e	Government grants (contributions)	1e	1,394,874				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	491,543				
	g	Noncash contributions included in lines 1a-1f $						
	h	**Total.** Add lines 1a-1f ▶			7,748,197			
Program Service Revenue			Business Code					
	2a	PATIENT REVENUE	621110		947,370,700	947,028,470	342,230	
	b							
	c							
	d							
	e							
	f	All other program service revenue						
	g	**Total.** Add lines 2a–2f ▶			947,370,700			
Other Revenue	3	Investment income (including dividends, interest and other similar amounts) ▶			14,909,010			14,909,010
	4	Income from investment of tax-exempt bond proceeds ▶						
	5	Royalties ▶						

		(i) Real	(ii) Personal
6a	Gross Rents		
b	Less rental expenses		
c	Rental income or (loss)		
d	Net rental income or (loss) ▶		

		(i) Securities	(ii) Other
7a	Gross amount from sales of assets other than inventory		
b	Less cost or other basis and sales expenses		
c	Gain or (loss)		
d	Net gain or (loss) ▶		

				(A)	(B)	(C)	(D)
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	EQUITY INVESTMENT	900003		-2,282,887			-2,282,887
b							
c							
d	All other revenue						
e	**Total.** Add lines 11a–11d ▶			-2,282,887			
12	**Total revenue.** See Instructions ▶			967,745,020	947,028,470	342,230	12,626,123

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	950,000	950,000		
2	Grants and other assistance to individuals in the U S See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	4,097,027		4,097,027	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	319,187,196	284,240,696	34,946,500	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	22,761,500	20,030,120	2,731,380	
9	Other employee benefits	63,344,146	55,564,917	7,779,229	
10	Payroll taxes	19,036,146	16,751,808	2,284,338	
a	Fees for services (non-employees) Management	2,733,581	2,268,872	464,709	
b	Legal	617,840	507,404	110,436	
c	Accounting				
d	Lobbying	24,158		24,158	
e	Professional fundraising services *See Part IV, line 17* . .				
f	Investment management fees				
g	Other	107,493,676	89,058,791	18,434,885	
12	Advertising and promotion	1,454,087	1,191,310	262,777	
13	Office expenses	2,612,089	2,091,130	520,959	
14	Information technology				
15	Royalties . .	849,691	846,265	3,426	
16	Occupancy	19,835,154	16,463,178	3,371,976	
17	Travel	1,848,006	311,485	1,536,521	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings				
20	Interest	16,805,564		16,805,564	
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	57,581,640	47,785,932	9,795,708	
23	Insurance	2,484,728	2,062,324	422,404	
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	PATIENT SUPPLIES	202,765,963	202,765,963		
b	PHYSICIAN SERVICES	21,296,106	21,296,106		
c					
d					
e					
f	All other expenses	24,580,684	17,323,763	7,256,921	
25	**Total functional expenses.** Add lines 1 through 24f	892,358,982	781,510,064	110,848,918	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			8,502,010	1	10,616,529
	2	Savings and temporary cash investments				2	
	3	Pledges and grants receivable, net				3	
	4	Accounts receivable, net			160,399,308	4	173,390,404
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L				5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers, and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Schedule L				6	
	7	Notes and loans receivable, net				7	
	8	Inventories for sale or use			21,944,169	8	24,056,657
	9	Prepaid expenses and deferred charges			4,561,768	9	2,937,329
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a	953,282,928			
	b	Less accumulated depreciation	10b	545,986,281	430,557,076	10c	407,296,647
	11	Investments—publicly traded securities				11	
	12	Investments—other securities See Part IV, line 11			312,813,217	12	145,704,945
	13	Investments—program-related See Part IV, line 11				13	
	14	Intangible assets				14	
	15	Other assets See Part IV, line 11			83,925,450	15	95,097,679
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)			1,022,702,998	16	859,100,190
Liabilities	17	Accounts payable and accrued expenses			104,785,320	17	108,295,880
	18	Grants payable				18	
	19	Deferred revenue				19	
	20	Tax-exempt bond liabilities				20	
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*				21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*				22	
	23	Secured mortgages and notes payable to unrelated third parties				23	
	24	Unsecured notes and loans payable to unrelated third parties				24	
	25	Other liabilities Complete Part X of Schedule D			424,827,678	25	433,518,865
	26	**Total liabilities.** Add lines 17 through 25			529,612,998	26	541,814,745
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			493,090,000	27	317,285,445
	28	Temporarily restricted net assets				28	
	29	Permanently restricted net assets				29	
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds				30	
	31	Paid-in or capital surplus, or land, building or equipment fund				31	
	32	Retained earnings, endowment, accumulated income, or other funds				32	
	33	Total net assets or fund balances			493,090,000	33	317,285,445
	34	Total liabilities and net assets/fund balances			1,022,702,998	34	859,100,190

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	967,745,020
2	Total expenses (must equal Part IX, column (A), line 25)	2	892,358,982
3	Revenue less expenses Subtract line 2 from line 1	3	75,386,038
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	493,090,000
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-251,190,593
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	317,285,445

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		

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
PITT COUNTY MEMORIAL HOSPITAL INC

Employer identification number
56-0585243

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 331/3% 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 331/3% 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	No	**(v)** Did you notify the organization in col (i) of your support? Yes	No	**(vi)** Is the organization in col (i) organized in the U S ? Yes	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).

Facts And Circumstances Test

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493090007432

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
PITT COUNTY MEMORIAL HOSPITAL INC	56-0585243

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		24,158
j	Total lines 1c through 1i			24,158
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	23 25% OF DUES TO NCHA ARE ALLOCATED TO LOBBYING

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
PITT COUNTY MEMORIAL HOSPITAL INC

Employer identification number
56-0585243

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

a Board designated or quasi-endowment ▶

b Permanent endowment ▶

c Term endowment ▶

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

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

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

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

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		23,302,944		23,302,944
b Buildings		444,112,560	261,447,868	182,664,692
c Leasehold improvements				0
d Equipment		456,292,575	271,413,591	184,878,984
e Other		29,574,849	13,124,822	16,450,027
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				407,296,647

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A) TRUSTEE HELD FUNDS - BONDS	21,929,160	F
(B) TRUSTEE HELD FUNDS - CAPITAL EXPENDITURES	109,697,554	F
(C) TRUSTEE FUNDS PENSION	14,078,231	F
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶	145,704,945	

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

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

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

(a) Description	(b) Book value
(1) OTHER RECEIVABLES	19,941,136
(2) DUE FROM THIRD PARTY PAYORS	41,787,081
(3) INVESTMENTS IN SUBSIDIARIES	24,933,405
(4) CURRENT DUE FROM AFFILIATES	261,856
(5) BOND AMORTIZATION	2,803,594
(6) INTANGIBLE ASSETS	5,370,607
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . ▶	95,097,679

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
DUE TO AFFILIATES	395,368,463
DUE TO THIRD PARTY PAYORS	22,717,681
ASSET RETIREMENT OBLIGATION	350,000
DEFERRED GAIN	819,883
SERP PAYABLE	13,670,685
INTERCOMPANY A/P DUE	592,153
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	433,518,865

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

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

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net) Add lines 4 - 8	9	
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	

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

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

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

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

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	PITT COUNTY MEMORIAL HOSPITAL, INC IS EXEMPT FROM INCOME TAXES UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE

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
PITT COUNTY MEMORIAL HOSPITAL INC

Employer identification number
56-0585243

Part I Financial Assistance and Certain Other Community Benefits at Cost

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

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

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheets 1 and 2)			29,024,672		29,024,672	3 250 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			145,084,327	123,677,841	21,406,486	2 400 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)			260,892		260,892	0 030 %
d **Total** Financial Assistance and Means-Tested Government Programs			174,369,891	123,677,841	50,692,050	5 680 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	27	142,015	12,079,736	59,694	12,020,042	1 350 %
f Health professions education (from Worksheet 5)	6	3,472	34,388,448		34,388,448	3 850 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)	1		276,271		276,271	0 030 %
i Cash and in-kind contributions to community groups (from Worksheet 8)	6	4,295	4,334,936		4,334,936	0 490 %
j **Total** Other Benefits	40	149,782	51,079,391	59,694	51,019,697	5 720 %
k **Total.** Add lines 7d and 7j	40	149,782	225,449,282	123,737,535	101,711,747	11 400 %

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		2,341		2,341	0 %
2	Economic development	1	10	3,922		3,922	0 %
3	Community support	2	1,034	889,672		889,672	0 100 %
4	Environmental improvements						
5	Leadership development and training for community members	1		1,000		1,000	0 %
6	Coalition building	1	3,173	60,769		60,769	0 010 %
7	Community health improvement advocacy						
8	Workforce development	3	3,241	2,033,695		2,033,695	0 230 %
9	Other						
10	**Total**	10	7,458	2,991,399		2,991,399	0 340 %

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 Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense (at cost)	2	26,241,531		
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	341,094,426
6	Enter Medicare allowable costs of care relating to payments on line 5	6	357,488,648
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-16,394,222

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

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

Part IV **Management Companies and Joint Ventures**

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1	1 SURGICENTER OF EASTERN CAROLINA LLC	AMBULATORY SURGERY CENTER	55 000 %	0 %	0 %
2	2 ONSLOW RADIATION ONCOLOGY LLC	OUTPATIENT RADIATION AND CHEMOTHERAPY	50 000 %	0 %	0 %
3	3 MOYE MEDICAL ENDOSCOPY CENTER LLC	OUTPATIENT ENDOSCOPY SERVICES	50 000 %	0 %	0 %
4	4 NEWCO CANCER SERVICES LCC	OUTPATIENT CANCER SERVICES	50 000 %	0 %	0 %
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	PITT COUNTY MEMORIAL HOSPITAL INC 2100 STANTONSBURG ROAD GREENVILLE, NC 27835	X	X	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? ______________

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

Part VI Supplemental Information

Complete this part to provide the following information

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

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

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

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

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

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

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

Identifier	ReturnReference	Explanation
		PART I, LINE 3C N/A

Identifier	ReturnReference	Explanation
		PART I, LINE 6A IN ADDITION TO THE COMMUNITY BENEFIT REPORT FOR PCMH, INFORMATION REGARDING THIS ENTITY IS FOUND IN THE ANNUAL REPORT FOR UNIVERSITY HEALTH SYSTEMS OF EASTERN CAROLINA

Identifier	ReturnReference	Explanation
		PART I, LINE 7 COSTS WERE CALCULATED USING THE ESTIMATED COST TO CHARGE RATIO FROM THE MEDICARE COST REPORT

Identifier	ReturnReference	Explanation
		PART I, LINE 7G N/A

Identifier	ReturnReference	Explanation
		PART II SEE SCHEDULE O

Identifier	ReturnReference	Explanation
		PART III, LINE 4 LINE 2 COSTS WERE CALCULATED USING THE ESTIMATED COST TO CHARGE RATIO FROM THE MEDICARE COST REPORT

Identifier	ReturnReference	Explanation
		PART III, LINE 8 THE SHORTFALL OF MEDICARE REVENUE TO MEDICARE ALLOWABLE COSTS OF CARE COULD BE CONSIDERED COMMUNITY BENEFIT BECAUSE IN THE AREA SERVED BY THE ORGANIZATION OTHER PROVIDERS WOULD NOT BE AVAILABLE TO PROVIDE THE SERVICES REQUIRED THEREFORE, THE CARE WOULD BECOME A GOVERNMENT OBLIGATION

Identifier	ReturnReference	Explanation
		PART III, LINE 9B PCMH DOES NOT PURSUE COLLECTION OF AMOUNTS DETERMINED TO QUALIFY AS CHARITY CARE OR DETERMINED TO QUALIFY FOR FINANCIAL ASSISTANCE

Identifier	ReturnReference	Explanation
PITT COUNTY MEMORIAL HOSPITAL, INC		PART V, SECTION B, LINE 11H N/A

Identifier	ReturnReference	Explanation
PITT COUNTY MEMORIAL HOSPITAL, INC		PART V, SECTION B, LINE 13G N/A

Identifier	ReturnReference	Explanation
PITT COUNTY MEMORIAL HOSPITAL, INC		PART V, SECTION B, LINE 15E N/A

Identifier	ReturnReference	Explanation
PITT COUNTY MEMORIAL HOSPITAL, INC		PART V, SECTION B, LINE 16E N/A

Identifier	ReturnReference	Explanation
PITT COUNTY MEMORIAL HOSPITAL, INC		PART V, SECTION B, LINE 17E N/A

Identifier	ReturnReference	Explanation
PITT COUNTY MEMORIAL HOSPITAL, INC		PART V, SECTION B, LINE 18C N/A

Identifier	ReturnReference	Explanation
PITT COUNTY MEMORIAL HOSPITAL, INC		PART V, SECTION B, LINE 18D N/A

Identifier	ReturnReference	Explanation
PITT COUNTY MEMORIAL HOSPITAL, INC		PART V, SECTION B, LINE 19D N/A

Identifier	ReturnReference	Explanation
PITT COUNTY MEMORIAL HOSPITAL, INC		PART V, SECTION B, LINE 20 N/A

Identifier	ReturnReference	Explanation
PITT COUNTY MEMORIAL HOSPITAL, INC		PART V, SECTION B, LINE 21 N/A

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 THE ORGANIZATION ASSESSES COMMUNITY NEED IN CONJUNCTION WITH THE STATE AFFILIATED COUNTY HEALTH DEPARTMENTS AND OTHER LOCAL HEALTH CARE ORGANIZATIONS SEE ALSO SCHEDULE O

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 INFORMATION IS AVAILABLE ON THE ORGANIZATION'S WEBSITE AND AT REGISTRATION FOR PATIENTS IN ADDITION, FACE TO FACE FINANCIAL COUNSELING IS AVAILABLE TO PATIENTS AND THEIR FAMILIES IN THE CENTRAL BUSINESS OFFICE

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 SEE SCHEDULE O

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 SEE SCHEDULE O

Identifier	ReturnReference	Explanation
		PART VI, LINE 7 SEE SCHEDULE O

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

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
PITT COUNTY MEMORIAL HOSPITAL INC

Employer identification number
56-0585243

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) PITT MEMORIAL HOSPITAL FOUNDATION PO BOX 8469 GREENVILLE, NC 27835	58-1399266	501(C)(3)	950,000				CHARITY

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

3 Enter total number of other organizations . . . . . ▶ 1

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

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

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

Identifier	**Return Reference**	**Explanation**
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 GRANT MONITORING PRIMARY OVERSIGHT RESPONSIBILITY FOR ALL GRANTS RECEIVED BY UHS ORGANIZATIONS RESTS WITH THE ENTITY RECEIVING THE FUNDS EACH ENTITY IS RESPONSIBLE FOR DOCUMENTING THE RECEIPT OF FUNDS, ASSIGNING A COST CENTER TO TRACK EXPENSES AND/OR CREATING A RESTRICTED LIABILITY FOR DEPOSIT OF THE FUNDS, DOCUMENTING EXPENDITURES AND COMPLETING ALL GRANTOR REQUIRED REPORTING THE COMPLIANCE WITH THE TERMS OF THE AGREEMENT RELATED TO PROJECT IMPLEMENTATION AND MANAGEMENT, FUND EXPENDITURES AND REPORTING IS MONITORED BY THE GRANTING AGENCY'S DESIGNATED CONTACT PERSON WITH ASSISTANCE FROM THE UHS GRANTS OFFICE NOTE THE MAJORITY OF THE GRANT FUNDS RECEIVED FOR PROGRAMS AT PCMH ARE ACQUIRED THROUGH THE PMH FOUNDATION WHICH HAS A COMPLIANCE AUDIT COMPLETED EACH YEAR GRANT FUNDS FOR UHS ARE SENT TO THE UHS FOUNDATION AND HAVE THE SAME AUDIT PROCEDURES ALL GRANT FUNDS ARE RECORDED/MONITORED BY THE CORPORATE ACCOUNTANT AND THE ASSISTANT VICE PRESIDENT OF FINANCIAL SERVICES SELECTION CRITERIA/PROCESS GRANTS PROVIDED BY THE UHS AND PMH FOUNDATIONS REQUIRE THE APPLICANT TO BE A 501(C)(3) OR GOVERNMENT ENTITY AND RECIPIENTS ARE REQUIRED TO PROVIDE PROOF OF THEIR STATUS BY SUBMITTING A COPY OF THEIR IRS LETTER OF DETERMINATION REQUESTS MUST BE RELATED TO DISEASE PREVENTION AND DISEASE MANAGEMENT OR WELLNESS THERE ARE DIFFERENT HEALTH RELATED FOCUS AREAS FOR EACH OF THE HOSPITAL'S COMMUNITY BENEFITS GRANT PROGRAMS EACH HOSPITAL'S PROGRAM HAS THEIR OWN LOCAL COMMUNITY BENEFITS GRANTS REVIEW COMMITTEE COMPRISED OF LOCAL REPRESENTATIVES FROM THEIR RESPECTIVE COMMUNITIES THESE COMMITTEES REVIEW LETTERS OF INTENT, DECIDE WHICH ORGANIZATIONS ARE TO BE INVITED TO SUBMIT A GRANT APPLICATION, THEN REVIEW THE GRANT APPLICATIONS AND MAKE FUNDING RECOMMENDATIONS THEIR FUNDING RECOMMENDATIONS ARE THEN REVIEWED BY THE UHS FOUNDATION COMMUNITY BENEFITS COMMITTEE AND FINAL DECISIONS ARE CONFIRMED BY THE UHS FOUNDATION BOARD

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
PITT COUNTY MEMORIAL HOSPITAL INC

Employer identification number
56-0585243

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**		
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**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		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) DAVID MCRAE	(i)	0	0	0	0	0	0	0
	(ii)	911,085	114,693	303,007	262,929	13,529	1,605,243	294,157
(2) STEPHEN LAWLER	(i)	542,201	0	5,551	190,374	6,364	744,490	0
	(ii)	0	0	0	0	0	0	0
(3) DIANE POOLE	(i)	352,242	0	1,926,989	65,226	11,545	2,356,002	0
	(ii)	0	0	0	0	0	0	0
(4) LINDA HOFLER	(i)	207,781	1,962	441	58,474	5,483	274,141	0
	(ii)	0	0	0	0	0	0	0
(5) DAVID HUGHES	(i)	0	0	0	0	0	0	0
	(ii)	266,107	0	595	81,782	6,359	354,843	0
(6) WILLIAM FLOYD	(i)	218,375	1,951	220	42,033	239	262,818	0
	(ii)	0	0	0	0	0	0	0
(7) SANJAY SAHA	(i)	193,823	0	0	34,382	5,065	233,270	0
	(ii)	0	0	0	0	0	0	0
(8) RYAN HICKEY	(i)	186,656	3,738	0	35,039	872	226,305	0
	(ii)	0	0	0	0	0	0	0
(9) DONALD SMITH	(i)	0	0	0	0	0	0	0
	(ii)	198,062	30,673	246	42,874	220	272,075	0
(10) TYREE WALKER	(i)	8,646	0	33	865	0	9,544	0
	(ii)	224,788	0	635	82,479	4,464	312,366	0
(11) JOHN RANDALL	(i)	182,311	500	0	18,656	4,810	206,277	0
	(ii)	0	0	0	0	0	0	0
(12) NANCY HART	(i)	178,077	1,685	0	55,476	2,965	238,203	0
	(ii)	0	0	0	0	0	0	0
(13) STEPHEN KOSKA	(i)	177,520	500	0	15,560	4,690	198,270	0
	(ii)	0	0	0	0	0	0	0
(14) JAMES WORDEN JR	(i)	177,344	500	0	15,557	4,680	198,081	0
	(ii)	0	0	0	0	0	0	0
(15) TAMMY WORDEN	(i)	163,244	500	0	9,850	4,333	177,927	0
	(ii)	0	0	0	0	0	0	0
(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 4B	COMPENSATION OF DIANE POOLE OF THE COMPENSATION REPORTED IN COLUMN (D) OF SUBSECTION 1A, $1,924,759 IS RELATED TO A DISTRIBUTION FROM A SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN OF THIS AMOUNT, $866,142 WAS PAID TO FEDERAL AND STATE GOVERNMENTS AS WITHHELD TAXES THE REMAINDER IS HELD BY A TRUSTEE WITH ACTUARIALLY DETERMINED MONTHLY PAYMENTS CONSISTING OF PRINCIPAL AND EARNINGS BEING PAID TO THE RECIPIENT OVER A SPECIFIED NUMBER OF YEARS THIS COMPENSATION WAS EARNED BY MS POOLE BASED ON 28 YEARS OF SERVICE DAVE C MCRAE WAS A PARTICIPANT IN A SUPPLEMENTAL NON-QUALIFIED RETIREMENT PLAN DURING THE YEAR

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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
PITT COUNTY MEMORIAL HOSPITAL INC

Employer identification number
56-0585243

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	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	From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	No	(f) Approved by board or committee? Yes	No	(g) Written agreement? Yes	No
Total . . . . ▶ $										

Part III Grants or Assistance Benefitting Interested Persons.

