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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

2010Open to Public
Inspection**A** For the 2010 calendar year, or tax year beginning **OCT 1, 2010** and ending **SEP 30, 2011****B** Check if applicable

- ☐ Address change
☐ Name change
☐ Initial return
☐ Terminated
☐ Amended return
☐ Application pending

C Name of organization**WAKEMED**Doing Business As **SEE SCHEDULE O**

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

3000 NEW BERN AVE.

Room/suite

City or town, state or country, and ZIP + 4

RALEIGH, NC 27610**F** Name and address of principal officer: **WILLIAM K ATKINSON, PH.D**
SAME AS C ABOVE**D** Employer identification number**56-6017737****E** Telephone number**919-350-0522****G** Gross receipts \$**1316811525.****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.WAKEMED.ORG****K** Form of organization: ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶**L** Year of formation: **1965** **M** State of legal domicile: **NC****Part I Summary**

Activities & Governance	1	Briefly describe the organization's mission or most significant activities	WAKEMED IS A MULTI-FACILITY HEALTH SYSTEM, PROVIDING STATE OF THE ART, HIGH QUALITY CARE.	
	2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3	Number of voting members of the governing body (Part VI, line 1a)	3	14
	4	Number of independent voting members of the governing body (Part VI, line 1b)	4	14
	5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	5	8770
	6	Total number of volunteers (estimate if necessary)	6	1627
	7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	2,441,478.
7b	Net unrelated business taxable income from Form 990-T, line 84	7b	0.	
Revenue	8	Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9	Program service revenue (Part VIII, line 2g)	5,965,412.	5,720,938.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	877,653,989.	920,937,695.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11d)	11,942,993.	15,487,893.
	12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	1,013,153.	928,079.
	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	896,575,547.	943,074,605.
	14	Benefits paid to or for members (Part IX, column (A), line 4)	1,217,664.	1,667,290.
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	0.	0.
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	475,390,247.	494,163,620.
	16b	Total fundraising expenses (Part IX, column (D), line 25)	0.	0.
Net Assets or Fund Balances	17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f)	416,779,932.	441,394,424.
	18	Total expenses - Add lines 13-17 (must equal Part IX, column (A), line 25)	893,387,843.	937,225,334.
	19	Revenue less expenses - Subtract line 18 from line 12	3,187,704.	5,849,271.
	20	Total assets (Part X, line 16)	Beginning of Current Year	End of Year
	21	Total liabilities (Part X, line 26)	1,335,640,583.	1,362,673,830.
	22	Net assets or fund balances - Subtract line 21 from line 20	663,145,048.	654,720,444.
			672,495,535.	707,953,386.

Part II Signature Block

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

Sign Here	Signature of officer	Date
	MICHAEL DEVAUGHN, CFO	8/14/12
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature
	GREGORY W. JOHNS	G W Johns
	Firm's name	Firm's EIN
	CLIFTONLARSONALLEN PLLC	CPA
	Firm's address	Phone no.
	101 N. TRYON STREET, SUITE 1000	704-998-5200
	CHARLOTTE, NC 28246	

May the IRS discuss this return with the preparer shown above? (see instructions)

☒ Yes ☐ No

G17 7

Part III Statement of Program Service Accomplishments

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

☒ X**1** Briefly describe the organization's mission:

WAKEMED PROVIDES OUTSTANDING AND COMPASSIONATE CARE TO ALL WHO SEEK OUR SERVICES. WE ARE COMMITTED TO THE HEALTH & WELLNESS OF THE COMMUNITIES WE SERVE BY PROVIDING PREVENTIVE, DIAGNOSTIC, IN/OUT PATIENT, REHABILITATIVE AND SKILLED NURSING CARE TO ALL REGARDLESS OF

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 \$ 235,504,683, including grants of \$ _____) (Revenue \$ 229,227,372.)

SURGICAL SERVICES - WAKEMED OFFERS SURGICAL SERVICES IN FOUR LOCATIONS; WAKEMED RALEIGH CAMPUS, WAKEMED CARY HOSPITAL, WAKEMED NORTH HEALTHPLEX AND BLUE RIDGE SURGERY CENTER. ALL OF THESE FACILITIES PROVIDE SURGICAL SERVICES TO ALL WHO SEEK CARE REGARDLESS OF THEIR ABILITY TO PAY. BY HAVING IN AND OUT PATIENT SERVICES IN FOUR DISTINCT LOCATIONS THROUGHOUT THE COUNTY, WAKEMED HAS IMPROVED ACCESS TO THESE NEEDED SERVICES. IN JUNE OF 2012 AN ADDITIONAL DAY SURGERY LOCATION WILL OPEN IN EAST RALEIGH. ACCESS TO SPECIALTY CARE CONTINUES TO BE ONE OF THE KEY HEALTH CONCERNS FACING OUR COMMUNITY. WAKEMED HAS EXPANDED ITS NETWORK OF SPECIALISTS AND WAKEMED FACULTY PHYSICIANS IS ONE OF THE KEY GROUPS OF PHYSICIANS WHO PROVIDE SUBSPECIALITY CARE TO THE UNDERINSURED AND WORK WITH THE PATIENT TO PROVIDE DISCOUNTED FEES BASED ON INCOME

4b (Code _____) (Expenses \$ 224,900,878, including grants of \$ _____) (Revenue \$ 242,850,442.)

HEART SERVICES - WAKEMED'S HEART AND VASCULAR PROGRAM IS NOT ONLY THE LARGEST, BUT ONE OF THE MOST WELL RESPECTED IN CARDIOVASCULAR PROGRAMS IN NORTH CAROLINA. LAST YEAR, MORE THAN 25,000 CARDIOVASCULAR PROCEDURES WERE CONDUCTED FOR NEARLY 13,536 IN AND OUT PATIENTS CASES IN THE WAKEMED SYSTEM. PROCEDURES INCLUDED SURGERY, CARDIAC CATHETERIZATIONS AND ELECTROPHYSIOLOGY AND THOUSANDS OF OTHERS WERE TREATED MEDICALLY AS IN AND OUTPATIENTS THROUGHOUT THE SYSTEM. HEART DISEASE REMAINS THE SECOND LEADING CAUSE OF DEATH IN WAKE COUNTY. ADDITIONALLY, THE COUNTY'S 2010 HEALTH ASSESSMENT IDENTIFIES MANAGEMENT OF CHRONIC DISEASE OF PARAMOUNT IMPORTANCE TO WAKE COUNTY RESIDENTS' OVERALL HEALTH. WAKEMED'S HEART CENTER HAS MADE SIGNIFICANT STRIDES IN PROGRAMS AND SERVICES AIMING TO REDUCE HEART DISEASE AND DIABETES AND

4c (Code _____) (Expenses \$ 767,184,741, including grants of \$ _____) (Revenue \$ 115,446,336.)

EMERGENCY SERVICES - ACCESS TO AFFORDABLE HEALTH CARE CONTINUES TO BE A CRITICAL CHALLENGE FACING WAKE COUNTY'S RESIDENTS. ONE OF THE MANY WAYS WAKEMED HAS IMPROVED ACCESS FOR WAKE COUNTY RESIDENTS IS THROUGH OUR MULTIPLE LOCATIONS AND PHYSICIANS OFFICES THROUGHOUT THE COMMUNITY. OVER THE PAST COUPLE OF YEARS, WAKEMED HAS OPENED FULL SERVICE, STAND ALONE EMERGENCY DEPARTMENTS, WHICH ARE GEOGRAPHICALLY SPREAD THROUGHOUT THE COUNTY, INCREASING CONVENIENT ACCESS TO EMERGENCY CARE FOR PATIENTS. WAKEMED IS AMONG THE TOP THREE VOLUME PROVIDERS OF EMERGENCY CARE IN NC. ITS FIVE ADULT EMERGENCY DEPARTMENTS ARE LOCATED THROUGHOUT WAKE COUNTY. OUR CHILDREN'S EMERGENCY DEPARTMENT IN RALEIGH IS THE ONLY CHILDREN'S ED IN THE COUNTY. WAKEMED'S RALEIGH CAMPUS IS ALSO HOME TO WAKE COUNTY'S ONLY LEVEL I TRAUMA CENTER, THE HIGHEST

4d Other program services (Describe in Schedule O)

(Expenses \$ 291,911,137, including grants of \$ 1,614,817.) (Revenue \$ 329,018,852.)

4e Total program service expenses **829,035,172.**

Part IV Checklist of Required Schedules

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

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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? <i>If "Yes," complete Schedule I, Parts I and II</i>	21 X	
22 Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22 X	
23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23 X	
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25</i>	24a X	
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b	X
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	X
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d	X
25a Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a	X
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b	X
26 Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26	X
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i>	27	X
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)		
a A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a	X
b A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b	X
c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c	X
29 Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29	X
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30	X
31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31	X
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32	X
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33 X	
34 Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>	34 X	
35 Is any related organization a controlled entity within the meaning of section 512(b)(13)?	35 X	
a Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>		
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36	X
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37	X
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 X	

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Part V Statements Regarding Other IRS Filings and Tax ComplianceCheck 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.		
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.		
1c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	X	
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.		
2b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	X	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	X	
3b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	X	
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)?	X	
4b	If "Yes," enter the name of the foreign country. CAYMAN ISLANDS 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?		X
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		X
5c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
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?		X
6b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
7a	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?		X
7b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
7c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		X
7d	If "Yes," indicate the number of Forms 8282 filed during the year.		
7e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		X
7f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		X
7g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	N/A	
7h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	N/A	
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?	N/A	
9	Sponsoring organizations maintaining donor advised funds.		
9a	Did the organization make any taxable distributions under section 4966?	N/A	
9b	Did the organization make a distribution to a donor, donor advisor, or related person?	N/A	
10	Section 501(c)(7) organizations. Enter:		
10a	Initiation fees and capital contributions included on Part VIII, line 12.	N/A	
10b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		
11	Section 501(c)(12) organizations. Enter:		
11a	Gross income from members or shareholders.	N/A	
11b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		
12b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	N/A	
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
13a	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.	N/A	
13b	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.		
13c	Enter the amount of reserves on hand.		
14a	Did the organization receive any payments for indoor tanning services during the tax year?		X
14b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		

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Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 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	14	
1b Enter the number of voting members included in line 1a, above, who are independent	14	
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?		X
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?		X
4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		X
5 Did the organization become aware during the year of a significant diversion of the organization's assets?		X
6 Does the organization have members or stockholders?		X
7a Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	X	
7b Are any decisions of the governing body subject to approval by members, stockholders, or other persons?	X	
8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
a The governing body?	X	
b Each committee with authority to act on behalf of the governing body?	X	
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		X

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?		X
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?		
11a Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?	X	
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	X	
b Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	X	
c Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done	X	
13 Does the organization have a written whistleblower policy?	X	
14 Does the organization have a written document retention and destruction policy?	X	
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	X	
b Other officers or key employees of the organization		X
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?	X	
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?	X	

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 Forms 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

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization **MICHAEL DEVAUGHN, CFO - 919-350-0522**
3000 NEW BERN AVE., RALEIGH, NC 27610

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
THOMAS B OXHOLM BOARD OF DIRECTORS - CHAIR	10.00	X						0.	0.	0.
WILLIAM H MCBRIDE BOARD OF DIRECTORS - VICE CHAIR	7.30	X						0.	0.	0.
JERRY C BERNSTEIN, M.D. BOARD OF DIRECTORS - SECRETARY	6.30	X						0.	0.	0.
RICHARD F BAKER BOARD MEMBER	7.80	X						0.	0.	0.
LARRY D BARBOUR BOARD MEMBER	7.00	X						0.	0.	0.
ROBERT A CERWIN, M.D. BOARD MEMBER	4.00	X						0.	0.	0.
DANA D COPELAND, M.D. BOARD MEMBER	5.00	X						0.	0.	0.
BRENDA C GIBSON BOARD MEMBER	8.00	X						0.	0.	0.
M JACKSON NICHOLS BOARD MEMBER	5.00	X						0.	0.	0.
WILLIAM R MCNEAL BOARD MEMBER	4.00	X						0.	0.	0.
LESLIE MERRITT BOARD MEMBER	4.30	X						0.	0.	0.
CHRISTINA ALVARADO SHANAHAN BOARD MEMBER	5.50	X						0.	0.	0.
LORRAINE M WRIGHT, PH.D. BOARD MEMBER	8.30	X						0.	0.	0.
LLOYD M YATES BOARD MEMBER	5.00	X						0.	0.	0.
WILLIAM K ATKINSON, PH.D. CEO	80.00			X				1,606,033.	0.	27,336.
MICHAEL DEVAUGHN CFO	60.00			X				475,057.	0.	20,031.
THOMAS GETTINGER EXEC VP & COO	60.00			X				396,574.	0.	8,358.

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

(A) Name and title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
ROYLYN JOHNSON OFFICER-SECRETARY	40.00			X				85,686.	0.	8,901.
KATHLEEN K GORMLEY EXECUTIVE VP OPERATIONS & AMBULATORY	55.00				X			559,149.	0.	25,168.
DAVID C COULTER SENIOR VP - ADMINISTRATOR - CARY HOS	55.00				X			428,128.	0.	25,556.
MARY A WILCOX SENIOR VP - OPERATIONS & CNO	50.00				X			311,222.	0.	25,662.
JEANENE R MARTIN SENIOR VP - HR	65.00				X			302,055.	0.	28,375.
EVIN D ARLEDGE VP & CIO	55.00				X			286,413.	0.	27,240.
THOMAS G CAVENDER VP FACILITIES & CONSTRUCTION	60.00				X			262,653.	0.	22,855.
CAROLYN KNAUP VP - AMBULATORY SERVICES	60.00				X			217,791.	0.	27,309.
BETSY GASKINS-MCCLLAINE VP HEART & VASCULAR SERVICES	60.00				X			243,295.	0.	26,436.
1b Sub-total								5,174,056.	0.	273,227.
c Total from continuation sheets to Part VII, Section A								3,846,315.	0.	153,226.
d Total (add lines 1b and 1c)								9,020,371.	0.	426,453.

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

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- 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
- 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
- 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

	Yes	No
3		X
4	X	
5		X

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
OWENS & MINOR 4200 GLOBAL ST, RALEIGH, NC 27610	MEDICAL PRODUCTS	32,226,562.
AMERISOURCEBERGEN PO BOX 530494, ATLANTA, GA 30353-0494	PHARMACEUTICALS	24,589,360.
BRASFIELD & GORRIE LLC 8521 SIX FORKS RD #110, RALEIGH, NC 27615	CONSTRUCTION	19,922,417.
BOSTON SCIENTIFIC, PO BOX 8500-6205, PHILADELPHIA, PA 19178-6205	MEDICAL DEVICES	15,763,684.
MEDTRONIC PO BOX 409201, ATLANTA, GA 30384-9201	MEDICAL DEVICES	14,302,017.

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

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SEE PART VII, SECTION A CONTINUATION SHEETS

Form 990 (2010)

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

(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			
GEORGIA C SUMIEL VP OPERATIONS	48.00				X			206,445.	0.	18,925.
TIMOTHY E HARRIS PHYSICIAN	40.00				X			818,692.	0.	25,058.
MARK L WOOD PHYSICIAN	40.00				X			737,264.	0.	30,933.
JOHNATHAN D CHAPPELL PHYSICIAN	40.00				X			712,705.	0.	23,198.
GURVINDER S DEOL PHYSICIAN	40.00				X			799,175.	0.	29,683.
ROBERT G HOWARD JR., M.D. PHYSICIAN	40.00				X			572,034.	0.	25,429.
Total to Part VII, Section A, line 1c								3,846,315.		153,226.

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	1 a Federated campaigns	1a						
	b Membership dues	1b						
	c Fundraising events	1c						
	d Related organizations	1d						
	e Government grants (contributions)	1e	5069909.					
	f All other contributions, gifts, grants, and similar amounts not included above	1f	651,029.					
	g Noncash contributions included in lines 1a-1f \$							
	h Total. Add lines 1a-1f			5720938.				
Program Service Revenue	2 a PATIENT SERVICES	Business Code	621500	902,196,746.	901,595,698.	601,048.		
	b							
	c							
	d							
	e							
	f All other program service revenue	621500	18,740,949.	14,710,090.	1,840,430.	2,190,429.		
	g Total. Add lines 2a-2f			920,937,695.				
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)			14,053,028.			14,053,028.	
	4 Income from investment of tax-exempt bond proceeds							
	5 Royalties							
	6 a Gross Rents	(i) Real	769567.					
	b Less rental expenses	(ii) Personal	78,702.					
	c Rental income or (loss)		690865.					
	d Net rental income or (loss)			690,865.			690,865.	
	7 a Gross amount from sales of assets other than inventory	(i) Securities	374,265,599.	(ii) Other	827484.			
	b Less cost or other basis and sales expenses		373,085,715.		572503.			
	c Gain or (loss)		1,179,884.		254981.			
	d Net gain or (loss)			1434865.			1,434,865.	
	8 a 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							
	9 a Gross income from gaming activities See Part IV, line 19	a						
	b Less direct expenses	b						
	c Net income or (loss) from gaming activities							
	10 a 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					
11 a INVESTMENT IN SUBS		621610	237,214.	237,214.				
b								
c								
d All other revenue								
e Total. Add lines 11a-11d			237,214.					
12 Total revenue. See instructions.			943,074,605.	916,543,002.	2,441,478.	18,369,187.		

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D)

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U.S. See Part IV, line 21	1,614,817.	1,614,817.		
2 Grants and other assistance to individuals in the U.S. See Part IV, line 22	52,473.	52,473.		
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	5,712,448.		5,712,448.	
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	406708827.	342333091.	64,375,736.	
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	17,650,674.	15,003,073.	2,647,601.	
9 Other employee benefits	36,596,509.	31,107,033.	5,489,476.	
10 Payroll taxes	27,495,162.	23,370,888.	4,124,274.	
11 Fees for services (non-employees):				
a Management				
b Legal	1,774,126.	1,667,679.	106,447.	
c Accounting	213,831.	195,762.	18,069.	
d Lobbying	475,457.	446,930.	28,527.	
e Professional fundraising services. See Part IV, line 17				
f Investment management fees	1,514,869.		1,514,869.	
g Other	108922128.	102386800.	6,535,328.	
12 Advertising and promotion	5,083,575.	4,778,561.	305,014.	
13 Office expenses	178519184.	167808033.	10,711,151.	
14 Information technology	10,662,337.	10,022,597.	639,740.	
15 Royalties				
16 Occupancy	17,816,425.	16,747,440.	1,068,985.	
17 Travel	760,384.	714,761.	45,623.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	1,165,604.	1,095,668.	69,936.	
20 Interest	15,625,934.	15,625,934.		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	61,338,553.	61,338,553.		
23 Insurance	5,985,871.	5,626,719.	359,152.	
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 REPAIRS/MAINT	18,160,496.	14,528,397.	3,632,099.	
b MINOR EQUIPMENT	3,851,623.	3,620,526.	231,097.	
c LAUNDRY	2,205,807.	2,205,807.		
d PATIENT TRANSPORT	1,595,694.	1,595,694.		
e				
f All other expenses	5,722,526.	5,147,936.	574,590.	
25 Total functional expenses. Add lines 1 through 24f	937225334.	829035172.	108190162.	0.
26 Joint costs. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720). Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

		(A) Beginning of year		(B) End of year
Assets	1 Cash - non-interest-bearing	47,880.	1	54,892.
	2 Savings and temporary cash investments	526,517,265.	2	567,398,778.
	3 Pledges and grants receivable, net	668,736.	3	380,053.
	4 Accounts receivable, net	116,153,089.	4	122,045,084.
	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)		6	
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use	19,481,828.	8	18,983,249.
	9 Prepaid expenses and deferred charges	9,621,002.	9	7,164,240.
	10a Land, buildings, and equipment cost or other basis. Complete Part VI of Schedule D	10a 1,213,074,735.		
	b Less: accumulated depreciation	10b 693,727,810.	10c	519,346,925.
	11 Investments - publicly traded securities	526,315,095.	11	49,468,660.
	12 Investments - other securities. See Part IV, line 11	48,902,633.	12	
	13 Investments - program-related. See Part IV, line 11		13	
	14 Intangible assets		14	
	15 Other assets. See Part IV, line 11	87,933,055.	15	77,831,949.
16 Total assets. Add lines 1 through 15 (must equal line 34)	1,335,640,583.	16	1,362,673,830.	
Liabilities	17 Accounts payable and accrued expenses	128,040,889.	17	132,227,054.
	18 Grants payable		18	
	19 Deferred revenue	1,351,501.	19	1,088,448.
	20 Tax-exempt bond liabilities	463,845,902.	20	455,346,622.
	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	69,906,756.	25	66,058,320.
	26 Total liabilities. Add lines 17 through 25	663,145,048.	26	654,720,444.
	Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.		
27 Unrestricted net assets		671,933,552.	27	707,401,312.
28 Temporarily restricted net assets		561,983.	28	552,074.
29 Permanently restricted net assets			29	
Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.				
30 Capital stock or trust principal, or current funds			30	
31 Paid-in or capital surplus, or land, building, or equipment fund			31	
32 Retained earnings, endowment, accumulated income, or other funds			32	
33 Total net assets or fund balances		672,495,535.	33	707,953,386.
34 Total liabilities and net assets/fund balances		1,335,640,583.	34	1,362,673,830.