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

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

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

(a) Name of interested person	**(b)** Relationship between interested person and the organization	**(c)** Amount of transaction	**(d)** Description of transaction	**(e)** Sharing of organization's revenues? Yes	No
(1) MARCUS S ALBERNAZ MD	BUSINESS RELATIONSHIP	360,647	DR ALBERNAZ IS A BOARD MEMBER OF PITT COUNTY MEMORIAL HOSPITAL, INC AND A BOARD MEMBER OF AN ENTITY THAT DOES BUSINESS WITH PITT COUNTY MEMORIAL HOSPITAL, INC		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
PITT COUNTY MEMORIAL HOSPITAL INC

Employer identification number
56-0585243

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11		THE 990 IS MADE AVAILABLE TO BOARD MEMBERS BY POSTING TO A BOARD MEMBER'S WEBSITE ANY BOARD MEMBER WHO DOES NOT HAVE THE ABILITY TO ACCESS THE RETURN IN THIS MANNER WILL RECEIVE A COPY VIA ELECTRONIC OR REGULAR MAIL THE RETURN IS ALSO REVIEWED BY THE CHIEF FINANCIAL OFFICER, CHIEF GENERAL COUNSEL AND THE CHIEF AUDIT AND COMPLIANCE OFFICER OF UNIVERSITY HEALTH SYSTEMS PRIOR TO FILING

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	ALL BOARD MEMBERS ARE REQUIRED TO COMPLETE A COMPREHENSIVE CONFLICT OF INTEREST QUESTIONNAIRE THESE ARE REVIEWED BY LEGAL COUNSEL AND ANY POTENTIAL OR ACTUAL CONFLICTS ARE BROUGHT TO THE BOARD FOR DISPOSITION BOARD MEMBERS ARE REQUIRED TO RECUSE THEMSELVES FROM VOTING ON ISSUES IN WHICH THEY ARE DEEMED TO HAVE A CONFLICT

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	THE TOP MANAGEMENT OFFICIAL IS THE PRESIDENT WHO IS AN EMPLOYEE OF PITT COUNTY MEMORIAL HOSPITAL THE COMPENSATION IS DETERMINED BY THE UHSEC BOARD USING COMPARATIVE DATA FROM LIKE ORGANIZATIONS AND INPUT FROM CONSULTANTS THIS PROCESS IS PERFORMED EVERY THREE YEARS, THE LAST YEAR BEING 2010 IT WILL BE PERFORMED AGAIN IN 2013

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED LOSSES ON INVESTMENTS -1,013,716 CAPITAL CONTRIBUTION AND TRANSFERS TO AFFILIATES, NET -250,756,210 CHANGE IN PITT MANAGEMENT, INC FUND BALANCE 579,333 TOTAL TO FORM 990, PART XI, LINE 5 -251,190,593

Identifier	Return Reference	Explanation
	FORM 990, PART XII, LINE 2C	NO CHANGES FOR APPROVING AUDITED FINANCIAL STATEMENTS OR SELECTION OF INDEPENDENT ACCOUNTANTS HAVE OCCURRED FROM THE PRIOR YEAR

Identifier	Return Reference	Explanation
	FORM 990, PART 1, LINE 1	OVERVIEW OF UNIVERSITY HEALTH SYSTEMS OF EASTERN CAROLINA AT UNIVERSITY HEALTH SYSTEMS OF EASTERN CAROLINA (UHS), WE ARE COMMITTED TO IMPROVING THE HEALTH OF OUR COMMUNITIES EASTE RN NORTH CAROLINA RESIDENTS LOOK TO OUR HOSPITALS FOR QUALITY HEALTH CARE WE WORK HARD TO UPHOLD THE TRUST THAT OUR COMMUNITIES PLACE IN US THROUGH A CLEAR VISION, DISCIPLINED LE ADERSHIP AND COMMITTED EMPLOYEES, UHS SERVES THE NEEDS OF THE REGION, INCLUDING THOSE WHO ARE UNDERSERVED AND NEED US THE MOST OUR MISSION AT UHS - TO ENHANCE THE QUALITY OF LIFE FOR THE PEOPLE AND COMMUNITIES WE SERVE, TOUCH AND SUPPORT - DRIVES US FAR BEYOND CARING F OR PATIENTS WITHIN THE CONFINES OF OUR HOSPITAL WALLS IT CALLS US TO HELP MAKE EASTERN NO RTH CAROLINA A BETTER, HEALTHIER PLACE TO LIVE UHS IS A NORTH CAROLINA NON-PROFIT CORPORA TION WITH HEADQUARTERS IN GREENVILLE, NORTH CAROLINA UHS AND ITS AFFILIATES OPERATE AN IN TEGRATED HEALTH CARE DELIVERY SYSTEM THAT SERVES A TOTAL MARKET OF APPROXIMATELY 1 4 MILLI ON PEOPLE IN 29 CONTIGUOUS COUNTIES IN EASTERN NORTH CAROLINA THE HEALTH SYSTEM INCLUDES HOSPITALS, PHYSICIAN PRACTICES, OUTPATIENT SERVICES, LONG-TERM CARE, HOME HEALTH, HOSPICE, AND WELLNESS SERVICES THE HEALTH SYSTEM'S OWNED HOSPITALS ARE PITT COUNTY MEMORIAL HOSPI TAL (PCMH), WHICH IS A TERTIARY CARE HOSPITAL AND AN ACADEMIC MEDICAL CENTER, AND SEVEN OT HER ACUTE CARE HOSPITALS ROANOKE-CHOWAN HOSPITAL, HERITAGE HOSPITAL, CHOWAN HOSPITAL, BER TIE MEMORIAL HOSPITAL, DUPLIN GENERAL HOSPITAL, BEAUFORT HOSPITAL AND THE OUTER BANKS HOSP ITAL UHS ALSO MANAGES ALBEMARLE HOSPITAL PCMH SERVES AS THE TEACHING HOSPITAL FOR THE BR ODY SCHOOL OF MEDICINE, EAST CAROLINA SCHOOLS OF NURSING AND ALLIED HEALTH AND PITT COMMUN ITY COLLEGE THE SYSTEM ALSO SERVES AS A REGIONAL REFERRAL CENTER FOR EASTERN NORTH CAROLI NA THE SYSTEM'S EIGHT OWNED ACUTE CARE HOSPITALS ARE LICENSED TO OPERATE 1,451 BEDS EACH HOSPITAL IS LICENSED BY THE DIVISION OF FACILITY SERVICES OF THE NORTH CAROLINA DEPARTMEN T OF HEALTH AND HUMAN SERVICES AND APPROVED AS A PROVIDER BY THE MEDICARE AND MEDICAID PRO GRAMS UHS AND ITS HOSPITALS AND AFFILIATE ORGANIZATIONS PROVIDE SERVICES TO PATIENTS WITH OUT REGARD TO THEIR ABILITY TO PAY IN FISCAL YEAR 2011 UHS' COMBINED PATIENT CARE STATIST ICS WERE INPATIENT ADMISSIONS, 62,839, INPATIENT DAYS OF CARE, 339,060, SURGERIES, 43,155 , BIRTHS, 5,781, AND OUTPATIENT VISITS, 434,794 OUR SYSTEMS WORKFORCE INCLUDED 11,485 EMP LOYEES EACH OF UHS' HOSPITALS OPERATES AN EMERGENCY ROOM, WHICH IS OPEN 24 HOURS A DAY P CMH ALSO OFFERS A FULL SPECTRUM OF TRAUMA SERVICES EMERGENT AND TRAUMA SERVICES ARE PROVI DED TO PATIENTS WITHOUT REGARD TO THEIR ABILITY TO PAY IN FISCAL YEAR 2011 UHS PROVIDED C ARE TO 225,289 EMERGENCY ROOM PATIENTS IN 2011 UHS AND PCMH HAD THE SAME GOVERNING BOARD, WHICH IS COMPRISED OF 20 VOTING MEMBERS THAT MEET MONTHLY THE BOARD OF COMMISSIONERS OF PITT COUNTY APPOINTS 11 MEMBERS, AND 9 MEMBERS ARE APPOINTED BY THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA THE BOARD MEMBERS HAVE DIVERSE BACKGROUNDS AND ARE SELEC TED TO REPRESENT THE CITIZENS OF EASTERN CAROLINA PCMH, IN AFFILIATION WITH THE BRODY SCH OOL OF MEDICINE, WHICH IS OWNED BY THE STATE OF NORTH CAROLINA, OPERATES 30 RESIDENT-TRAIN ING PROGRAMS WITH OVER 340 MEDICAL RESIDENTS THIS RELATIONSHIP ENABLES PCMH AND THE BRODY SCHOOL OF MEDICINE TO COMBINE THEIR RESOURCES FOR THE PROVISION OF QUALITY PATIENT CARE, MEDICAL EDUCATION AND RESEARCH FOR THE RESIDENTS OF EASTERN NORTH CAROLINA THE BRODY SCHO OL OF MEDICINE HAS THREE IMPORTANT GOALS EDUCATING PRIMARY CARE PHYSICIANS, MAKING MEDICA L CARE MORE READILY AVAILABLE TO THE PEOPLE OF EASTERN NORTH CAROLINA, AND PROVIDING OPPOR TUNITIES TO MINORITY AND DISADVANTAGED STUDENTS AS A NON-PROFIT ORGANIZATION, UHS REINVES TS ALL EXCESS OF REVENUES OVER EXPENSES IN PROGRAMS, SERVICES, AND FACILITIES THAT PROVIDE ACCESS TO PATIENT CARE AND HEALTH SERVICES TO THE CITIZENS OF EASTERN CAROLINA OVERVIEW OF UNIVERSITY HEALTH SYSTEMS OF EASTERN CAROLINA COMMUNITY BENEFIT PROGRAMS 1 EASTERN NOR TH CAROLINA IS COMPRISED OF 1 4 MILLION PEOPLE LIVING IN 14,000 SQUARE MILES BOUNDARIES A RE FROM I-95 EAST TO THE COAST, AND FROM THE VIRGINIA LINE UP TO AND INCLUDING ONSLOW COUN TY THE AREA IS LARGELY RURAL AND LARGELY POOR, WITH HIGHER THAN STATE OR NATIONAL AVERAGE RATES FOR POVERTY AND UNINSURED HEALTH STATUS INDICATORS SHOW INCREASED INCIDENCE OF DIS EASE IN THE REGION, ESPECIALLY CANCER, HEART DISEASE AND STROKE UHS DETERMINES PRIORITIES FOR TARGET POPULATIONS BY WORKING IN CONCERT WITH MEDICAL AND COMMUNITY AGENCY PARTNERS I N ONGOING ASSESSMENT OF THE MOST PRESSING HEALTH CARE NEEDS MANY EFFORTS OVER THE PAST DE CADE HAVE FOCUSED ON DIABETES, PEDIATRIC ASTHMA, SCHOOL HEALTH, INJURY PREVENTION, ACCESS TO CARE, NUTRITION ENHANCEMENT, PHYSICAL ACTIVITIES AND CHRONIC DISEASE SCREENINGS ALSO, SPECIAL PROGRAMS TO MANAGE THE CARE OF MEDICAID ENROLLEES, ADDRESS ACCESS TO BOTH MEDICAL CARE AND MEDICATIONS FOR THE UNINSURED, AND COORDI

Identifier	Return Reference	Explanation
	FORM 990, PART 1, LINE 1	NATION OF SERVICES FOR CHILDREN WITH OBESITY HAVE BEEN UNDERTAKEN THE POPULATIONS THAT AR E SERVED BY ADDRESSING THESE ISSUES ARE LARGELY THE POOR, THE UNDERSERVED, AND MINORITIES DETERMINATION OF SPECIFIC POPULATIONS TO ADDRESS OCCURS WHEN PARTNERS SUCH AS THE NORTH C AROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES, LOCAL HEALTH DEPARTMENTS, COUNTY HEALTHY CAROLINIAN TASK FORCES, AND PHYSICIANS IDENTIFY A QUANTIFIABLE NEED, AND COMMUNITY PARTNER S ARE ENGAGED TO WORK TOGETHER WITH THE HEALTH SYSTEM 2 FUNDING FOR COMMUNITY HEALTH PRO GRAMS IS OBTAINED FROM BOTH THE OPERATING FUNDS OF UHS ENTITIES AND EXTERNAL GRANT-AWARDIN G ORGANIZATIONS THE UHS BOARD ANNUALLY PROVIDES FINANCIAL SUPPORT FOR THE COMMUNITY BENEF IT INITIATIVES PROGRAM OF ITS FOUNDATION THESE FUNDS ARE THEN AWARDED TO COMMUNITY AGENCI ES THAT SUCCESSFULLY DEMONSTRATE BOTH NEED AND A WELL-DESIGNED PLAN TO ADDRESS ONE OF THE FOUNDATION'S PRIORITY CATEGORIES IN ADDITION, EACH UHS HOSPITAL FINANCIALLY SUPPORTS COMM UNITY HEALTH RESOURCES WITHIN ITS OPERATING BUDGET PROGRAMS VARY ACCORDING TO THE HOSPITA L'S FINANCIAL ABILITY AND COMMUNITY NEED, BUT ALL INCLUDE COLLABORATIVE EFFORTS WITH LOCAL HEALTH DEPARTMENTS, INCLUDING HEALTH SCREENINGS AND EDUCATION TO TARGETED POPULATIONS UH S ALSO HAS A SUCCESSFUL TRACK RECORD OF OBTAINING COMMUNITY HEALTH PROGRAM SUPPORT FROM EX TERNAL AGENCIES THAT AWARD GRANT FUNDING TO APPROVED PROJECTS THE UHS GRANTS OFFICE WAS E STABLISHED IN 2008 AND SERVES AS THE CENTRAL POINT FOR GRANT MINING, ACQUISITION AND MANAG EMENT OF GRANTS AWARDED TO UHS HOSPITALS FOR COMMUNITY-BASED PROGRAMS GRANT FUNDS ARE UTI LIZED TO DEMONSTRATE THE EFFECTIVENESS OF A PROPOSED COMMUNITY PROGRAM, MEASURE THE OUTCOM ES ACHIEVED, AND GARNER LONG-TERM SUSTAINABILITY FROM EITHER THE HEALTH SYSTEM, OTHER COMM UNITY AGENCIES OR AS A COLLABORATIVE PROGRAM MANY COMMUNITY HEALTH PROGRAMS ARE COLLABORA TIVE IN NATURE WITH LOCAL SERVICE AGENCIES, AND OFTEN A PORTION OF THE GRANT FUNDS ARE USE D TO SUPPORT RESOURCES OR SERVICES IN THESE AGENCIES 3 COMMUNITY HEALTH PRIORITIES ARE D ETERMINED IN SEVERAL WAYS IN PARTNERSHIP WITH THE LOCAL HEALTH DEPARTMENTS, THE RESULTS O F STATE-MANDATED COMMUNITY HEALTH ASSESSMENTS ARE STUDIED BY EACH LOCAL HEALTHY CAROLINIAN S TASK FORCE THOSE TASK FORCE GROUPS THEN COMPILE A LIST OF THE MOST PRESSING ISSUES IN T HEIR COMMUNITIES BASED ON DATA COMMUNITY INPUT BOTH ESTABLISHED RESOURCES WITHIN VARIOUS AGENCIES AND POTENTIAL OPPORTUNITIES TO GARNER NEW SUPPORT ARE REVIEWED

Identifier	Return Reference	Explanation
		4 COMMUNITY PRIORITIES ARE ALSO ESTABLISHED IN RESPONSE TO A COMPELLING NEED IDENTIFIED BY HEALTH PRACTITIONERS OR COMMUNITY GROUPS EXAMPLES INCLUDE THE PEDIATRIC ASTHMA PROGRAM THAT HAS BEEN IN PLACE FOR OVER 10 YEARS IN PITT COUNTY, AND EXPANDED TO OTHER COMMUNITIES IN THE REGION THIS MAJOR COMMUNITY-BASED PROGRAM WAS ESTABLISHED FOLLOWING A PLEA FOR ASSISTANCE BY PEDIATRICIANS AND PEDIATRIC CLINICAL NURSE SPECIALISTS CARING FOR CHILDREN WITH ASTHMA IN THE ACUTE CARE SETTING THE PITT COUNTY SCHOOL SYSTEM AND LOCAL PARENTS IDENTIFIED A LACK OF HEALTH CARE SUPPORT IN THE SCHOOLS, RESULTING IN AN AWARD-WINNING SCHOOL NURSE PROGRAM THAT HAS BEEN REPLICATED IN SEVERAL COUNTIES MOST RECENTLY, THE FOCUSED ATTENTION ON PEDIATRIC OBESITY AND ASSOCIATED DISEASES HAS RESULTED IN MULTIPLE COMMUNITY-BASED PROGRAMS DIRECTED AT IMPROVING NUTRITION, PHYSICAL ACTIVITY, AND CASE MANAGEMENT FOR THAT POPULATION UHS IS FORTUNATE TO HAVE A STRONG COLLABORATIVE PARTNERSHIP WITH EAST CAROLINA UNIVERSITY, AND WORKS CLOSELY WITH THE SCHOOLS WITHIN THE HEALTH SCIENCES DIVISION, ESPECIALLY THE BRODY SCHOOL OF MEDICINE BSOM IS AN ACTIVE PARTICIPANT IN ALMOST EVERY COMMUNITY HEALTH INITIATIVE, SUPPORTING THE RESEARCH AND EVALUATION OF THESE PROGRAMS, AND CONTRIBUTES TO PROGRAMS FOR THE UNDER AND UNINSURED IN MULTIPLE WAYS ECU AND OTHER EDUCATIONAL INSTITUTIONS WHOSE STUDENTS MATRICULATE THROUGH UHS FACILITIES ALSO PROVIDE OPPORTUNITIES FOR COLLABORATION AND PARTICIPATION IN VARIOUS COMMUNITY HEALTH INITIATIVES 5 PROVIDED BELOW ARE A FEW HIGHLIGHTS OF THE COMMUNITY BENEFIT AND EDUCATION ACTIVITIES A COMMUNITY HEALTH IMPROVEMENT SERVICES - COMMUNITY HEALTH IMPROVEMENT SERVICES ARE PROGRAMS AND SERVICES THAT MEET AN IDENTIFIED NEED AND ARE OFFERED TO THE COMMUNITY AT LITTLE OR NO CHARGE UHS HOSPITALS SPONSOR PROGRAMS THAT IMPROVE ACCESS TO HEALTH CARE FOR THE UNDERSERVED AND ENHANCE THE IDENTIFICATION AND MANAGEMENT OF CHRONIC DISEASES, SUCH AS CANCER, DIABETES AND HEART DISEASE HERE ARE A FEW EXAMPLES OF THESE PROGRAMS - MEDICATION ASSISTANCE PROGRAMS FOR UNINSURED PATIENTS - THE PEDIATRIC HEALTHY WEIGHT PROGRAM - SUPPORT FOR HEALTH CAROLINIANS COLLABORATIVES, INCLUDING PITT PARTNERS FOR HEALTH, THE HERTFORD PARTNERSHIP FOR HEALTH AND THREE RIVERS HEALTHY CAROLINIANS - SCHOOL NURSE PROGRAMS - SUPPORT FOR THE COMMUNITY CARE PLAN OF EASTERN CAROLINA FOR MEDICAID RECIPIENTS AND HEALTHASSIST FOR THE UNINSURED -SUPPORT OF LOCAL FEDERALLY QUALIFIED HEALTH CENTER B HEALTH PROFESSIONAL EDUCATION - PREPARING FUTURE HEALTH CARE PROFESSIONALS IS IMPORTANT TO US OUR HOSPITALS PROVIDE CLINICAL SETTINGS FOR STUDENTS OF HEALTH PROFESSIONS, SUCH AS FUTURE PHYSICIANS, NURSES AND OTHER ALLIED HEALTH PROFESSIONALS WE ALSO SUPPORT STUDENTS THROUGH DEFERRED FORGIVABLE LOANS AND INTERNSHIPS INCLUDING RESIDENT TRAINING, NURSING CLINIC SITES, ALLIED HEALTH PROFESSIONALS, AND FINANCIAL SUPPORT OF NURSING PROGRAMS C RESEARCH - EAST CAROLINA UNIVERSITY (ECU) CONDUCTS RESEARCH TO EVALUATE NEW TREATMENTS AND PROTOCOLS THESE STUDIES HELP HEALTH PROFESSIONALS EVERYWHERE PROVIDE QUALITY CARE TO PATIENTS UHS SUPPORTS THIS THROUGH VARIOUS MEANS INCLUDING SUPPORTING THE INSTITUTIONAL REVIEW BOARD AT ECU AND PROVIDING STUDY SITES D FINANCIAL AND IN-KIND CONTRIBUTIONS - UHS DONATES MONEY AND IN-KIND SERVICES TO COMMUNITY GROUPS AND ACTIVITIES THAT SHARE OUR MISSION OF IMPROVING HEALTH THEY INCLUDE MEALS ON WHEELS, AMERICAN RED CROSS BLOOD DRIVES, MEDICAL SUPPLIES TO EMERGENCY MEDICAL SERVICES, AND FREE MEDICATIONS TO QUALIFYING PATIENTS UHS HOSPITALS ARE KEY PARTNERS IN FUNDRAISING FOR ORGANIZATIONS SUCH AS THE UNITED WAY, AMERICAN HEART ASSOCIATION, JUVENILE DIABETES ASSOCIATION AND THE AMERICAN CANCER SOCIETY UHS CONTRIBUTED $1 7 MILLION TO THE COMMUNITY BENEFITS GRANTS PROGRAM WHICH AWARDS GRANTS TO LOCAL NON-PROFITS FOR HEALTH RELATED PROGRAMS E COMMUNITY BUILDING - COMMUNITY-BUILDING ACTIVITIES INCLUDE PROGRAMS THAT ARE NOT DIRECTLY RELATED TO HEALTH CARE BUT ADDRESS UNDERLYING ISSUES THAT IMPACT THE HEALTH OF COMMUNITIES POVERTY, CRIME, HOMELESSNESS, WORKFORCE DEVELOPMENT AND ECONOMIC DEVELOPMENT ALL AFFECT THE OVERALL HEALTH OF COMMUNITIES UHS HAS PROVIDED SUPPORT FOR OUR LOCAL CHAMBERS OF COMMERCE, FINANCIAL SUPPORT FOR ROAD IMPROVEMENTS, INVESTMENTS IN COMMUNICATION INFRASTRUCTURE VIA INFORMATION TECHNOLOGY CONNECTIONS, SUPPORT FOR THE TEEN LEADERSHIP ACADEMY, RECRUITMENT OF PHYSICIANS TO OUR RURAL COMMUNITIES, AND PROGRAMS THAT ENCOURAGE STUDENTS TO PURSUE HEALTH CAREERS

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
PITT COUNTY MEMORIAL HOSPITAL INC

Employer identification number
56-0585243

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
See Additional Data Table							

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) SURGICENTER OF EASTERN CAROLINA LLC 2100 STANTONSBURG ROAD GREENVILLE, NC27835 26-2558314	AMBULATORY SURGICAL CENTER	NC	N/A	RELATED	4,669,017	21,230,523		No		Yes		55 000 %
(2) EASTPOINTE LLC (BEAUFORT HOSPITAL MRI EQUIPED) 628 EAST 12TH ST WASHINGTON, NC27889 56-2248909	MRI SERVICES	NC	N/A	RELATED				No			No	50 000 %
(3) MOYE MEDICAL ENDOSCOPY CENTER LLC 2100 STANTONSBURG ROAD GREENVILLE, NC27835 26-1671435	PROFESSIONAL MEDICAL SERVICES	NC	N/A	RELATED	-330,727	954,406		No		Yes		50 000 %
(4) ONSLOW RADIATION ONCOLOGY LLC 317 WESTERN BOULEVARD JACKSONVILLE, NC28546 26-1694368	CANCER TREATMENT	NC	N/A	RELATED	-697,294	744,201		No			No	50 000 %
(5) NEWCO CANCER SERVICES LLC 600 MOYE BLVD GREENVILLE, NC27834 27-3137697	ONCOLOGY SERVICES	NC	N/A	RELATED	-579,352	7,098,335		No			No	50 000 %

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

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

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		No
e Loans or loan guarantees by other organization(s)	1e		No
f Sale of assets to other organization(s)	1f		No
g Purchase of assets from other organization(s)	1g		No
h Exchange of assets	1h		No
i Lease of facilities, equipment, or other assets to other organization(s)	1i	Yes	
j Lease of facilities, equipment, or other assets from other organization(s)	1j	Yes	
k Performance of services or membership or fundraising solicitations for other organization(s)	1k	Yes	
l Performance of services or membership or fundraising solicitations by other organization(s)	1l	Yes	
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	Yes	
p Reimbursement paid by other organization for expenses	1p	Yes	
q Other transfer of cash or property to other organization(s)	1q		No
r Other transfer of cash or property from other organization(s)	1r		No

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

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

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

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

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

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 56-0585243
Name: PITT COUNTY MEMORIAL HOSPITAL INC

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled organization	
						Yes	No
UNIVERSITY HEALTH SYSTEMS OF EASTERN CAROLINA INC 2100 STANTONSBURG RAOD GREENVILLE, NC27835 56-2141073	HEALTHCARE	NC	501(C)(3)	509(A)(3)	N/A		No
EAST CAROLINA HEALTH 2100 STANTONSBURG RAOD GREENVILLE, NC27835 56-2003393	HEALTHCARE	NC	501(C)(3)	509(A)(3)	N/A		No
EAST CAROLINA HEALTH-HERITAGE INC 2100 STANTONSBURG RAOD GREENVILLE, NC27835 56-2093700	HEALTHCARE	NC	501(C)(3)	509(A)(3)	N/A		No
PCMH MANAGEMENT INC 2100 STANTONSBURG ROAD GREENVILLE, NC27835 56-1690740	HEALTHCARE	NC	501(C)(3)	509(A)(3)	N/A		No
EAST CAROLINA HEALTH-CHOWAN INC 2100 STANTONSBURG ROAD GREENVILLE, NC27835 56-2101090	HEALTHCARE	NC	501(C)(3)	509(A)(3)	N/A		No
EAST CAROLINA HEALTH-BERTIE 2100 STANTONSBURG ROAD GREENVILLE, NC27835 56-2072002	HEALTHCARE	NC	501(C)(3)	509(A)(3)	N/A		No
SURGICENTER SERVICES OF PITT INC 2100 STANTONSBURG ROAD GREENVILLE, NC27835 56-1690553	HEALTHCARE	NC	501(C)(3)	509(A)(3)	N/A		No
THE OUTER BANKS HOSPITAL INC 2100 STANTONSBURG ROAD GREENVILLE, NC27835 56-2112733	HEALTHCARE	NC	501(C)(3)	509(A)(3)	N/A		No
UHS PHYSICIANS LLC 2100 STANTONSBURG ROAD GREENVILLE, NC27835 38-3740839	HEALTHCARE	NC	501(C)(3)	509(A)(3)	N/A		No
HEALTHACCESS INC 2100 STANTONSBURG ROAD GREENVILLE, NC27835 56-1396133	HEALTHCARE	NC	501(C)(3)	509(A)(3)	N/A		No
DUPLIN GENERAL HOSPITAL INC 701 N MAIN STREET KENANSVILLE, NC283490278 56-6011594	HOSPITAL	NC	501(C)(3)	LINE 3	N/A		No
EAST CAROLINA HEALTH-BEAUFORT INC 628 E 12TH STREET WASHINTON, NC27889 45-2436270	HOSPITAL	NC	501(C)(1)	LINE 3	N/A		No

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

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved ($)	(d) Method of determining amount involved
(1)	EAST CAROLINA HEALTH	P	150,392	ACTUAL CASH PAYMENT
(2)	EAST CAROLINA HEALTH(RCH)	P	6,495,816	ACTUAL CASH PAYMENT
(3)	EAST CAROLINA HEALTH(RCH)	K	467,424	ACTUAL CASH PAYMENT
(4)	EAST CAROLINA HEALTH-BEAUFORT	B	563,111	ACTUAL CASH PAYMENT
(5)	EAST CAROLINA HEALTH-BERTIE	P	1,343,972	ACTUAL CASH PAYMENT
(6)	EAST CAROLINA HEALTH-BERTIE	K	112,455	ACTUAL CASH PAYMENT
(7)	EAST CAROLINA HEALTH-CHOWAN INC	P	4,625,428	ACTUAL CASH PAYMENT
(8)	EAST CAROLINA HEALTH-CHOWAN INC	K	182,797	ACTUAL CASH PAYMENT
(9)	EAST CAROLINA HEALTH-DUPLIN	P	2,606,852	ACTUAL CASH PAYMENT
(10)	EAST CAROLINA HEALTH-DUPLIN	K	64,584	ACTUAL CASH PAYMENT
(11)	EAST CAROLINA HEALTH-HERITAGE INC	P	5,218,423	ACTUAL CASH PAYMENT
(12)	EAST CAROLINA HEALTH-HERITAGE INC	K	248,290	ACTUAL CASH PAYMENT
(13)	EASTPOINTE LLC	B	129,849	ACTUAL CASH PAYMENT
(14)	HEALTH ACCESS	L	1,285,077	ACTUAL CASH PAYMENT
(15)	HEALTH ACCESS	J	261,943	ACTUAL CASH PAYMENT
(16)	HEALTH ACCESS	P	2,332,081	ACTUAL CASH PAYMENT
(17)	HEALTH ACCESS	O	882,713	ACTUAL CASH PAYMENT
(18)	MOYE MEDICAL ENDOSCOPY CENTER LLC	B	200,000	ACTUAL CASH PAYMENT
(19)	PCMH MANAGEMENT INC	J	1,202,431	ACTUAL CASH PAYMENT
(20)	PCMH MANAGEMENT INC	P	3,437,028	ACTUAL CASH PAYMENT
(21)	SURGICENTER CENTER OF EASTERN CAROLINA LLC	C	6,077,500	ACTUAL CASH PAYMENT
(22)	SURGICENTER CENTER OF EASTERN CAROLINA LLC	K	6,411,279	ACTUAL CASH PAYMENT
(23)	SURGICENTER CENTER OF EASTERN CAROLINA LLC	P	848,157	ACTUAL CASH PAYMENT
(24)	SURGICENTER CENTER OF EASTERN CAROLINA LLC	O	228,463	ACTUAL CASH PAYMENT
(25)	SURGICENTER SERVICES OF PITT INC	B	1,304,962	ACTUAL CASH PAYMENT
(26)	THE OUTER BANKS HOSPITAL INC	P	3,105,494	ACTUAL CASH PAYMENT
(27)	THE OUTER BANKS HOSPITAL INC	K	130,971	ACTUAL CASH PAYMENT
(28)	UHS PHYSICIANS LLC	N	2,109,844	ACTUAL CASH PAYMENT
(29)	UNIVERSITY HEALTH SYTEMS OF EASTERN CAROLINA INC	A	16,763,522	ACTUAL CASH PAYMENT
(30)	UNIVERSITY HEALTH SYTEMS OF EASTERN CAROLINA INC	A	13,867,553	ACTUAL CASH PAYMENT

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

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved ($)	(d) Method of determining amount involved
(31)	UNIVERSITY HEALTH SYTEMS OF EASTERN CAROLINA INC	O	458,502	ACTUAL CASH PAYMENT
(32)	UNIVERSITY HEALTH SYTEMS OF EASTERN CAROLINA INC	L	53,417,580	ACTUAL CASH PAYMENT
(33)	UNIVERSITY HEALTH SYTEMS OF EASTERN CAROLINA INC	B	254,966,087	ACTUAL CASH PAYMENT
(34)	UNIVERSITY HEALTH SYTEMS OF EASTERN CAROLINA INC	P	91,330	ACTUAL CASH PAYMENT

UNIVERSITY HEALTH SYSTEMS OF EASTERN CAROLINA, INC.

COMBINED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED SEPTEMBER 30, 2011 AND 2010

UNIVERSITY HEALTH SYSTEMS OF EASTERN CAROLINA, INC.
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Lars nAllen LLP

CPAs, Consultants & Advisors
www.larsonallen.com

INDEPENDENT AUDITORS' REPORT

The Board of Directors
University Health Systems of Eastern Carolina, Inc
Greenville, North Carolina

We have audited the accompanying combined balance sheets of University Health Systems of Eastern Carolina, Inc ("UHS") for the years ended September 30, 2011 and 2010 and the related combined statements of revenues, expenses and changes in net assets and cash flows for the years then ended These combined financial statements are the responsibility of UHS' management Our responsibility is to express an opinion on these combined financial statements based on our audits

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

In our opinion, the combined financial statements referred to above present fairly, in all material respects the combined financial position of University Health Systems of Eastern Carolina, Inc for the years ended September 30, 2011 and 2010, and the combined results of their operations and their cash flows for the years then ended, in conformity with U S generally accepted accounting principles

The Management Discussion and Analysis on pages 3 through 12, and the Schedule of Funding Progress on page 57, are supplementary information required by the Governmental Accounting Standards Board We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information However, we did not audit the information and express no opinion on it

Our audits were conducted for the purpose of forming an opinion on the basic combined financial statements of UHS, taken as a whole The accompanying combining schedules on pages 48 through 56 are presented for the purpose of additional analysis of the combined financial statements rather than to present the financial position, results of operations, changes in net assets and cash flows of the individual entities Accordingly, we do not express an opinion on the financial position, results of operations, changes in net assets and cash flows of the individual entities However, such information has been subjected to the auditing procedures applied in our audits of the basic combined financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic combined financial statements taken as a whole

LarsonAllen LLP

LarsonAllen LLP

Charlotte, North Carolina
December 13, 2011

UNIVERSITY HEALTH SYSTEMS OF EASTERN CAROLINA, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011 AND 2010

Annual Financial Report

The discussion and analysis of University Health Systems of Eastern Carolina, Inc 's and Affiliates ("UHS") financial performance provides an overview of the health system's financial activities for the years ended September 30, 2011 and 2010 University Health Systems of Eastern Carolina, Inc ("Parent") is a non profit, tax-exempt corporation UHS consists of the parent corporation and its blended component units Pitt County Memorial Hospital, Inc ("PCMH"), East Carolina Health, Inc , ("ECH"), UHS Physicians, LLC ("UHS-P"), PCMH Management, Inc ("PMI"), and HealthAccess, Inc The financial statements of PCMH include the activities of Pitt County Memorial Hospital, Inc , SurgiCenter Services of Pitt, Inc , and SurgiCenter of Eastern Carolina, LLC The financial statements of ECH include the activities of Bertie Memorial Hospital, Chowan Hospital, Heritage Hospital, The Outer Banks Hospital, Roanoke-Chowan Hospital, Duplin General Hospital, Beaufort Regional Health System, and Heritage MRI

UHS is a health care delivery system headquartered in Greenville, North Carolina that provides primarily hospital and other health care related services to the citizens of eastern North Carolina UHS has a total of 1,451 licensed beds and is anchored by Pitt County Memorial Hospital, an 861-bed teaching and tertiary hospital, which is affiliated with the Brody School of Medicine at East Carolina University ECH includes seven hospitals with a total of 590 beds, which are located in communities in eastern North Carolina Please read this information in conjunction with UHS' combined financial statements, which begin on page 12 The combined financial statements also include comprehensive notes that describe the health system, its history, and significant accounting policies

Financial Highlights

- In 2011 UHS' admissions, patient days, surgeries and outpatient visits increased by 11 0, 6 6, 5 0 and 9 1 percent, respectively In 2011, UHS' admissions, patient days, surgeries and outpatient visits (excluding Duplin General Hospital and Beaufort Regional Health System, which were acquired in 2011) increased or (decreased) by 3 5, 1 0, (0 4) and 0 2 percent, respectively

- UHS' income from operations for the years ended September 30, 2011 and 2010 was $90 6 million and $62 2 million, respectively UHS' operating margins for 2011 and 2010 were 4 3 percent and 2 5 percent, respectively, (the operating margin percentage includes both interest and bad debt expense as operating expenses)

- UHS' operating cash flow margins (income from operations plus depreciation, amortization and interest expense divided by total revenues with bad debt expense as operating expense) for the years ended September 30, 2011 and 2010 were 11 4 percent and 10 2 percent, respectively

- UHS' excess of revenues over expenses for the years ended September 30, 2011 and 2010 was $49 4 million and $39 0 million, respectively

- UHS' non-operating revenues for the years ended September 30, 2011 and 2010 were a deficit of $41 1 million and $23 2 million, respectively Investment income for the year ended September 30, 2011 was a negative $1 5 million, consisting of a realized gain on investments of $24 8 million, an unrealized loss on investments of $22 3 million and an unrealized loss on the interest-rate swap of

$4 0 million Investment income for the year ended September 30, 2010 was an excess of $20 1 million, consisting of a realized gain on investments of $21 9 million, an unrealized gain on investments of $8 6 million and an unrealized loss on the interest-rate swap of $10 4 million investment returns on UHS' equity securities were lower than normal in 2011 and higher than normal in 2010

- UHS' unrestricted cash and investment balances at September 30, 2011 and 2010 totaled $474 4 and $431 8 million, respectively, which was an increase of $42 6 million

- Effective October 1, 2010, UHS terminated a management agreement with Duplin General Hospital ("DGH") and entered into a lease agreement with Duplin County to lease and control DGH's assets for a 25 year period DGH consists primarily of a 101- bed hospital located in Kenansville, North Carolina During the lease period, UHS is responsible for the operations of DGH and for working capital and capital needs As part of the consideration provided under the lease, UHS agreed to defease the County's outstanding bond debt of $1,438,000 related to DGH, implement a physician practice development plan and invest a minimum of $10,000,000 in capital expenditures over the first five years of the lease At the end of the lease term, UHS is entitled to complete title and ownership of DGH for $1 Although DGH is a separate legal entity, effective October 1, 2010, it has been blended with ECH due to the fact its Board of Directors is appointed by ECH

- Effective September 1, 2011, UHS entered into a lease agreement with Beaufort County to lease and control Beaufort Regional Health System's ("BRHS") assets for a 30-year period BRHS consists primarily of a 142-bed acute care hospital and a 30-physician group of medical practices located in and around Washington, North Carolina During the lease period, UHS is responsible for the operations of BRHS and for working capital and capital needs As part of the consideration provided under the lease, UHS prepaid approximately $26,000,000 in lease payments which Beaufort County used to defease the County's outstanding bond debt and other notes payable to financial institutions of approximately $18,900,000 UHS also agreed to implement a physician practice development plan and invest a minimum of $21 million in capital expenditures over the first five years of the lease At the end of the lease term, UHS is entitled to complete title and ownership of BRHS for a purchase price of $10,000,000 Although BRHS is a separate legal entity, effective September 1, 2011, it has been blended with ECH due to the fact its Board of Directors is appointed by ECH

- Effective on June 11, 2011, PCMH purchased a 50 percent interest in NewCo Cancer Services, LLC, for $4,850,000 The other 50% interest of the LLC is owned by the Brody School of Medicine at East Carolina University ("BSOM") NewCo Cancer Services, LLC is an organization that provides comprehensive outpatient cancer services to the citizens of Eastern Carolina In addition to the initial ownership buy-in, each party contributed $500,000 each for future renovations to the existing facility NewCo Cancer Services, LLC, purchased all the existing BSOM outpatient cancer services except for the services related to the cyberknife and chemotherapy infusion services PCMH purchased 100 percent of the cyberknife and chemotherapy infusion services from the BSOM for $4,750,000 and $5,000,000, respectively

- Effective June 23, 2011, UHS issued $50,000,000 of Series 2011 tax-exempt revenue bonds At September 30, 2011 UHS had drawn approximately $42,500,000 of the bond proceeds to prepay the lease for Beaufort Regional Health System and to fund other normal capital expenditures

Overview of the Financial Statements

UHS presents three basic combined financial statements combined balance sheets, combined statements of revenues, expenses and changes in net assets, and combined statements of cash flows The statements and related notes provide information about the financial activity of UHS

The balance sheets describe the financial position on September 30, 2011 and 2010 and show the resources (assets) owned by the corporation and the obligations (liabilities) owed to others The balance sheets include information that reflects the corporation's assets relative to its obligations to bondholders, suppliers, employees, and other creditors The excess of assets over liabilities represents UHS' net assets

The statements of revenues, expenses, and changes in net assets report the financial results from operations during the fiscal year These statements show how much UHS' net assets increased or decreased during the past year as a result of operating and non-operating activities and other changes

The statements of cash flows describe the flow of cash into and out of UHS during the fiscal year The statements report cash flows received during the year from operations, management of current assets and liabilities, contributions, investing activities, and other sources The statements also report how cash was used for investment in capital projects and equipment, contributions and transfers, and other uses

Non-financial factors would also need to be considered in evaluating the overall financial health of the organization, including but not limited to, changes in UHS' market share, patient base, the quality of service provided by UHS as well as local, state, and national economic and regulatory matters and policy changes

Summary Financial Statements of UHS

Financial Position

The UHS condensed combined balance sheets at September 30 are presented below

CONDENSED COMBINED BALANCE SHEETS
(in thousands of dollars)

	2011	2010	2009
Current Assets	$ 465,343	$ 399,600	$ 359,347
Assets Limited as to Use - Other	439,767	418,150	371,444
Assets Limited as to Use - Revenue Bonds	26,857	26,968	26,959
Capital Assets, Net of Accumulated Depreciation	591,925	555,243	576,373
Other Assets	47,025	36,536	37,470
Total Assets	$ 1,570,917	$ 1,436,497	$ 1,371,593
Current Liabilities	$ 246,757	$ 216,577	$ 201,088
Long-Term Liabilities	629,850	593,847	583,972
Total Liabilities	876,607	810,424	785,062
Invested in Capital Assets, Net of Related Debt	86,437	82,754	100,822
Restricted for Lease	8,648	8,266	8,622
Unrestricted Net Assets	599,225	535,053	477,087
Total Net Assets	694,310	626,073	586,531
Total Liabilities and Net Assets	$ 1,570,917	$ 1,436,497	$ 1,371,593

At September 30, 2011, UHS' balance sheet includes total assets of $1,570 9 million and net assets of $694 3 million The other major components of the corporation's balance sheets are current assets, assets limited as to use, capital assets, other assets, current liabilities, and long-term liabilities From September 30, 2010 to 2011 and from 2009 to 2010, total assets increased by $134 4 million and $64 9 million, respectively, while net assets increased by $68 2 million and $39 5 million, respectively

Current assets consist primarily of cash used for operations, patient receivables, other receivables, settlements due from third-party payors, inventories and prepaid expenses In fiscal year 2011, current assets were $465 3 million and increased by $65 7 million Cash and cash equivalents increased by $21 2 million, patient receivables by $23 5 million, other receivables by $2 8 million, inventories by $6 0 million, prepaid expenses by $6 4 million, third-party settlements by $6 8 million, and assets limited as use-held by trustees decreased by $1 0 million The increase in cash and cash equivalents is due primarily due to the improved profitability and the cash generated from the growth in the business The growth in the overall business and the acquisition of Duplin General Hospital and Beaufort Regional Health System led to the increase in the patient receivables

In fiscal year 2010, current assets were $399 6 million and increased by $40 3 million Cash and cash equivalents increased by $30 4 million, other receivables by $10 4 million, third-party settlements by $3 9 million, inventories by $3 5 million, assets limited as use-held by trustees by $1 0 million, patient receivables decreased by $5 5 million, and prepaid expenses by $3 5 million The increase in other receivables resulted primarily from a larger sales tax refund and an FICA tax refund receivable related to PCMH's residency program Patient receivables decreased in 2010 as receivables returned to normal levels after completion of an information system conversion

Assets limited as to use - other, consist primarily of investments in equity securities and bonds that are held for long-term financial requirements and totaled $439 8 million at September 30, 2011 These funds increased by $21 6 million in 2011 and increased by $46 7 million in 2010 UHS' longer-term cash and investment position in both years increased primarily from strong cash flow provided by operating activities

Assets limited as to use – revenue bonds totaled $26 9 million and $27 0 million at September 30, 2011 and 2010, respectively These funds consist of investments that are held in trust to fulfill debt service fund requirements for UHS' Series 2008 C, D, and E bonds

Capital assets, net of accumulated depreciation, totaled $591 9 million at September 30, 2011 and increased by $36 7 million in 2011 and decreased by $21 1 million in 2010 These changes are described below in the discussion of capital assets

Other assets include goodwill, bond issue costs, and other long-term receivables and totaled $47 0 million at September 30, 2011 Other assets increased by $10 5 million in 2011 primarily due to the investment in 50 percent of NewCo Cancer Services, LLC, and decreased by $0 9 million in 2010

Current liabilities consist primarily of accounts payable, accrued expenses, settlements due to third-party payors, the current portion of reserves established for professional liability losses and current maturities of long-term debt and lease obligations At September 30, 2011, current liabilities were $246 8 and increased by $30 2 million from 2010 Accounts payable increased by $13 5 million, estimated settlements due to third-party payors by $2 3 million and accrued expenses by $15 3 million, while current reserve for professional liability losses decreased by $0 8 million and current maturities of long-term debt by $0 1 million The increase in 2011 accrued expenses resulted primarily from increased liabilities for accrued payroll and related taxes, workman's compensation and employee health benefits At September 30, 2010, current liabilities were $216 6 and increased by $15 5 million from 2009 Accounts payable increased by $3 8 million, estimated settlements due to third-party payors by $19 7 million and current reserve for professional liability losses by $1 3 million while accrued expenses decreased by $4 9 million and current maturities of long-term debt by $4 4 million The increase in 2010 estimated settlements due to third-party payors resulted primarily from additional Medicare cost report reserves and continued growth of open reimbursement positions

Long-term liabilities consist primarily of long-term debt, obligations under capital leases, due to the Roanoke-Chowan Alliance, reserve for professional liability losses, other liabilities and non-controlling interest Long-term liabilities were $629 9 million at September 30, 2011 and increased by $36 0 million Long-term debt, less current maturities, increased by $33 7 million, reserves for professional liability losses decreased by $3 4 million, other liabilities increased by $1 8 million and non-controlling interest increased by $4 5 million while Due to Roanoke-Chowan Alliance decreased by $0 5 million Long-term debt, less current maturities, increased primarily as a result of the issuance of 2011 series tax-exempt revenue bonds of $50 0 million of which $42 5 million had been drawn down at September 30, 2011 In addition to the new debt, the long-term debt, less current maturities, changed as a result of a decrease in the market value of the UHS swap of $4 0 million and payments on principal of $14 5 million