Form 990 (2010)

Part XI Reconciliation of Net AssetsCheck 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	943,074,605.
2	Total expenses (must equal Part IX, column (A), line 25)	2	937,225,334.
3	Revenue less expenses Subtract line 2 from line 1	3	5,849,271.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	672,495,535.
5	Other changes in net assets or fund balances (explain in Schedule O)	5	29,608,580.
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	707,953,386.

Part XII Financial Statements and ReportingCheck if Schedule O contains a response to any question in this Part XII ☒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?

b Were the organization's financial statements audited by an independent accountant?

c If "Yes" to line 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

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 separate 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?

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

	Yes	No
2a		X
2b	X	
2c	X	
3a	X	
3b	X	

Form 990 (2010)

Department of the Treasury
Internal Revenue Service

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

WAKEMED

Employer identification number

56-6017737

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?

(ii) A family member of a person described in (i) above?

(iii) A 35% controlled entity of a person described in (i) or (ii) above?

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

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

[illegible]

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule A (Form 990 or 990-EZ) 2010

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 section 501(c)(3) organization, check this box and stop here. ► <input type="checkbox"/>						

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 from 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. ► <input type="checkbox"/>		
b 33 1/3% support test - 2009. If the organization did not check a 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. ► <input type="checkbox"/>		
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. ► <input type="checkbox"/>		
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. ► <input type="checkbox"/>		
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. ► <input type="checkbox"/>		

Schedule A (Form 990 or 990-EZ) 2010

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 section 501(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 ☐

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

OMB No 1545-0047

2010

Open to Public
Inspection

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

▶ **See separate instructions.**

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 organization

WAKEMED

Employer identification number

56-6017737

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 function 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-

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule C (Form 990 or 990-EZ) 2010

LHA

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															
<table border="1"> <thead> <tr> <th>If the amount on line 1e, column (a) or (b) is:</th> <th>The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 1e</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000.</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000.</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000.</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000</td> </tr> </tbody> </table>		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		
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														
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-															
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?		<input type="checkbox"/> Yes	<input type="checkbox"/> 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 nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Schedule C (Form 990 or 990-EZ) 2010

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)		(b)
	Yes	No	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?		X	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	X		
c Media advertisements?		X	
d Mailings to members, legislators, or the public?		X	
e Publications, or published or broadcast statements?		X	
f Grants to other organizations for lobbying purposes?		X	
g Direct contact with legislators, their staffs, government officials, or a legislative body?	X		475,457.
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		X	
i Other activities? If "Yes," describe in Part IV		X	
j Total. Add lines 1c through 1i			475,457.
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		X	
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) nondeductible 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 1. Also, complete this part for any additional information.

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

WAKEMED

Employer identification number

56-6017737

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?		<input type="checkbox"/> Yes <input type="checkbox"/> No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can 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?		<input type="checkbox"/> Yes <input type="checkbox"/> 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).

<input type="checkbox"/> Preservation of land for public use (e.g., recreation or education)	<input type="checkbox"/> Preservation of an historically important land area
<input type="checkbox"/> Protection of natural habitat	<input type="checkbox"/> Preservation of a certified historic structure
<input type="checkbox"/> Preservation of open space	

2 Complete lines 2a through 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 Tax 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, and not on a historic structure listed in the National Register	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax 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 section 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 (ASC 958), 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 (ASC 958), 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 (ASC 958) 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 acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):

- a ☐ Public exhibition
 b ☐ Scholarly research
 c ☐ Preservation for future generations

- d ☐ Loan or exchange programs
 e ☐ Other _____

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

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets

to be sold to raise funds rather than to be maintained as part of the organization's collection?

☐ Yes ☐ No**Part IV Escrow and Custodial Arrangements.** Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?

☐ Yes ☐ No

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

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

	Amount
1c	
1d	
1e	
1f	

2a Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes ☐ No

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

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

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance	322,669.	316,547.	350,781.		
b Contributions					
c Net investment earnings, gains, and losses	5,980.	7,328.	9,625.		
d Grants or scholarships					
e Other expenditures for facilities and programs			42,650.		
f Administrative expenses	1,114.	1,206.	1,209.		
g End of year balance	327,535.	322,669.	316,547.		

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

- a Board designated or quasi-endowment ▶ _____ %
 b Permanent endowment ▶ 100.00 %
 c Term endowment ▶ _____ %

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

- (i) unrelated organizations
 (ii) related organizations

	Yes	No
3a(i)		X
3a(ii)		X
3b		

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

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

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

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		3,889,817.		3,889,817.
b Buildings		563810148.	190826143.	372984005.
c Leasehold improvements		8,791,173.	4,912,043.	3,879,130.
d Equipment		593322235.	482804845.	110517390.
e Other		43,261,362.	15,184,779.	28,076,583.
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				519346925.

Schedule D (Form 990) 2010

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)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
(I)		
Total. (Col (b) must equal Form 990, Part X, col (B) line 12.) ▶		

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

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
Total. (Col (b) must 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)	ASSETS WHOSE LIFE IS LIMITED	6,924,875.
(2)	PREPAID PENSION OBLIGATION	923,658.
(3)	DEFERRED BOND FINANCING COSTS	10,877,786.
(4)	OTHER EQUITY INVESTMENTS	751,225.
(5)	RESTRICTED FUNDS	33,002,690.
(6)	DESIGNATED FUNDS	25,351,715.
(7)		
(8)		
(9)		
(10)		
Total. (Column (b) must equal Form 990, Part X, col (B) line 15)		77,831,949.

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

1.		(a) Description of liability	(b) Amount
(1)		Federal income taxes	
(2)		CAPITAL LEASES	183,479.
(3)		MISC LEASES - LT	2,237,266.
(4)		DUE TO 3RD PARTIES	42,917,635.
(5)		ESTIMATED MALPRACTICE	20,577,515.
(6)		ACCRUED INTEREST	142,425.
(7)			
(8)			
(9)			
(10)			
(11)			
Total. (Column (b) must equal Form 990, Part X, col (B) line 25)			66,058,320.

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

2. FIN 48 (ASC 740)

032053
12-20-10

Schedule D (Form 990) 2010

Part XI Reconciliation of Change in Net Assets from Form 990 to Audited 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 through 8	9	
10	Excess or (deficit) for the year per audited 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 must 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 must 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, line 2, 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.

PART V, LINE 4: THE ALLEN TRUST ENDOWMENT FUNDS ARE USED TO PROVIDE

POOR AND INDIGENT PATIENTS WITH PRIVATE DUTY NURSING CARE. WAKEMED

DEFINES POOR AND INDIGENT PATIENTS AS THOSE WITH A FINANCIAL CLASS OF

SELF-PAY OR MEDICAID. A SITTER CAN BE IN EITHER THE HOSPITAL OR HOMECARE SETTING.

SCHEDULE F
(Form 990)

Department of the Treasury
Internal Revenue Service

Statement of Activities Outside the United States

- ▶ Complete if the organization answered "Yes" to Form 990,
Part IV, line 14b, 15, or 16.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public
Inspection

Name of the organization

Employer identification number

WAKEMED

56-6017737

Part I **General Information on Activities Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 14b

1 For grantmakers. 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 For grantmakers. Describe in Part V the organization's procedures for monitoring the use of grant funds outside the United States

3 Activities per Region. (The following Part I, line 3 table can be duplicated if additional space is needed)

(a) Region	(b) Number of offices in the region	(c) Number of employees, agents, and independent contractors in region	(d) Activities conducted in region (by type) (e.g., fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for and investments in region
EAST ASIA	0	0	PROGRAM SERVICE	PATIENT TRANSPORT	16,990.
CARIBBEAN	0	0	CONFERENCE		4,784.
EUROPE	0	0	CONFERENCE		1,442.
NORTH AMERICA	0	0	CONFERENCE		10,110.
CARIBBEAN	0	0	INVESTMENT		60,000.
3 a Sub-total	0	0			93,326.
b Total from continuation sheets to Part I	0	0			0.
c Totals (add lines 3a and 3b)	0	0			93,326.

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

Schedule F (Form 990) 2010

Schedule F (Form 990) 2010

Grants and Other Assistance to Organizations of Entities Outside the United States. Complete if recipient who 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

[illegible]

2 Enter total number of recipient organizations listed above that are recognized as charities by the foreign country, recognized as tax-exempt by

the IRS, or for which the grantee or counsel has provided a section 501(c)(3) equivalency letter

33 Enter total number of other organizations or entities

Part IV Foreign Forms

- 1 Was the organization a U.S. transferor of property to a foreign corporation during the tax year? If "Yes," the organization may be required to file Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation (see Instructions for Form 926) ☐ Yes ☒ No
- 2 Did the organization have an interest in a foreign trust during the tax year? If "Yes," the organization may be required to file Form 3520, Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts, and/or Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner (see Instructions for Forms 3520 and 3520-A) ☐ Yes ☒ No
- 3 Did the organization have an ownership interest in a foreign corporation during the tax year? If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with respect to Certain Foreign Corporations. (see Instructions for Form 5471) ☒ Yes ☐ No
- 4 Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? If "Yes," the organization may be required to file Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see Instructions for Form 8621) ☐ Yes ☒ No
- 5 Did the organization have an ownership interest in a foreign partnership during the tax year? If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with respect to Certain Foreign Partnerships (see Instructions for Form 8865) ☐ Yes ☒ No
- 6 Did the organization have any operations in or related to any boycotting countries during the tax year? If "Yes," the organization may be required to file Form 5713, International Boycott Report (see Instructions for Form 5713) ☐ Yes ☒ No

Schedule F (Form 990) 2010

SCHEDULE H
(Form 990)

Hospitals

OMB No 1545-0047

2010

Open to Public
Inspection

Department of the Treasury
Internal Revenue Service

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

Name of the organization

WAKEMED

Employer identification number

56-6017737

Part I Financial Assistance and Certain Other Community Benefits at Cost

- 1a** Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a
- b** If "Yes," was it a written policy?
If the organization had multiple hospital facilities, 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 hospital facilities ☐ Applied uniformly to most hospital facilities
☐ Generally tailored to individual hospital facilities
- 3** Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year
- a** Did 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 was the FPG family income limit for eligibility for free care:
☐ 100% ☐ 150% ☒ 200% ☐ Other _____ %
- b** Did the organization use FPG to determine eligibility for providing discounted care to low income individuals?
If "Yes," indicate which of the following was the family income limit for eligibility for discounted care:
☐ 200% ☐ 250% ☒ 300% ☐ 350% ☐ 400% ☐ Other _____ %
- c** If the organization did 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 used 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"?
- 5a** Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?
- b** If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?
- c** If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?
- 6a** Did the organization prepare a community benefit report during the tax year?
- b** If "Yes," did the organization make it available to the public?

	Yes	No
1a	X	
1b	X	
3a	X	
3b	X	
4	X	
5a	X	
5b	X	
5c		X
6a	X	
6b	X	

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)			71,449,504.		71,449,504.	7.62%
b Unreimbursed Medicaid (from Worksheet 3, column a)			157,047,071.	109,772,833.	47,274,238.	5.04%
c Unreimbursed costs other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			228,496,575.	109,772,833.	118,723,742.	12.66%
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			2,541,573.	381,958.	2,159,615.	.23%
f Health professions education (from Worksheet 5)			15,610,469.	9,423,152.	6,187,317.	.66%
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8)			621,258.		621,258.	.07%
j Total Other Benefits			18,773,300.	9,805,110.	8,968,190.	.96%
k Total. Add lines 7d and 7j			247,269,875.	119,577,943.	127,691,932.	13.62%

Part II Community Building Activities Complete this table if the organization conducted any 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			50,177.		50,177.	.01%
2 Economic development			259,501.		259,501.	.03%
3 Community support			583,751.		583,751.	.06%
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy			2,657.		2,657.	.00%
8 Workforce development			989,575.		989,575.	.11%
9 Other						
10 Total			1,885,661.		1,885,661.	.21%

Part III Bad Debt, Medicare, & Collection Practices
Section A. Bad Debt Expense

1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15? Yes No

2 Enter the amount of the organization's bad debt expense (at cost) 1 11,068,891.

3 Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's financial assistance policy 3 0.

4 Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit.

Section B. Medicare

5 Enter total revenue received from Medicare (including DSH and IME) 5 263148250.

6 Enter Medicare allowable costs of care relating to payments on line 5 6 266968702.

7 Subtract line 6 from line 5. This is the surplus (or shortfall) 7 -3,820,452.

8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit.

Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6.

Check the box that describes the method used:

☐ Cost accounting system ☒ Cost to charge ratio ☐ Other

Section C. Collection Practices

9a Did the organization have a written debt collection policy during the tax year? 9a X

b If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI 9b X

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 %
2 WAKE PET SERVICES LLC	EQUIPMENT LEASING	50.00%	.00%	50.00%
3 CARDIAC INNOVATIONS LLC	EQUIPMENT LEASING	100.00%	.00%	.00%
4 WAKE ORTHOPEADICS LLC	MEDICAL PRACTICE	100.00%	.00%	.00%
5 WAKE SPECIALTY PHYSICIANS LLC	MEDICAL PRACTICE	100.00%	.00%	.00%
6 BLUE RIDGE GP LLC	MEDICAL PRACTICE	51.00%	.00%	.00%
7 PARTNERS IN PRACTICE LLC	MEDICAL PRACTICE	100.00%	.00%	.00%

Part V	Facility Information
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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? 2

[illegible]

Part V Facility Information (continued)**Section B. Facility Policies and Practices**

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

Name of Hospital Facility: WAKEMED - RALEIGH CAMPUSLine Number of Hospital Facility (from Schedule H, Part V, Section A): 1

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2010)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment (Needs Assessment)? If "No," skip to line 8	1 X	
If "Yes," indicate what the Needs Assessment describes (check all that apply):		
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess all of the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 <u>10</u>		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3 X	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	X
5 Did the hospital facility make its Needs Assessment widely available to the public?	5 X	
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)		
a <input type="checkbox"/> Hospital facility's website		
b <input checked="" type="checkbox"/> Available upon request from the hospital facility		
c <input checked="" type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)		
a <input checked="" type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
b <input type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Participation in the development of a community-wide community benefit plan		
d <input type="checkbox"/> Participation in the execution of a community-wide community benefit plan		
e <input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input checked="" type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the Needs Assessment		
g <input checked="" type="checkbox"/> Prioritization of health needs in its community		
h <input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	X
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8 X	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care to low income individuals?	9 X	
If "Yes," indicate the FPG family income limit for eligibility for free care <u>200</u> %		

Part V Facility Information (continued) WAKEMED - RALEIGH CAMPUS

	Yes	No
10 Used FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate the FPG family income limit for eligibility for discounted care: <u>300</u> %	X	
11 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)	X	
a <input checked="" type="checkbox"/> Income level		
b <input checked="" type="checkbox"/> Asset level		
c <input checked="" type="checkbox"/> Medical indigency		
d <input checked="" type="checkbox"/> Insurance status		
e <input checked="" type="checkbox"/> Uninsured discount		
f <input checked="" type="checkbox"/> Medicaid/Medicare		
g <input type="checkbox"/> State regulation		
h <input type="checkbox"/> Other (describe in Part VI)		
12 Explained the method for applying for financial assistance?	X	
13 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)	X	
a <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website		
b <input checked="" type="checkbox"/> The policy was attached to billing invoices		
c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
f <input checked="" type="checkbox"/> The policy was available on request		
g <input type="checkbox"/> Other (describe in Part VI)		

Billing and Collections

14 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy that explained actions the hospital facility may take upon non-payment?	X	
15 Check all of the following collection actions against a patient that were permitted under the hospital facility's policies at any time during the tax year:		
a <input checked="" type="checkbox"/> Reporting to credit agency		
b <input type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments		
e <input checked="" type="checkbox"/> Other actions (describe in Part VI)		
16 Did the hospital facility engage in or authorize a third party to perform any of the following collection actions during the tax year?	X	
If "Yes," check all collection actions in which the hospital facility or a third party engaged (check all that apply)		
a <input checked="" type="checkbox"/> Reporting to credit agency		
b <input type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments		
e <input checked="" type="checkbox"/> Other actions (describe in Part VI)		
17 Indicate which actions the hospital facility took before initiating any of the collection actions checked in line 16 (check all that apply)		
a <input checked="" type="checkbox"/> Notified patients of the financial assistance policy on admission		
b <input checked="" type="checkbox"/> Notified patients of the financial assistance policy prior to discharge		
c <input checked="" type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills		
d <input checked="" type="checkbox"/> Documented its determination of whether a patient who applied for financial assistance under the financial assistance policy qualified for financial assistance		
e <input type="checkbox"/> Other (describe in Part VI)		

Part V Facility Information (continued) **WAKEMED - RALEIGH CAMPUS****Policy Relating to Emergency Medical Care**

- 18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?

	Yes	No
18	X	

If "No," indicate the reasons why (check all that apply)

- a ☐ The hospital facility did not provide care for any emergency medical conditions
- b ☐ The hospital facility did not have a policy relating to emergency medical care
- c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)
- d ☐ Other (describe in Part VI)

Charges for Medical Care

- 19 Indicate how the hospital facility determined the amounts billed to individuals who did not have insurance covering emergency or other medically necessary care (check all that apply):

- a ☐ The hospital facility used the lowest negotiated commercial insurance rate for those services at the hospital facility
- b ☐ The hospital facility used the average of the three lowest negotiated commercial insurance rates for those services at the hospital facility
- c ☐ The hospital facility used the Medicare rate for those services
- d ☒ Other (describe in Part VI)

- 20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?

	Yes	No
20		X

If "Yes," explain in Part VI

- 21 Did the hospital facility charge any of its patients an amount equal to the gross charge for any service provided to that patient?

	Yes	No
21	X	

If "Yes," explain in Part VI.

Part V Facility Information (continued)**Section B. Facility Policies and Practices**

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

Name of Hospital Facility: WAKEMED - CARY HOSPITALLine Number of Hospital Facility (from Schedule H, Part V, Section A): 2

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2010)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment (Needs Assessment)? If "No," skip to line 8	1 X	
If "Yes," indicate what the Needs Assessment describes (check all that apply)		
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess all of the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 <u>10</u>		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3 X	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	X
5 Did the hospital facility make its Needs Assessment widely available to the public?	5 X	
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)		
a <input type="checkbox"/> Hospital facility's website		
b <input checked="" type="checkbox"/> Available upon request from the hospital facility		
c <input checked="" type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)		
a <input checked="" type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
b <input type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Participation in the development of a community-wide community benefit plan		
d <input type="checkbox"/> Participation in the execution of a community-wide community benefit plan		
e <input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input checked="" type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the Needs Assessment		
g <input checked="" type="checkbox"/> Prioritization of health needs in its community		
h <input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	X
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8 X	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care to low income individuals?	9 X	
If "Yes," indicate the FPG family income limit for eligibility for free care <u>200</u> %		

Part V Facility Information (continued) **WAKEMED - CARY HOSPITAL**10 Used FPG to determine eligibility for providing *discounted* care to low income individuals?If "Yes," indicate the FPG family income limit for eligibility for discounted care: 300 %

11 Explained the basis for calculating amounts charged to patients?

If "Yes," indicate the factors used in determining such amounts (check all that apply)

- a ☒ Income level
 b ☒ Asset level
 c ☒ Medical indigency
 d ☒ Insurance status
 e ☒ Uninsured discount
 f ☒ Medicaid/Medicare
 g ☐ State regulation
 h ☐ Other (describe in Part VI)

12 Explained the method for applying for financial assistance?

13 Included measures to publicize the policy within the community served by the hospital facility?

If "Yes," indicate how the hospital facility publicized the policy (check all that apply)

- a ☒ The policy was posted on the hospital facility's website
 b ☒ The policy was attached to billing invoices
 c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms
 d ☐ The policy was posted in the hospital facility's admissions offices
 e ☒ The policy was provided, in writing, to patients on admission to the hospital facility
 f ☒ The policy was available on request
 g ☐ Other (describe in Part VI)

Billing and Collections

14 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy that explained actions the hospital facility may take upon non-payment?