Long-term liabilities were $593 8 million at September 30, 2010 and increased by $9 9 million Long-term debt, less current maturities, increased by $2 8 million, reserves for professional liability losses by

$1 2 mıllıon, other lıabılıtıes by $3 4 mıllıon and non-controllıng ınterest by $3 0 mıllıon whıle Roanoke-Chowan Allıance decreased by $0 5 mıllıon Long-term debt, less current maturıtıes, ıncreased prımarıly as a result of a decrease ın the market value of the UHS swap of $10 4 mıllıon and payments on prıncıpal of $13 5 mıllıon

Changes in Net Assets

The UHS condensed combıned statements of revenue and expenses and changes ın net assets for years ended September 30 are presented below

CONDENSED COMBINED STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN NET ASSETS
(ın thousands of dollars)

	2011	2010	2009
Operating Revenues	$ 1,304,298	$ 1,194,942	$ 1,135,521
Operating Expenses			
Salarıes and Wages	510,553	473,413	454,776
Employee Benefits	146,666	139,418	131,932
Supplıes and Other	453,035	425,521	408,504
Deprecıatıon and Amortızatıon	75,414	72,188	66,750
Operatıng Lease Expense	28,072	22,206	18,261
Total Expenses	1,213,740	1,132,746	1,080,223
Operating Income	90,558	62,196	55,298
Nonoperating Revenues (Expenses)			
Interest Expense	(27,741)	(29,542)	(27,826)
Investment Income (Loss) and Other	(13,385)	6,335	(9,718)
Total Nonoperatıng Expenses, Net	(41,126)	(23,207)	(37,544)
Excess of Revenues Over Expenses	49,432	38,989	17,754
Contrıbutıons (to) from Members and Other, Net	18,805	553	(14,718)
Increase ın Net Assets	68,237	39,542	3,036
Net Assets - Begınnıng of Year	626,073	586,531	583,495
Net Assets - End of Year	$ 694,310	$ 626,073	$ 586,531

Operatıng ıncome for 2011, 2010, and 2009 was $90 6 mıllıon, $62 2 mıllıon, and $55 3 mıllıon, respectıvely The related operatıng margıns for 2011, 2010, and 2009 were 4 3 percent, 2 5 percent, and 2 2 percent, respectıvely The operatıng margın percentage ıncludes both ınterest and bad debt expense as operatıng expenses

Durıng 2011, operatıng revenues were $1,304 3 mıllıon and ıncreased by 9 2 percent, whıle operatıng expenses also ıncreased by 7 2 percent Operatıng revenues ıncreased from greater patıent demand (adjusted patıent days) of 10 6 percent prımarıly due to growth at PCMH and the addıtıon of Duplın General Hospıtal at the begınnıng of the fıscal year, net ımpact of rate ıncreases, new servıces, revenue cycle ımprovements, Medıcare and Medıcaıd, and managed care payment ıncreases Also ın 2011, UHS ınpatıent admıssıons, patıent days, surgerıes and emergency room vısıts ıncreased by 11 0 percent, 6 6 percent, 5 0 percent, and 15 6 percent, respectıvely Salarıes and benefıts ıncreased by 7 2 percent to $657 2 mıllıon due to ıncreases ın full-tıme equıvalent employees, wage and market adjustments, employee achıevement bonuses, FICA tax expense and employee health ınsurance expense Growth ın employee health ınsurance expense rate of growth decreased to 4 2 percent ın 2011 after years of double-dıgıt growth rates The ımprovement ın employee health ınsurance was due to ıncreased emphasıs on wellness and health plan redesıgn Supplıes and other expense ıncreased by 6 5 percent to $453 0 mıllıon due to ıncreased overall volume Deprecıatıon and amortızatıon expense ıncreased by 4 5 percent to $75 4 mıllıon due to normal capıtal expendıtures durıng the year Operatıng lease expense ıncreased by 26 4 percent to $28 1 mıllıon due to the full year ımpact of leasıng three new helıcopters

Durıng 2010, operatıng revenues were $1,194 9 mıllıon and ıncreased by 5 2 percent, whıle operatıng expenses also ıncreased by 4 9 percent Operatıng revenues ıncreased from greater patıent demand (adjusted patıent days) of 1 0 percent, estımated net ımpact of rate ıncreases of 1 1 percent, new servıces, revenue cycle ımprovements, Medıcare and Medıcaıd, and managed care payment ıncreases and ıntensıty of servıces of 3 1 percent Also ın 2010, UHS ınpatıent admıssıons, patıent days, surgerıes and emergency room vısıts ıncreased by 3 8 percent, 3 9 percent, 0 9 percent, and 1 4 percent, respectıvely Salarıes and benefıts ıncreased by 4 5 percent to $612 8 mıllıon due to ıncreases ın full-tıme equıvalent employees, wage and market adjustments, employee achıevement bonuses, FICA tax expense and employee health ınsurance expense Growth ın employee health ınsurance expense was atypıcally hıgh ın 2010 due to a sharp ıncrease ın overall utılızatıon of benefıts by employees and dependents Pensıon expense decreased sharply ın 2010 from a restructurıng of the plan desıgn and benefıts and also from ımproved ınvestment returns Supplıes and other expense ıncreased by 4 2 percent to $425 5 mıllıon due to ıncreased demand and utılızatıon of resources, patıent chargeable supply and ımplant expense, blood products, non-chargeable supplıes, raw food, physıcıan fees and servıce contracts whıch were partıally offset by a sıgnıfıcant reductıon ın temporary agency personnel costs Deprecıatıon and amortızatıon expense ıncreased by 8 2 percent to $72 2 mıllıon due to normal capıtal expendıtures and a full year of deprecıatıon expense on the new bed tower Operatıng lease expense ıncreased by 21 6 percent to $22 2 mıllıon

Total non-operatıng expenses were $41 1 mıllıon ın 2011 as compared to $23 2 mıllıon ın 2010 Non-operatıng actıvıty consısts prımarıly of ınvestment ıncome, ınterest expense, gaın (loss) on ınterest rate swap, unrestrıcted contrıbutıons, and non-controllıng ınterest due to Chesapeake General Hospıtal for theır 40 percent ownershıp ın The Outer Banks Hospıtal and the non-controllıng ınterest due to the local physıcıans for theır 45 percent ownershıp ın SurgıCenter of Eastern Carolına Investment ıncome was a loss of $1 5 mıllıon ın 2011 and decreased by $21 6 mıllıon as compared to 2010 UHS' 2011 ınvestment loss of $1 5 mıllıon consısted of an unrealızed loss on ınvestments of $22 3 mıllıon, ınterest ıncome and a realızed gaın on ınvestments of $24 8 mıllıon and an unrealızed loss on UHS' ınterest-rate swap of $4 0 mıllıon Investment ıncome was sıgnıfıcantly less ın 2011 as compared to 2010 due to the declıne ın the overall market ın the fourth quarter of the fıscal year In 2011 as compared to 2010, unrestrıcted contrıbutıons totaled $1 3 mıllıon and decreased by $4 6 mıllıon Interest expense on UHS' debt totaled $27 7 mıllıon and decreased by $1 8 mıllıon compared to 2010 Non-controllıng ınterest due others totaled $9 5 mıllıon and ıncreased by $1 4 mıllıon compared to 2010

Total non-operatıng expenses were $23 2 mıllıon ın 2010 as compared to $37 5 mıllıon ın 2009 Non-operatıng actıvıty consısts prımarıly of ınvestment ıncome, ınterest expense, gaın (loss) on ınterest rate swap, unrestrıcted contrıbutıons, and non-controllıng ınterest due to Chesapeake General Hospıtal for theır 40 percent ownershıp ın The Outer Banks Hospıtal and the non-controllıng ınterest due to the local physıcıans for theır 45 percent ownershıp ın SurgıCenter of Eastern Carolına Investment ıncome was a gaın of $20 1 mıllıon ın 2010 and ıncreased by $18 5 mıllıon as compared to 2009 UHS' 2010 ınvestment ıncome of $20 1 mıllıon consısted of an unrealızed gaın on ınvestments of $8 6 mıllıon, ınterest ıncome and a realızed gaın on ınvestments of $21 9 mıllıon and an unrealızed loss on UHS' ınterest-rate swap of $10 4 mıllıon Investment ıncome was sıgnıfıcantly better ın 2010 as compared to 2009 and was above normal levels In 2010 as compared to 2009, unrestrıcted contrıbutıons totaled $5 9 mıllıon and ıncreased by $2 8 mıllıon Interest expense on UHS' debt totaled $29 5 mıllıon and ıncreased by $1 7 mıllıon compared to 2009 Non-controllıng ınterest due others totaled $8 1 mıllıon and decreased by $0 2 mıllıon compared to 2009

Other changes ın net assets ıncreased prımarıly as a result of the net assets assumed ın the lease arrangement wıth Duplın General Hospıtal of $18 6 mıllıon

Cash Flows

The UHS condensed combıned statements of cash flows are presented below

CONDENSED COMBINED STATEMENTS OF CASH FLOWS
(ın thousands of dollars)

	2011	2010	2009
Cash Flows			
Operatıng Actıvıtıes	$ 150,762	$ 150,309	$ 88,533
Fınancıng Actıvıtıes	(97,060)	(91,741)	(75,620)
Investıng Actıvıtıes	(40,040)	(31,794)	(45,903)
Net Increase (Decrease) ın Cash and Cash Equıvalents	13,662	26,774	(32,990)
Cash and Cash Equıvalents - Begınnıng of Year	138,919	112,145	156,875
Cash and Cash Equivalents - End of Year	$ 152,580	$ 138,919	$ 123,885

UHS' cash and cash equıvalents ıncreased by $13 7 mıllıon and $26 8 mıllıon ın 2011 and 2010, respectıvely Cash flows from operatıng actıvıtıes were $150 8 mıllıon ın 2011 and $150 3 mıllıon ın 2010, and ıncreased by $0 5 mıllıon ın 2011 and ıncreased by $61 8 mıllıon ın 2010 The ıncrease ın 2011 cash flow from operatıons resulted prımarıly from hıgher receıpts from patıents due to growth ın overall patıents' volumes The ıncrease ın 2010 cash flow from operatıons resulted prımarıly from a decrease ın patıent receıvables and sıgnıfıcantly hıgher receıpts from patıents resultıng from UHS' successful conversıon to a new ınformatıon system and patıent receıvables returnıng to normal levels

Net cash outflows for capıtal and related fınancıng actıvıtıes were $97 1 mıllıon ın 2011 In 2011 cash was used to fund capıtal asset addıtıons of $76 3 mıllıon, to make prıncıpal payments on long-term debt of $14 5 mıllıon and to make ınterest payments of $26 4 mıllıon In 2010 cash was used to fund capıtal asset addıtıons of $51 4 mıllıon, to make prıncıpal payments on long-term debt of $13 5 mıllıon and to make ınterest payments of $27 6 mıllıon

Net cash flow used by investing activities was $40 0 million in 2011 and $31 8 million in 2010 UHS had a realized investment gain of $24 8 million in 2011 and a realized investment gain of $21 9 million in 2010 During 2011 and 2010, net purchases of securities and investments consumed $50 4 million of cash in 2011 and $42 8 million of cash in 2010 During 2011, UHS distributed $5 0 million of earnings to non-controlling members in joint ventures and $5 1 million of earnings in 2010

Capital Assets and Long-Term Liability Administration

Capital Assets

At September 30, 2011 and 2010, UHS had $591 9 million and $555 2 million invested in capital assets, respectively A summary of these assets is presented in the notes to the financial statements During fiscal year 2011 UHS' investment in capital assets of $112 1 million exceeded its net depreciation expense of $75 2 million resulting in an increase in net capital assets of $36 7 million as UHS focused on building its cash position by $42 6 million During 2011, UHS invested in the acquisition of 2 new hospitals, Duplin General Hospital resulting in $10 5 million of capital assets acquired, and Beaufort Regional Health System resulting in $26 5 million of capital assets acquired In addition UHS purchased land and buildings in Doctor's Park and a new corporate facility totaling $6 6 million, a Cyberknife utilized in cancer treatment procedures for $4 2 million, and began construction on the new Children's Hospital resulting in $3 8 million added to construction in process at September 30, 2011

During fiscal year 2010 UHS' depreciation expense of $72 2 million exceeded its net investment in capital assets of $51 0 million resulting in a decrease in net capital assets of $21 2 million as UHS focused on building its cash position by $65 0 million During 2010 UHS invested in normal equipment and infrastructure at PCMH and the ECH hospitals and also spent $4 1 million on expanding the SurgiCenter, $2 5 million on information system installations and $2 7 million on design development of the Children's Hospital and related road work

In fiscal year 2012, UHS expects to invest approximately $135 0 million in capital assets Major capital expenditures are Normal capital equipment ($49 7 million), information systems installations ($24 7 million), Children's Hospital Expansion ($18 4 million), and pediatric emergency room expansion ($5 9 million)

Long-Term Liabilities

At September 30, 2011 and 2010, UHS had outstanding long-term liabilities of $629 9 million and $593 8 million, respectively Long-term liabilities consist primarily of UHS' long-term debt, lease obligations, reserves for professional liability losses and non-controlling interest At September 30, 2011 UHS' long-term debt less current maturities of $28 3 million totaled $533 8 million During 2011, UHS made principal payments on long-term debt of $14 5 million The market value of UHS' LIBOR-based interest-rate swap is also included as a component of long-term debt During 2011, the market value of the Swap declined and increased long-term debt by $4 0 million Non-controlling interest primarily due to Chesapeake General Hospital for their 40 percent ownership in The Outer Banks Hospital and also to local physicians for their 45 percent ownership in the SurgiCenter increased by $4 5 million during 2011 During 2011 UHS also issued $50 0 million of Series 2011 tax-exempt revenue bonds At September 30, 2011, UHS had drawn approximately $42 5 million of the bond proceeds to prepay the lease for Beaufort Regional Health System and to fund other normal capital expenditures The bonds were issued as a direct bank purchase and bear interest at a variable rate of one-month LIBOR

At September 30, 2010 UHS' long-term debt less current maturities of $28 4 million totaled $500 1 million During 2010 UHS made principal payments, excluding the refunding, on long-term debt of $13 5 million The market value of UHS' LIBOR-based interest-rate swap is also included as debt During 2010, the market value of the Swap declined sharply and increased debt by $10 4 million

Contacting Financial Management

If you have questions about this report or need additional information, please contact UHS' Chief Financial Officer at University Health Systems of Eastern Carolina, Inc , 2100 Stantonsburg Road, P O Box 6028, Greenville, North Carolina 27835-6028

UNIVERSITY HEALTH SYSTEMS OF EASTERN CAROLINA, INC.
COMBINED BALANCE SHEETS
SEPTEMBER 30, 2011 AND 2010
(IN THOUSANDS OF DOLLARS)

ASSETS	2011	2010
CURRENT ASSETS		
Cash and Cash Equivalents	$ 101,492	$ 80,251
Accounts Receivable		
Patients, Net of Estimated Uncollectibles	232,659	209,140
Other Receivables	31,979	29,122
Estimated Settlements Due from Third-Party Payors	44,920	38,162
Due from Roanoke-Chowan Alliance	500	463
Inventories	35,158	29,197
Prepaid Expenses	15,898	9,491
Assets Limited as to Use - Current	2,737	3,774
Total Current Assets	465,343	399,600
ASSETS LIMITED AS TO USE		
By Board for Capital Improvements	372,861	351,534
By Board for Professional Liability Losses	27,356	30,942
Held by Trustees - Revenue Bonds	26,857	26,968
Held by Trustees - Other	39,550	35,674
Total Assets Limited as to Use	466,624	445,118
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	591,925	555,243
OTHER ASSETS		
Goodwill	25,822	22,897
Other Intangible Assets, Net	2,471	-
Bond Issuance Costs, Net	3,905	4,053
Due from Roanoke-Chowan Alliance, Less Current Maturities	6,080	6,605
Other Assets	8,747	2,981
Total Other Assets	47,025	36,536
Total Assets	$ 1,570,917	$ 1,436,497

See accompanying Notes to Combined Financial Statements

LIABILITIES AND NET ASSETS	2011	2010
CURRENT LIABILITIES		
Accounts Payable	$ 75,698	$ 62,246
Accrued Expenses	97,896	82,618
Estimated Settlements Due to Third-Party Payors	41,617	39,303
Current Reserve for Professional Liability Losses	2,737	3,539
Current Maturities of Long-Term Debt	28,279	28,381
Current Maturities Due to Roanoke-Chowan Alliance	530	490
Total Current Liabilities	246,757	216,577
LONG-TERM LIABILITIES		
Long-Term Debt, Less Current Maturities	533,793	500,135
Due to Roanoke-Chowan Alliance, Less Current Maturities	5,580	6,111
Reserve for Professional Liability Losses	27,468	30,901
Other Liabilities	25,389	23,592
Non-Controlling Interest	37,620	33,108
Total Long-Term Liabilities	629,850	593,847
Total Liabilities	876,607	810,424
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	86,437	82,754
Restricted for Lease	8,648	8,266
Unrestricted Net Assets	599,225	535,053
Total Net Assets	694,310	626,073
Total Liabilities and Net Assets	$ 1,570,917	$ 1,436,497

UNIVERSITY HEALTH SYSTEMS OF EASTERN CAROLINA, INC.
COMBINED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
YEARS ENDED SEPTEMBER 30, 2011 AND 2010
(IN THOUSANDS OF DOLLARS)

	2011	2010
OPERATING REVENUES		
Net Patient Service Revenue, Net of Provision for Bad Debts	$ 1,251,990	$ 1,145,744
Other Revenue	52,308	49,198
Total Revenues	1,304,298	1,194,942
OPERATING EXPENSES		
Salaries and Wages	510,553	473,413
Employee Benefits	146,666	139,418
Supplies and Other	453,035	425,521
Depreciation and Amortization	75,414	72,188
Operating Lease Expense	28,072	22,206
Total Expenses	1,213,740	1,132,746
INCOME FROM OPERATIONS	90,558	62,196
NONOPERATING REVENUES (EXPENSES)		
Interest Expense	(27,741)	(29,542)
Investment Income	2,441	30,516
Income Applicable to Non-Controlling Interest	(9,484)	(8,053)
Other	(6,342)	(16,128)
Total Nonoperating Expenses, Net	(41,126)	(23,207)
EXCESS OF REVENUES OVER EXPENSES	49,432	38,989
Contributions from Members and Other, Net	18,805	553
INCREASE IN NET ASSETS	68,237	39,542
Net Assets - Beginning of Year	626,073	586,531
NET ASSETS - END OF YEAR	$ 694,310	$ 626,073

See accompanying Notes to Combined Financial Statements

UNIVERSITY HEALTH SYSTEMS OF EASTERN CAROLINA, INC.
COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2011 AND 2010
(IN THOUSANDS OF DOLLARS)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Payments on Behalf of Patients	$ 1,233,017	$ 1,167,024
Receipts from Other Operations	54,701	39,149
Payments to Employees for Wages and Benefits	(649,091)	(614,008)
Payments to Vendors and Suppliers	(487,865)	(441,856)
Net Cash Provided by Operating Activities	150,762	150,309
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Asset Additions	(76,320)	(51,369)
Proceeds from Disposals of Capital Assets	858	163
Proceeds from Issuance of Long-Term Debt	42,540	-
Principal Payments on Long-Term Debt	(14,484)	(13,534)
Intangible Asset Additions	(2,652)	-
Principal Payments on Obligations Under Capital Leases	-	(2)
Principal Payments on Lease Obligation Payable	(491)	(451)
Due from Roanoke-Chowan Alliance	488	451
Payments on Bond Issuance Costs	(267)	-
Contributions for Capital Assets of Beaufort and Other	(25,491)	553
Interest Paid Related to Capital Financing Activities	(26,416)	(27,552)
Cash from Acquisitions of DGH and BRHS	5,175	-
Net Cash Used in Capital and Related Financing Activities	(97,060)	(91,741)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investment Securities	(701,508)	(595,561)
Proceeds from Sales and Maturities of Investments	651,137	552,784
Investment Income	24,763	21,900
Other Nonoperating Expense, Net	(1,138)	(5,895)
Goodwill	(2,925)	13
Distributions to Non-Controlling Members in Joint Ventures, Net	(4,972)	(5,084)
Change in Other Assets	(5,397)	49
Net Cash Used in Investing Activities	(40,040)	(31,794)
NET INCREASE IN CASH AND CASH EQUIVALENTS	13,662	26,774
Cash and Cash Equivalents - Beginning of Year	138,919	112,145
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 152,580	$ 138,919

See accompanying Notes to Combined Financial Statements

UNIVERSITY HEALTH SYSTEMS OF EASTERN CAROLINA, INC.
COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED SEPTEMBER 30, 2011 AND 2010
(IN THOUSANDS OF DOLLARS)

	2011	2010
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Income from Operations	$ 90,558	$ 62,196
Adjustments to Reconcile Income from Operations to Net Cash Provided by Operating Activities		
Depreciation and Amortization	75,414	72,188
Provision for Bad Debts	145,824	116,031
Loss on Disposal of Capital Assets	596	311
Changes in Operating Assets and Liabilities		
Accounts Receivable	(158,135)	(120,858)
Inventories	(2,602)	(3,459)
Prepaid Expenses	(1,963)	3,463
Estimated Third-Party Payor Settlements	(6,662)	15,747
Accounts Payable	2,042	3,802
Accrued Expenses	8,128	(9,664)
Other Liabilities	1,797	8,067
Reserve for Professional Liability Losses	(4,235)	2,485
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 150,762	$ 150,309
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINED BALANCE SHEETS		
Cash and Cash Equivalents in Current Assets	$ 101,492	$ 80,251
Cash and Cash Equivalents in Assets Limited as to Use	51,088	58,668
	$ 152,580	$ 138,919
Assets, liabilities and Hospital assets, acquired from Duplin General Hospital and Beaufort Regional Health System, Net of Cash		
Accounts Receivable	$ 14,065	
Inventories	3,359	
Prepaid Expenses	4,444	
Capital Assets	37,049	
Other Assets	1,479	
Accounts Payable	(11,410)	
Accrued Expenses	(7,770)	
Estimated Third-Party Settlements	(2,218)	
Long-Term Debt	(25,491)	
Net Assets	(18,682)	
Cash Acquired at Acquisition	$ (5,175)	

Accounts payable related to capital asset additions totaled $6,724,000 and $5,498,000 at September 30, 2011 and 2010, respectively

Interest expense includes amortization of bond issuance costs of $415,000 and $343,000, amortization of deferred loss on refunding of $1,029,000 and $1,030,000, and amortization of bonds discount of $501,000 and $499,000 at September 30, 2011 and 2010, respectively

See accompanying Notes to Combined Financial Statements

NOTE 1 ORGANIZATION

University Health Systems of Eastern Carolina, Inc ("Parent") was incorporated on November 24, 1998 and is a non-profit, tax-exempt corporation The parent, along with its five blended component units, ("UHS") is a health care delivery system providing hospital and other health care related services to the citizens of eastern North Carolina A majority of UHS' Board of Directors is appointed by the County of Pitt, however, UHS' facilities are not owned by the County of Pitt UHS is not considered to be a component unit of any other governmental organization

Pitt County Memorial Hospital, Inc ("PCMH" or the "Hospital") is required to pay the County annual payments in lieu of taxes and to partially reimburse the County for its contribution to the North Carolina Medicaid Program The payments in lieu of taxes were approximately $1,683,000 and $1,649,000 for 2011 and 2010, respectively The Medicaid payment was approximately $582,000 and $577,000 for 2011 and 2010, respectively The annual payments are recognized as components of nonoperating expenses in the combined statements of revenues, expenses, and changes in net assets

Reporting Entity

As required by accounting principles generally accepted in the United States of America, the combined financial statements of UHS present the financial position and results of operations of the parent entity and its component units PCMH, East Carolina Health, Inc , UHS Physicians, LLC, HealthAccess, Inc , and PCMH Management, Inc ("PMI") Effective October 1, 2011, control of PMI's Board of Directors was transferred from PCMH to UHS The component units are included and blended in UHS' reporting entity because substantially all of the Board members of the component units are appointed by UHS' Board of Directors and because of their operational or financial relationships with UHS All significant intercompany balances and transactions have been eliminated in combination

Pitt County Memorial Hospital, Inc.

PCMH is a tax-exempt 501(c)(3) corporation formed for the purpose of providing health care services to the citizens of eastern North Carolina PCMH is an academic teaching hospital, a regional referral center, and a community general hospital The Hospital combines the financial statements of the Hospital and its component units SurgiCenter Services of Pitt, Inc ("SSOP"), and SurgiCenter of Eastern Carolina, LLC ("SCEC")

Effective September 12, 2008, SSOP business was sold to SCEC for $34 1 million A private offering was completed by SCEC to provide $33 0 million for the funding for this purchase PCMH purchased 55 percent ($18 15 million) of the stock and local physicians purchased the remaining 45 percent ($14 85 million) In addition, a working capital settlement was executed for $1 7 million from PCMH ($0 9 million) and from the local physicians ($0 8 million) The actual land and building is owned by SSOP and is leased back to SCEC The transaction created a deferred gain of $29 1 million for SSOP and an equal amount of goodwill for SCEC The deferred gain is recorded in other long-term liabilities and the goodwill for SCEC is recorded in other assets Both amounts eliminate upon combination SCEC's financial statements are combined into UHS with the 45% interest purchased by physicians shown as a non-controlling interest

NOTE 1 ORGANIZATION (CONTINUED)

Pitt County Memorial Hospital, Inc. (Continued)

Although it is a separate legal entity, PCMH has been blended with UHS due to the fact that its twenty-member Board of Directors is appointed by UHS' Board of Directors

The Hospital is affiliated with the Brody School of Medicine at East Carolina University ("Brody School of Medicine"), which is physically adjacent to the Hospital PCMH and the Brody School of Medicine constitute the University Health Systems of Eastern Carolina (the "Health Systems"), which is an affiliation between the Hospital, the Brody School of Medicine and area private practice physicians to promote the medical complex in Pitt County The Hospital and the Brody School of Medicine are committed to providing access to quality medical service to all citizens of Pitt County and eastern North Carolina

East Carolina Health, Inc.

East Carolina Health, Inc ("ECH") is a tax-exempt 501(c)(3) corporation formed in 1996 to enhance the quality and management of non-profit hospitals and health care system services by the operation of community health systems for the benefit of the residents of eastern North Carolina

- ECH is party to a 23-year lease agreement, which entitles ECH to operate the assets of Roanoke-Chowan Hospital and Roanoke-Chowan Medical Practices At the end of the lease term ECH has the option and intends to purchase the leased assets for $100,000

- ECH operates The Outer Banks Hospital ("TOBH"), which is a joint venture between UHS (60 percent) and Chesapeake General Hospital (40 percent) Chesapeake General Hospital's 40 percent interest is reported as a non-controlling interest In addition, ECH leases Chowan Hospital from Chowan County At the end of the lease term, ownership of the facilities will pass to ECH subject to Chowan County's option to buy back the hospital and related facilities for an amount equal to the then fair market value

- Effective October 1, 2010, UHS terminated a management agreement with Duplin General Hospital ("DGH") and entered into a lease agreement with Duplin County to lease and control DGH's assets for a 25 year period At the end of the lease term, UHS is entitled to complete title and ownership of DGH for $1 Although DGH is a separate legal entity, effective October 1, 2010, it has been blended with ECH due to the fact its Board of Directors is appointed by ECH

- Effective September 1, 2011, UHS entered into a lease agreement with Beaufort County to lease and control Beaufort Regional Health System's ("BRHS") assets for a 30 year period At the end of the lease term, UHS is entitled to complete title and ownership of BRHS for a purchase price of $10,000,000 Although BRHS is a separate legal entity, effective September 1, 201, it has been blended with ECH due to the fact its Board of Directors is appointed by ECH

- ECH also operates Bertie Memorial Hospital and Cashie Medical Center, Heritage Hospital, and Heritage MRI

NOTE 1 ORGANIZATION (CONTINUED)

East Carolina Health, Inc. (Continued)

Although it is a separate legal entity, ECH has been blended with UHS due to the fact that its seven-member Board of Directors is appointed by UHS' Board of Directors

HealthAccess, Inc.

HealthAccess, Inc ("HealthAccess") is a non-profit, 501(c)(3) tax-exempt corporation formed in 1993 to establish an outreach program for UHS by offering support services to other health care providers in eastern North Carolina HealthAccess has developed and currently offers home health and hospice services and promotes the general health of the community and of the employees of PCMH through the operation of a full-service wellness center Although it is a separate legal entity, HealthAccess is blended with UHS due to the fact that its seven-member Board of Directors is appointed by UHS' Board of Directors

UHS Physicians, LLC

Effective January 1, 2010, PPS transferred all assets and liabilities to UHS Physicians, LLC ("UHS-P") At that time, ownership changed from PCMH to UHS and other physician practices from various UHS entities were brought under UHS-P's management This new entity provides the capability to lead and manage all aspects of physician organizations UHS-P provides a variety of physician services through both stand-alone and hospital-based practice settings The establishment of UHS-P has provided strategic alignment and improved the coordination of care throughout the UHS system and associated service areas Although a separate legal entity, UHS-P has been blended with UHS because UHS holds 100% of the membership interest in UHS-P

PCMH Management, Inc.

PMI currently owns and operates several office buildings in UHS' service area The Hospital leases the office buildings for health center office space Although a separate legal entity, PMI has been blended with UHS because UHS holds 100% of the ownership interest in PMI

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

UHS utilizes enterprise fund accounting whereby revenues and expenses are recognized on the accrual basis using the economic resources measurement focus Substantially all revenues and expenses are subject to accrual Pursuant to Governmental Accounting Standards Board ("GASB") Statement No 20, *Accounting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, as amended, UHS 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

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates in the Preparation of Financial Statements

The preparation of the combined financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of September 30, 2011 and 2010 and the reported amount of revenues and expenses during the years ended September 30, 2011 and 2010 Actual results could differ from those estimates

Income Taxes

The Parent, PCMH, ECH, HealthAccess, SSOP, and UHS-P are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code PMI, the other component unit of UHS, is a title holding company organized under Section 501(c)(2) of the Internal Revenue Code and as such is a tax-exempt organization SCEC, LLC and Heritage MRI are both taxable as a partnership, which is a pass-through entity under IRS regulations As a result, although they are both for profit entities, PCMH's share of SCEC's excess of revenue over expenses, and Heritage Hospital's share of Heritage MRI's excess of revenue over expenses, will be tax-exempt to UHS

Charity Care

UHS provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates Because UHS does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue

Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors and estimated provision for bad debts 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

Investments and Investment Income

Investments in debt and fixed income equity securities are recorded at fair value All investment income, including changes in the fair value of instruments, is recognized as nonoperating revenue in the statements of revenues, expenses, and changes in net assets

Operating Revenues and Expenses

The 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 – UHS' principal activity Nonexchange revenues and expenses, including grants, payments to County and contributions received for purposes other than capital asset acquisition, are reported as nonoperating revenues and expenses Operating expenses are all expenses incurred to provide health care services, other than financing costs

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with a maturity of 90 days or less when purchased

Inventories

Inventories, which consist principally of medical, pharmaceutical and dietary supplies, are stated at the lower of cost (first-in, first-out method) or market

Assets Limited as to Use

Assets limited as to use include (1) assets set aside by the Board of Directors for capital improvements and to fund professional liability losses, over which the Board retains control and may at its discretion subsequently use for other purposes, and (2) assets held by a trustee for capital improvements or debt service and the Supplemental Executive Retirement Plan Assets limited as to use consist of cash, cash equivalents, and investments All investment income on such assets, including changes in the fair value of instruments, are recognized as nonoperating gains or losses in the statements of revenues, expenses, and changes in net assets

Capital Assets

Capital assets are stated at cost or at fair value at date of donation and depreciated by the straight-line method over their estimated useful lives as follows

Capital Asset Classification	Estimated Useful Lives
Land Improvements	5-40 years
Buildings and Building Improvements	5-50 years
Equipment	3-20 years

Expenditures for repairs and maintenance are charged to expense as incurred The costs of major renewals and betterments are capitalized and depreciated over their estimated useful lives Upon disposition, the asset and related accumulated depreciation accounts are relieved and any related gain or loss is credited or charged to nonoperating revenues or expenses

Goodwill

The corporation tests goodwill for impairment on an annual basis, relying on a number of factors including operating results, business plans and future cash flows Recoverability of goodwill is evaluated using a two-step process The first step involves a comparison of the fair value of a reporting unit with its carrying value If the carrying amount of the reporting unit exceeds its fair value, the second step of the process involves a comparison of the fair value and carrying value of the goodwill of that reporting unit If the carrying value of the goodwill of a reporting unit exceeds the fair value of that goodwill, an impairment loss is recognized in an amount equal to the excess

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Costs of Borrowing

Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets Bond issuance costs are amortized over the period the obligation is outstanding using a method that approximates the effective interest method Capitalized interest, classified under capital assets, was $9,598,000 million at September 30, 2011 and 2010 Bond issuance costs, net of accumulated amortization of approximately $2,992,000 and $2,577,000, respectively, were $3,905,000 and $4,053,000 at September 30, 2011 and 2010, respectively

Concentration of Credit Risk

UHS provides services primarily to the residents of eastern North Carolina without collateral or other proof of ability to pay Concentrations of credit risk with respect to patient accounts receivable are limited due to the large number of patients served and the formalized agreements with third-party payors UHS has significant accounts receivable (approximately 47 percent and 48 percent in 2011 and 2010, respectively) whose collectibility or realizability is dependent upon the performance of certain governmental programs, primarily Medicare and Medicaid Management does not believe there are significant credit risks associated with these governmental programs

Compensated Absences

UHS' employees earn vacation days at varying rates depending upon years of service The maximum accrual vacation carryover from one fiscal year to the next will be one year of annual vacation credit for employees with less than 10 years of continuous service and two years accrual for employees with more than 10 years of continuous service

Estimated Professional Liability Losses

The provision for estimated self-insured medical professional liability losses includes estimates of the ultimate costs for both reported claims and claims incurred but not reported

Fair Values of Financial Instruments

The following methods and assumptions were used by management in estimating fair values for financial instruments

Current Assets and Current Liabilities - The carrying amounts reported in the combined balance sheets for current assets and current liabilities qualifying as financial instruments approximate their fair values

Assets Limited as to Use - The fair values of UHS' assets limited as to use have been based upon market quotations

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Values of Financial Instruments (Continued)

Long-Term Debt - The fair values of UHS' long-term debt have been primarily based upon market quotations for similar debt The estimated fair value of long-term debt was approximately $585,421,000 and $547,502,000 at September 30, 2011 and 2010, respectively

Swap Agreements - UHS considers its' interest rate swap agreement an ineffective hedge Accordingly, their value is reconciled on the balance sheet at their respective fair values and all changes in fair value in the combined statement of operations as part of other nonoperating revenues (expenses) Interest rate SWAP fair values are determined using pricing models that use observable market inputs such as interest rates and yield curves

UHS' remaining financial instruments at September 30, 2011 are not significant

Net Assets

Net assets of UHS are classified in three components Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, goodwill, bond issuance costs and assets whose use is limited from the issuance of bonds, and reduced by the balances of any outstanding borrowings used to finance the purchase or construction of those assets Restricted for lease includes contributions from the Roanoke-Chowan Alliance, Inc to ECH to be used for capital improvements for the benefit of the health services provided in Roanoke-Chowan Hospital's (RCH) service area or for noncapital projects that expand the health care services to the residents of RCH's service area Unrestricted net assets are remaining net assets that do not meet the definition of invested in capital assets, net of related debt or restricted for lease

Grants and Contributions

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

Reclassifications

Certain amounts in the 2010 combined financial statements have been reclassified to conform to the 2011 presentation for comparative purposes with no effect on previously reported excess of revenues over expenses or changes in net assets

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements

In June 2007, the GASB issued Statement No 51, *Accounting and Financial Reporting for Intangible Assets* The objective of this statement is to establish accounting and financial reporting requirements for intangible assets to reduce inconsistencies in financial reporting, thereby enhancing the comparability of the accounting and financial reporting of such assets among entities This statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets This statement also establishes guidance specific to intangible assets related to amortization This statement was effective for UHS' fiscal year ending September 30, 2010, however, it did not have a significant impact on its combined financial statements

In June 2008, the GASB issued Statement No 53, *Accounting and Financial Reporting for Derivative Instruments* This statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments A key provision in this statement is that derivative instruments covered in its scope, with certain exceptions, are reported at fair value The changes in fair value of derivative instruments that are used for investment purposes or that are reported as investment derivative instruments because of ineffectiveness are reported within the investment revenue classification Alternatively, the changes in fair value of derivative instruments that are classified as hedging derivative instruments are reported in the balance sheet as deferrals This statement was effective for UHS' fiscal year ending September 30, 2010, however, it did not have a significant impact on its combined financial statements

In April 2009, the GASB issued Statement No 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards* This statement addresses three issues not included in the authoritative literature that establishes accounting principles – related party transactions, going concern considerations, and subsequent events This statement does not establish new accounting standards but rather incorporates the existing guidance (to the extent appropriate in a governmental environment) into the GASB standards This statement was effective UHS' fiscal year ending September 30, 2010, however, it did not have a significant impact on its combined financial statements

In November 2010, the GASB issued Statement No 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34.* The objective of this statement is to improve financial reporting for a governmental financial reporting entity Statement No 14 and No 34 were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements This Statement modifies certain requirements for inclusion of component units in the financial reporting entity This Statement also clarifies the reporting of equity interests in legally separate organizations This statement will be effective for UHS' fiscal year ending September 30, 2013, and is not expected to have a significant impact on the combined financial statements

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (Continued)

In December 2010, the GASB issued Statement No 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' committee on Accounting Procedure issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements The requirements in this statement will improve financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source This statement will be effective for UHS' fiscal year ending September 30, 2013, and is not expected to have a significant impact on the combined financial statements

In June 2011, the GASB issued Statement No 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* This statement addresses the reporting financial statement elements, which are distinct from assets and liabilities The statement provides guidance for deferred outflows of resources and deferred inflows of resources This statement will be effective for UHS' fiscal year ending September 30, 2013, and is not expected to have a significant impact on the combined financial statements

In June 2011, the GASB issued Statement No 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53.* This statement clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider The statement establishes when the effective hedging relationship continues and hedge accounting should continue to be applied This statement will be effective for UHS' fiscal year ending September 30, 2012, and is not expected to have a significant impact on the combined financial statements

NOTE 3 CHARITY CARE

UHS maintains records to identify and monitor the level of charity care it provides These records include the amount of charges forgone for services and supplies furnished under its charity care policy and the estimated cost of these services and supplies During 2009 UHS began a Presumptive Charity Program which recognizes that there is a segment of the population that should fall within the guidelines of its charity programs, yet do not qualify due to failure to apply or failure to provide income documentation UHS's Presumptive Charity Program seeks to identify and provide financial relief for those patients who would have qualified had their economic situation been known and documented UHS also contracts with an independent third party which provides assistance in determining which patients qualify for presumptive charity Gross charges for charity care provided by UHS totalled approximately $120,019,000 and $124,474,000 for the years ended September 30, 2011 and 2010, respectively The cost of providing charity care, utilizing cost-to-charge

NOTE 3 CHARITY CARE (COINTUED)

ratios from the Medicare cost reports, has been estimated to be approximately $43,288,000 and $51,001,000 for the years ended September 30, 2011 and 2010, respectively

NOTE 4 NET PATIENT SERVICE REVENUE

UHS has agreements with third-party payors that provide for payments at amounts different from its established rates A summary of these arrangements follows

Medicare

PCMH's and ECH's inpatient acute care, rehab, psych 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 and covers payment for both operating and capital costs Direct medical education costs related to Medicare beneficiaries are paid on the basis of reasonable costs PCMH and ECH are reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by PCMH and ECH's and audits thereof by the Medicare fiscal intermediary Bertie Memorial Hospital, Chowan Hospital and The Outer Banks Hospital (the "Critical Access Hospitals") have received critical access status, which provides for cost-based reimbursement from the Medicare program PCMH and ECH's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization PCMH's and ECH's Medicare cost reports have been audited by the Medicare fiscal intermediary through 2006

Medicaid

PCMH's Medicaid reimbursement is based on full cost for inpatient and outpatient services PCMH is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by PCMH and audits thereof by the Medicaid fiscal intermediary PCMH's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through 2002 ECH's Medicaid cost reports have been audited through 2006

ECH's Medicaid reimbursement is based on a payment per discharge system with case-mix adjustments based on DRGs (Diagnosis Related Groups) similar to those used in the Medicare program Outpatient Services are paid at 80 percent of cost based on the filing of Medicaid Cost Reports The Critical Access Hospitals receive cost-based Medicaid reimbursement

UHS receives Medicaid Reimbursement Initiative funds from Medicaid under the North Carolina Medicaid Reimbursement Initiative Program (the "Program") UHS recognized $19,293,000 and $16,265,000 of Medicaid Reimbursement Initiative funds as net patient service revenue during the years ended September 30, 2011 and 2010, respectively At September 30, 2011 and 2010, UHS reserved Medicaid Reimbursement Initiative payments of $1,469,000 and $7,916,000, respectively, which are included in estimated settlements due to third-party payors in the accompanying combined balance sheets Management continues to evaluate the approval and settlement process relating to the Program and records reserves in accordance with such evaluation

NOTE 4 NET PATIENT SERVICE REVENUE (CONTINUED)

In addition, proposed regulations by the Centers for Medicare and Medicaid Services published in the Federal Register could have resulted in the elimination of the Program effective September 1, 2007, however, Congress approved in 2007 and 2009, moratoriums that postponed any regulations which could have resulted in the elimination of the Program, the latest of which had an expiration date of April 1, 2009 The American Recovery and Reinvestment Tax Act of 2009, passed by Congress in February 2009, states that it is the sense of Congress that the Secretary of Health and Human Services should not promulgate as final, regulations published in the Federal Register as described above Management is uncertain how this directive will affect the future of the Program

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

Revenue from the Medicare and Medicaid programs accounted for approximately 37 percent and 18 percent, respectively, of UHS' net patient revenue for the years ended September 30, 2011 and 2010 Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term The 2011 net patient service revenue increased approximately $422,000 due to changes in estimates related to settlements of prior-year cost reports The 2010 net patient service revenue decreased approximately $5,843,000 due to changes in estimates related to settlements of prior-year cost reports

The health care industry is subject to numerous laws and regulations of Federal, state and local governments These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care participation requirements, reimbursement for patient services and Medicare and Medicaid fraud and abuse Recently, government activity has increased with respect to investigations and/or allegations concerning possible violations of fraud and abuse statutes and/or regulations by health care providers Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed Management believes that UHS is in compliance with fraud and abuse as well as other applicable government laws and regulations Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time Management is monitoring compliance through its Corporate Compliance Program

NOTE 4 NET PATIENT SERVICE REVENUE (CONTINUED)

Net patient service revenue for the years ended September 30 is comprised of (in thousands of dollars)

	2011	2010
Charges at Established Rates	$ 3,291,761	$ 2,935,642
Deductions		
Medicare Adjustments	983,179	862,221
Medicaid Adjustments	426,692	348,567
Other Contractual Adjustments	364,057	338,605
Provision for Bad Debts	145,824	116,031
Charity Care	120,019	124,474
Net Patient Service Revenue	$ 1,251,990	$ 1,145,744

NOTE 5 DEPOSITS AND INVESTMENTS

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, UHS' deposits may not be returned UHS does not have a deposit policy for custodial credit risk As of September 30, 2011, $74,598,000 of UHS' bank balance of $81,118,000 was exposed to custodial credit risk as it exceeded the FDIC insurance limit As of September 30, 2010, $67,090,000 of UHS' bank balance of $74,250,000 was exposed to custodial credit risk as it exceeded the FDIC insurance limit

Investments and Assets Limited as to Use

Following is a summary of the fair value of UHS' investments including those classified as assets limited as to use at September 30, 2011 and 2010 These investments are uninsured and unregistered for which securities are held by the broker or dealer, or by its trust department or agent but not in UHS' name (in thousands of dollars)

	2011	2010
Investments Classified as Assets Limited as to Use		
U S Treasury Securities	$ 4,338	$ 33,867
U S Government Backed Securities	36,983	36,586
Corporate Debt and Commercial Paper	85,820	77,502
Fixed Income Mutual Funds	158,077	109,493
Equities and Equity Mutual Funds	131,835	131,602
	417,053	389,050
Cash and Cash Equivalents	51,088	58,668
Accrued Interest Receivable	1,220	1,174
	469,361	448,892
Less Amounts Classified as Current	2,737	3,774
	$ 466,624	$ 445,118

NOTE 5 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments include bond proceeds of $26,857,000 and $26,968,000 at September 30, 2011 and 2010, respectively, which are restricted for a debt service reserve fund and 2006 bond issue related construction projects, interest and issue costs