15 Check all of the following collection actions against a patient that were permitted under the hospital facility's policies at any time during the tax year

- a ☒ Reporting to credit agency
 b ☐ Lawsuits
 c ☐ Liens on residences
 d ☐ Body attachments
 e ☒ Other actions (describe in Part VI)

16 Did the hospital facility engage in or authorize a third party to perform any of the following collection actions during the tax year?

If "Yes," check all collection actions in which the hospital facility or a third party engaged (check all that apply)

- a ☒ Reporting to credit agency
 b ☐ Lawsuits
 c ☐ Liens on residences
 d ☐ Body attachments
 e ☒ Other actions (describe in Part VI)

17 Indicate which actions the hospital facility took before initiating any of the collection actions checked in line 16 (check all that apply)

- a ☒ Notified patients of the financial assistance policy on admission
 b ☒ Notified patients of the financial assistance policy prior to discharge
 c ☒ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills
 d ☒ Documented its determination of whether a patient who applied for financial assistance under the financial assistance policy qualified for financial assistance
 e ☐ Other (describe in Part VI)

Yes No

10 X

11 X

12 X

13 X

14 X

16 X

Part V Facility Information (continued) **WAKEMED - CARY HOSPITAL****Policy Relating to Emergency Medical Care**

- 18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?

	Yes	No
18	X	

If "No," indicate the reasons why (check all that apply)

- a ☐ The hospital facility did not provide care for any emergency medical conditions
- b ☐ The hospital facility did not have a policy relating to emergency medical care
- c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)
- d ☐ Other (describe in Part VI)

Charges for Medical Care

- 19 Indicate how the hospital facility determined the amounts billed to individuals who did not have insurance covering emergency or other medically necessary care (check all that apply)

- a ☐ The hospital facility used the lowest negotiated commercial insurance rate for those services at the hospital facility
- b ☐ The hospital facility used the average of the three lowest negotiated commercial insurance rates for those services at the hospital facility
- c ☐ The hospital facility used the Medicare rate for those services
- d ☒ Other (describe in Part VI)

- 20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?

	Yes	No
20		X

If "Yes," explain in Part VI

- 21 Did the hospital facility charge any of its patients an amount equal to the gross charge for any service provided to that patient?

	Yes	No
21	X	

If "Yes," explain in Part VI

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? 18

Name and address	Type of Facility (describe)
1 WAKEMED NORTH HEALTHPLEX EMERGENCY DP 10000 FALLS OF THE NEUSE RD RALEIGH, NC 27614	O/P AMBULATORY SURGERY CENTER
2 WAKE FACULTY PHYSICIANS, LLC 3024 NEW BERN AVENUE RALEIGH, NC 27610	MEDICAL PRACTICE
3 WAKEMED REHAB HOSPITAL 3000 NEW BERN AVENUE RALEIGH, NC 27610	PHYSICAL MEDICINE & REHABILITATION HOSPITAL
4 WAKEMED APEX HEALTHPLEX 120 HEALTHPLEX WAY APEX, NC 27502	EMERGENCY DEPARTMENT
5 WAKE ORTHOPEDICS, LLC 3009 NEW BERN AVE RALEIGH, NC 27610	MEDICAL PRACTICE
6 WAKE SPECIALTY PHYSICIANS, LLC 3024 NEW BERN AVENUE RALEIGH, NC 27610	MEDICAL PRACTICE
7 BLUE RIDGE SURGERY CENTER 2308 WESVILL COURT RALEIGH, NC 27607	AMBULATORY SURGERY
8 WAKEMED HOME HEALTH 2920 HIGHWOODS BLVD, SUITE 200 RALEIGH, NC 27604	HOME HEALTH
9 WAKEMED FUQUAY-VARINA OUTPATIENT & SN 400 RANSOM ST FUQUAY-VARINA, NC 27526	SKILLED NURSING FACILITY
10 WAKEMED CLAYTON MEDICAL PARK 555 MEDICAL PARK PLACE CLAYTON, NC 27520	LABORATORY, RADIOLOGY, PT, OT, & ST

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)
11 WAKEMED ZEBULON OUTPATIENT & SNF 535 W. GANNON WAY ZEBULON, NC 27597	SNF, PT, OT, ST, RADIOLOGY, LABORATORY
12 WAKEMED WAKE FOREST RD OUTPATIENT REH 3701 WAKE FOREST RD RALEIGH, NC 27609	PT, OT, ST, REHABILITATION DAY TREATMENT PROGRAM
13 WAKEMED ALEXANDER YMCA 1603 HILLSBOROUGH ST RALEIGH, NC 27605	PHYSICAL THERAPY
14 WAKEMED BRIER CREEK MEDICAL PARK 10208 CERNY ST RALEIGH, NC 27617	LABORATORY, RADIOLOGY
15 WAKEMED KRAFT FAMILY YMCA 8921 HOLLY SPRINGS RD APEX, NC 27539	PT, OT, CARDIAC REHABILITATION, NUTRITIONAL COUNSELING
16 WAKEMED KERR FAMILY YMCA 2500 WAKEFIELD PINES DR RALEIGH, NC 27614	PHYSICAL THERAPY
17 WAKEMED CARY FAMILY YMCA 101 YMCA DRIVE CARY, NC 27513	PHYSICAL THERAPY
18 PARNTERS IN PRACTICE, LLC 3024 NEW BERN AVENUE RALEIGH, NC 27610	MEDICAL PRACTICE

Part VI Supplemental Information

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions 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.

PART I, LINE 7: CHARITY CARE IS REPORTED AS THE SYSTEM'S CHARITY

CARE AT COST. MEDICAID COSTS ARE DERIVED FROM OUR COST ACCOUNTING SYSTEM,
WHICH ADDRESSES ALL PATIENT SEGMENTS.

PART II: WAKEMED IS ACTIVELY INVOLVED IN MAKING OUR COMMUNITY
A HEALTHIER PLACE TO LIVE AND WORK. OUR WORKFORCE DEVELOPMENT PROGRAM
WORKS WITH YOUTH, HEALTH SCIENCE STUDENTS AND THOSE IN A VARIETY OF HEALTH
PROFESSIONS PROGRAMS WITH MENTORING, RESIDENCIES, CLINICAL ROTATIONS, AND
EDUCATION ALL WITH THE PURPOSE OF PREPARING FOR THE WORKFORCE OF
TOMORROW. WE PARTNER WITH NUMEROUS COLLEGES, COMMUNITY COLLEGES AND HIGH
SCHOOLS THROUGHOUT THE REGION AND OUR CAMPUS IS HOME TO THE WAKE EARLY
COLLEGE HIGH SCHOOL. WAKEMED IS ALSO HOME TO WAKE AREA HEALTH EDUCATION
CENTER, A PROGRAM OF THE UNIVERSITY OF NORTH CAROLINA. WAKEMED ALSO WORKS
CLOSELY WITH THE 8 MUNICIPALITIES IN OUR COUNTY AND THE WAKE COUNTY
ECONOMIC DEVELOPMENT COUNCIL TO ATTRACT NEW JOBS AND GROW INDUSTRY AND
BUSINESS. A HEALTHY ECONOMY ULTIMATELY LEADS TO THE HEALTHIER COMMUNITY.
IN ADDITION, WAKEMED HAS BEGUN EFFORTS TO IMPROVE THE NEIGHBORHOOD AROUND
THE HOSPITAL. WE ARE WORKING CLOSELY WITH THE CITIZEN'S ADVISORY COUNCILS
AND ARE BUILDING A COALITION TO REDUCE CRIME, BEAUTIFY THE AREA, ATTRACT

Part VI Supplemental Information

RETAIL BUSINESSES AND RESTAURANTS AND FOSTER NEW MEDICAL DEVELOPMENT. OUR COMMUNITY HEALTH IMPROVEMENT ACTIVITIES ARE NUMEROUS AND INCLUDE BEING THE LEAD AGENCY FOR SAFEKIDS, ADVOCATES FOR HEALTH IN ACTION, ENERGIZE, ASTHMA COALITION, ACTION FOR CHILDREN, CAPITAL CARE COLLABORATIVE AND MORE. EACH IS WORKING TO SUPPORT PROGRAMS AND POLICIES THAT IMPROVE PUBLIC HEALTH AND ACCESS TO HEALTH CARE.

PART III, LINE 4: THE AMOUNT REPORTED IN PART III, LINE 2 IS THE SYSTEM BAD DEBT AT COST. CHARITY AND BAD DEBT ACCOUNTS ARE RECORDED AT CURRENT ACCOUNT BALANCE LEVELS. THE BALANCE MAY BE NET OF CONTRACTUAL ALLOWANCES AND/OR PAYMENTS RECEIVED. FOR EXAMPLE, BAD DEBT OR CHARITY RESULTING FROM AN UNPAID PATIENT LIABILITY AFTER INSURANCE IS RECORDED AT THE AMOUNT UNPAID BY THE PATIENT. THE TEXT OF THE FOOTNOTE TO WAKEMED'S FINANCIAL STATEMENTS REGARDING BAD DEBT EXPENSE IS AS FOLLOWS: "WAKEMED HAS PRESENTED ITS PROVISION FOR UNCOLLECTIBLE ACCOUNTS AS A DIRECT REDUCTION OF PATIENT SERVICE REVENUE IN ACCORDANCE WITH THE AICPA AUDIT GUIDE FOR HEALTH CARE ORGANIZATIONS. BASED ON THE MOST RECENT UPDATE OF THE AUDIT GUIDE'S INTERPRETATIONS OF THE REQUIREMENTS OF GASB STATEMENT NO. 34, GOVERNMENTAL HEALTH CARE ORGANIZATIONS ARE REQUIRED TO PRESENT UNCOLLECTIBLE ACCOUNTS AS A COMPONENT OF NET PATIENT SERVICE REVENUE RATHER THAN WITHIN OPERATING EXPENSES."

PART III, LINE 8: THE MEDICARE ALLOWABLE COSTS WERE DETERMINED FROM THE MEDICARE COST REPORT, AS SPECIFIED IN THE PROVIDER REIMBURSEMENT MANUAL. WAKEMED BELIEVES THAT ALL OF THE \$3,003,436 MEDICARE SHORTFALL SHOULD BE CONSIDERED AS COMMUNITY BENEFIT. THE IRS COMMUNITY BENEFIT STANDARD INCLUDES THE PROVISION OF CARE TO THE ELDERLY AND MEDICARE PATIENTS. MEDICARE SHORTFALLS MUST BE ABSORBED BY THE WAKEMED HOSPITALS

Part VI Supplemental Information

IN ORDER TO CONTINUE TREATING THE ELDERLY IN OUR COMMUNITY. THIS YEAR, MEDICARE ACCOUNTED FOR 42% OF HOSPITAL REVENUES. THE HOSPITAL PROVIDES CARE REGARDLESS OF THIS SHORTFALL AND THEREBY RELIEVES THE FEDERAL GOVERNMENT OF THE BURDEN OF PAYING THE FULL COST FOR MEDICARE BENEFICIARIES.

PART III, LINE 9B: THE WAKEMED COLLECTIONS POLICY APPLIES TO ALL PATIENTS. ONCE AN ACCOUNT BALANCE IS DETERMINED TO BE PATIENT LIABILITY, A LETTER IS SENT TO THE PATIENT REQUESTING PAYMENT ON THE BALANCE OF THE ACCOUNT. IF NO PAYMENT OR RESPONSE IS RECEIVED WITHIN 30 DAYS, A SECOND NOTICE IS MAILED REQUESTING PAYMENT. AT DAY 60, THE PATIENT IS SENT A THIRD LETTER INSTRUCTING THEM TO SETTLE THE ACCOUNT WITHIN 10 DAYS. AT DAY 75, THE PATIENT IS SENT A FINAL NOTICE REQUESTING PAYMENT WITHIN 10 DAYS OR THE ACCOUNT WILL BE MOVED TO A COLLECTION AGENCY. WHILE THE LETTER STATES 10 DAYS TO RECEIVE THIS PAYMENT, WAKEMED ALLOWS 30 DAYS FOR PAYMENT TO BE RECEIVED AND POSTED TO THE ACCOUNT BEFORE THE ACCOUNT IS SENT TO THE COLLECTION AGENCY ON DAY 105. NOTE, DUE TO MEDICARE REGULATIONS, MEDICARE PATIENT ACCOUNTS DO NOT MOVE TO THE COLLECTION AGENCY UNTIL DAY 125.

WAKEMED - RALEIGH CAMPUS:

PART V, SECTION B, LINE 3: WAKEMED PARTICIPATED IN WAKE COUNTY'S COMMUNITY HEALTH NEEDS ASSESSMENT.

WAKEMED - CARY HOSPITAL:

PART V, SECTION B, LINE 3: WAKEMED PARTICIPATED IN WAKE COUNTY'S COMMUNITY HEALTH NEEDS ASSESSMENT.

Part VI Supplemental InformationWAKEMED - RALEIGH CAMPUS:

PART V, SECTION B, LINE 5C: THE ASSESSMENT IS ALSO AVAILABLE THROUGH WAKE
COUNTY.

WAKEMED - CARY HOSPITAL:

PART V, SECTION B, LINE 5C: THE ASSESSMENT IS ALSO AVAILABLE THROUGH WAKE
COUNTY.

WAKEMED - RALEIGH CAMPUS:

PART V, SECTION B, LINE 15E: OTHER ACTIONS - WAKEMED UTILIZES A THIRD
PARTY COLLECTION AGENCY AS DESCRIBED IN PART III, LINE 9B.

WAKEMED - CARY HOSPITAL:

PART V, SECTION B, LINE 15E: OTHER ACTIONS - WAKEMED UTILIZES A THIRD
PARTY COLLECTION AGENCY AS DESCRIBED IN PART III, LINE 9B.

WAKEMED - RALEIGH CAMPUS:

PART V, SECTION B, LINE 16E: OTHER ACTIONS - PRIOR TO REPORTING TO A
CREDIT AGENCY, WAKEMED AND ITS THIRD PARTY COLLECTION AGENCY ATTEMPT
COLLECTION OF PATIENT LIABILITY AMOUNTS THROUGH THE USE OF PHONE CALLS AND
A SERIES OF STATEMENT LETTERS TO THE GUARANTOR.

WAKEMED - CARY HOSPITAL:

PART V, SECTION B, LINE 16E: OTHER ACTIONS - PRIOR TO REPORTING TO A
CREDIT AGENCY, WAKEMED AND ITS THIRD PARTY COLLECTION AGENCY ATTEMPT

Part VI Supplemental Information

COLLECTION OF PATIENT LIABILITY AMOUNTS THROUGH THE USE OF PHONE CALLS AND
A SERIES OF STATEMENT LETTERS TO THE GUARANTOR.

WAKEMED - RALEIGH CAMPUS:

PART V, SECTION B, LINE 17E: N/A

WAKEMED - RALEIGH CAMPUS:

PART V, SECTION B, LINE 18C: N/A

WAKEMED - RALEIGH CAMPUS:

PART V, SECTION B, LINE 18D: N/A

WAKEMED - RALEIGH CAMPUS:

PART V, SECTION B, LINE 19D: OTHER - WAKEMED BILLS ALL PATIENTS FROM THE
SAME CHARGE MASTER OR FEE SCHEDULE WHETHER THE PATIENT HAS INSURANCE OR NO
INSURANCE. WE ARE TRANSITIONING TO A POLICY EFFECTIVE OCTOBER 1, 2011, IN
WHICH PERSONS AT OR BELOW 250% OF FPG AND DETERMINED TO BE ELIGIBLE FOR
OUR CHARITY CARE POLICY WILL BE RESPONSIBLE FOR ONLY NOMINAL CO-PAYS.

WAKEMED - CARY HOSPITAL:

PART V, SECTION B, LINE 19D: OTHER - WAKEMED BILLS ALL PATIENTS FROM THE
SAME CHARGE MASTER OR FEE SCHEDULE WHETHER THE PATIENT HAS INSURANCE OR NO
INSURANCE. WE ARE TRANSITIONING TO A POLICY EFFECTIVE OCTOBER 1, 2011, IN
WHICH PERSONS AT OR BELOW 250% OF FPG AND DETERMINED TO BE ELIGIBLE FOR

Part VI Supplemental Information

OUR CHARITY CARE POLICY WILL BE RESPONSIBLE FOR ONLY NOMINAL CO-PAYS.

WAKEMED - RALEIGH CAMPUS:

PART V, SECTION B, LINE 20: N/A

WAKEMED - CARY HOSPITAL:

PART V, SECTION B, LINE 20: N/A

WAKEMED - RALEIGH CAMPUS:

PART V, SECTION B, LINE 21: WAKEMED BILLS ALL PATIENTS FROM THE SAME CHARGE MASTER OR FEE SCHEDULE WHETHER THE PATIENT HAS INSURANCE OR NO INSURANCE.

WAKEMED - CARY HOSPITAL:

PART V, SECTION B, LINE 21: WAKEMED BILLS ALL PATIENTS FROM THE SAME CHARGE MASTER OR FEE SCHEDULE WHETHER THE PATIENT HAS INSURANCE OR NO INSURANCE.

PART VI, LINE 2: THE COMMUNITY NEEDS ASSESSMENT IS A PROCESS THAT HELPS TO IDENTIFY FACTORS AFFECTING OUR COUNTY, DETERMINE RESOURCES NEEDED TO ADDRESS THESE FACTORS, AND DEVELOP A PLAN OF ACTION TO ADDRESS COMMUNITY NEEDS. COMMUNITY ASSESSMENTS ARE REQUIRED OF LOCAL HEALTH DEPARTMENTS BY THE STATE OF NORTH CAROLINA EVERY FOUR YEARS. WAKE COUNTY COMPLETED ITS MOST RECENT ASSESSMENT IN DECEMBER 2010. WAKEMED USED THIS INFORMATION AS WELL AS MULTIPLE OTHER SOURCES OF SECONDARY DATA COMPILED

Part VI Supplemental Information

BY THE WAKEMED PLANNING DEPARTMENT FOR THE NEEDS ASSESSMENT.

THE ASSESSMENT DATA IS COLLECTED VIA PAPER SURVEY, DOOR TO DOOR VISITS, AND FOCUS GROUPS. WAKE COUNTY WORKED WITH THE NORTH CAROLINA INSTITUTE FOR PUBLIC HEALTH IN THE GILLINGS SCHOOL OF GLOBAL PUBLIC HEALTH TO COLLECT AND ANALYZE DATA. WAKEMED HAD REPRESENTATION ON THE STEERING COMMITTEE AND USED THE RESULTS TO GUIDE THE COMMUNITY BENEFIT PLANNING PROCESS. THE EXECUTIVE SUMMARY IS INCLUDED.

PART VI, LINE 3: WAKEMED POSTS THE REQUIRED EMTALA NOTICE AT ALL PORTALS OF ENTRY, INCLUDING EMERGENCY DEPARTMENTS. THE SIGNAGE NOTES THAT WAKEMED PARTICIPATES IN THE MEDICAID PROGRAM. THE WAKEMED WEBSITE PROVIDES DETAILED INFORMATION REGARDING FINANCIAL ASSISTANCE AND CHARITY CARE. IN ADDITION, THE FINANCIAL ASSISTANCE FORM IS LOCATED ON THE WEBSITE FOR ANY PATIENT TO COMPLETE AND SUBMIT. AS PART OF THE INTAKE PROCESS/REGISTRATION FOR ALL PATIENTS, WAKEMED PROVIDES A COPY OF THE FINANCIAL AND BILLING POLICY, WHICH REFERS PATIENTS TO PATIENT FINANCIAL SERVICES IF THEY HAVE CONCERNS REGARDING THEIR ABILITY TO PAY THE BILL. ALL INPATIENTS AND PATIENTS SCHEDULED FOR SELECTED OUTPATIENT PROCEDURES, AND WHO ARE DESIGNATED "UNINSURED" AT THE TIME OF ADMISSION, ARE CONTACTED PERSONALLY BY A FINANCIAL COUNSELOR. IN ADDITION, ANY PATIENT, REGARDLESS OF INSURANCE COVERAGE, MAY REQUEST TO SEE A FINANCIAL COUNSELOR. THE FINANCIAL COUNSELOR WILL ASSESS POSSIBLE MEDICAID ELIGIBILITY AND PROVIDE AN APPLICATION/FINANCIAL STATEMENT THAT IS SUBMITTED TO PATIENT FINANCIAL SERVICES TO REQUEST ASSISTANCE WITH MEDICAL EXPENSES. WAKEMED ALSO HAS ON-SITE EMPLOYEES FROM WAKE COUNTY HUMAN SERVICES TO PROCESS MEDICAID APPLICATIONS FOR RESIDENTS OF WAKE COUNTY. ANY PATIENT WHO IS UNINSURED AND MAY BE ELIGIBLE FOR DISABILITY IS REFERRED TO A WAKEMED DISABILITY

Part VI Supplemental Information

SPECIALIST WHO WILL ASSIST WITH THE APPLICATION. WAKEMED INCLUDES INFORMATION REGARDING THE FINANCIAL ASSISTANCE POLICY IN ALL PATIENT BILLING STATEMENTS.