A summary of investment income for the years ended September 30, 2011 and 2010 follows (in thousands of dollars)

	2011	2010
Dividends and Interest Income	$ 10,809	$ 8,615
Net Realized Gains	13,954	13,285
Net Unrealized Gains (Losses)	(22,322)	8,616
	$ 2,441	$ 30,516

Investments and Assets Limited as to Use (Continued)

As of September 30, 2011, maturities of investments classified as limited as to use are as follows (in thousands of dollars)

	Investment Maturities (in Years)				
Investment Type	Market Value	Less than 1	1– 5	6–10	More than 10
Cash and Cash Equivalents and Accrued Interest Receivable	$ 52,308	$ 52,308	$ -	$ -	$ -
Corporate Debt and Commercial Paper	85,820	5,633	48,576	17,287	14,324
U S Government Backed Securities	36,983	2,294	16,129	12,084	6,476
U S Treasury Securities	4,338	2,559	1,779	-	-
Equities	68,782	68,782	-	-	-
Equity Mutual Funds	63,053	63,053	-	-	-
Fixed Income Mutual Funds	158,077	158,077	-	-	-
	$ 469,361	$ 352,706	$ 66,484	$ 29,371	$ 20,800

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, UHS' investment policy requires that no less than 35% of the portfolio be invested in fixed income assets

UHS holds investments in a variety of investment funds In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect UHS' investments and the amounts reported in the combined statements of revenues, expenses and changes in net assets

NOTE 5 DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk

To limit the amount of credit risk, UHS requires that its investments be held in a diversified portfolio that has the following maximum allocation guidelines Long-Term Investment Fund - Fixed Income 55%, Equity 55%, Total Cash Reserve and Investment Fund – Fixed Income 65%, Equity 45%

Further policy requirements that help minimize credit risk are that no one company can comprise more than 7% of the total money invested by any individual fund manager for equity investments, and no more than 5% of the total fixed income assets shall be committed to the securities of any one issuer Also, investments in high yield securities rated B or higher by Moody's or S&P, or if unrated, of comparable quality are limited to 10% of the total allocation, and the total allocation for securities denominated in foreign currencies is limited to 30%

NOTE 6 ACCOUNTS RECEIVABLE AND PAYABLE AND ACCRUED EXPENSES

UHS provides services to the residents of eastern North Carolina without collateral An allowance for uncollectible accounts is provided in an amount equal to the estimated losses to be incurred in collection of the receivables The allowance is based on historical collection experiences and a review of the current status of the existing receivables The composition of receivables from patients and third-party payors at September 30 is as follows (in thousands of dollars)

	2011	2010
Receivables		
Patients	$ 143,653	$ 127,365
Third-Party Payors	162,674	133,742
Medicare	188,900	167,742
Medicaid	83,230	72,593
Total Patient Accounts Receivable	578,457	501,442
Less Contractual Allowances	(230,668)	(220,171)
Less Allowance for Uncollectible Amounts	(115,130)	(72,131)
Patient Accounts Receivable, Net	$ 232,659	$ 209,140
Other Miscellaneous Operating Receivables	$ 31,979	$ 29,122
Estimated Settlements Due from Third-Party Payors	$ 44,920	$ 38,162

NOTE 6 ACCOUNTS RECEIVABLE AND PAYABLE AND ACCRUED EXPENSES (CONTINUED)

Accounts payable and accrued expenses reported by UHS consist of the following amounts at September 30 (in thousands of dollars)

	2011	2010
Accounts Payable to Vendors	$ 75,698	$ 62,246
Payable to Employees (Including Payroll Taxes)	$ 73,824	$ 57,614
Accrued Interest Payable	6,268	6,888
Accrued Health Insurance	14,106	12,617
Other	3,698	5,499
Accrued Expenses	$ 97,896	$ 82,618
Estimated Settlements Due to Third-Party Payors	$ 41,617	$ 39,303

NOTE 7 OTHER ASSETS

Other assets include investments in unaffiliated entities in which UHS owns a 50 percent interest or less UHS utilizes the equity method of accounting for those investments for which they own at least 20 percent, but not greater than 50 percent Under the equity method of accounting, the investment is initially recorded at cost and is subsequently adjusted for additional contributions or undistributed earnings or losses and distributions Investments of less than 20 percent are accounted for under the cost method Investments in unaffiliated entities were $8,747,000 and $2,981,000 at September 30, 2011 and 2010, respectively

NOTE 8 CAPITAL ASSETS

Capital asset additions, retirements, and balances for the years ended September 30 are as follows (in thousands of dollars)

	September 30, 2010	Additions/ Transfers	Reductions/ Transfers	September 30, 2011
Historical Cost				
Land and Land Improvements	$ 54,782	$ 9,182	$ (1,103)	$ 62,861
Buildings	598,205	56,721	(2,425)	652,501
Equipment	518,984	70,510	(8,645)	580,849
Total at Historical Cost	1,171,971	136,413	(12,173)	1,296,211
Less Accumulated Depreciation				
Land Improvements	12,365	1,475	(2)	13,838
Buildings	251,620	39,293	(74)	290,839
Equipment	357,814	54,658	(3,948)	408,524
Total Accumulated Depreciation	621,799	95,426	(4,024)	713,201
	550,172	40,987	(8,149)	583,010
Construction in Progress	5,071	13,379	(9,535)	8,915
Capital Assets, Net	$ 555,243	$ 54,366	$ (17,684)	$ 591,925

	September 30, 2009	Additions/ Transfers	Reductions/ Transfers	September 30, 2010
Historical Cost				
Land and Land Improvements	$ 52,163	$ 3,421	$ (802)	$ 54,782
Buildings	586,947	21,926	(10,668)	598,205
Equipment	498,138	40,858	(20,012)	518,984
Total at Historical Cost	1,137,248	66,205	(31,482)	1,171,971
Less Accumulated Depreciation				
Land Improvements	12,229	159	(23)	12,365
Buildings	245,492	6,527	(399)	251,620
Equipment	304,125	65,502	(11,813)	357,814
Total Accumulated Depreciation	561,846	72,188	(12,235)	621,799
	575,402	(5,983)	(19,247)	550,172
Construction in Progress	971	9,576	(5,476)	5,071
Capital Assets, Net	$ 576,373	$ 3,593	$ (24,723)	$ 555,243

Depreciation expense for the years ended September 30, 2011 and 2010 was approximately $75,233,000 and $72,188,000, respectively

UHS has entered into contracts for various construction projects UHS' outstanding commitments totalled approximately $35,162,000 and $4,216,000 at September 30, 2011 and 2010, respectively

NOTE 9 LONG-TERM DEBT AND OTHER NONCURRENT LIABILITIES

A summary of long-term debt and other noncurrent liabilities at September 30 is as follows (in thousands of dollars)

	September 30, 2010	Additions	Reductions	September 30, 2011	Current Portion
Bonds and Notes Payable					
Revenue Bonds	$ 13,254	$ 42,540	$ (2,899)	$ 52,895	$ 3,745
Revenue Refunding Bonds	506,760	-	(6,685)	500,075	23,975
Notes Payable	11,463	-	(4,900)	6,563	559
	531,477	42,540	(14,484)	559,533	28,279
Less Unamortized Discount and					
Deferred Loss on Refunding	33,963	-	(1,530)	32,433	-
Interest Rate Swap Agreement	(31,002)	-	(3,970)	(34,972)	-
Total Long-Term Debt	528,516	42,540	(8,984)	562,072	28,279
Noncurrent Liabilities					
Due to Roanoke-Chowan Alliance	6,601	-	(491)	6,110	530
Reserve for Professional Liability Losses	34,440	-	(4,235)	30,205	2,737
Other Liabilities	23,592	1,797	-	25,389	-
Non-Controlling Interest	33,108	4,512	-	37,620	-
Total Other Noncurrent Liabilities	97,741	6,309	(4,726)	99,324	3,267
Total Long-Term Debt and Other Noncurrent Liabilities	$ 626,257	$ 48,849	$ (13,710)	$ 661,396	$ 31,546

	September 30, 2009	Additions	Reductions	September 30, 2010	Current Portion
Bonds and Notes Payable					
Revenue Bonds	$ 20,871	$ -	$ (7,617)	$ 13,254	$ 2,899
Revenue Refunding Bonds	508,610	-	(1,850)	506,760	24,163
Notes Payable	15,530	-	(4,067)	11,463	1,319
	545,011	-	(13,534)	531,477	28,381
Less Unamortized Discount and					
Deferred Loss on Refunding	35,492	-	(1,529)	33,963	-
Interest Rate Swap Agreement	(20,606)	-	(10,396)	(31,002)	-
Total Long-Term Debt	530,125	-	(1,609)	528,516	28,381
Noncurrent Liabilities					
Obligations Under Capital Leases	2	-	(2)	-	-
Due to Roanoke-Chowan Alliance	7,052	-	(451)	6,601	490
Reserve for Professional Liability Losses	31,955	2,485	-	34,440	3,539
Other Liabilities	15,525	8,067	-	23,592	-
Non-Controlling Interest	30,139	2,969	-	33,108	-
Total Other Noncurrent Liabilities	84,673	13,521	(453)	97,741	4,029
Total Long-Term Debt and Other Noncurrent Liabilities	$ 614,798	$ 13,521	$ (2,062)	$ 626,257	$ 32,410

NOTE 9 LONG-TERM DEBT AND OTHER NONCURRENT LIABILITIES (CONTINUED)

Long-term debt at September 30 consists of (in thousands of dollars)

	2011	2010
Hospital Revenue Bonds - Series 1997, due each April 1 and October 1 through 2010 payable in equal installments of $235,144 including interest at 5 07%	$ -	$ 229
Current Interest Serial Bonds - Series 1998A and 1998B, maturing incrementally through December 1, 2029, interest payable semi-annually on June 1 and December 1 at 3 90% to 5 25%	10,355	13,025
Health Care Facilities Revenue Bonds - Series 2008A-1, A-2, B-1 and B-2, maturing incrementally December 1, 2036, principal payable annually December 1, interest payable monthly on the 1st Wednesday of the month based on variable weekly interest rates	229,095	235,130
Health Care Facilities Revenue Bonds - Series 2008C, D, E-1 and E-2, maturing incrementally December 1, 2036, principal payable annually December 1, interest payable semi-annually June 1 and December 1 at 3 5% to 6 75%	270,980	271,630
Health Care Facilities Revenue Bonds - Series 2011, maturing incrementally through 2041, principal payable annually December 1, interest payable monthly based on variable interest rates	42,540	-
Notes Payable	6,563	11,463
	559,533	531,477
Plus (Less) Unamortized Discount	(11,124)	(11,626)
Deferred Loss on Refunding	(21,309)	(22,337)
Interest Rate Swap Agreement	34,972	31,002
Current Maturities of Long-Term Debt	(28,279)	(28,381)
	$ 533,793	$ 500,135

Bonds Payable

Series 2011 Bonds

Effective June 23, 2011, UHS issued $50,000,000 of Series 2011 tax-exempt revenue bonds (the “Series 2011 Bonds”) Approximately $26,000,000 of the proceeds of the Series 2011 were used to prepay the lease agreement for Beaufort Regional Health System The remaining proceeds are to be used for normal capital expenditures

NOTE 9 LONG-TERM DEBT AND OTHER NONCURRENT LIABILITIES (CONTINUED)

The Series 2011 Bonds bear interest at a variable rate equal to 65 1% of one-month LIBOR plus 88225% (1 03% at September 30, 2011) UHS has drawn approximately $42,540,000 on the Series 2011 Bonds at September 30, 2011

The Series 2011 Bonds were issued pursuant to a Trust Agreement, dated as of June 1, 2011 (the "Trust Agreement"), between the North Carolina Medical Care Commission (the "Commission") and U S Bank National Association, as bond trustee (the "Bond Trustee") Concurrently with the issuance of the Series 2011 Bonds, the Commission entered into Loan Agreements with UHS The Series 2011 Bonds are limited obligations of the Commission payable solely from money to be received from UHS and the Hospital (the "Obligated Group") pursuant to the terms of the Loan Agreements and pursuant to Master Obligations issued under a Master Trust Indenture, dated as of February 1, 2006 (the "Master Indenture") The Series 2011 Bonds are general, unsecured obligations of the members of the Obligated Group No Restricted Affiliate or other entity affiliated with UHS will be directly obligated to make payments due under the Series 2011 Bonds However, each member of the Obligated Group has covenanted that it will cause each of its Restricted Affiliates to pay, loan or otherwise transfer to such member of the Obligated Group such amounts as are necessary to make payments due under all Master Obligations

Series 2008 Bonds

In December 2008, UHS issued Series 2008A-E tax-exempt revenue bonds (the "Series 2008 Bonds") Proceeds of the Series 2008A and 2008B Bonds (the "VRDB Bonds") were used to refund all of the outstanding Series 2006A and 2006B Bonds and $11,000,000 of the Series 2006D Bonds Proceeds of the Series 2008C, 2008D and 2008E Bonds were used to refund all of the outstanding Series 2006C Bonds and the balance of the outstanding Series 2006D Bonds that were not refunded by the Series 2008B Bonds

The Series 2008A and 2008B Bonds are variable rate demand bonds, initially bearing interest at weekly rates that are indexed to a current short-term market rate In addition, a demand feature allows the bondholders to give ten days notice to require the bonds to be remarketed at par value plus accrued interest Upon the issuance of the Series 2008A and 2008B Bonds, UHS simultaneously entered into a Letter of Credit and Reimbursement (the "Credit Agreements") with two banks to allow UHS to draw upon irrevocable letters of credit (the "Credit Facility") to repay the bondholders in the unlikely event that a remarketing fails If UHS draws on the Credit Facility, it will be obligated under the Credit Agreements to repay each tender advance, including interest at the Tender Advance Rate, as defined (approximately 5 25% at September 30, 2011) Interest payments are payable monthly

Principal payments are payable beginning 180 days after the date the tender advance is made and would be repaid monthly or semi-annually based on a five year level amortization with any remaining unpaid balance due upon the earlier of termination date, or, if applicable, the date the bonds are remarketed The Credit Facility supporting the Series 2008A and 2008B expires in December 2013 and December 2015, respectively In accordance with U S generally accepted accounting principles, maturities of the 2008A and 2008B Bonds are reported in the combined balance sheets under the repayment terms of the Credit Agreement

NOTE 9 LONG-TERM DEBT AND OTHER NONCURRENT LIABILITIES (CONTINUED)

The Series 2008C and 2008D Bonds bear interest at rates fixed to maturity The Series 2008E Bonds are variable rate bonds divided into two sub-series, one of which bears interest initially at a long-term interest rate of 5 75% for a period of approximately five years and the other of which bears interest initially at a long-term interest rate of 6 00% for a period of approximately six years

The Series 2008 Bonds were issued pursuant to a Trust Agreement, dated as of December 1, 2008 (the "Trust Agreement"), between the North Carolina Medical Care Commission (the "Commission") and First-Citizens Bank & Trust Company, as bond trustee (the "Bond Trustee") Concurrently with the issuance of the Series 2008 Bonds, the Commission entered into Loan Agreements with UHS The Series 2008 Bonds are limited obligations of the Commission payable solely from money to be received from UHS and the Hospital (the "Obligated Group") pursuant to the terms of the Loan Agreements and pursuant to Master Obligations issued under a Master Trust Indenture, dated as of February 1, 2006 (the "Master Indenture") The Series 2008 Bonds are general, unsecured obligations of the members of the Obligated Group No Restricted Affiliate or other entity affiliated with UHS will be directly obligated to make payments due under the Series 2008 Bonds However, each member of the Obligated Group has covenanted that it will cause each of its Restricted Affiliates to pay, loan or otherwise transfer to such member of the Obligated Group such amounts as are necessary to make payments due under all Master Obligations

The Series 2006 Bonds were redeemed in December 2008 from the proceeds of the issuance of the Series 2008 Bonds, resulting in a loss of $23,111,735 that is amortized over the life of the Series 2008 Bonds

Series 1998 Bonds

In September 1998, the Hospital issued the Series 1998A tax-exempt refunding revenue bonds (the "Series 1998A Bonds") to defease the previously issued Series 1995 tax-exempt revenue bonds (the "Series 1995 bonds"), to refund the outstanding tax-exempt bonds of the Roanoke-Chowan Alliance, to repay the loan from the North Carolina Medical Care Commission related to the Pooled Equipment Financing Program, to acquire property in becoming a private institution, to purchase equipment and undertake various construction projects, and to pay certain costs of issuance of the Series 1998A Bonds Proceeds from the 1998A Bonds were placed in an irrevocable escrow account with a Trustee to be used solely for satisfying the obligations of the Series 1995 Bonds

In October 1998, the Hospital issued Series 1998B tax-exempt revenue bond to acquire Heritage Hospital and pay costs of issuance

A portion of the Series 1998A and all of the Series 1998B Bonds were redeemed in February 2006 The defeasance of the Refunded 1998 Bonds, resulted in a loss of $19,878,000 that was recognized and is amortized over the life of the Refunded 2006 Series, and subsequently the Series 2008 Revenue Bonds UHS completed the refunding to reduce its total debt service payments over the next 23 years by $21,295,000 and to obtain a net present value savings of $14,138,000

NOTE 9 LONG-TERM DEBT AND OTHER NONCURRENT LIABILITIES (CONTINUED)

The outstandıng balance of the defeased 1995 Revenue Bonds was $70,435,000 and $75,455,000 at September 30, 2011 and 2010, respectıvely

UHS and ıts Restrıcted Affılıates are requıred to comply wıth certaın restrıctıve covenants relatıng to ıts bonds payable, the most restrıctıve of whıch requıres the maıntenance of a mınımum debt servıce coverage ratıo of 1 20

Notes Payable

Notes payable at September 30, 2011 and 2010 were $6,563,000 and $11,463,000, respectıvely The varıous notes payable bear ınterest between 5 5 percent and 6 0 percent and prıncıpal amounts are due through fıscal year 2022 The notes payable are collateralızed by certaın capıtal assets Of the $11,463,000 of notes payable at September 30, 2010, $4,312,000 was related to a loan to TOBH by Chesapeake General Hospıtal Thıs loan was paıd ın full durıng 2011

Scheduled future debt servıce requırements of long-term debt for years subsequent to September 30, 2011 are as follows

	Serıes 1998 Bonds	Serıes 2008 Bonds	Serıes 2011 Bonds	Other	Total Prıncıpal	Interest Payments	Interest Rate Swaps, Net	Total Debt Servıce
2012	$ 2,785	$ 7,650	$ 960	$ 559	$ 11,954	$ 25,595	$ 6,774	$ 44,323
2013	295	10,640	995	505	12,435	25,141	6,480	44,056
2014	310	11,040	1,030	534	12,914	24,708	6,176	43,798
2015	325	11,460	1,065	564	13,414	24,248	5,860	43,522
2016	340	11,655	1,100	596	13,691	23,884	5,535	43,110
2017–2021	1,980	67,225	6,130	3,534	78,869	110,795	22,327	211,991
2022–2026	2,510	87,700	7,305	271	97,786	94,869	12,132	204,787
2027–2031	1,810	116,620	8,705	-	127,135	72,620	1,555	201,310
2032–2036	-	147,320	10,365	-	157,685	33,963	-	191,648
2037–2039	-	28,765	4,885	-	33,650	2,149	-	35,799
	$ 10,355	$ 500,075	$ 42,540	$ 6,563	$ 559,533	$ 437,972	$ 66,839	$ 1,064,344

Maturıtıes of long-term debt are reported ın the combıned balance sheet at September 30, 2011 as follows

	Serıes 1998 Bonds	Serıes 2008 Bonds	Serıes 2011 Bonds	Other	Total Prıncıpal	Interest Payments	Interest Rate Swaps, Net	Total Debt Servıce
2012	$ 2,785	$ 23,975	$ 960	$ 559	$ 28,279	$ 28,216	$ 6,774	$ 63,269
2013	295	47,014	995	505	48,809	27,632	6,480	82,921
2014	310	101,642	1,030	534	103,516	22,653	6,176	132,345
2015	325	25,319	1,065	564	27,273	19,468	5,860	52,601
2016	340	37,356	1,100	596	39,392	18,134	5,535	63,061
2017–2021	1,980	8,685	6,130	3,534	20,329	84,818	22,327	127,474
2022–2026	2,510	17,810	7,305	271	27,896	79,912	12,132	119,940
2027–2031	1,810	67,680	8,705	-	78,195	69,479	1,555	149,229
2032–2036	-	142,815	10,365	-	153,180	33,459	-	186,639
2037–2039	-	27,779	4,885	-	32,664	2,142	-	34,806
	$ 10,355	$ 500,075	$ 42,540	$ 6,563	$ 559,533	$ 385,913	$ 66,839	$ 1,012,285

NOTE 9 LONG-TERM DEBT AND OTHER NONCURRENT LIABILITIES (CONTINUED)

Swap Agreements

On October 5, 2005, UHS entered into a forward starting floating to fixed interest rate swap agreement with an effective date of February 16, 2006 and a termination date of December 1, 2028 (the "Swap Agreement") for the purpose of hedging the variable interest rate on the 2006 Refunding Bonds The Counterparty to the 2006 Swap is Citibank, N A , New York, (the "Counterparty") The Counterparty pays floating rate payments based on a per annum rate of 62 percent of one-month LIBOR plus 0 30 percent and UHS pays a fixed rate of 3 452 percent per annum, in each case on a notional amount equal to the original principal amount of the 2006 Refunding Bonds Settlements are made on the first Wednesday of each month The agreement by the Counterparty to pay certain amounts to UHS pursuant to the Swap Agreement did not alter or affect UHS' obligation to pay the principal of, interest on, or the redemption price of any of the 2006 Refunding Bonds Therefore, the Swap Agreement remained in effect upon the refunding of the 2006 Refunding Bonds The Swap Agreement is being used to hedge the variable interest on the VRDB Bonds The principal amount and repayments terms of the VRDB Bonds did not change significantly from the 2006 Refunding Bonds The notional amount of the Swap Agreement at September 30, 2011 and 2010 was $211,225,000 and $223,475,000, respectively

In order to secure the UHS' payment obligations under the 2006 Swap, UHS issued Master Obligation, Series 2006A and 2006B (Derivative Agreement) (the "Series Derivative Agreement Master Obligation") to the Counterparty The Derivative Agreement Master Obligation was issued under the Master Indenture and Supplemental Master Trust Indenture No 8, dated as of February 1, 2006, between UHS and the Master Trustee The payment of the Parent Corporation's regularly scheduled payments, and in limited circumstances, termination payments under the 2006 Swap is guaranteed by a financial guaranty insurance policy issued by Ambac Assurance Corporation During 2010, Ambac Assurance Corporation declared bankruptcy and UHS has been required to post collateral when the estimated fair value of the Swap is a liability in excess of $15,000,000