PART VI, LINE 4: ALTHOUGH WAKEMED SERVES PATIENTS FROM ALL OF NORTH CAROLINAS 100 COUNTIES AND BEYOND, ITS PRIMARY SERVICE AREA CAN BEST BE DESCRIBED AS THE CONTIGUOUS ZONE INCLUDING WAKE COUNTY AND JOHNSTON COUNTY IN CENTRAL NORTH CAROLINA. BOTH COUNTIES ARE GROWING AREAS CONSISTING OF A CENTRAL CITY CORE IN RALEIGH AND DOZENS OF SMALLER COMMUNITIES THAT VIEW RALEIGH AS THEIR PRIMARY SOURCE FOR TERTIARY LEVEL CARE. THE MARKET ITSELF IS FIERCELY COMPETITIVE @ THE ONLY MARKET IN THE STATE WITH THREE MAJOR HEALTH SYSTEMS COMPETING AGAINST ONE ANOTHER WAKEMED SHOULDERS THE VAST MAJORITY OF THE CHARITY CARE IN THE MARKET, OFTEN EXCEEDING 80% OF THE BURDEN. THE GROWTH OF THE POPULATION BASE AND THE GRADUAL AGING OF THE POPULATION ARE INDICATING AN EXTENSIVE NEED FOR MORE CAPACITY TO SERVE THE COMMUNITY OVER THE FEW NEXT DECADES.

PART VI, LINE 5: WHEN WAKEMED HEALTH & HOSPITALS OPENED ITS DOORS IN 1961 AS THE MEMORIAL HOSPITAL OF WAKE COUNTY, ONE THING WAS CERTAIN - IT WOULD BE AN INSTITUTION WITH AN UNWAVERING COMMITMENT TO THE COMMUNITIES IT SERVES. SINCE THEN, WAKEMED HAS GROWN FROM A RELATIVELY SMALL FACILITY WITH FOUR SATELITE HOSPITALS SERVING THE LOCAL HEALTH CARE NEEDS OF WAKE COUNTY RESIDENTS TO A TRULY INTEGRATED HEALTH CARE SYSTEM AND MAJOR REFERRAL CENTER SERVING OUR REGION AND STATE. WHILE MUCH HAS CHANGED, THE COMMITMENT TO IMPROVING THE HEALTH OF THE INDIVIDUALS AND FAMILIES WE SERVE HAS REMAINED CONSTANT.

TODAY, WAKEMED IS A LOCALLY OWNED AND OPERATED, 870-BED NOT-FOR-PROFIT HEALTH SYSTEM OFFERING A BROAD RANGE OF PREVENTIVE, PRIMARY, ACUTE AND

Part VI Supplemental Information

TERTIARY SERVICES. AS WAKE COUNTY'S LARGEST PRIVATE EMPLOYER AND A CORNERSTONE OF THE COMMUNITY, WAKEMED IS AN ASSET RESIDENTS CAN DEPEND ON NOT ONLY FOR THE HIGHEST QUALITY OF HEALTH CARE BUT FOR COMMUNITY OUTREACH IN THE FORM OF SCREENINGS, CLASSES, SEMINARS, HEALTH FAIRS, PREVENTIVE PROGRAMS, SUPPORT GROUPS AND OTHER OUTREACH INITIATIVES. THE MAJORITY OF THE PROGRAMS ARE FREE AND ALL ARE DESIGNED TO IMPROVE HEALTH, EDUCATE AND ENLIGHTEN BY OFFERING ACCESS TO EXPERTS, RESOURCES, AND HEALTH INFORMATION. IN ADDITION, OUR 1,000 PERSON MEDICAL STAFF IS OPEN AND COMPRISED PRIMARILY OF INDEPENDENT PRACTITIONERS, ALTHOUGH THE NUMBER OF EMPLOYED PHYSICIANS IS GROWING AND NOW TOTALS NEARLY 200 PHYSICIANS. EACH YEAR WE SERVE, SUPPORT AND WORK CLOSELY WITH THE COMMUNITY IN MANY WAYS. WE ABSORB THE HEALTH CARE COSTS OF THOSE WHO COME TO US UNABLE TO PAY FOR THEIR CARE. WE EDUCATE AND TRAIN PHYSICIANS AND CAREGIVERS. WE DEVELOP NEW SERVICES AND INITIATIVES TO ENHANCE ACCESS AND MEET THE NEEDS OF THE UNDERSERVED. WE PARTNER WITH A VARIETY OF COMMUNITY-BASED ORGANIZATIONS TO DEVELOP PROGRAMS THAT ANSWER A NEED. WE PROVIDE DONATIONS TO COMMUNITY CHARITIES AND ORGANIZATIONS WHOSE GOALS SUPPORT OUR MISSION. AND, WE OFFER A HOST OF COMMUNITY OUTREACH AND EDUCATION PROGRAMS. OUR HOSPITAL BOARD AND FOUNDATION BOARD REPRESENT A BROAD SECTION OF THE COMMUNITY AND SERVE IN A VOLUNTARY ROLE OFTEN GIVING NUMEROUS HOURS EACH WEEK.

PART VI, LINE 6: BEYOND THE CARE CURRENTLY PROVIDED WITHIN OUR FACILITIES, WAKEMED CONTINUES TO DEVELOP PROGRAMS AND SERVICES IN THOSE AREAS WHICH ARE UNDERSERVED AND ARE GROWING. ACCESS TO PRIMARY CARE PROVIDERS IS A CRITICAL NEED. AS A RESULT, WE ARE EXPANDING OUR NETWORK OF PRIMARY CARE PROVIDERS WHO SERVE COMMUNITY RESIDENTS, REGARDLESS OF THEIR ABILITY TO PAY. WAKEMED HELPS IMPROVE THE HEALTH OF THE COMMUNITY

Part VI Supplemental Information

BY OUTREACH THAT TAKES ON MANY FORMS FROM THE DIRECT PROVISION OF CARE TO MENTORING AT-RISK YOUTH. THE 14-MEMBER, VOLUNTEER, WAKEMED BOARD OF DIRECTORS, IS A TRUE CROSS SECTION OF THE COMMUNITIES WE SERVE. THEY ARE CORPORATE/BUSINESS LEADERS, COMMUNITY AND VOLUNTEER LEADERS AND COMMUNITY PHYSICIANS. EIGHT OF THE 14 MEMBERS ARE APPOINTED BY THE WAKE COUNTY COMMISSIONERS AND THERE ARE NO EMPLOYEES OR VENDORS. EACH BOARD MEMBER COMPLETES A CONFLICT OF INTEREST STATEMENT TO ENSURE THEY REPRESENT THE BEST INTEREST OF THE COMMUNITY. IN ADDITION, THE BOARD HAS APPOINTED A COMMUNITY BENEFIT TASK FORCE, WHICH ALSO REPRESENTS THE BROADER COMMUNITY TO HELP DETERMINE WHERE THE NEED IS THE GREATEST AND PROVIDE ADVICE AND RECOMMENDATIONS TO THE BOARD WITH REGARD TO WAKEMEDS ROLE AND BENEFIT TO THE COMMUNITY. THE MEDICAL STAFFS ARE OPEN TO ALL COMMUNITY PHYSICIANS AND PRIVILEGES ARE EXTENDED TO THOSE WHO APPLY AND MEET THE CREDENTIALS AS ESTABLISHED BY THE BY-LAWS. THERE ARE CURRENTLY NEARLY 1,000 PHYSICIANS ON THE MEDICAL STAFFS FROM ALL SPECIALTIES AND SEGMENTS OF THE COMMUNITY. AS A PRIVATE, NOT-FOR-PROFIT ORGANIZATION, NET INCOME IS REINVESTED IN THE ORGANIZATION FOR CAPITAL EQUIPMENT, FACILITY IMPROVEMENTS OR EXPANSION, NEW SERVICES AND SERVICE LOCATIONS, THE EDUCATION OF HEALTH PROFESSIONALS, RESEARCH AS IT RELATES TO THE IMPROVEMENT OF CARE AND OUTCOMES, AND EFFORTS TO CONTINUALLY IMPROVE THE QUALITY AND SAFETY OF PATIENT CARE.

PART VI, LINE 7, LIST OF STATES RECEIVING COMMUNITY BENEFIT REPORT:

NC

SCHEDULE H, PART VI, LINE 7:

STATE FILING OF COMMUNITY BENEFIT REPORT:

WAKEMED PUBLISHES A COMMUNITY BENEFIT REPORT EACH YEAR. IT IS

AVAILABLE IN PRINT FORM AS WELL AS ON THE WAKEMED WEBSITE. WAKEMED

Schedule H (Form 990) 2010

Part VI Supplemental Information

ALSO VOLUNTARILY FILES A COMMUNITY BENEFIT REPORT WITH THE NORTH
CAROLINA HOSPITAL ASSOCIATION.

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

WAKEMED

Employer identification number
56-6017737

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 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
ALLIANCE MEDICAL MINISTRY 101 DONALD ROSS DR RALEIGH, NC 27610	56-2168673	501(C)(3)	372,125.	0.			MEDICAL CARE
DEBNAM CLINIC 524 BLOUNT ST RALEIGH, NC 27601	56-1977593		300,000.	0.			MEDICAL CARE
TRIANGLE DISABILITY ADVOCATES 206 NEW BERN PL RALEIGH, NC 27601	56-2232698	501(C)(3)	60,165.	0.			MEDICAL CARE
DOCTOR'S MAKING HOUSE CALLS 4220 APEX HWY DURHAM, NC 27713	01-0691134		4,275.	0.			MEDICAL CARE
WAKE COUNTY HUMAN SERVICES 2500 BLUE RIDGE RD RALEIGH, NC 27607		GOV'T	227,712.	0.			MEDICAL CARE
HILLTOP HOME 3006 NEW BERN AVE RALEIGH, NC 27610	56-0727843	501(C)(3)	50,000.	2,750.FMV		VEHICLE	GENERAL SUPPORT
2 Enter total number of section 501(c)(3) and government organizations							27.
3 Enter total number of other organizations							2.

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

Schedule I (Form 990) (2010)

Schedule I (Form 990) **WAKEMED**

Part II Continuation of Grants and Other Assistance to Governments and Organizations in the United States (Schedule I (Form 990), Part II)

(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
AMERICAN DIABETES ASSOCIATION 2418 BLUE RIDGE RD RALEIGH, NC 27607	13-1623888	501(C)(3)	5,000.	0.			GENERAL SUPPORT
AMERICAN HEART ASSOCIATION 4217 PARK PL, CT. GLEN ALLEN, VA 23060	13-5613797	501(C)(3)	17,500.	0.			GENERAL SUPPORT
AMERICAN RED CROSS 100 N PEARTREE LN RALEIGH, NC 27610	53-0196605	501(C)(3)	5,000.	0.			GENERAL SUPPORT
ARTSPLOSURE 313 S BLOUNT ST RALEIGH, NC 27601	58-1387567	501(C)(3)	5,000.	0.			GENERAL SUPPORT
BOYS & GIRLS CLUB 701 N RALEIGH BLVD RALEIGH, NC 27610	56-0863051	501(C)(3)	5,000.	0.			GENERAL SUPPORT
INTERACT 1012 OBERLIN RD, #100 RALEIGH, NC 27605	58-1320613	501(C)(3)	10,000.	0.			GENERAL SUPPORT
INTERFAITH FOOD SHUTTLE PO BOX 40156 RALEIGH, NC 27629	56-1753180	501(C)(3)	4,500.	12,114.	BOOK	FOOD	GENERAL SUPPORT
JUNIOR LEAGUE OF RALEIGH INC. PO BOX 26821 RALEIGH, NC 27603	56-0562849	501(C)(3)	8,333.	0.			GENERAL SUPPORT
MARBLES KIDS MUSEUM 201 EAST HARGETT ST. RALEIGH, NC 27601 LHA	58-1647538	501(C)(3)	8,000.	990.	FMV	MONITOR	GENERAL SUPPORT

Schedule I (Form 990)

WAKEMED

Schedule I (Form 990)

Part II	Continuation of Grants and Other Assistance to Governments and Organizations in the United States (Schedule I (Form 990), Part II.)							Schedule I (Form 990)
(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance	
NC MUSEUM OF HISTORY 5 E EDENTON ST RALEIGH, NC 27601		GOV'T	5,000.	0.			GENERAL SUPPORT	
NC PHYSICIANS HEALTH PROGRAM INC. 200 HORIZON DR. #201 RALEIGH, NC 27615	56-1846599	501(C)(3)	13,200.	0.			GENERAL SUPPORT	
NC SPINAL CORD INJURY ASSOCIATION 2039 ROYCE DR MEBANE, NC 27302	51-0491208	501(C)(3)	5,000.	0.			GENERAL SUPPORT	
OCCONEECHEE COUNCIL 3231 ATLANTIC ST RALEIGH, NC 27629	56-0529984	501(C)(3)	5,000.	0.			GENERAL SUPPORT	
UNC PUBLIC HEALTH FOUNDATION CAMPUS BOX 7400 CHAPEL HILL, NC 27599		GOV'T	5,000.	0.			GENERAL SUPPORT	
READ AND FEED 5448 APEX PEAKWAY APEX, NC 27502	20-3246207	501(C)(3)	5,000.	0.			GENERAL SUPPORT	
RONALD MCDONALD HOUSE 506 ALEXANDER DR DURHAM, NC 27705	56-1220376	501(C)(3)	5,000.	0.			GENERAL SUPPORT	
THE HEALING PLACE 1251 GOODE ST RALEIGH, NC 27603	56-2135246	501(C)(3)	5,500.	0.			GENERAL SUPPORT	
UNC CENTER FOR PUBLIC TV PO BOX 14900 RTP, NC 27709		GOV'T	55,000.	0.			GENERAL SUPPORT	
LHA								

Part II Continuation of Grants and Other Assistance to Governments and Organizations in the United States (Schedule I (Form 990), Part II)							
(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
NC MUSEUM OF ART FOUNDATION 4630 MAIL SERVICE CNTR RALEIGH, NC 27699	23-7071511	501(C)(3)	10,000.	0.			GENERAL SUPPORT
UNITED ART COUNCIL 101 S BLOUNT ST RALEIGH, NC 27601	56-0770175	501(C)(3)	5,000.	0.			GENERAL SUPPORT
COMMUNITY HEALTH FOUNDATION 2500 BLUE RIDGE RD, #330 RALEIGH, NC 27607	56-2205175	501(C)(3)	75,000.	0.			GENERAL SUPPORT
WAKE EARLY COLLEGE HEALTH/SCIENCE 4901 LEIGH RD RALEIGH, NC 27616	56-2258278	501(C)(3)	7,022.	37,475. FMV		DENTAL EQUIPMENT	GENERAL SUPPORT
WAKE EDUCATIONAL PARTNERSHIP 706 HILLSBOROUGH ST RALEIGH, NC 27603	58-1518182	501(C)(3)	5,000.	0.			GENERAL SUPPORT

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
Part III can be duplicated 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
PRESCRIPTION DRUGS	709	0.	52,473. COST		PRESCRIPTION DRUGS TO INDIGENT

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

SCHEDULE I, PART I, LINE 2: ALL REQUESTS MUST BE IN WRITING. THEY ARE REVIEWED ACCORDING TO OUR DONATIONS/SPONSORSHIP GUIDELINES AS IT RELATES TO COMMUNITY NEED AND TIES TO WAKEMED'S MISSION AND DESIGNATION AS A 501(C)(3) ORGANIZATION. ALL DONATIONS ARE LOGGED ON A SPREADSHEET WITH THE REASON FOR THE GIFT. WE ALSO KEEP A FILE ON EACH ORGANIZATION AND ALL ASSOCIATED PAPERWORK. IN MANY CASES WE ALSO TRACK HOW THE GIFT IS USED AND THE BENEFITS. IN THE CASE OF A LARGE GRANT, THE ORGANIZATION IS ALSO ASKED FOR A REPORT ON RESULTS.

**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, line 23.

► Attach to Form 990. ► See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization

WAKEMED

Employer identification number

56-6017737

Part I Questions Regarding Compensation

1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items

- | | |
|---|---|
| <input type="checkbox"/> First-class or charter travel | <input checked="" type="checkbox"/> Housing allowance or residence for personal use |
| <input checked="" type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input checked="" type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef) |

b If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain

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?

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.

- | | |
|---|---|
| <input checked="" type="checkbox"/> Compensation committee | <input checked="" type="checkbox"/> Written employment contract |
| <input checked="" type="checkbox"/> Independent compensation consultant | <input checked="" type="checkbox"/> Compensation survey or study |
| <input type="checkbox"/> Form 990 of other organizations | <input checked="" type="checkbox"/> 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?
- b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?
- c** Participate in, or receive payment from, an equity-based compensation arrangement?

If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III

Only section 501(c)(3) and 501(c)(4) organizations 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?
- b** Any related organization?

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?
- b** Any related organization?

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

8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III

9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

Yes No

1b X

2 X

4a X

4b X

4c X

5a X

5b X

6a X

6b X

7 X

8 X

9

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

Schedule J (Form 990) 2010

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 WILLIAM K ATKINSON, PH.D.	(i) 763,876. (ii) 0. (iii) 0.	833,501. 0.	8,656. 0.	9,800. 0.	17,536. 0.	1,633,369. 0.	549,080. 0.
2 MICHAEL DEVAUGHN	(i) 345,255. (ii) 0. (iii) 0.	114,003. 0.	15,799. 0.	12,250. 0.	7,781. 0.	495,088. 0.	0.
3 THOMAS GETTINGER	(i) 201,469. (ii) 0. (iii) 0.	145,203. 0.	49,902. 0.	0. 0.	8,358. 0.	404,932. 0.	0.
4 KATHLEEN K GORMLEY	(i) 410,257. (ii) 0. (iii) 0.	133,265. 0.	15,627. 0.	8,575. 0.	16,593. 0.	584,317. 0.	0.
5 DAVID C COULTER	(i) 342,549. (ii) 0. (iii) 0.	60,623. 0.	24,956. 0.	8,575. 0.	16,981. 0.	453,684. 0.	0.
6 MARY A WILCOX	(i) 251,582. (ii) 0. (iii) 0.	44,369. 0.	15,271. 0.	8,575. 0.	17,087. 0.	336,884. 0.	0.
7 JEANENE R MARTIN	(i) 244,569. (ii) 0. (iii) 0.	43,200. 0.	14,286. 0.	11,025. 0.	17,350. 0.	330,430. 0.	0.
8 EVIN D ARLEDGE	(i) 263,316. (ii) 0. (iii) 0.	19,158. 0.	3,939. 0.	8,575. 0.	18,665. 0.	313,653. 0.	0.
9 THOMAS G CAVENDER	(i) 229,072. (ii) 0. (iii) 0.	16,895. 0.	16,686. 0.	9,800. 0.	13,055. 0.	285,508. 0.	0.
10 CAROLYN KNAUP	(i) 189,542. (ii) 0. (iii) 0.	14,095. 0.	14,154. 0.	10,064. 0.	17,245. 0.	245,100. 0.	0.
11 BETSY GASKINS-MCCLAIN	(i) 224,640. (ii) 0. (iii) 0.	16,332. 0.	2,323. 0.	12,250. 0.	14,186. 0.	269,731. 0.	0.
12 GEORGIA C SUMIEL	(i) 192,010. (ii) 0. (iii) 0.	13,820. 0.	615. 0.	6,296. 0.	12,629. 0.	225,370. 0.	0.
13 TIMOTHY E HARRIS	(i) 394,352. (ii) 0. (iii) 0.	423,928. 0.	412. 0.	8,575. 0.	16,483. 0.	843,750. 0.	0.
14 MARK L WOOD	(i) 331,038. (ii) 0. (iii) 0.	405,248. 0.	978. 0.	8,575. 0.	22,358. 0.	768,197. 0.	0.
15 JOHNATHAN D CHAPPELL	(i) 245,034. (ii) 0. (iii) 0.	467,457. 0.	214. 0.	7,350. 0.	15,848. 0.	735,903. 0.	0.
16 GURVINDER S DEOL	(i) 288,798. (ii) 0. (iii) 0.	509,366. 0.	1,011. 0.	7,350. 0.	22,333. 0.	828,858. 0.	0.