The estimated fair value of the swap as of September 30, 2011 and 2010 was a liability of $34,972,000 and a liability of $31,002,000, respectively, and has been included in long-term debt in the combined balance sheets The change in fair value was a loss of $3,970,000 and a loss of $10,396,000 as of September 30, 2011 and 2010, respectively, and is included in other nonoperating revenues (expenses) in the combined statements of revenues, expenses, and changes in net assets

The Swap Agreement contains provisions that require UHS to maintain an investment grade credit rating If UHS' credit rating was to fall below investment grade, it would be in violation of such provisions, and the Counterparty to the Swap Agreement could request immediate payment if the Swap Agreement is in a net liability position If the credit-risk-related contingent features underlying the Swap Agreement had been triggered on September 30, 2011, UHS could have been required to settle the agreement with the Counterparty, requiring cash or liquid assets of approximately $35,000,000, which includes $15,000,000 collateral already posted by UHS Collateral is included in investments as Assets Limited as to Use, Held by Trustee - Other in the accompanying combined balance sheets

NOTE 10 OPERATING LEASES

The following schedule discloses future noncancelable operating lease payments with initial or remaining terms of one year or more at September 30, 2011 (in thousands of dollars)

2012	$ 15,940
2013	11,481
2014	5,879
2015	3,844
2016	3,424
Thereafter	2,814
	$ 43,382

NOTE 11 AGREEMENT WITH ROANOKE-CHOWAN ALLIANCE

ECH has entered into a 23-year lease agreement (the “Agreement”) with Roanoke-Chowan Alliance, Inc (“RCA”) and its controlled affiliates The Agreement calls for monthly lease payments of $83,335 In addition, on each February 1st during the term of the Agreement, RCA will make a contribution to ECH in an amount equal to the total lease payments made by ECH to RCA in the preceding year ECH shall use this contribution for capital improvements for the benefit of the health services provided in RCH’s service area or for noncapital projects that expand the health care services provided to the residents of RCH’s service area At any point during the lease term, ECH has the option to purchase the leased assets for a sum equal to the present value of the remaining lease payments, based on a discount rate of 8 percent In addition, at the expiration of the Agreement, ECH has the option to and intends to purchase the leased assets for $100,000

The maturities due from/due to RCA subsequent to September 30, 2011 are as follows (in thousands of dollars)

	Due from Roanoke-Chowan Alliance	Due to Roanoke-Chowan Alliance	
		Principal	Interest
2012	$ 500	$ 530	$ 470
2013	540	574	426
2014	583	622	378
2015	630	674	326
2016	681	730	270
2017–2020	3,646	2,980	436
	6,580	6,110	$ 2,306
Less Current Portion	(500)	(530)	
	$ 6,080	$ 5,580	

<u>Medical Malpractice Costs</u>

UHS, excluding TOBH, is self-insured for general and professional liability claims up to certain limits for each event and in the annual aggregate, on a claims-made basis UHS also has excess coverage policies, which are limited to a maximum of the respective policy limits

NOTE 12 COMMITMENTS AND CONTINGENCIES

Medical Malpractice Costs (Continued)

The provision for estimated medical malpractice claims include estimates of the ultimate costs for reported claims and claims incurred but not reported Liabilities for self-insured general and professional liability risks, for both asserted and unasserted claims, are based on actuarially projected estimates of their value based on historical loss payment patterns, discounted at a rate of four percent for 2011 and 2010 The medical malpractice expense is allocated from UHS based on the estimated risk exposures of each corporation The overall medical malpractice liability is recorded on the balance sheet of UHS

UHS' Board of Directors has designated a fund for the payment of professional liability claims An actuary has been retained to assist UHS in determining amounts to be deposited into the fund

TOBH is insured under a claims-made policy for general and professional liability claims that covers annual malpractice costs with coverage up to certain limits each event and in the annual aggregate, with a $10,000 deductible The excess coverage policy is limited to a maximum of the policy limit

Workers' Compensation

UHS, excluding TOBH, is self-insured for workers' compensation with an occurrence retention of $700,000 each occurrence An excess workers' compensation policy, with statutory limits for each employee accident or disease, covers claims above the self-insured retention In addition, the excess workers' compensation policy provides employer's liability coverage with limits of $1,000,000 each accident There are three other excess liability policies that provide an annual aggregate limit for employer's liability above the excess workers' compensation policy

TOBH has workers' compensation coverage with Synergy/Advantage, providing statutory limits for employee accidents and disease with no deductible In addition, the Synergy/Advantage policy provides employer's liability coverage with limits of $1,000,000 There is an excess liability policy that provides an annual aggregate limit for employer's liability above the Synergy/Advantage policy

Medical Coverage

UHS is self-insured for employee medical and dental coverage with an excess coverage (stop loss) policy that covers annual medical costs in excess of $225,000 on a claims-made basis Annual costs were approximately $68,147,000 and $65,401,000 for the years ended September 30, 2011 and 2010, respectively The medical insurance expense is allocated from PCMH based on average cost per participant of the overall plan for UHS to each corporation based on the corporation's number of participants The overall medical coverage liability is recorded on the balance sheet of PCMH

NOTE 13 DEFINED CONTRIBUTION RETIREMENT PLAN

UHS sponsors a defined contribution retirement plan, with a matching component of 50 percent of the employee's contribution, up to 5 percent of their salary, for employees who have met the eligibility requirements of the plan During fiscal years 2011 and 2010, UHS contributed approximately $7,102,000 and $6,690,000, respectively, to the plan

NOTE 14 DEFINED BENEFIT PENSION PLANS

UHS maintains a non-contributory defined benefit pension plan (the "Plan") covering substantially all of UHS and its affiliates', employees with greater than one year of service Plan participants become 50 percent vested after five years of service and continue vesting on a graduated scale until completing 10 years of service, at which time full vesting occurs The Plan is funded annually by UHS and its affiliates in an amount equal to the actuarially determined contribution (pension cost) The Plan is considered a governmental entity under Section 401(a) of the Internal Revenue Code of 1954 As such, accounting and reporting for the Plan is governed by the Governmental Accounting Standards Board Statement No 27, *Accounting for Pensions by State and Local Governmental Employees* The Plan year is January 1 to December 31 The Plan covers all employees hired prior to January 1, 2010 Employees hired after this date are eligible to participate in an enhanced defined contribution plan which will not have any financial implications beyond the current plan until the year 2015

Effective October 1, 2010, UHS assumed sponsorship of and full financial responsibility for the DGH defined benefit pension plan Effective September 30, 2010, the plan was amended to freeze the plan No participant shall accrue any additional benefits, and each participant accrued benefit shall be determined based on their average annual compensation and number of years of service at September 30, 2010 DGH made an additional $2,397,000 contribution on September 27, 2010 to the plan in connection with this amendment to fund any unfunded amounts at that time

The annual required contribution was computed as part of an actuarial valuation performed as of January 1, 2011 using the Projected Unit Credit method Significant actuarial assumptions used in the valuation include the following

	UHS	DGH
Rate of Return on Plan Assets	8 0%	8 0%
Mortality	RP - 2000 Mortality Table	RP - 2000 Mortality Table
Projected Salary Increases	5 0%	N/A
Inflation Rate	3 0%	N/A

The actuarial value of Plan assets was determined by adjusting the market value of Plan assets to reflect the investment gains and losses (the difference between the actual investment return and the expected investment return) during each of the last five years at a rate of 8% per year for both UHS and DGH

NOTE 14 DEFINED BENEFIT PENSION PLANS (CONTINUED)

The annual pension cost, net pension obligation, and three-year trend information of the UHS and DGH plans were as follows for the years ended September 30, 2011, 2010 and 2009

	2011	2010	2009
Annual Required Contribution	$ 19,388,529	$ 16,587,809	$ 22,998,188
Annual Pension Cost	19,388,529	16,587,809	22,998,188
Annual Contributions Made	19,388,529	16,587,809	22,998,188
	-	-	-
Net Pension Obligation			
Beginning of Year	-	-	-
End of Year	$ -	$ -	$ -

Three-Year Trend Information	Annual Pension Cost (APC)	Percent of APC Contributed	Net Pension Obligation
2011	$ 19,388,529	100%	$ -
2010	16,587,809	100%	-
2009	22,998,188	100%	-

As of January 1, 2011 the most recent actuarial date, the UHS Plan was 87% funded The actuarial accrued liability for benefits was $395,581,000 and the actuarial value of assets was $345,920,000 resulting in an unfunded actuarial accrued liability of $49,661,000 The covered payroll (annual payroll of employees covered by the Plan) was $399,812,000 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 12 4%

As of January 1, 2011 the most recent actuarial date, the DGH Plan was 130% funded The actuarial accrued liability for benefits was $8,871,000 and the actuarial value of assets was $11,534,000 resulting in a prepaid actuarial accrued asset of $2,663,000 The plan was frozen as of September 30, 2010, therefore, there was no payroll covered by the plan for the current year

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

UHS has also established a non-contributory, non-vesting Supplemental Executive Retirement Plan For the years ended September 30, 2011 and 2010, UHS recognized expense of approximately $2,205,000 and $1,139,000, respectively The Plan had a net pension obligation of approximately $14,882,000 and $13,974,000 at September 30, 2011 and 2010, respectively, and had funds on deposit of approximately $14,078,000 and $14,673,000 at September 30, 2011 and 2010, respectively, in relation to this Plan

NOTE 15 OTHER POSTEMPLOYMENT BENEFITS ("OPEB")

UHS adopted the provisions of Governmental Accounting Standards Board Statement No 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* ("GASB 45") This statement establishes standards for measurement, recognition, and display of OPEB expenses/expenditures and related assets/(liabilities), note disclosures and required supplementary information

Plan Description University Health Systems of Eastern Carolina sponsors a Postretirement Healthcare Benefit Program (referred to as "retiree medical plan") for all employees hired before July 1, 2008 that satisfy the criteria for receiving retirement benefits under the Pension Plan for the Employees of Pitt County Memorial Hospital, Inc The retiree medical plan includes eligible retirees, spouses, and spouse survivors All eligible members pay a portion of the expense Effective July 1, 2008, UHS froze the plan to new entrants

Membership of the Retiree Medical Plan consisted of the following at October 1, 2010 and 2009, the dates of the latest actuarial valuations

	2011	2010
Retirees eligible for benefits (includes eligible spouses)	120	120
Active plan members (includes eligible spouses)	5,776	5,731
Total	5,896	5,851

Funding Policy UHS has chosen to fund the retiree medical plan on a pay as you go basis

The annual required contribution has not been expressed as a percentage of covered payroll since benefits provided are not payroll related UHS provides health benefits through a third-party administrator

Summary of Significant Accounting Policies Postemployment expenditures are made from UHS' operating assets No funds are set aside to pay benefits or administration costs These expenditures are paid as they come due

Annual OPEB Cost and Net OPEB Obligation UHS' annual OPEB cost (expense) is calculated based on the annual required contribution of employer ("ARC"), and amount actuarially determined in accordance with the parameters of GASB Statement 45 The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of thirty years The following table shows the components of UHS' annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the UHS' net OPEB obligation for the health care benefits for the years ended September 30, 2011 and 2010

	2011	2010
Annual required contribution	$ 1,411,503	$ 1,423,094
Interest on net OPEB obligation	211,429	227,042
Adjustment to annual required contribution	(217,369)	(233,421)
Annual OPEB cost	1,405,563	1,416,715
Contributions made	(1,862,200)	(1,611,872)
Decrease in net OPEB obligation	(456,637)	(195,157)
Net OPEB obligation, beginning of year	2,642,866	2,838,023
Net OPEB obligation, end of year	$ 2,186,229	$ 2,642,866

NOTE 15 OTHER POSTEMPLOYMENT BENEFITS ("OPEB") (CONTINUED)

The UHS annual OPEB cost, the percentage of annual OPEB cost contributed to the plan or paid as a benefit, and the net OPEB obligation were as follows

	Annual OPEB Cost	Annual % of OPEB Cost Contributed	Net OPEB Obligation
2011	$ 1,405,563	132 5%	$ 2,186,229
2010	1,416,715	113 8%	2,642,866
2009	2,479,767	51 8%	2,838,023

Funded Status and Funding Progress As of October 1, 2010, the most recent actuarial valuation date, the plan was not funded The actuarial accrued liability for benefits and, thus the unfunded actuarial accrued liability ("UAAL") was $11,942,639 The amortization of this amount over 30 years is $982,254 per year The normal cost for 2011 is $429,249

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future Examples include assumptions about future employment, mortality, and health care trends Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future Examples include assumptions about future employment, mortality, and health care trends Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future The schedule of funding progress, presented as required supplementary information following the notes to the combined financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits

Actuarial Methods and Assumptions Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit cost between the employer and plan members at that point

In the October 1, 2010 and 2009 actuarial valuation, the projected unit credit actuarial cost method was used The actuarial assumptions included an 8 0 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the Plan sponsor's general assets as of October 1, 2010 and 2009, and an annual medical cost trend increase of 8 0 to 5 0 percent annually Both rates included a 3 0 percent inflation assumption The UAAL is being amortized as a level dollar amount on an open basis over a 30 year period

NOTE 16 OTHER NONOPERATING REVENUES AND EXPENSES

Other nonoperating revenues and expenses on the combined statement of revenues, expenses and changes in net assets is comprised of the following at September 30, 2011 and 2010

	2011	2010
Market to Market Loss on Interest Rate Swap	$ (3,970)	$ (10,397)
Foundation Expenses	(1,780)	(1,642)
Payments to Pitt County		
Payment in Lieu of Taxes	(1,683)	(1,649)
Medicaid Funding	(582)	(577)
Investment Expense	(1,165)	(1,021)
Contributions	(2,346)	(2,545)
Unrestricted Contributions	6,295	1,481
Gain (Loss) on Equity Investments	(1,111)	222
	$ (6,342)	$ (16,128)

NOTE 17 RELATED PARTIES

East Carolina University

The Hospital is the primary affiliated teaching hospital for the Brody School of Medicine ("BSOM") through a formal agreement executed on December 17, 1975 and renewed on October 14, 1996 for an additional 20-year period The Brody School of Medicine reimburses the Hospital for costs associated with the utilization of Hospital facilities The Hospital reimburses the Brody School of Medicine for any third-party reimbursement resulting from any School costs being included in the Hospital's Medicare cost reimbursement reports

The Hospital recognized approximately $28,000 during both of the years ended September 30, 2011 and 2010, from the Brody School of Medicine for reimbursement of agreed upon costs The Hospital has recorded receivables of approximately $888,000 and $614,000 and payables of approximately $4,918,000 and $5,250,000 as of September 30, 2011 and 2010, respectively, with the Brody School of Medicine, which are settled in the normal course of business The receivables include ($556,000) and $214,000 as of September 30, 2011 and 2010, respectively, of estimated cost report settlement items with BSOM related to the sharing of graduate medical education costs These amounts are included as changes in net patient service revenue for the years ended September 30, 2011 and September 30, 2010

University Health Systems of Eastern Carolina Foundation, Inc.

University Health Systems of Eastern Carolina Foundation, Inc ("UHS Foundation") was organized to receive gifts, donations, income and funds for the promotion of health and wellness to the general public and community in eastern North Carolina and all areas served by UHS or equity partners The UHS Foundation provides these services directly to the Development Councils for Bertie Memorial Hospital, Heritage Hospital, and TOBH PCMH provides management services, supplies, and labor to the UHS Foundation ECH hospitals also provide some administrative services to the UHS Foundation The UHS

NOTE 17 RELATED PARTIES (CONTINUED)

University Health Systems of Eastern Carolina Foundation, Inc. (Continued)

Foundation is not required to reimburse PCMH or the ECH hospitals for the cost of these expenses At September 30, 2011 and 2010, the UHS Foundation's assets were approximately $1,009,000 and $1,279,000, respectively There were no liabilities for each year No assets were restricted for use for the benefit of ECH hospitals at September 30, 2011 and 2010, respectively The UHS Foundation had an increase in net assets of approximately $270,000 and an increase of approximately $308,000 for the years ended September 30, 2011 and 2010, respectively

Pitt Memorial Hospital Foundation, Inc.

PCMH provides management services, supplies, and labor to Pitt Memorial Hospital Foundation, Inc ("Foundation") The Foundation is not required to reimburse the Hospital for the cost of these expenses The Foundation was organized to receive gifts, donations, income and funds for the advancement of medicine and medical facilities in eastern North Carolina At September 30, 2011 and 2010, the Foundation's assets were approximately $33,205,000 and $25,891,000, respectively, and liabilities were approximately $23,192,000 and $15,826,000, respectively The assets that were restricted for use for the benefit of UHS were $21,371,000 and $14,392,000 at September 30, 2011 and 2010, respectively The Foundation had a decrease in net assets of approximately ($51,000) and an increase in net assets of approximately $446,000 for the years ended September 30, 2011 and 2010, respectively

Family Practice Center and Eastern Area Health Education Center, Inc.

The Family Practice Center (the "Center") and Eastern Area Health Education Center, Inc ("EAHEC"), as related organizations to the Brody School of Medicine, have a lease agreement with PCMH whereby PCMH provides operational facilities to the Center and EAHEC The agreement also provides for the Center and EAHEC to pay their own direct costs and to reimburse PCMH for certain shared services PCMH has recorded income from EAHEC of $704,000 and $731,000 for fiscal years 2011 and 2010, respectively PCMH had a receivable of approximately $6,800 and $180,000 at September 30, 2011 and 2010, respectively, from EAHEC PCMH has recorded income from the Center of approximately $347,000 and $366,000 for fiscal years 2011 and 2010, respectively

NOTE 18 SUBSEQUENT EVENT

Effective October 1, 2011, UHS entered into an Agreement and Plan of Change of Control with Pungo District Hospital Corporation Under this agreement, UHS acquired 100% control of Pungo District Hospital ("Pungo") Pungo is a 39-bed acute care hospital and 10 licensed skilled nursing beds located in Bellhaven, North Carolina UHS defeased Pungo's approximately $1,600,000 outstanding tax-exempt revenue bonds, and has committed to make $2,000,000 in capital investments in Pungo over the next three years

SUPPLEMENTARY INFORMATION

UNIVERSITY HEALTH SYSTEMS OF EASTERN CAROLINA, INC.
COMBINING BALANCE SHEET
SEPTEMBER 30, 2011
(IN THOUSANDS OF DOLLARS)

ASSETS	Combined	Eliminations	University Health Systems of Eastern Carolina, Inc	Pitt County Memorial Hospital, Inc	East Carolina Health, Inc	UHS Physicians, LLC	PCMH Management, Inc	HealthAccess, Inc
CURRENT ASSETS								
Cash and Cash Equivalents	$ 101,492	$ -	$ 18,130	$ 14,787	$ 63,129	$ 2,469	$ 253	$ 2,724
Accounts Receivable - Patients, Net	232,659	-	-	177,057	47,782	6,224	-	1,596
Other Receivables	31,979	(20,175)	18,019	19,317	11,266	3,042	25	485
Estimated Settlements Due from Third-Party Payors	44,920	-	-	41,788	3,132	-	-	-
Due from Roanoke-Chowan Alliance	500	-	-	-	500	-	-	-
Inventories	35,158	-	-	24,749	10,131	168	-	110
Prepaid Expenses	15,898	-	5,530	2,953	6,676	684	6	49
Current Portion Due from Affiliates	-	(319)	-	262	57	-	-	-
Assets Limited as to Use	2,737	-	2,737	-	-	-	-	-
Total Current Assets	465,343	(20,494)	44,416	280,913	142,673	12,587	284	4,964
ASSETS LIMITED AS TO USE								
By Board for Capital Improvements	372,861	-	232,073	109,697	23,532	-	5,496	2,063
By Board for Professional Liability Losses	27,356	-	27,356	-	-	-	-	-
Held by Trustees - 2008 Revenue Bonds	26,857	(26,621)	26,857	21,930	4,691	-	-	-
Held by Trustees - Other	39,550	-	24,971	14,077	502	-	-	-
Total Assets Limited as to Use	466,624	(26,621)	311,257	145,704	28,725	-	5,496	2,063
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	591,925	-	11,004	419,660	134,593	2,844	17,450	6,374
OTHER ASSETS								
Due from Affiliates	-	(474,253)	474,253	-	-	-	-	-
Goodwill	25,822	-	-	3,414	22,406	2	-	-
Other Intangible Assets, Net	2,471	-	-	2,445	-	26	-	-
Bond Issuance Costs, Net	3,905	(4,053)	3,905	2,804	1,249	-	-	-
Due from Roanoke-Chowan Alliance, Less Current Maturities	6,080	-	-	-	6,080	-	-	-
Other Assets	8,747	-	302	5,831	1,930	-	-	684
Total Other Assets	47,025	(478,306)	478,460	14,494	31,665	28	-	684
Total Assets	$ 1,570,917	$ (525,421)	$ 845,137	$ 860,771	$ 337,656	$ 15,459	$ 23,230	$ 14,085

UNIVERSITY HEALTH SYSTEMS OF EASTERN CAROLINA, INC.
COMBINING BALANCE SHEET (CONTINUED)
SEPTEMBER 30, 2011
(IN THOUSANDS OF DOLLARS)