Schedule J (Form 990) 2010

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				
ROBERT G HOWARD JR., 1 M.D.	(i) 293,052. (ii) 0.	(ii) 278,386. (iii) 0.	(iii) 596. (iv) 0.	7,350. 0.	18,079. 0.	597,463. 0.	0. 0.
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							

Part III Supplemental Information

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

PART I, LINE 1A: TAX INDEMNIFICATION, GROSS-UP, TRAVEL FOR COMPANIONS
AND HOUSING ALLOWANCE ARE PAID TO SOME KEY EMPLOYEES. GROSS-UP AND HOUSING
ALLOWANCE ARE INCLUDED IN TAXABLE COMPENSATION.

PART I, LINE 1B: CEO BENEFITS REQUIRING GROSS-UP ARE COVERED BY HIS
EMPLOYMENT AGREEMENT; ANY ADDITIONAL ONES ARE APPROVED BY THE BOARD OF
DIRECTORS. OTHER STAFF GROSS-UPS OCCUR FOR SERVICE AWARD GIFT CHECKS. CEO
TRAVEL FOR SPOUSE IS INCLUDED IN HIS EMPLOYMENT CONTRACT.

PART I, LINE 7: THE ORGANIZATION HAS INCENTIVE BASED PROGRAMS THAT ARE
DRIVEN BY ACCOMPLISHING TARGETS ASSOCIATED WITH QUALITY OF CARE, HAND
HYGIENE, WORKFORCE EXCELLENCE, PATIENT SATISFACTION, AND A MINIMUM
OPERATING MARGIN.

SCHEDULE K
(Form 990)

Supplemental Information on Tax-Exempt Bonds

OMB No 1545-0047

2010

Open to Public Inspection

► Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part V.

► Attach to Form 990. ► See separate instructions.

Department of the Treasury
Internal Revenue Service

Name of the organization

WAKEMED

Employer identification number
56-6017737

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pooled financing	
							Yes	No	Yes	No	Yes	No
A	NC MEDICAL CARE COMMISSION	52-1309402	65821DCR0	02/10/09	169,225,082	SEE SCHEDULE O		✓		✓		✓
B	NC MEDICAL CARE COMMISSION	52-1309402	65821DCS8	02/26/09	75,000,000	SEE SCHEDULE O		✓		✓		✓
C	NC MEDICAL CARE COMMISSION	52-1309402	65821DCW9	07/16/09	81,780,000	SEE SCHEDULE O		✓		✓		✓
D												

Part II Proceeds

	A	B	C	D
1 Amount of bonds retired	2,900,000		3,540,000	
2 Amount of bonds legally defeased				
3 Total proceeds of issue	169,506,279	75,249,667	81,780,000	
4 Gross proceeds in reserve funds	11,945,013			
5 Capitalized interest from proceeds	32,422			
6 Proceeds in refunding escrows			80,914,700	
7 Issuance costs from proceeds	3,346,768	835,544	817,125	
8 Credit enhancement from proceeds	2,993,480	37,919	41,347	
9 Working capital expenditures from proceeds			6,828	
10 Capital expenditures from proceeds	151,187,596	74,376,204		
11 Other spent proceeds				
12 Other unspent proceeds				
13 Year of substantial completion	2010	2010		

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

Part III Private Business Use

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

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

Cat. No 50193E

Schedule K (Form 990) 2010

Part III Private Business Use (Continued)

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

Part IV Arbitrage

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

Part V Supplemental Information. Complete this part to provide additional information for responses to questions on Schedule K (see instructions).

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 990-EZ

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ 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

WAKEMED

Employer identification number
56-6017737

FORM 990, PART III, LINE 1, DESCRIPTION OF ORGANIZATION MISSION:

**ABILITY TO PAY. WE ALSO COLLABORATE WITH OTHER COMMUNITY ORGANIZATIONS
TO IMPROVE HEALTH STATUS & ACCESS.**

FORM 990, PART III, LINE 4A, PROGRAM SERVICE ACCOMPLISHMENTS:

**AND NEED. MANY PHYSICIANS ON THE MEDICAL STAFF CONTINUE THIS PRACTICE
OF PROVIDING QUALITY CARE TO PATIENTS REGARDLESS OF ABILITY TO PAY.**

**LAST YEAR, SURGERIES WERE PERFORMED ON 29,085 PATIENTS (AN INCREASE OF
3.5% OVER 2010) IN THE WAKEMED SYSTEM. OF THESE SURGERIES, 7,855 (27%)
WERE INSURED UNDER MEDICARE, 4,404 (15%) WERE INSURED UNDER MEDICAID
AND 1,499 (5.2%) WERE UNINSURED (OR SELF PAY OR CHARITY CARE).**

FORM 990, PART III, LINE 4B, PROGRAM SERVICE ACCOMPLISHMENTS:

**IMPROVE PATIENTS' UNDERSTANDING OF DISEASE MANAGEMENT. THE WAKEMED
HEART CENTER PROVIDES A COMPREHENSIVE CONTINUUM OF CARE FOR THE CARDIAC
PATIENT FROM EDUCATION AND PREVENTION TO DIAGNOSIS, INTERVENTION,
SURGERY, CARDIAC REHABILITATION AND ON-GOING DISEASE MANAGEMENT FOR
HEART FAILURE. FREE EDUCATION PROGRAMS ARE OFFERED REGULARLY FOR OUR
PATIENTS, THEIR FAMILY MEMBERS AND THE COMMUNITY TO COMPLEMENT OUR
COMPREHENSIVE CARE SERVICES. OUR INTENTIONS ARE TO TEACH PATIENTS
ABOUT THEIR RISK FACTORS FOR HEART DISEASE AND ENCOURAGE HEALTHY
BEHAVIORS THROUGH LIFESTYLE CHANGES, THUS BUILDING A FOUNDATION FOR A
HEALTHIER POPULATION. WAKEMED MOBILE CRITICAL CARE SERVICES PROVIDES
CRITICAL CARE TRANSPORT VIA GROUND AND AIR SERVICING. SERVING
APPROXIMATELY 1,300 CRITICALLY ILL PATIENTS EACH MONTH, IT IS THE
BUSIEST INTER-FACILITY GROUND TRANSPORT SERVICE IN THE STATE. EACH**

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule O (Form 990 or 990-EZ) (2010)

032211
01-24-11

Name of the organization

WAKEMED

Employer identification number

56-6017737

YEAR, WAKEMED'S HEART CENTER PROVIDES FREE HEALTH SCREENINGS INCLUDING CHOLESTEROL SCREENINGS, BLOOD PRESSURE CHECKS, VASCULAR SCREENINGS AND STROKE ASSESSMENTS THROUGHOUT THE COMMUNITY. THESE SCREENINGS ARE DESIGNED TO BE A SECONDARY PREVENTION ACTIVITY TO DETECT EARLY ONSET OF DISEASE AND ILLNESS. WAKEMED CONDUCTS TRAINING FOR THE PROGRAM CPR ANYTIME AT MULTIPLE LOCATIONS IN WAKE COUNTY, AND PROVIDES CPR ANYTIME KITS THROUGHOUT THE COMMUNITY AT MORE THAN A 70 PERCENT DISCOUNTED COST. LAST FISCAL YEAR, WAKEMED PERFORMED 25,742 PROCEDURES IN THE HEART CENTER; OF THESE 15,210 (60%) WERE INSURED UNDER MEDICARE, 1,700 (6.6%) WERE INSURED UNDER MEDICAID AND 444 (4.2%) OF THESE PATIENTS WERE UNINSURED.

FORM 990, PART III, LINE 4C, PROGRAM SERVICE ACCOMPLISHMENTS:

DESIGNATION AWARDED TO TRAUMA CENTERS IN NORTH CAROLINA. OUR TRAUMA SERVICE INCLUDES FIVE ADULT INTENSIVE CARE UNITS AND A PEDIATRIC INTENSIVE CARE UNIT AS WELL AS A COMPREHENSIVE ACUTE, INPATIENT AND OUTPATIENT PHYSICAL REHABILITATION PROGRAM. WAKEMED'S EMERGENCY AND TRAUMA SERVICES TREAT ALL PATIENTS WHO PRESENT SEEKING MEDICAL CARE, REGARDLESS OF THEIR ABILITY TO PAY. IN FY11, 210,030 PATIENTS WERE TREATED IN WAKEMED'S EMERGENCY DEPARTMENTS; OF THESE PATIENTS 34,438 (16.4%) WERE INSURED UNDER MEDICARE; 50,827 (26%) WERE INSURED UNDER MEDICAID; AND 45,796 (22%) WERE UNINSURED. OVER 48% OF ALL PATIENTS SEEN IN OUR EDS ARE EITHER MEDICAID OR UNINSURED RESULTING IN WAKEMED PROVIDING CARE FOR MORE THAN 80 PERCENT OF THE COUNTY'S UNINSURED AND MEDICAID PATIENTS. A SIXTH EMERGENCY DEPARTMENT OPENED JANUARY 9, 2012 WHICH WILL SERVE THE GROWING NORTH WESTERN PORTION OF WAKE COUNTY AS WELL AS EASTERN DURHAM COUNTY. ALL OF THE STAND ALONE LOCATIONS SERVE AREAS WHICH ARE OTHERWISE UNDERSERVED BY DEDICATED MEDICAL SERVICES.

Name of the organization

WAKEMED

Employer identification number

56-6017737

FORM 990, PART VI, SECTION A, LINE 7A: EIGHT MEMBERS OF THE BOARD ARE APPOINTED TO THE BOARD OF DIRECTORS BY WAKE COUNTY.

FORM 990, PART VI, SECTION A, LINE 7B: THE WAKE COUNTY BOARD OF COMMISSIONERS HOLDS LIMITED APPROVAL OVER SOME GOVERNING BODY DECISIONS PERTAINING TO ARTICLES V, VI, VII AND IX IN THE ARTICLES OF INCORPORATION. THE TRANSFER AGREEMENT WITH WAKE COUNTY INDICATES APPROVAL/CONSENT FOR TRANSACTIONS PERTAINING TO SUBSTANTIAL DISPOSITION OF ASSETS AND COVENANTS ON LIENS.

FORM 990, PART VI, SECTION B, LINE 11: THE ENTIRE 990 AND ASSOCIATED SCHEDULES ARE REVIEWED BY THE FINANCE COMMITTEE OF THE BOARD OF DIRECTORS TO ACKNOWLEDGE THEY HAVE REVIEWED FORMS AND SCHEDULES AND THEN RECOMMEND APPROVAL TO THE BOARD. A FINAL COPY IS PROVIDED TO THE BOARD BEFORE FILING.

FORM 990, PART VI, SECTION B, LINE 12C: THE ORGANIZATION MONITORS AND ENFORCES THE CONFLICT OF INTEREST POLICY IN VARIOUS WAYS. EACH YEAR, MEMBERS OF THE BOARD, COMMITTEES WITH BOARD DELEGATED POWERS, CEO, CORPORATE STAFF, EXECUTIVE STAFF, DIRECTORS, MANAGERS ARE REQUIRED TO COMPLETE AND SUBMIT A CONFLICT OF INTEREST QUESTIONNAIRE. THOSE INDIVIDUALS ARE REQUIRED TO PROVIDE WRITTEN DOCUMENTATION OF ANY POTENTIAL CONFLICT OF INTEREST, IDENTIFYING MATERIAL FINANCIAL INTEREST/PERSONAL CONFLICTS OF INTEREST. REMEDIAL MEASURES IMPLEMENTED TO ADDRESS CONFLICTS OF INTEREST INCLUDE ABSTENTION FROM VOTING ON CERTAIN ISSUES AS WELL AS RECUSAL FROM THE DECISION-MAKING PROCESS AND PARTICIPATION INVOLVING THE IDENTIFIED ISSUE/AREA. THE CODE OF CONDUCT PROVIDES GUIDANCE ON GIFTS AND

Name of the organization

WAKEMED

Employer identification number

56-6017737

TRAVEL. GIFTS SHOULD NOT BE ACCEPTED AND PRIOR TO ANY TRAVEL/LODGING PAID FOR BY A THIRD PARTY, WRITTEN APPROVAL MUST BE OBTAINED FROM AN EXECUTIVE VICE PRESIDENT. ALSO, EMPLOYEES WHO OWN OR WORK IN A PRIVATE BUSINESS OUTSIDE OF WAKEMED ARE NOT ALLOWED TO RECRUIT OR PROMOTE THEIR PRODUCTS AND SERVICES DURING WORK HOURS OR THROUGH WAKEMED PRINTED MATERIALS.

FORM 990, PART VI, SECTION B, LINE 15A: REVIEW OF THE COMPENSATION FOR THE CEO, OFFICERS AND KEY EMPLOYEES IS DONE REGULARLY BY THE HUMAN RESOURCE DEPARTMENT. THE FACILITY REGULARLY USES AN INDEPENDENT CONSULTING FIRM AS A SOURCE OF COMPENSATION INFORMATION, BENCHMARKING AND REVIEW TO ENSURE CONSISTENT AND FAIR COMPENSATION PRACTICES. THE CEO'S COMPENSATION IS APPROVED BY THE BOARD.

FORM 990, PART VI, SECTION C, LINE 19: THE 990 IS AVAILABLE BY REQUEST AND IS PUBLISHED ON GUIDESTAR. FINANCIAL STATEMENTS ARE PUBLICALLY AVAILABLE THROUGH THE MEDICAL CARE COMMISSION AS IT RELATES TO TAX EXEMPT DEBT. THE ANNUAL AUDITED FINANCIAL STATEMENTS AND TRANSFER AGREEMENT ARE PROVIDED EACH YEAR TO WAKE COUNTY COMMISSIONERS AND BECOME PUBLIC INFORMATION. ARTICLES OF INCORPORATION ARE AVAILABLE ON NC SECRETARY OF STATE WEBSITE.

FORM 990, PART XII, LINE 2C:

THE PROCESS HAS NOT CHANGED FROM PRIOR YEAR.

SCHEDULE H, PAGE 3, PART V:

FACILITY INFORMATION:

PART V LISTS THOSE FACILITIES SEPARATELY LICENSED AND/OR REGISTERED UNDER STATE LAW. IT IS NOT A COMPLETE LISTING OF ALL SITES WHERE

Name of the organization

WAKEMED

Employer identification number

56-6017737

SERVICES ARE PROVIDED. THE COMPLETE LISTING CAN BE FOUND ON
WAKEMED.ORG.

FORM 990, PAGE 1, BOX C:

DOING BUSINESS AS:

LEGAL ENTITY NAME

WAKEMED

LEGAL ENTIT Y EIN

56-6017737

DBA NAME(S):

1.WAKE MEDICAL CENTER

2.WESTERN WAKE HOSPITAL

3.NORTHERN WAKE HOSPITAL

4.WAKE HEART CENTER

5.WESTERN WAKE MEDICAL CENTER

6.WAKE REHABILITATION HOSPITAL

7.WAKE AREA HEALTH EDUCATION CENTER

8.WAKE AHEC

9.EASTERN WAKE DAY HOSPITAL AND SKILLED NURSING FACILITY

10.WAKEMED HOME CARE

11.WAKEMED - NEW BERN AVENUE CAMPUS

12.WAKEMED - WESTERN WAKE MED. CENTER

13.WAKEMED - REHAB

14.WAKEMED - FUQUAY-VARINA

15.WAKEMED - ZEBULON-WENDELL

16.WAKEMED RALEIGH CAMPUS

17.WAKEMED CARY HOSPITAL

Name of the organization

WAKEMED

Employer identification number

56-6017737

18.WAKEMED NORTH HEALTHPLEX19.WAKEMED CLAYTON MEDICAL PARK20.WAKEMED CARY OUTPATIENT REHAB CENTER21.WAKEMED FUQUAY-VARINA OUTPATIENT & SKILLED NURSING FACILITY22.WAKEMED ZEBULON/WENDELL OUTPATIENT & SKILLED NURSING FACILITY23.WAKEMED WAKE FOREST ROAD OUTPATIENT REHAB CENTER24.WAKEMED HOME HEALTH25.WAKEMED HEALTH & HOSPITALS26.WAKEMED EMERGENCY SERVICES INSTITUTE27.WAKEMED CENTER FOR PATIENT SAFETY28.WAKEMED APEX HEALTHPLEX29.WAKEMED PROFESSIONAL STAFF30.WAKEMED MOBILE CRITICAL CARE SERVICES31.WAKEMED CENTER FOR INNOVATIVE LEARNINGFORM 990, PART I, LINE 6:VOLUNTEERS:

WAKEMED HAS APPROXIMATELY 1,627 VOLUNTEERS. THEY ARE TECHNICALLY
CLASSIFIED AS VOLUNTEERS OF THE ORGANIZATIONS; "THE VOLUNTEERS AT
WAKEMED RALEIGH CAMPUS" AND "THE VOLUNTEERS AT WAKEMED CARY HOSPITAL"
BUT WE LIST THEM HERE FOR INFORMATIONAL PURPOSES.

SCHEDULE K, PAGE 1, ROW A, COLUMN F:DESCRIPTION OF PURPOSE:

FINANCING (A) COSTS OF CONSTRUCTING, EXPANDING, RENOVATING AND
EQUIPPING CERTAIN HOSPITAL FACILITIES, INCLUDING WAKEMED CARY 2-STORY
VERTICAL EXPANSION, 10-BED LABOR AND DELIVERY UNIT EXPANSION AND
PARKING DECK, WAKEMED RALEIGH 4-STORY PATIENT TOWER, PARKING DECK FOR

Name of the organization

WAKEMED

Employer identification number

56-6017737

VISITORS AND PATIENTS, EMPLOYEE PARKING DECK, PORTION OF REHABILITATION HOSPITAL FOR INPATIENT BEDS, THE FIRST FLOOR OF MAIN HOSPITAL FOR 25 OBSERVATION BED UNIT AND RELATED AND OTHER EQUIPMENT; (B) A DEBT SERVICE RESERVE FUND; (C) THE PREMIUM FOR A FINANCIAL GUARANTY INSURANCE POLICY; AND (D) ISSUANCE COSTS.

SCHEDULE K, PAGE 1, ROW B, COLUMN F:

DESCRIPTION OF PURPOSE:

FINANCING (A) COSTS OF CONSTRUCTING, EXPANDING, RENOVATING AND EQUIPPING CERTAIN HOSPITAL FACILITIES, INCLUDING WAKEMED CARY 2-STORY VERTICAL EXPANSION, 10-BED LABOR AND DELIVERY UNIT EXPANSION AND PARKING DECK, WAKEMED RALEIGH 4-STORY PATIENT TOWER, PARKING DECK FOR VISITORS AND PATIENTS, EMPLOYEE PARKING DECK, PORTION OF REHABILITATION HOSPITAL FOR INPATIENT BEDS, THE FIRST FLOOR OF MAIN HOSPITAL FOR 25 OBSERVATION BED UNIT AND RELATED AND OTHER EQUIPMENT; (B) INITIAL COSTS FOR A CREDIT FACILITY FOR THE BONDS; AND (C) ISSUANCE COSTS.

SCHEDULE K, PAGE 1, ROW C, COLUMN F:

DESCRIPTION OF PURPOSE:

FINANCING (A) COSTS OF CURRENTLY REFUNDING ALL OUTSTANDING SERIES 1997 BONDS ISSUED ON APRIL 1, 1997. THE SERIES 1997 BONDS WERE ISSUED TO REFUND ALL OF SERIES 1993 AND 1988 BONDS WHICH WERE ISSUED TO FINANCE COSTS OF CONSTRUCTING, EXPANDING, RENOVATING AND EQUIPPING CERTAIN HOSPITAL FACILITIES, INCLUDING CONSTRUCTION OF WAKEMED CARY HOSPITAL, TWO-STORY ADDITION TO THE WAKEMED MAIN CAMPUS, 45-BED REHABILITATION HOSPITAL AND RELATED AND OTHER EQUIPMENT; AND (B) ISSUANCE COSTS.

FORM 990, PAGE 6, PART VI, SECTION A, LINE 8A AND 8B:

032212
01-24-11

Schedule O (Form 990 or 990-EZ) (2010)

Name of the organization

WAKEMED

Employer identification number

56-6017737

WAKEMED DOCUMENTS ALL MEETINGS HELD BY THE GOVERNING BODY AND EACH
COMMITTEE MEETINGS IN THE FORM OF "MINUTES OF THE MEETINGS." THESE
MINUTES ARE KEPT IN 2 FORMATS; PAPER AND DISKS WHICH ARE STORED AT
SEPARATE LOCATIONS.

FORM 990, PAGE 12, PART XI, LINE 5:

IN 2011, NET ASSETS INCREASED PRIMARILY DUE TO CURRENT YEAR INCOME AND
REIMBURSED CONSTRUCTION AND EQUIPMENT COSTS FROM BOND PROCEEDS.

SCHEDULE R
(Form 990)
Department of the Treasury
Internal Revenue Service

OMB No. 1545-0047

2010
Open to Public
Inspection

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.

Name of the organization

WAKEMED

Employer identification number

56-6017737

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" to 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
WAKE ORTHOPEDICS LLC - 04-3750760					
3009 NEW BERN AVENUE					
RALEIGH, NC 27610	MEDICAL OFFICE	NORTH CAROLINA	11,893,138.	4,604,145.N/A	
CARDIAC INNOVATIONS LLC - 26-0554927					
3000 NEW BERN AVENUE					
RALEIGH, NC 27610	EQUIPMENT LEASING	NORTH CAROLINA	25,991.	145,810.N/A	
WAKE SPECIALTY PHYSICIANS LLC - 26-4169156					
3009 NEW BERN AVENUE					
RALEIGH, NC 27610	MEDICAL OFFICE	NORTH CAROLINA	7,498,693.	-1,047,819.N/A	
PARTNERS IN PRACTICE LLC - 27-1164650					
3000 NEW BERN AVENUE					
RALEIGH, NC 27610	MEDICAL OFFICE	NORTH CAROLINA	0.	0.N/A	

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" to 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	Section 512(b)(13) controlled entity?	
						Yes	No
WAKEMED PROPERTY SERVICES - 56-1133894							
3000 NEW BERN AVE							
RALEIGH, NC 27610	LEASING	NORTH CAROLINA	501(C)(3)	509(A)(3)	N/A		X
WAKEMED FACULTY PRACTICE PLAN - 23-7169178							
3000 NEW BERN AVE							
RALEIGH, NC 27610	EDUCATIONAL	NORTH CAROLINA	501(C)(3)	509(A)(3)	N/A		X
THE VOLUNTEERS AT CARY CAMPUS - 56-1798031							
1900 KILDAIRE FARM RD							
CARY, NC 27511							
THE VOLUNTEERS AT WAKEMED RALEIGH CAMPUS -							
56-0749114, 3000 NEW BERN AVE, RALEIGH, NC	ASSISTANCE TO PATIENTS	NORTH CAROLINA	501(C)(3)	509(A)(3)	N/A		X
27610	ASSISTANCE TO PATIENTS	NORTH CAROLINA	501(C)(3)	509(A)(3)	N/A		X

Identification of Related Organizations Taxable as a Partnership (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related

[illegible]

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

[illegible]

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

Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule

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

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

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

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

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

e Loans or loan guarantees by other organization(s)

f Sale of assets to other organization(s)

g Purchase of assets from other organization(s)

h Exchange of assets

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

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

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

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

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

n Sharing of paid employees

o Reimbursement paid to other organization for expenses

p Reimbursement paid by other organization for expenses

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

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

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) WAKEMED FACULTY PRACTICE PLAN	R	1,522,093.	INTERCOMPANY TRANSFERS
(2) WAKEMED PROPERTY SERVICES	J	7,648,118.	INTERCOMPANY TRANSFERS
(3) WAKEMED PROPERTY SERVICES	R	1,522,093.	INTERCOMPANY TRANSFERS
(4) WAKEMED FOUNDATION	Q	2,326,207.	INTERCOMPANY TRANSFERS
(5) WAKEMED FOUNDATION	R	265,756.	INTERCOMPANY TRANSFERS
(6)			

Part VII Supplemental Information

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

Lined area for supplemental information.

WAKEMED

**COMBINED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED SEPTEMBER 30, 2011 AND 2010

**WAKEMED
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YEARS ENDED SEPTEMBER 30, 2011 AND 2010**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
WakeMed
Raleigh, North Carolina

We have audited the accompanying combined balance sheets of WakeMed as of 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 WakeMed's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes 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 financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements as of and for the years ended September 30, 2011 and 2010 present fairly, in all material respects, the financial position of WakeMed as of September 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report, dated November 17, 2011, on our consideration of WakeMed's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 9 and the Schedule of Funding Progress on page 38 are both supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic combined financial statements of WakeMed, taken as a whole. The supplemental combining schedules on pages 39 to 41 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 companies. Accordingly, we do not express an opinion on the financial position, results of operations, changes in net assets and cash flows of the individual companies. However, such information has been subjected to the auditing procedures applied in our audit 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.

Larson Allen LLP
LarsonAllen LLP

Charlotte, North Carolina
November 17, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

WAKEMED
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011 AND 2010

Overview

The Management's Discussion and Analysis section of WakeMed's combined financial statements is designed to provide a general overview of the financial operating results for the fiscal years ended September 30, 2011 and 2010. This analysis should be read in conjunction with the combined financial statements and related footnotes that follow this analysis.

WakeMed (the "System") is a private, not-for-profit health care organization based in Wake County, North Carolina. The System comprises a network of health care facilities throughout Wake and Johnston counties, including a 575-bed regional referral center with an adjoining 84-bed rehabilitation hospital in Raleigh; a 156-bed full-service community hospital in Cary; a 36-bed skilled nursing facility in Fuquay-Varina; a 19-bed skilled nursing facility in Zebulon; a freestanding emergency department, outpatient surgery and diagnostic center with physicians' offices in North Raleigh, a freestanding emergency department and diagnostic center in Apex; a medical office building with diagnostic and outpatient rehabilitation services in Clayton; a medical office building with diagnostic, outpatient rehabilitation and physician offices in West Raleigh; a mobile critical care transport service including an air ambulance service; and home health and outpatient rehabilitation services in Raleigh, Cary and Apex. WakeMed is the tertiary provider of trauma, cardiac, neonatal intensive care, neurosciences, high-risk maternal, pediatric emergency and intensive care, adult care services, and physical rehabilitation services.

In addition to the entities described above, the combined financial statements include WakeMed Faculty Practice Plan, WakeMed Property Services, Wake Orthopaedics, LLC, Cardiac Innovations, LLC, Wake Specialty Physicians, LLC, Partners in Practice, LLC, Blue Ridge GP, LLC, Blue Ridge Day Surgery Center, LP and WakeMed Foundation (collectively, "WakeMed"). These component units are included in WakeMed's reporting entity because of their operational or financial relationships with WakeMed.

Mission

WakeMed's mission is to provide outstanding and compassionate care to all who seek our services. Our mission is the foundation of who we are and what we do. Guided by our vision and supported by strong values and goals, this mission drives the superior care that our patients, their families and the communities we serve have come to expect. To achieve this mission, WakeMed focuses its efforts on achieving five strategic goals: Quality Outcomes, Unsurpassed Service, Workforce Excellence, Fiscal Responsibility and Market Development.

Financial Highlights

- WakeMed's net assets increased in each of the past two years with a \$40.4 million increase in 2011 and a \$41.9 million increase in 2010.
- WakeMed reported income from operations of \$33.5 million and \$20.4 million in 2011 and 2010, respectively. Income from operations increased by \$13.0 million and \$1.2 million in 2011 and 2010, respectively.
- Net patient service revenue in 2011 increased by \$69.0 million, or 7.8%, as compared to 2010 and in 2010 increased by \$8.2 million, or .9%, as compared to 2009.

**WAKEMED
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011 AND 2010**

Current Year Events

During fiscal 2011, Brier Creek Healthplex construction began and is planned to open in fiscal 2012. East Square was demolished in preparation for the construction of the Capital City Surgery Center and WakeMed Medical Park Diagnostic Center which began in fiscal 2011. Both facilities are planned to open in fiscal 2012. Capital City Surgery Center, LLC has selected Compass Surgical Partners to manage the center

Architectural and operational plans are well underway for the conversion of the North Healthplex into a 60 bed hospital. Construction on this project will begin in fiscal 2012.

With the opening of the new Children's Hospital in fiscal 2010, the vacated wing has been renovated in fiscal 2011 to combine and expand the women's services clinical area and will open in early fiscal 2012. During fiscal 2011, WakeMed was awarded CONs for 14 additional inpatient rehab beds and 51 of the 101 new beds available in the 2011 State Medical Facilities Plan

Continued growth and strategic planning in the physician practice area occurred this year with the acquisition of four physician clinics. Fiscal year 2012 will continue this effort beginning with incorporation of an urgent care clinic with locations in Raleigh and Cary on October 1, 2011

Using this Annual Report

The combined financial statements have been prepared on the accrual basis of accounting which accounts for all revenues and expenses regardless of when cash is received or paid. The annual report consists of the following components

Combined Balance Sheets - The combined balance sheets reflect the financial position of WakeMed at a specific point in time, i.e., all assets (resources), liabilities (claims to the resources), and net assets as of September 30, 2011 and 2010. These statements provide the basis for the evaluation of WakeMed's capital structure, liquidity, and financial flexibility.

Combined Statements of Revenues, Expenses, and Changes in Net Assets - These combined statements reflect WakeMed's profitability (or change in net assets) for each of the fiscal years presented.

Combined Statements of Cash Flows - The combined statements of cash flows report cash receipts, cash payments, and net changes in cash resulting from operating, investing, and capital and related financing activities. They also provide answers to such questions as where cash came from, what cash was used for, and what the change in the cash balance was during the reporting periods presented.

Notes to Combined Financial Statements - These notes are designed to give the reader of the combined financial statements additional information concerning WakeMed and further supports the statements described above.

WAKEMED
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011 AND 2010

Condensed Combined Balance Sheets - The condensed combined balance sheets are as follows at September 30 (in thousands):

	2011	2010	2009
Current Assets	\$ 705,889	\$ 660,627	\$ 571,069
Capital Assets, Net	588,916	593,421	573,499
Assets Whose Use is Limited, Net of Portion Required for Current Liabilities	86,918	89,014	147,730
Other Assets	103,776	105,801	88,302
Total Assets	<u>\$ 1,485,499</u>	<u>\$ 1,448,863</u>	<u>\$ 1,380,600</u>
Current Liabilities	\$ 199,103	\$ 200,574	\$ 192,876
Long-Term Debt, Less Current Maturities	440,517	444,319	448,038
Other Noncurrent Liabilities	44,929	43,399	21,026
Total Liabilities	<u>684,549</u>	<u>688,292</u>	<u>661,940</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	126,827	137,843	179,846
Restricted by Donors	24,263	21,559	23,926
Restricted for Debt Service and Capital Purchases	25,352	25,260	23,346
Unrestricted	624,508	575,909	491,542
Total Net Assets	<u>800,950</u>	<u>760,571</u>	<u>718,660</u>
Total Liabilities and Net Assets	<u>\$ 1,485,499</u>	<u>\$ 1,448,863</u>	<u>\$ 1,380,600</u>

Current Assets - In 2011, current assets increased \$45.3 million, or 6.9%, over 2010. Cash and short-term investments increased \$37.1 million, while net patient accounts receivable increased \$10.5 million. WakeMed's current ratio is strong at 3.55 to 1.0 at September 30, 2011 and 3.29 to 1.0 at September 30, 2010. In 2010, current assets increased \$89.6 million, or 15.7%, over 2009.

Capital Assets-Net - In 2011, capital assets - net decreased \$4.5 million, or 8%, from 2010 mainly due to the disposal of the East Square property. Significant capital expenditures for fiscal year 2011 consisted of the 4C renovation, Raleigh MRI replacement, completion of the connections between Raleigh Campus Patient Tower and existing hospital building, ongoing equipment replacement throughout WakeMed, various improvements to existing facilities and information technology purchases and upgrades. In 2010, capital assets - net increased \$19.9 million, or 3.5%, over 2009 mainly due to expenditures incurred on major projects that began during 2009.

Other Assets - Other Assets decreased \$2 million, or 1.9% in 2011 due primarily to improved rates in prepaid insurance, contracts and maintenance. Other Assets increased \$17.5 million, or 19.8% in 2010 due primarily to the recording of \$24.8 million in goodwill associated with Blue Ridge GP, LLC's controlling interest in the Blue Ridge Day Surgery Center, LP.

**WAKEMED
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011 AND 2010**

Current Liabilities - In 2011, current liabilities decreased \$1.5 million, or 0.7%, as compared to 2010. The primary factors were a \$7.3 million decrease in third-party payor and Medicaid Reimbursement Initiative reserves, offset by a \$5.7 million increase in accounts payable and accrued liabilities. In 2010, current liabilities increased \$7.7 million, or 4.0%, over 2009. The primary factors were a \$5.9 million increase in third-party payor and Medicaid Reimbursement Initiative reserves and a \$4.3 million increase in accounts payable and accrued liabilities.

Long-Term Debt - At September 30, 2011, WakeMed had \$468.1 million outstanding under the terms of four outstanding bond offerings. The 2009C \$81.8 million issue was used to refund the 1997 bonds in advance of their maturity dates. The 2009B \$75.0 million issue, the 2009A \$169.8 million issue and the 2001 \$150.0 million issue were used for equipment purchases and to finance the construction and acquisition of certain property as defined in the bond orders. The decrease in long-term debt, less current maturities of \$3.8 million in 2011, is a net result of lease additions and making scheduled principal payments. See Note 7 to the combined financial statements for a detailed discussion on long-term debt.

Other Noncurrent Liabilities - In 2011, other noncurrent liabilities increased \$1.5 million, or 3.5%, over 2010. In 2010, other noncurrent liabilities increased \$22.4 million, or 106.4%, over 2009 due to the non-controlling interest related to Blue Ridge GP, LLC and the Blue Ridge Day Surgery Center, LP recorded during the year.

Total Net Assets - Overall, total net assets increased \$40.4 million, or 5.3%, over 2010. The specific components of the change in net assets are as follows:

Net Assets Invested in Capital Assets-Net of Related Debt - Net assets invested in capital assets-net of related debt decreased \$11.0 million, or 8.0% in 2011. Driven by WakeMed's continuing growth and investment in equipment and infrastructure and the disposal of the East Square property, total capital assets decreased by \$4.5 million in 2011.

Net Assets Restricted by Donors - Net assets restricted by donors, which represent funds held by WakeMed that are restricted as to their use by external donors, increased \$2.7 million in 2011, or 12.5% from 2010. These funds are restricted for such uses as the provision of indigent care and certain other services such as children's, educational and patient care programs.

Net Assets Restricted for Debt Service and Capital Purchases - Net assets restricted for debt service and capital purchases represent assets that are to be used to pay current debt obligations, net of unspent bond proceeds. They increased \$92 thousand in 2011.

Unrestricted Net Assets - Unrestricted net assets represents assets available to fund the ongoing operations of WakeMed. The 2011 \$48.6 million increase was primarily due to current year income and reimbursed construction and equipment costs from bond proceeds.

WAKEMED
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011 AND 2010

Condensed Combined Statements of Revenue, Expenses, and Changes in Net Assets - The condensed combined statements of revenue, expenses, and changes in net assets are as follows for the years ended September 30 (in thousands):

	2011	2010	2009
Patient Service Revenue, Net	\$ 953,659	\$ 884,637	\$ 876,450
Other Operating Revenue	24,656	31,391	28,161
Total Operating Revenue	<u>978,315</u>	<u>916,028</u>	<u>904,611</u>
OPERATING EXPENSES			
Labor Expenses	533,014	504,705	507,566
Supplies, Purchased Services and Other	269,451	273,796	272,702
Professional Fees	63,175	36,727	27,083
Depreciation	62,751	65,712	62,889
Interest Expense	16,454	14,659	15,111
Total Operating Expenses	<u>944,845</u>	<u>895,599</u>	<u>885,351</u>
Income from Operations	33,470	20,429	19,260
Nonoperating Revenues, Net			
Investment Income (Loss)	10,253	22,680	4,489
Other, Net	445	356	145
Total Nonoperating Revenue, Net	<u>10,698</u>	<u>23,036</u>	<u>4,634</u>
Income Before Non-Controlling Interest and Capital Contributions	44,168	43,465	23,894
Income Applicable to Non-Controlling Interest	<u>(4,522)</u>	<u>(2,235)</u>	<u>-</u>
Income Before Capital Contributions	39,646	41,230	23,894
Capital Contributions	733	681	1,185
Increase in Net Assets	<u>40,379</u>	<u>41,911</u>	<u>25,079</u>
NET ASSETS - BEGINNING OF YEAR	<u>760,571</u>	<u>718,660</u>	<u>693,581</u>
NET ASSETS - END OF YEAR	<u>\$ 800,950</u>	<u>\$ 760,571</u>	<u>\$ 718,660</u>

Income from Operations - Income from operations in 2011 increased by \$13.0 million from 2010. Income from operations in 2010 increased by \$1.2 million from 2009.

Patient Service Revenue - Net - Net patient service revenue increased \$69.0 million, or 7.8%, over 2010. This growth was driven by several factors. WakeMed implemented a 6% price increase for hospital services in 2011 resulting in an additional \$8 million in net patient revenue. In addition, the methodology used for recording MRI payments was changed which increased net patient revenue by \$12.5 million. Blue Ridge Surgery Center experienced a \$9 million increase in net patient revenue which primarily reflects a full year of operations versus six months in 2010. The WakeMed Physician Practices added a collective \$13.3 million to net patient revenue in 2011 primarily due to the addition of four new practices. Other improvements to net patient revenue in 2011 can be attributed to charge capture, collections, and coding initiatives implemented by WellSpring. For the year ended September 30, 2010, net patient service revenue increased \$8.2 million, or 0.9%, over 2009.

WAKEMED
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011 AND 2010

Labor Expenses - Total labor expenses increased \$28.3 million, or 5.6% compared to 2010. Primarily this is due to a .78% increase in labor along with 3% nonclinical wage increases in October and 2.75% clinical wage increases in July 2011.

Supplies, Purchased Services, and Other - Overall, these costs experienced a decrease of \$4.3 million, or 1.6% as compared to 2010. WakeMed incurred significant supply cost decreases in the surgical, pharmacy and EP Lab areas due to favorable pricing on patient chargeable items, drug costs and lower than anticipated volume in the Heart Center and cardiac procedures in surgical services. Decreases in malpractice insurance expense due to favorable claims history based on the actuarial valuation also contributed to the favorability. In 2009, supplies, purchased services, and other, increased \$1.1 million, or 0.4% over 2009.

Depreciation Expense - Depreciation expense decreased \$3.0 million, or 4.5%, from 2010 due to current year capital asset additions and disposals. In 2010, depreciation expense increased \$2.8 million, or 4.5%, over 2009.

Investment Income - Investment income decreased \$12.4 million or 54.8% from 2010. Fiscal year 2011 presented a \$15.3 million increase in unrealized losses from unfavorable financial market conditions coupled with a \$3.1 million increase in realized gains from 2010. Income earned on investments remained relatively flat between the years. In 2010, investment income increased \$18.2 million, or 405.2% from 2009.

Capital Assets - Net

Capital assets - net consisted of the following at September 30 (in thousands).

	2011	2010	2009
Land and Land Improvements	\$ 34,471	\$ 33,111	\$ 29,672
Buildings	632,285	624,750	542,072
Equipment	607,794	580,524	536,971
Construction-in-Progress	26,731	18,600	65,590
	<u>1,301,281</u>	<u>1,256,985</u>	<u>1,174,305</u>
Less, Accumulated Depreciation	<u>(712,365)</u>	<u>(663,564)</u>	<u>(600,806)</u>
Capital Assets, Net	<u><u>\$ 588,916</u></u>	<u><u>\$ 593,421</u></u>	<u><u>\$ 573,499</u></u>

Significant capital expenditures for fiscal year 2011 consisted of the 4C renovation, Raleigh MRI replacement, completion of connections between Raleigh Campus Patient Tower and existing hospital building, ongoing equipment replacement throughout WakeMed, various improvements to existing facilities and information technology purchases and upgrades. These capital expenditures are expected to support future revenue growth.