LIABILITIES AND NET ASSETS	Combined	Eliminations	University Health Systems of Eastern Carolina, Inc	Pitt County Memorial Hospital, Inc	East Carolina Health, Inc	UHS Physicians, LLC	PCMH Management, Inc	HealthAccess, Inc
CURRENT LIABILITIES								
Accounts Payable	$ 75,698	$ (17,773)	$ 28,393	$ 45,698	$ 14,169	$ 3,525	$ 825	$ 861
Accrued Expenses	97,896	(417)	15,404	59,409	16,475	5,623	-	1,402
Estimated Settlements Due to Third-Party Payors	41,617	-	-	22,718	18,899	-	-	-
Current Reserve for Professional Liability Losses	2,737	-	2,737	-	-	-	-	-
Current Maturities of Long-Term Debt	28,279	-	27,720	-	559	-	-	-
Current Maturities of Due to Roanoke-Chowan Alliance	530	-	-	-	530	-	-	-
Current Portion of Due to Affiliates	-	(2,442)	-	1,438	1,004	-	-	-
Total Current Liabilities	246,757	(20,632)	74,254	129,263	51,636	9,148	825	2,263
LONG-TERM LIABILITIES								
Long-Term Debt, Less Current Maturities	533,793	-	527,789	-	6,004	-	-	-
Due to Roanoke-Chowan Alliance, Less Current Maturities	5,580	-	-	-	5,580	-	-	-
Due to Affiliates, Less Current Maturities	-	(504,789)	-	393,930	110,859	-	-	-
Reserve for Professional Liability Losses	27,468	-	26,980	-	488	-	-	-
Other Liabilities	25,389	-	766	20,182	4,441	-	-	-
Non-Controlling Interest	37,620	-	-	15,785	21,835	-	-	-
Total Liabilities	876,607	(525,421)	629,789	559,160	200,843	9,148	825	2,263
NET ASSETS								
Invested in Capital Assets, Net of Related Debt	86,437	477,087	(513,743)	52,440	43,983	2,846	17,450	6,374
Restricted for Lease	8,648	-	-	-	8,648	-	-	-
Unrestricted Net Assets	599,225	(477,087)	729,091	249,171	84,182	3,465	4,955	5,448
Total Net Assets	694,310	-	215,348	301,611	136,813	6,311	22,405	11,822
Total Liabilities and Net Assets	$ 1,570,917	$ (525,421)	$ 845,137	$ 860,771	$ 337,656	$ 15,459	$ 23,230	$ 14,085

UNIVERSITY HEALTH SYSTEMS OF EASTERN CAROLINA, INC.
COMBINING STATEMENT OF REVENUES AND EXPENSES
YEAR ENDED SEPTEMBER 30, 2011
(IN THOUSANDS OF DOLLARS)

	Combined	Eliminations	University Health Systems of Eastern Carolina, Inc	Pitt County Memorial Hospital, Inc	East Carolina Health, Inc	UHS Physicians, LLC	PCMH Management, Inc	HealthAccess, Inc
OPERATING REVENUES								
Net Patient Service Revenue	$ 1,251,990	$ -	$ -	$ 939,476	$ 277,330	$ 24,095	$ -	$ 11,089
Other Revenue	52,308	(84,359)	78,148	32,266	7,598	10,324	2,699	5,632
Total Revenues	1,304,298	(84,359)	78,148	971,742	284,928	34,419	2,699	16,721
OPERATING EXPENSES								
Salaries and Wages	510,553	(2,662)	40,091	322,520	106,480	35,248	-	8,876
Employee Benefits	146,666	(1,195)	7,688	104,940	28,995	3,859	-	2,379
Supplies and Other	453,035	(80,502)	33,382	375,421	98,748	19,449	1,141	5,396
Depreciation and Amortization	75,414	-	898	58,970	13,140	430	1,215	761
Operating Lease Expense	28,072	-	1,051	19,501	6,599	650	-	271
Total Expenses	1,213,740	(84,359)	83,110	881,352	253,962	59,636	2,356	17,683
INCOME (LOSS) FROM OPERATIONS	90,558	-	(4,962)	90,390	30,966	(25,217)	343	(962)
NONOPERATING REVENUES (EXPENSES)								
Interest Expense	(27,741)	20,601	(27,204)	(16,806)	(4,332)	-	-	-
Investment Income (Loss)	2,441	-	(13,381)	13,937	1,543	8	236	98
Income Applicable to Non-Controlling Interest	(9,484)	-	-	(5,522)	(3,962)	-	-	-
Other	(6,342)	(20,601)	13,771	(463)	472	-	-	479
Total Nonoperating Revenues (Expenses), Net	(41,126)	-	(26,814)	(8,854)	(6,279)	8	236	577
EXCESS (DEFICIT) OF REVENUE OVER EXPENSES	$ 49,432	$ -	$ (31,776)	$ 81,536	$ 24,687	$ (25,209)	$ 579	$ (385)

PITT COUNTY MEMORIAL HOSPITAL, INC.
COMBINING BALANCE SHEET
SEPTEMBER 30, 2011
(IN THOUSANDS OF DOLLARS)

ASSETS	Combined	Eliminations	Pitt County Memorial Hospital, Inc	SurgiCenter Services of Pitt, Inc	SurgiCenter of Eastern Carolina, LLC
CURRENT ASSETS					
Cash and Cash Equivalents	$ 14,787	$ -	$ 10,617	$ 2,093	$ 2,077
Accounts Receivable - Patients, Net	177,057	-	173,390	-	3,667
Other Receivables	19,317	(1,025)	19,941	86	315
Estimated Settlements Due from Third-Party Payors	41,788	-	41,788	-	-
Inventories	24,749	-	24,057	-	692
Prepaid Expenses	2,953	-	2,937	4	12
Current Portion Due from Affiliates	262	-	262	-	-
Total Current Assets	280,913	(1,025)	272,992	2,183	6,763
ASSETS LIMITED AS TO USE					
By Board for Capital Improvements - Receivable from University Health Systems	109,697	-	109,697	-	-
Held by Trustees for Capital Improvements - Receivable from University Health Systems	21,930	-	21,930	-	-
Held by Trustees - Other	14,077	-	14,077	-	-
Total Assets Limited as to Use	145,704	-	145,704	-	-
CAPITAL ASSETS, NET	419,660	-	407,297	8,889	3,474
OTHER ASSETS					
Goodwill	3,414	(29,053)	2,926	-	29,541
Other Intangible Assets, Net	2,445	-	2,445	-	-
Bond Issuance Costs, Net	2,804	-	2,804	-	-
Other Assets	5,831	(19,102)	24,933	-	-
Total Other Assets	14,494	(48,155)	33,108	-	29,541
Total Assets	$ 860,771	$ (49,180)	$ 859,101	$ 11,072	$ 39,778

PITT COUNTY MEMORIAL HOSPITAL, INC.
COMBINING BALANCE SHEET (CONTINUED)
SEPTEMBER 30, 2011
(IN THOUSANDS OF DOLLARS)

LIABILITIES AND NET ASSETS	Combined	Eliminations	Pitt County Memorial Hospital, Inc	SurgiCenter Services of Pitt, Inc	SurgiCenter of Eastern Carolina, LLC
CURRENT LIABILITIES					
Accounts Payable	$ 45,698	$ (1,025)	$ 44,148	$ 91	$ 2,484
Accrued Expenses	59,409	-	59,400	-	9
Estimated Settlements Due to Third-Party Payors	22,718	-	22,718	-	-
Current Maturity of Due to Affiliates	1,438	-	1,438	-	-
Total Current Liabilities	129,263	(1,025)	127,704	91	2,493
Due to Affiliates, Less Current Maturities	393,930	-	393,930	-	-
Other Liabilities	20,182	(29,053)	20,182	29,053	-
Non-Controlling Interest	15,785	15,785	-	-	-
Total Liabilities	559,160	(14,293)	541,816	29,144	2,493
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	52,440	(29,053)	39,589	8,889	33,015
Unrestricted Net Assets	249,171	(5,834)	277,696	(26,961)	4,270
Total Net Assets	301,611	(34,887)	317,285	(18,072)	37,285
Total Liabilities and Net Assets	$ 860,771	$ (49,180)	$ 859,101	$ 11,072	$ 39,778

PITT COUNTY MEMORIAL HOSPITAL, INC.
COMBINING STATEMENT OF REVENUE AND EXPENSES
YEAR ENDED SEPTEMBER 30, 2011
(IN THOUSANDS OF DOLLARS)

	Combined	Eliminations	Pitt County Memorial Hospital, Inc	SurgiCenter Services of Pitt, Inc	SurgiCenter of Eastern Carolina, LLC
OPERATING REVENUES					
Net Patient Service Revenue	$ 939,476	$ -	$ 909,953	$ -	$ 29,523
Other Revenue	32,266	(7,284)	38,503	941	106
Total Revenues	971,742	(7,284)	948,456	941	29,629
OPERATING EXPENSES					
Salaries and Wages	322,520	-	322,520	-	-
Employee Benefits	104,940	-	104,940	-	-
Supplies and Other	375,421	(7,284)	367,126	65	15,514
Depreciation and Amortization	58,970	-	57,573	472	925
Operating Lease Expense	19,501	-	18,551	-	950
Total Expenses	881,352	(7,284)	870,710	537	17,389
INCOME FROM OPERATIONS	90,390	-	77,746	404	12,240
NONOPERATING REVENUES (EXPENSES)					
Interest Expense	(16,806)	-	(16,806)	-	-
Investment Income	13,937	-	13,895	11	31
Income Applicable to Non-Controlling Interest	(5,522)	(5,522)	-	-	-
Other	(463)	-	(463)	-	-
Total Nonoperating Revenues (Expenses), Net	(8,854)	(5,522)	(3,374)	11	31
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	$ 81,536	$ (5,522)	$ 74,372	$ 415	$ 12,271

EAST CAROLINA HEALTH, INC.
COMBINING BALANCE SHEET
SEPTEMBER 30, 2011
(IN THOUSANDS OF DOLLARS)

ASSETS	Combined	Eliminations	East Carolina Health, Inc	The Outer Banks Hospital	Roanoke-Chowan Hospital	Bertie Memorial Hospital	Heritage Hospital	Heritage MRI	Chowan Hospital	Duplin General Hospital	Beaufort Memorial Hospital
CURRENT ASSETS											
Cash	$ 63,129	$ -	$ 38,630	$ 4,565	$ 4,872	$ 3,897	$ 2,611	$ -	$ 3,426	$ 4,662	$ 466
Accounts Receivable, Patients, Net	47,782	-	-	8,494	10,927	2,989	9,207	-	6,883	3,541	5,741
Other Receivables	11,266	(1,087)	1,088	1,649	648	341	2,258	106	1,910	469	3,884
Estimated Settlements Due from Third-Party Payors	3,132	-	-	710	81	700	1,564	-	77	-	-
Due from Roanoke-Chowan Alliance, Current Portion	500	-	-	-	500	-	-	-	-	-	-
Inventories	10,131	-	-	950	1,824	331	1,915	-	1,605	897	2,609
Prepaid Expenses	6,676	-	-	267	290	43	91	3	138	4,292	1,552
Due from Affiliates	57	-	-	-	7	-	47	-	3	-	-
Total Current Assets	142,673	(1,087)	39,718	16,635	19,149	8,301	17,693	109	14,042	13,861	14,252
ASSETS LIMITED AS TO USE											
Held by Trustee - 2008 Revenue Bonds	4,691	-	-	-	581	-	3,887	-	223	-	-
Held by Trustee - Other	502	-	-	-	-	-	-	-	-	-	502
By Board for Capital Improvements	23,532	-	142	23,174	-	-	-	-	216	-	-
Total Assets Limited as to Use	28,725	-	142	23,174	581	-	3,887	-	439	-	502
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	134,593	-	371	19,934	22,343	6,612	25,625	-	21,588	12,225	25,895
OTHER ASSETS											
Goodwill	22,406	-	-	-	-	-	22,395	-	11	-	-
Bond Issuance Costs, Net	1,249	-	-	-	143	2	923	-	21	-	160
Due from Roanoke-Chowan Alliance, Less Current Portion	6,080	-	-	-	6,080	-	-	-	-	-	-
Other Assets	1,930	-	-	-	-	-	-	-	-	-	1,930
Total Other Assets	31,665	-	-	-	6,223	2	23,318	-	32	-	2,090
Total Assets	$ 337,656	$ (1,087)	$ 40,231	$ 59,743	$ 48,296	$ 14,915	$ 70,523	$ 109	$ 36,101	$ 26,086	$ 42,739

EAST CAROLINA HEALTH, INC.
COMBINING BALANCE SHEET (CONTINUED)
SEPTEMBER 30, 2011
(IN THOUSANDS OF DOLLARS)

LIABILITIES AND NET ASSETS	Combined	Eliminations	East Carolina Health, Inc	The Outer Banks Hospital	Roanoke-Chowan Hospital	Bertie Memorial Hospital	Heritage Hospital	Heritage MRI	Chowan Hospital	Duplin General Hospital	Beaufort Memorial Hospital
CURRENT LIABILITIES											
Accounts Payable	$ 14,169	$ (1,087)	$ 651	$ 1,680	$ 2,541	$ 1,009	$ 2,047	$ 3	$ 2,317	$ 645	$ 4,363
Accrued Expenses	16,475	-	312	2,349	3,596	931	2,778	-	2,316	1,170	3,023
Estimated Settlements Due to Third-Party Payors	18,899	-	-	851	2,865	582	10,297	-	1,928	2,376	-
Current Maturities of Long-Term Debt	559	-	-	-	-	476	-	-	83	-	-
Current Maturities of Due to Roanoke-Chowan Alliance	530	-	-	-	530	-	-	-	-	-	-
Current Portion of Due to Affiliates	1,004	-	-	-	61	5	336	-	27	-	575
Total Current Liabilities	51,636	(1,087)	963	4,880	9,593	3,003	15,458	3	6,671	4,191	7,961
LONG-TERM LIABILITIES											
Long-Term Debt, Less Current Maturities	6,004	-	-	-	-	6,004	-	-	-	-	-
Due to Roanoke-Chowan Alliance, Less Current Maturities	5,580	-	-	-	5,580	-	-	-	-	-	-
Due to Affiliates	110,859	-	-	-	10,898	370	69,506	-	5,168	-	24,917
Other Liabilities	4,441	-	-	-	1,728	2	964	102	19	1,626	-
Reserve for Professional Liabilities Losses	488	-	-	278	-	-	-	-	-	210	-
Non-controlling Interest	21,835	21,835	-	-	-	-	-	-	-	-	-
Total Liabilities	200,843	20,748	963	5,158	27,799	9,379	85,928	105	11,858	6,027	32,878
NET ASSETS											
Invested in Capital Assets, Net of Related Debt	43,983	-	371	19,934	11,578	(241)	(17,012)	-	16,565	12,225	563
Restricted for Lease	8,648	-	-	-	8,643	5	-	-	-	-	-
Unrestricted Net Assets	84,182	(21,835)	38,897	34,651	276	5,772	1,607	4	7,678	7,834	9,298
Total Net Assets	136,813	(21,835)	39,268	54,585	20,497	5,536	(15,405)	4	24,243	20,059	9,861
Total Liabilities and Net Assets	$ 337,656	$ (1,087)	$ 40,231	$ 59,743	$ 48,296	$ 14,915	$ 70,523	$ 109	$ 36,101	$ 26,086	$ 42,739

EAST CAROLINA HEALTH, INC.
COMBINING STATEMENT OF REVENUES AND EXPENSES
YEAR ENDED SEPTEMBER 30, 2011
(IN THOUSANDS OF DOLLARS)

	Combined	Eliminations	East Carolina Health, Inc	The Outer Banks Hospital	Roanoke-Chowan Hospital	Bertie Memorial Hospital	Heritage Hospital	Heritage MRI	Chowan Hospital	Duplin General Hospital	Beaufort Memorial Hospital
OPERATING REVENUES											
Net Patient Service Revenue, Net of Provision for Bad Debts	$ 277,330	$ -	$ 5	$ 48,130	$ 67,520	$ 16,657	$ 65,926	$ -	$ 43,156	$ 33,289	$ 2,647
Other Revenue	7,598	(2,471)	3	673	2,844	625	1,739	106	3,068	915	96
Total Operating Revenues	284,928	(2,471)	8	48,803	70,364	17,282	67,665	106	46,224	34,204	2,743
OPERATING EXPENSES											
Salaries and Wages	106,480	-	57	15,486	25,057	7,066	23,431	-	18,721	14,895	1,767
Employee Benefits	28,995	-	4	3,740	8,152	1,605	6,453	-	5,309	3,732	-
Supplies and Other	98,748	(2,471)	618	15,551	24,124	6,173	23,842	-	15,521	13,475	1,915
Depreciation and Amortization	13,140	-	5	2,474	2,547	982	3,044	-	2,479	1,376	233
Operating Lease Expense	6,599	-	5	1,466	1,504	355	1,159	102	1,387	598	23
Total Expenses	253,962	(2,471)	689	38,717	61,384	16,181	57,929	102	43,417	34,076	3,938
INCOME (LOSS) FROM OPERATIONS	30,966	-	(681)	10,086	8,980	1,101	9,736	4	2,807	128	(1,195)
NONOPERATING REVENUES (EXPENSES)											
Interest Expense	(4,332)	140	-	(233)	(511)	(376)	(3,158)	-	(173)	-	(21)
Investment Income	1,543	(140)	1,516	53	80	6	(12)	-	17	22	1
Income Applicable to Non-Controlling Interest	(3,962)	(3,962)	-	-	-	-	-	-	-	-	-
Other	472	-	-	(4)	(34)	5	(43)	-	(145)	-	693
Total Nonoperating Revenues (Expenses), Net	(6,279)	(3,962)	1,516	(184)	(465)	(365)	(3,213)	-	(301)	22	673
EXCESS (DEFICIT) OF REVENUE OVER EXPENSES	$ 24,687	$ (3,962)	$ 835	$ 9,902	$ 8,515	$ 736	$ 6,523	$ 4	$ 2,506	$ 150	$ (522)

UNIVERSITY HEALTH SYSTEMS OF EASTERN CAROLINA, INC.
REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)
SEPTEMBER 30, 2011
(IN THOUSANDS OF DOLLARS)

Defined Benefit Pension Plans

	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Actuarial Accrued Liability (Asset) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percent of Covered Payroll ((b-a) / c)
UHS:						
2011	$ 345,920	$ 395,581	$ 49,661	87 4%	$ 399,812	12 4%
2010	328,755	361,372	32,617	91 0%	369,569	8 8%
2009	256,248	331,424	75,176	77 3%	341,777	22 0%
2008	300,603	312,572	11,969	96 2%	303,579	3 9%
2007	262,161	274,426	12,265	95 5%	282,309	4 3%
2006	231,545	244,084	12,539	94 9%	261,009	4 8%
DGH:						
2011	$ 11,534	$ 8,871	$ (2,663)	130 0%	$ -	0 0%

Analysis of the dollar amounts of net assets available for plan benefits, pension benefit obligation, and unfunded pension benefit obligation in isolation can be misleading Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides an indication of the UHS' and DGH's funding status on a going-concern basis Analysis of this percentage over time indicates whether the Plan is becoming financially stronger or weaker Generally, the greater this percentage, the stronger the pension plan Trends in unfunded pension benefit obligation and annual covered payroll are both affected by inflation Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of UHS' and DGH's progress made in accumulating sufficient assets to pay benefits when due Generally, the smaller this percentage is, the stronger the Plan

Other Postemployment Benefits (OPEB):

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
10/1/2010	$ -	$ 14,944,358	$ 14,944,358	0 0%	$ 490,664,000	3 0%
10/1/2009	-	11,864,610	11,864,610	0 0%	452,292,000	2 6%
10/1/2008	-	18,720,595	18,720,595	0 0%	434,171,000	4 3%

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
2011	$ 1,411,503	$ 1,862,200	131 9%
2010	1,423,094	1,611,872	113 3%
2009	2,483,461	1,285,477	51 8%

Additional Data

Software ID:
Software Version:
EIN: 56-0585243
Name: PITT COUNTY MEMORIAL HOSPITAL INC

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
MARCUS S ALBERNAZ MD BOARD DIRECTOR	2 00	X						0	0	0
BRUCE N AUSTIN BOARD DIRECTOR	2 00	X						0	0	0
NOEL L BAUCOM BOARD DIRECTOR	2 00	X						0	0	0
JANET M BULLOCK BOARD DIRECTOR	2 00	X						0	0	0
JOANNE K BURGDORFF BOARD DIRECTOR	2 00	X						0	0	0
JANICE H FAULKNER BOARD DIRECTOR	2 00	X						0	0	0
PHILLIP K FLOWERS BOARD DIRECTOR	2 00	X						0	0	0
BRUCE E GRAY BOARD DIRECTOR	2 00	X						0	0	0
RALPH R HALL JR BOARD DIRECTOR	2 00	X						0	0	60,000
W DAVID HARRIS BOARD DIRECTOR	2 00	X						0	0	0
ALLAN B HARVIN MD BOARD DIRECTOR	2 00	X						0	0	0
WILLIAM J JONES JR PHD BOARD DIRECTOR	2 00	X						0	0	0
ARTHUR H KEENEY III BOARD DIRECTOR	2 00	X						0	0	0
THOMASINE S KENNEDY BOARD DIRECTOR	2 00	X						0	0	0
J BRYANT KITTRELL III BOARD DIRECTOR	2 00	X						0	0	0
MELVIN C MCLAWHORN BOARD DIRECTOR	2 00	X						0	0	0
WALTER E POFAHL II MD BOARD DIRECTOR	2 00	X						0	0	0
A RAY ROGERS BOARD DIRECTOR	2 00	X						0	0	0
JEFFREY B TURNER BOARD DIRECTOR	2 00	X						0	0	0
DAVID WOMACK BOARD DIRECTOR	4 00	X						0	0	0
DAVID MCRAE CHIEF EXECUTIVE OFFICER-UHS	40 00			X				0	1,328,785	276,458
STEPHEN LAWLER PRESIDENT PCMH	40 00			X				547,752	0	196,738
DIANE POOLE EXECUTIVE VICE PRESIDENT-PCMH	40 00			X				2,279,231	0	76,771
LINDA HOFLER VP, PATIENT CARE SERVICES, CNO	40 00			X				210,184	0	63,957
DAVID HUGHES SR VP, PCMH FINANCIAL SERVICES	40 00			X				0	266,702	88,141

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) Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former	(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
WILLIAM FLOYD EXECUTIVE VICE PRESIDENT-PCMH	40 00			X				220,546	0	42,272
SANJAY SAHA SR VP SURGICAL SVS PCMH	40 00				X			193,823	0	39,447
RYAN HICKEY SR VP, CANCER AND CLINICAL SVCS PCMH	40 00				X			190,394	0	35,911
DONALD SMITH SR VP CARDIAC, EMER & MED SVS PCMH	40 00				X			0	228,981	43,094
TYREE WALKER VP, HUMAN RESOURCES	40 00				X			8,679	225,423	87,808
JOHN RANDALL ADMIN, PHARMACY	40 00					X		182,811	0	23,466
NANCY HART EXEC DIR, UHS-PMH FOUNDATION	40 00					X		179,762	0	58,441
STEPHEN KOSKA ASST DIR, PHARMACY	40 00					X		178,020	0	20,250
JAMES WORDEN JR ASST DIR, PHARMACY	40 00					X		177,844	0	20,237
TAMMY WORDEN CQI-INVESTIGATIONAL DRUG SPLST	40 00					X		163,744	0	14,183

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

4d. Other program services
(Code) (Expenses $ 216,342,335 including grants of $ 950,000) (Revenue $ 250,107,750)
OTHER PROGRAM SERVICE ACTIVITIES