**WAKEMED
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011 AND 2010**

Community Benefit

WakeMed's involvement in the community goes far beyond the provision of medical care at one of our facilities. The system engages in a variety of activities that result in a direct benefit including outreach, donations, in-kind contributions, special initiatives for children, free pediatric asthma and diabetes programs, employee volunteer hours, and teaching and training the next generation of physicians and nurses. WakeMed is guided by a mission that requires us to constantly increase our capacity for care. That means a steady stream of new programs, services, technologies and facilities for the community. It also means caring for all who seek our services, regardless of their ability to pay.

WakeMed provides health care to citizens in the communities we serve regardless of their ability to pay. Based on WakeMed's established charge structure, total charges foregone for charity care provided amounted to \$264.0 million in 2011, representing a \$20.7 million increase over the prior year. In 2010, charity care decreased by \$5.6 million as compared to 2009. The estimated cost of this care based on the ratio of operating expenses to gross charges was \$74.4 million and \$69.9 million in 2011 and 2010, respectively.

Transfer Agreement Compliance

The Transfer Agreement, signed in 1997 when Wake County conveyed the hospital to WakeMed, was amended in September 2008. The Transfer Agreement mandates a minimum of 4.8% of revenues from Wake County citizens be spent to provide services and resources to indigent patients and the community at large in Wake County. In fiscal years 2011 and 2010, WakeMed was in compliance with the Transfer Agreement.

Contacting WakeMed's Financial Management

The financial report is designed to provide the users of WakeMed's combined financial statements with a general overview of WakeMed's finances. If you have questions about this report or need additional financial information, please contact WakeMed, Attn: Chief Financial Officer, 3000 New Bern Avenue, Raleigh, North Carolina 27610.

WAKEMED
COMBINED BALANCE SHEETS
SEPTEMBER 30, 2011 AND 2010
(IN THOUSANDS)

ASSETS	<u>2011</u>	<u>2010</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 161,808	\$ 143,839
Short-Term Investments	370,324	351,160
Patient Accounts Receivable, Net of Allowance for Uncollectible Accounts of \$48,516 in 2011 and \$45,464 in 2010	121,032	110,492
Other Receivables	8,543	8,577
Inventories	18,985	19,484
Prepaid Expenses and Other Current Assets	7,764	10,079
Assets Whose Use is Limited, Required for Current Liabilities	17,433	16,996
Total Current Assets	<u>705,889</u>	<u>660,627</u>
CAPITAL ASSETS, NET	588,916	593,421
ASSETS WHOSE USE IS LIMITED, Net of Portion Required for Current Liabilities	86,918	89,014
OTHER ASSETS		
Long-Term Investments	57,196	56,052
Investment in Affiliates and Other Assets	34,778	36,492
Deferred Bond Financing Costs, Net	10,878	11,358
Prepaid Pension Obligation	924	1,899
Total Other Assets	<u>103,776</u>	<u>105,801</u>
Total Assets	<u><u>\$ 1,485,499</u></u>	<u><u>\$ 1,448,863</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	\$ 21,572	\$ 21,212
Accounts Payable and Accrued Liabilities	133,496	127,787
Due to Third-Party Payors	42,918	50,192
Deferred Revenue	1,117	1,383
Total Current Liabilities	<u>199,103</u>	<u>200,574</u>
LONG-TERM DEBT, LESS CURRENT MATURITIES	440,517	444,319
OTHER NONCURRENT LIABILITIES	20,853	19,267
NON-CONTROLLING INTEREST IN AFFILIATES	24,076	24,132
Total Liabilities	<u>684,549</u>	<u>688,292</u>
COMMITMENTS AND CONTINGENCIES (NOTES 1 AND 12)		
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	126,827	137,843
Restricted by Donors	24,263	21,559
Restricted for Debt Service and Capital Purchases	25,352	25,260
Unrestricted	624,508	575,909
Total Net Assets	<u>800,950</u>	<u>760,571</u>
Total Liabilities and Net Assets	<u><u>\$ 1,485,499</u></u>	<u><u>\$ 1,448,863</u></u>

See accompanying Notes to Combined Financial Statements

WAKEMED
COMBINED STATEMENTS REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED SEPTEMBER 30, 2011 AND 2010
(IN THOUSANDS)

	2011	2010
PATIENT SERVICE REVENUE		
Net of Contractual Allowances of \$2,355,621 and \$2,166,256 and Provision for Uncollectible Accounts of \$41,214 and \$38,379 in 2011 and 2010, Respectively	\$ 953,659	\$ 884,637
OTHER OPERATING REVENUE	24,656	31,391
Total Operating Revenue	978,315	916,028
LABOR EXPENSES		
Salaries, Wages and Employee Benefits	494,708	475,382
Contract Nursing	374	235
Other Contract Labor	37,932	29,088
Total Labor Expenses	533,014	504,705
OTHER OPERATING EXPENSES		
Supplies, Purchased Services and Other	269,451	273,796
Professional Fees	63,175	36,727
Depreciation	62,751	65,712
Interest Expense	16,454	14,659
Total Other Operating Expenses	411,831	390,894
Total Expenses	944,845	895,599
INCOME FROM OPERATIONS	33,470	20,429
NONOPERATING REVENUE, NET		
Investment Income (Loss)	10,253	22,680
Other, Net	445	356
Total Nonoperating Revenue, Net	10,698	23,036
INCOME BEFORE NON-CONTROLLING INTEREST AND CAPITAL CONTRIBUTIONS	44,168	43,465
Income Applicable to Non-Controlling Interest	(4,522)	(2,235)
INCOME BEFORE CAPITAL CONTRIBUTIONS	39,646	41,230
CAPITAL CONTRIBUTIONS	733	681
INCREASE IN NET ASSETS	40,379	41,911
Net Assets - Beginning of Year	760,571	718,660
NET ASSETS - END OF YEAR	\$ 800,950	\$ 760,571

See accompanying Notes to Combined Financial Statements

WAKEMED
COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2011 AND 2010
(IN THOUSANDS)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Third-Party Payors and Patients	\$ 943,119	\$ 886,144
Payments to Suppliers	(334,665)	(312,360)
Payments to Employees	(522,453)	(502,350)
Other Receipts	21,370	31,659
Net Cash Provided by Operating Activities	<u>107,371</u>	<u>103,093</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Notes Payable	4,600	-
Principal Payments on Bonds Payable, Net	(8,780)	(2,245)
Interest Payments on Bonds Payable	(18,349)	(16,601)
Principal Payments on Capital Lease Obligations and Other	(401)	(219)
Interest Payments on Capital Lease Obligations and Other	(7)	(5)
Purchases of Capital Assets	(54,725)	(79,283)
Increase in Assets Whose Use is Limited	(1,285)	67,134
Gifts, Grants and Bequests	733	681
Net Cash Used in Capital and Related Financing Activities	<u>(78,214)</u>	<u>(30,538)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest, Dividends and Unrealized Gain (Loss) on Investments	9,079	24,653
Realized Gain (Loss) on Sale of Investments	1,174	(1,973)
Other Nonoperating Gains (Losses), Net	445	356
(Increase) Decrease in Short-Term and Long-Term Investments	(20,308)	(82,690)
Cash from Acquisition of Interest in Affiliate	-	1,800
Cash Paid for Investment in Affiliate	-	(6,058)
Income Applicable to Non-Controlling Interest	(4,522)	(2,235)
Net Cash Used in Investing Activities	<u>(14,132)</u>	<u>(66,147)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	15,025	6,408
Cash and Cash Equivalents - Beginning of Year	<u>166,164</u>	<u>159,756</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 181,189</u></u>	<u><u>\$ 166,164</u></u>
RECONCILIATION OF COMBINED CASH AND CASH EQUIVALENTS TO COMBINED BALANCE SHEETS:		
Cash and Cash Equivalents	\$ 161,808	\$ 143,839
Cash and Cash Equivalents in Assets Whose Use is Limited	19,381	22,325
Total Cash and Cash Equivalents	<u><u>\$ 181,189</u></u>	<u><u>\$ 166,164</u></u>

See accompanying Notes to Combined Financial Statements

WAKEMED
COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED SEPTEMBER 30, 2011 AND 2010
(IN THOUSANDS)

	<u>2011</u>	<u>2010</u>
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Income from Operations	\$ 33,470	\$ 20,429
Interest Expense Considered Capital Financing Activity	16,454	14,659
Adjustments to Reconcile Income from Operations to Net Cash Provided by Operating Activities		
Depreciation	62,751	65,712
Provision for Uncollectible Accounts	41,214	38,379
Increase in Patient and Other Receivables	(51,720)	(34,813)
Increase in Accounts Payable and Accrued Liabilities	5,709	4,020
Change in Other Operating Assets and Liabilities, Net	(507)	(5,293)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 107,371</u></u>	<u><u>\$ 103,093</u></u>

See accompanying Notes to Combined Financial Statements

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 AND 2010
(IN THOUSANDS)

NOTE 1 ORGANIZATION

WakeMed, a North Carolina not-for-profit corporation, was established in 1965 to provide access to quality hospital-based services to the citizens of Wake County, North Carolina and surrounding counties. To support these services, WakeMed delivers a broad range of services through a network of operating affiliates.

Effective April 1, 1997, the Wake County commissioners conveyed all real estate, personal property, fixtures, equipment, cash and accounts, and all rights, title, and interest in all such property and facilities to WakeMed, under the provisions of North Carolina General Statute 131E-8 (the "Statute"), in accordance with a transfer agreement between WakeMed and the County of Wake (the "Transfer Agreement"). The Transfer Agreement was amended in September 2008. While a majority of the Board of Directors continue to be appointed by Wake County, as required by the Statute, WakeMed's facilities are no longer owned by Wake County as required by North Carolina General Statute 159-39(a). Further, the Statute required that the outstanding general obligation revenue bonds be defeased at the time of conveyance.

As a condition to the conveyance, WakeMed has agreed to provide community general hospital services to citizens of Wake County without regard to the ability to pay. Moreover, WakeMed must meet minimum financial commitments for services and resources to indigent patients and the community at large as defined in the Transfer Agreement, as amended. For the years ended September 30, 2011 and 2010, WakeMed met the minimum financial commitments as defined in the Transfer Agreement, as amended. In the event the level of commitment is not provided through charity care, WakeMed may be required to designate an amount equal to such deficiency to be maintained by WakeMed for purposes of covering the cost of future services to indigent patients. No amount has been designated at September 30, 2011 and 2010.

Reporting Entity

As required by accounting principles generally accepted in the United States of America (hereinafter referred to as "generally accepted accounting principles"), these combined financial statements present WakeMed and its component units. The combined component units discussed below are included in WakeMed's reporting entity because of their operational or financial relationships with WakeMed. All significant intercompany balances and transactions have been eliminated in combination.

- *WakeMed Faculty Practice Plan* – WakeMed Faculty Practice Plan (formerly known as Wake County Hospital System Medical Education Foundation) (the "Faculty Practice") is a not-for-profit corporation established for charitable, educational, and scientific purposes through aid and promotion of the health care services of WakeMed and other nonprofit organizations. Although it is a separate legal entity, the Faculty Practice is reported as if it were part of WakeMed because the entities share the same Board of Directors.

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 AND 2010
(IN THOUSANDS)

NOTE 1 ORGANIZATION (CONTINUED)

Reporting Entity (continued)

- *WakeMed Property Services* – WakeMed Property Services (“Property Services”) is a not-for-profit corporation established to provide health care facilities and related services to WakeMed. Property Services owns and operates East Square Medical Plaza, WakeMed Clayton Medical Park, WakeMed North Healthplex and WakeMed Apex Healthplex, as well as other smaller property holdings. Additionally, Property Services leases space in these facilities to professional associations and WakeMed. Although it is a separate legal entity, Property Services is reported as if it were a part of WakeMed because the entities share the same Board of Directors.
- *Wake Orthopaedics, LLC* – On April 3, 2003, WakeMed filed Articles of Incorporation to establish Wake Orthopaedics, LLC (“Wake Orthopaedics”), a wholly-owned not-for-profit subsidiary. Wake Orthopaedics is an orthopedic practice that provides orthopedic medical services at its own physical locations as well as call coverage for the emergency departments and trauma services at WakeMed facilities. The practice is managed by an outside agency and contracts with licensed orthopedists to provide medical services.
- *Cardiac Innovations, LLC* – On November 9, 2005, WakeMed filed Articles of Organization to establish Cardiac Innovations, LLC (“Cardiac Innovations”) which began operations in August 2007. Cardiac Innovations was formed to acquire and lease equipment with added value by physician involvement to better enable WakeMed to deliver high quality health care services. The company owns a CT scanner which it leases to WakeMed.
- *Wake Specialty Physicians, LLC* – On January 30, 2009, WakeMed filed Articles of Organization to establish Wake Specialty Physicians, LLC (“Wake Specialty Physicians”). Wake Specialty Physicians was formed to employ and contract with physicians for the provision of professional medical services.
- *Partners in Practice, LLC* – On October 14, 2009, WakeMed filed Articles of Organization to establish Partners in Practice, LLC (“Partners in Practice”). Partners in Practice was originally formed to allow WakeMed to partner with local physician practices and help them manage the many complex aspects of operating a practice. This company is currently inactive for operational purposes.
- *Blue Ridge GP, LLC* - On March 31, 2010, WakeMed filed Articles of Organization to establish Blue Ridge GP, LLC (“Blue Ridge GP”). Blue Ridge GP was formed to hold the controlling interest in the general partnership that operates the Blue Ridge Day Surgery Center located on Lake Boone Trail in Raleigh. The center features six operating rooms and three procedure rooms, includes 38 physician partners and over 100 physicians who perform surgeries in numerous specialties. The facility is now jointly owned by WakeMed, the physician partners and Surgical Care Affiliates.

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 AND 2010
(IN THOUSANDS)

NOTE 1 ORGANIZATION (CONTINUED)

Reporting Entity (continued)

- *WakeMed Foundation* – WakeMed Foundation (the "Foundation") is a not-for-profit corporation established in 1994 for the purpose of receiving and managing donations exclusively for the benefit of WakeMed and its ancillary organizations. The Foundation is also dedicated to building support for WakeMed through leadership development, fundraising, and educational awareness.

Basis of Presentation

WakeMed utilizes proprietary fund accounting whereby revenues and expenses are recognized on an accrual basis. Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, WakeMed 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.

Affiliation Agreements

Harnett Health System, Inc. – In November 2005, WakeMed entered into a management agreement with Harnett Health System, Inc. to manage Betsy Johnson Regional Hospital to include implementing hospital operating policies and procedures and standards for operations, services and maintenance. As a part of this agreement, WakeMed provides a President and CEO for Betsy Johnson Hospital as well as a manager for a cardiac rehabilitation program.

During fiscal year 2011, WakeMed entered into a five-year liquidity agreement with Harnett Health System to assist them with retaining a minimum level of days cash on hand required by their bond documents. The agreement requires WakeMed, if necessary, to loan the difference in the required days cash on hand up to a maximum of \$5 million. WakeMed will receive interest of the prime rate plus 2% on any loan amount along with an annual availability fee on the unloaned portion of the aggregate loan capacity. This agreement supports WakeMed's existing management services agreement with Harnett Health System to manage their facilities. As of September 30, 2011, no amounts have been loaned to Harnett Health System under the terms of the liquidity agreement.

Wilson Medical Center – In October 2008, WakeMed announced a comprehensive cardiac services affiliation with Wilson Medical Center ("WilMed"). This mutually beneficial relationship will closely align the WakeMed Heart Center and WilMed's Cardiopulmonary Services and will enhance the level of cardiac services available to the residents of Wilson County.

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 AND 2010
(IN THOUSANDS)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Affiliation Agreements (continued)

Sampson Regional Medical Center – On April 1, 2004, WakeMed entered into an affiliation agreement with Sampson Regional Medical Center. This agreement terminated effective March 31, 2010. Beginning in April 2007, the Faculty Practice physicians have been staffing a Hospitalist service. This Hospitalist staffing agreement ended May 31, 2010. WakeMed also leases office space from Sampson Regional under a separate lease agreement. This lease agreement is still in effect.

Southern Atlantic Healthcare Alliance – WakeMed is a member of the Southern Atlantic Healthcare Alliance. This corporation is a nonprofit corporation organized to facilitate consulting, resource sharing and education among participating hospitals to provide patients with quality medical care.

Use of Estimates

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

Cash and Cash Equivalents

All highly liquid investments with an original maturity of three months or less, and which are not limited as to their use, are considered to be cash equivalents and are recorded at cost which approximates market.

Inventories

Inventories consist primarily of patient care supplies and are stated at the lower of average cost or market.

Assets Whose Use is Limited

Assets whose use is limited includes assets held by a trustee by bond order, internally designated amounts to meet future bond and principal payments, estimated settlements with third-party payors, self-insurance trust arrangements, and other donor restricted assets. Assets whose use is limited that are required for settlement of current liabilities are reported in current assets.

Investments and Investment Income

WakeMed follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which states that investments in marketable debt and equity securities with readily determinable fair values, including assets whose use is limited, be measured at fair value in the accompanying combined balance sheets. Additionally, investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in nonoperating revenue – net in the accompanying combined financial statements.

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 AND 2010
(IN THOUSANDS)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Property and equipment are recorded at cost or, if donated, at fair market value on the date of receipt. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method for financial reporting purposes. Equipment under capital lease obligations is depreciated using the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment.

Depreciation is included in the accompanying combined financial statements using the following estimated useful lives:

<u>Property Classification</u>	<u>Estimated Lives (Years)</u>
Land Improvements	5-20
Building	5-40
Equipment	2-10

Expenditures for repairs and maintenance are charged to expense as incurred unless the betterments extend the useful lives of the assets, at which point these costs are capitalized. Interest cost incurred on borrowed funds, less any interest earned on temporary investment of those funds, during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

Legal title to the property and certain equipment (collectively referred to as the "facilities") of WakeMed was held by Wake County, and the facilities were managed and operated by WakeMed under an operating agreement with Wake County until April 1, 1997, when title was transferred to WakeMed as described in Note 1. The Wake County operating agreement contains several restrictive covenants that, among other things, require WakeMed to operate and maintain the facilities and pay the bond trustee amounts sufficient to satisfy the principal and interest requirements on the bonds.

Investment in Affiliates and Other Assets

Property Services maintains a laundry facility joint venture, Quality Textile Services, Inc. ("QTS"), with Rex Enterprises, Inc. to increase efficiency and reduce costs for the participating hospitals. This investment is accounted for under the equity method. At September 30, 2011 and 2010, Property Services' investment balance in QTS was \$2,280 and \$2,261, respectively.

WakeMed sold its 50% ownership of Mid-Carolina Home Care Specialists, LLC ("Mid-Carolina") to UNC Hospitals effective March 1, 2011. The purpose of Mid-Carolina Home Care Specialists, LLC was to provide home infusion therapy and home care services for residents of North Carolina. This investment is accounted for under the equity method. At September 30, 2011 and 2010, WakeMed's investment balance in Mid-Carolina was \$0 and \$1,777, respectively.

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 AND 2010
(IN THOUSANDS)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment in Affiliates and Other Assets

WakeMed maintains a joint venture, Wake PET Services, LLC ("Wake PET"), with Wake Radiology Oncology Services, PLLC to acquire and lease a PET/CT scanner. This investment is accounted for under the equity method. At September 30, 2011 and 2010, WakeMed's investment balance in Wake PET was \$418 and \$912, respectively.

WakeMed owns 50% of the shares of Dogwood Insurance Company, LTD. (the "Dogwood Captive"), an exempted segregated portfolio captive insurance company domiciled in the Cayman Islands. The Dogwood Captive is owned jointly with Mission Health Systems, Inc. Under the terms of a Share Sale and Purchase Agreement, the Dogwood Captive has established a segregated portfolio which is designated as the "WakeMed Segregated Portfolio". WakeMed's participation is limited to general liability and professional liability coverage.

WakeMed acquired workforce in place of \$1,499 as part of certain physician practice acquisitions during 2011. The value of the workforce in place was based on current salaries, hiring and training costs. The assets are being amortized over five years. Any impairment to the asset is recognized as incurred. The impairments reflect staff turnover occurring between valuation and time of purchase as well as terminations occurring subsequent to purchase. Amortization of \$237 and impairments totaling \$77 were recognized in 2011. The net book value of the workforce in place as of September 30, 2011, is \$1,185.

Long-Lived Assets

In accordance with GASB standards, WakeMed reviews its long-lived assets and certain identifiable intangibles for evidence of impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable.

During 2010, WakeMed recorded approximately \$24.8 million in goodwill as part of the combination of Blue Ridge GP's controlling interest in the Blue Ridge Day Surgery Center. The goodwill, which is included in investment in affiliates and other assets in the accompanying combined balance sheets, is evaluated annually for impairment and will not be amortized.

WakeMed evaluates the recoverability of the assets by one of three methods, (1) the restoration cost approach, (2) the service units approach or, (3) the deflated depreciated replacement cost approach (as described by Statement No. 42). At the time such evaluations indicate that an impairment exists, the carrying value of the assets is adjusted to fair value. There were no adjustments to the carrying value of long-lived assets during the years ended September 30, 2011 or 2010.

Deferred Bond Financing Costs

Deferred bond financing costs are costs associated with the bond issuance which have been deferred and are being amortized over the term of the bonds.

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 AND 2010
(IN THOUSANDS)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accrued Paid Days Off

WakeMed has a paid days off ("PDO") plan covering all full-time, three-quarter time and part-time employees. An employee is allowed to accrue up to a maximum of 520 hours of PDO, which includes earned vacation, holiday, and sick time. Employees hired prior to July 1, 2009 are 40% vested after three months, 50% vested after one year, 75% vested after three years, and 100% vested after five years. Employees hired on or after July 1, 2009 are 75% vested after three years and 100% vested after 5 years. As of September 30, 2011 and 2010, the accrued PDO balance was \$27,209 and \$25,899, respectively, and is included in accounts payable and accrued liabilities in the accompanying combined balance sheets.

Net Assets

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

Statements of Revenues, Expenses, and Changes in Net Assets

All revenue and expenses directly related to the delivery of health care services are included in operating revenue and expenses in the statements of revenue, expenses, and changes in net assets. Nonoperating revenue and expenses consist of those revenue and expenses that are related to financing and investing types of activities and result from nonexchange transactions or investment income.

Patient Service Revenue, Net

WakeMed has agreements with third-party payors that provide for payments to WakeMed at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 AND 2010
(IN THOUSANDS)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Charity Care

WakeMed provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because WakeMed does not pursue collection of amounts determined to qualify as charity care, the related amounts are not reported as net patient service revenue.

WakeMed has an established policy addressing the criteria by which ability to pay is determined, and the application of that policy resulted in the provision of services to patients unable to pay for those services in amounts approximating \$264,028 in fiscal year 2011 and \$243,297 in fiscal year 2010, based on WakeMed's established charge structure

Estimated Malpractice Costs

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

Income Taxes

Substantially all of the activities of WakeMed are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Fair Values of Financial Instruments

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

Cash and Cash Equivalents, Patient and Other Receivables, and Accounts Payable and Accrued Liabilities - The carrying amount approximates fair value because of the short maturity of these instruments.

Short-Term and Long-Term Investments (Including Assets Whose Use Is Limited) - Fair values, which are the amounts reported in the accompanying combined balance sheets, are based on quoted market prices, if available, or are estimated using quoted market prices for similar securities

Due to Third-Party Payors - The carrying amount reported in the accompanying combined balance sheets for estimated third-party payor settlements approximates its fair value

Long-Term Debt - The fair value of WakeMed's variable rate debt approximates its carrying value due to that debt's variable interest rate. The fair value of WakeMed's fixed rate long-term debt has been based upon market quotations. As of September 30, 2011 and 2010, the estimated fair value of WakeMed's long-term debt was \$468,685 and \$480,951, respectively.

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 AND 2010
(IN THOUSANDS)

NOTE 3 PATIENT SERVICE REVENUE, NET

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered during the period. WakeMed has presented its provision for uncollectible accounts as a direct reduction of patient service revenue in accordance with the AICPA Audit Guide for Health Care Entities. Based on the most recent update of the Audit Guide's interpretation of the requirements of GASB Statement No. 34, governmental health care organizations are required to present uncollectible accounts as a component of net patient service revenue rather than within operating expenses.

WakeMed has agreements with third-party payors that provide for payments to WakeMed at amounts different from its established rates. A summary of the payment arrangements with major third-party payors, which represent approximately 91% of the patient care provided in both fiscal years 2011 and 2010, follows.

Medicare - Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge using a diagnosis related group (Medicare Severity Adjusted or "MSDRG") system. These rates vary according to patient classification, clinical diagnosis, and other factors. Certain defined medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. Inpatient capital costs are paid at prospectively determined rates as a component of the MSDRG payment. Certain Medicare outpatient services are paid based on APCs ("Ambulatory Payment Classifications"), the outpatient equivalent of MSDRGs. Other outpatient Medicare services are paid under a Medicare fee schedule and certain therapy charges are exempt from this payment method. WakeMed is reimbursed for cost-reimbursable items at a tentative rate, with final settlement determined after submission of annual cost reports by WakeMed and audits thereof by the Medicare administrative contractor. Medicare cost reports for WakeMed Raleigh Campus and WakeMed Cary Hospital have been audited by the fiscal intermediary for cost report years through September 30, 2006.

Medicaid - The North Carolina Department of Health and Human Services Division of Medical Assistance ("DMA") pays hospitals a prospectively determined rate per discharge using a MSDRG system similar to Medicare for inpatient services. Outpatient services are paid an interim rate at the time of service with settlement occurring when the hospital files its annual cost report with DMA. WakeMed's Medicaid cost reports are audited by the Medicaid intermediary as part of the Medicaid audit program. Medicaid cost reports for WakeMed Raleigh Campus have been audited for cost report years through September 30, 2005, 2008 and 2009. Medicaid cost reports for WakeMed Cary Hospital have been audited for cost report years through September 30, 2009.

WakeMed receives Medicaid Reimbursement Initiative funds from Medicaid under the North Carolina Medicaid Reimbursement Initiative Program (the "Program"). WakeMed recognized \$33,388 and \$25,852 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, WakeMed reserved Medicaid Reimbursement Initiative payments received of \$1,555 and \$13,589, respectively, which are included in due to third-party payors in the accompanying combined balance sheets.

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
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(IN THOUSANDS)

NOTE 3 PATIENT SERVICE REVENUE, NET

The previous method of calculating the reserve amount, applied to the MRI payment beginning in 2006, was based upon a combination of risk sharing between the private and public hospitals and the potential of disallowance due to adverse federal action. The reserve was set at a rate of 40% of funds received for the first year, 30% for the second year and 20% of amount received for the third and subsequent years. After the payment was audited, the balance of the funds for that year were taken to income. The MRI payments have been audited through 2007. In fiscal year 2011, management determined that due to lowered and remote risk of adverse disallowances upon the public hospitals and the level of risk that will be shouldered by the public hospitals due to higher benefit from the MRI plan, the reserve should be reduced to a level of 4% of payments received less the percentage amount that is the specific responsibility of the public hospitals. Management continues to evaluate the approval and settlement process relating to the Program and records reserves in accordance with such evaluation.

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 2008, 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. Accordingly, any future payments beyond September 30, 2011 are uncertain.

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

For the years ended September 30, 2011 and 2010, net patient revenue increased by \$10,569 and \$3,380, respectively, as a result of changes in various third-party accruals and reserves.

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.

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
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NOTE 3 PATIENT SERVICE REVENUE, NET (CONTINUED)

Management believes that WakeMed is in substantial compliance with the numerous 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 proactively monitoring compliance with these matters through its Corporate Compliance Program to mitigate the inherent risks of operating in the health care industry. An annual assessment of the effectiveness of the Corporate Compliance Program is conducted and presented to the Board of Directors.

NOTE 4 DEPOSITS AND INVESTMENTS

Deposits

WakeMed's cash and cash equivalents and certain investments are placed in federally insured domestic banks which limit the amount of credit exposure. At September 30, 2011 and 2010, WakeMed's deposits had carrying values of \$161,808 and \$143,839, respectively and bank balances of \$170,948 and \$150,371, respectively. Of the bank balances, \$1,750 was covered by federal depository insurance at September 30, 2011. At September 30, 2010, \$12,008 of the bank balances were covered due in part to a \$10,008 Certificate of Deposit Registry Service (CDARS) investment fully insured by the FDIC.

Investments

At September 30, 2011, WakeMed's investments consisted of the following:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1 Year</u>	<u>1-3 Years</u>	<u>4 or More Years</u>
U S Government Securities	\$ 139,959	\$ 8,344	\$ 26,164	\$ 105,451
Equity Securities	57,196	57,196	-	-
Corporate Debt Securities	276,300	88,243	108,395	79,662
Money Market Funds	62	62	-	-
Total	473,517	<u>\$ 153,845</u>	<u>\$ 134,559</u>	<u>\$ 185,113</u>
Less, Long-Term Investments	(57,196)			
Less, Internally Designated for Assets Whose Use is Limited	<u>(45,997)</u>			
Short-Term Investments	<u>\$ 370,324</u>			

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
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NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)

At September 30, 2010, WakeMed's investments consisted of the following:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1 Year</u>	<u>1-3 Years</u>	<u>4 or More Years</u>
U S Government Securities	\$ 144,349	\$ 25,341	\$ 58,215	\$ 60,793
Equity Securities	56,052	56,052	-	-
Corporate Debt Securities	224,189	104,311	84,971	34,907
Money Market Funds	22,908	22,908	-	-
Total	447,498	<u>\$ 208,612</u>	<u>\$ 143,186</u>	<u>\$ 95,700</u>
Less, Long-Term Investments	(56,052)			
Less, Internally Designated for Assets Whose Use is Limited	<u>(40,286)</u>			
Short-Term Investments	<u>\$ 351,160</u>			

Long-term investments are comprised of equity securities and debt instruments with maturities in excess of one year that are intended to be held until maturity. All other investments are classified as short-term investments.

Interest Rate Risk - The WakeMed Cash and Investment Policy provides for the impact of interest fluctuations by utilizing a diversified portfolio of cash and cash equivalents, fixed income and equity investments.

Credit Risk - The WakeMed Cash and Investment Policy requires bonds and notes to be at least Baa or above by Moody's and BBB or above by Standard and Poor's when purchased. The average quality of the Portfolio must be A or higher. The use of any derivative financial instrument is not allowed without written permission of the Board, and the Policy specifically excludes certain derivative securities. Stocks are invested in a passive strategy utilizing a Standard and Poor's 500 replication fund.

Concentration of Credit Risk - The WakeMed Cash and Investment Policy balances WakeMed's portfolio by distributing assets in the following manner. Cash and cash equivalents 5%, fixed income 80% and equity 15% thus limiting credit risk in any one portfolio. WakeMed also imposes allocation and weighting restrictions within its fixed income portfolio to further reduce exposure.

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 WakeMed's investment balance reported in the combined balance sheets.

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
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NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)

Assets Whose Use is Limited

The composition of assets whose use is limited, stated at fair value at September 30, 2011 and 2010, is set forth in the following table:

	2011	2010
Series 2001 and 2009 Bonds for Principal and Interest Payments:		
Cash and Cash Equivalents	\$ 13,406	\$ 13,314
Internally Designated	4,027	3,682
	<u>17,433</u>	<u>16,996</u>
Series 2009 Bond Proceeds Held by Trustee for Purchase of Capital Assets:		
Cash and Cash Equivalents	-	9,953
Series 2009 Bond Proceeds Held by Trustee for Debt Service Reserve Fund		
U.S. Government Securities	11,945	11,946
Under Medical Malpractice and Workers' Compensation Self-Insurance Funding Arrangements - Held by Trustee		
U.S. Government Securities	26,619	21,151
Cash and Cash Equivalents	4,556	7,351
Accrued Interest Receivable	212	149
	<u>31,387</u>	<u>28,651</u>
Donor and Other Restricted		
U.S. Government Securities	196	199
Cash and Cash Equivalents	1,419	1,660
Accrued Interest Receivable	1	1
Total Restricted	<u>1,616</u>	<u>1,860</u>
Internally Designated	41,970	36,604
	<u>43,586</u>	<u>38,464</u>
Total Assets Whose Use is Limited	104,351	106,010
Less, Portion Required for Current Liabilities	(17,433)	(16,996)
	<u>\$ 86,918</u>	<u>\$ 89,014</u>

Investment income on investments and assets whose use is limited by board and under self-insurance arrangements for the years ended September 30, 2011 and 2010 consisted of the following:

	2011	2010
Interest and Dividend Income	\$ 14,393	\$ 14,657
Realized Gains (Losses) on Sale of Investments, Net	1,174	(1,973)
Unrealized Gains (Losses) on Investments, Net	(5,314)	9,996
	<u>\$ 10,253</u>	<u>\$ 22,680</u>

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
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NOTE 5 ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE

Patient accounts receivable and accounts payable (including accrued expenses) reported as current assets and liabilities by WakeMed at September 30, 2011 and 2010 consisted of these amounts:

	2011	2010
<u>Patient Accounts Receivable</u>		
Receivable from Patients and Their Insurance	\$ 83,366	\$ 54,815
Receivable from Medicare	44,126	56,874
Receivable from Medicaid	42,056	44,267
	<u>169,548</u>	<u>155,956</u>
Less Allowance for Uncollectible Accounts	(48,516)	(45,464)
Patient Accounts Receivable, Net	<u>\$ 121,032</u>	<u>\$ 110,492</u>
<u>Accounts Payable and Accrued Liabilities</u>		
Payable to Employees (Including Payroll Taxes)	\$ 70,101	\$ 59,540
Payable to Suppliers	40,116	42,654
Other	23,279	25,593
Total Accounts Payable and Accrued Liabilities	<u>\$ 133,496</u>	<u>\$ 127,787</u>

NOTE 6 CAPITAL ASSETS

A summary of changes in capital assets for the years ended September 30, 2011 and 2010 is as follows.

	Balance September 30, 2010	Additions	Retirements/ Transfers	Balance September 30, 2011
Land and Land Improvements	\$ 33,111	\$ 1,406	\$ (46)	\$ 34,471
Buildings	624,750	11,821	(4,286)	632,285
Equipment	580,524	37,116	(9,846)	607,794
Construction-in-Progress	18,600	37,592	(29,461)	26,731
	<u>1,256,985</u>	<u>87,935</u>	<u>(43,639)</u>	<u>1,301,281</u>
Less, Accumulated Depreciation	(663,564)	(62,409)	13,608	(712,365)
	<u>\$ 593,421</u>	<u>\$ 25,526</u>	<u>\$ (30,031)</u>	<u>\$ 588,916</u>
	Balance September 30, 2009	Additions	Retirements/ Transfers	Balance September 30, 2010
Land and Land Improvements	\$ 29,672	\$ 3,439	\$ -	\$ 33,111
Buildings	542,072	82,744	(66)	624,750
Equipment	536,971	50,338	(6,785)	580,524
Construction-in-Progress	65,590	68,489	(115,479)	18,600
	<u>1,174,305</u>	<u>205,010</u>	<u>(122,330)</u>	<u>1,256,985</u>
Less, Accumulated Depreciation	(600,806)	(68,980)	6,222	(663,564)
	<u>\$ 573,499</u>	<u>\$ 136,030</u>	<u>\$ (116,108)</u>	<u>\$ 593,421</u>

Depreciation expense on property and equipment recorded during the years ended September 30, 2011 and 2010 was \$62,751 and \$65,712, respectively. Net capitalized interest expense of \$671 and \$2,633 for the years ended September 30, 2011 and 2010, respectively, was included in the cost of capital projects.

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
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(IN THOUSANDS)

NOTE 7 LONG-TERM DEBT

Long-term debt at September 30, 2011 and 2010 consisted of the following:

	<u>2011</u>	<u>2010</u>
2001 Current Interest Term Bonds, Maturing from October 1, 2021 to October 1, 2032, with Interest Rates Ranging from 5.16% to 5.25%	\$ 122,555	\$ 124,895
2001 Current Interest Serial Bonds, Maturing from October 1, 2007 to October 1, 2016, with Interest Rates Ranging from 4.20% to 5.00%	18,685	18,685
2009A Fixed Rate Serial Bonds, Maturing from October 1, 2010 to October 1, 2019, with Interest Rates Ranging from 2.40% to 4.25%	31,070	33,970
2009A Fixed Rate Term Bonds, Maturing from October 1, 2020 to October 1, 2038, with Interest Rates Ranging from 5.625% to 5.875%	135,780	135,780
2009B Variable Rate Bonds, Maturing from October 1, 2033 to October 1, 2038	75,000	75,000
2009C Variable Rate Refunding Bonds, Maturing from October 1, 2010 to October 1, 2026	78,240	81,780
Other	<u>6,742</u>	<u>1,685</u>
	468,072	471,795
Less, Unamortized Discount, Net	(3,440)	(3,552)
Less, Deferred Gain (Loss) on Refunding, Net	(2,543)	(2,712)
Less, Current Maturities	<u>(21,572)</u>	<u>(21,212)</u>
	<u>\$ 440,517</u>	<u>\$ 444,319</u>

Effective July 16, 2009, WakeMed, through the North Carolina Medical Care Commission (the "Commission"), issued \$81,780 of Health Care Facilities Revenue Refunding Bonds, Series 2009C ("Series 2009C Bonds"). The proceeds, together with other available funds, were used to refund the outstanding Series 1997 Serial and Term Bonds.

Effective February 20, 2009, WakeMed, through the North Carolina Medical Care Commission (the "Commission"), issued \$169,750 of Health Care Facilities Revenue Bonds, Series 2009A ("Series 2009A Bonds") and \$75,000 of Health Care Facilities Revenue Bonds, Series 2009B ("Series 2009B Bonds"). The proceeds are being used to finance the construction of certain capital additions as defined in the Bond Orders. The Series 2009A Bonds were issued at an original discount of \$525, which is being amortized over the life of the bonds.

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
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(IN THOUSANDS)

NOTE 7 LONG-TERM DEBT (CONTINUED)

Effective April 5, 2001, WakeMed, through the North Carolina Medical Care Commission (the "Commission"), issued \$150,000 of Health Care Facilities Revenue Bonds, Series 2001 ("Series 2001 Bonds"). The proceeds have been used to finance the construction of certain fixed assets as defined in the Series 2001 Bond Order. The Series 2001 Bonds were issued at an original discount of \$4,367 which is being amortized over the life of the bonds.

The Series 2001, 2009A, 2009B and 2009C Bonds are collateralized solely by the accounts of WakeMed, the Faculty Practice, and Property Services (collectively, the "Obligated Group") and all proceeds thereof. The master trust indenture requires the Obligated Group to, among other things, set rates at a level that will provide a certain long-term debt service coverage ratio (as defined in the master trust indenture). The trust agreement provides for future mandatory sinking fund redemptions and the maintenance of certain fund accounts. As of September 30, 2011 and 2010, management believes the Obligated Group was in compliance with such covenants.

At September 30, 2011 and 2010, \$55,166 and \$59,596, respectively, of bonds outstanding were considered defeased. The Series 1988 Bonds defeasance resulted in a loss of approximately \$5,832 which was fully recognized during fiscal year 1998. The Series 1993 Bonds defeasance resulted in a gain of approximately \$1,593 and the unamortized portion of approximately \$933 was fully recognized upon the refunding of the Series 1997 Bonds. WakeMed incurred a loss of approximately \$2,924 on the Series 1997 refunding which is being deferred and amortized over the lives of the 2009C Revenue Refunding Bonds.

WakeMed completed the refunding to reduce total debt service payments over the next 18 years. The estimate, provided by the underwriter prior to issue was based on an average interest rate of 3.17% and Letter of Credit and Remarketing fees of 1.06%, and provided an economic gain (the difference between the present value of the old and new debt service payments) of approximately \$5,634. The actual weighted average interest rate for 2011 and 2010 was 2.1% and 0.24%, respectively, and Letter of Credit and Remarketing fees incurred in both 2011 and 2010 were approximately 1.16%.

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
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NOTE 7 LONG-TERM DEBT (CONTINUED)

A summary of changes in long-term debt for the years ended September 30, 2011 and 2010 is as follows:

	Balance September 30, 2010	Additions	Payments	Balance September 30, 2011
Fixed Rate Revenue Bonds	\$ 313,330	\$ -	\$ (5,240)	\$ 308,090
Variable Rate Revenue Bonds	75,000	-	-	75,000
Variable Rate Revenue Refunding Bonds	81,780	-	(3,540)	78,240
Other	1,685	5,458	(401)	6,742
	<u>\$ 471,795</u>	<u>\$ 5,458</u>	<u>\$ (9,181)</u>	<u>\$ 468,072</u>

	Balance September 30, 2009	Additions	Payments	Balance September 30, 2010
Fixed Rate Revenue Bonds	\$ 315,575	\$ -	\$ (2,245)	\$ 313,330
Variable Rate Revenue Bonds	75,000	-	-	75,000
Variable Rate Revenue Refunding Bonds	81,780	-	-	81,780
Other	263	1,641	(219)	1,685
	<u>\$ 472,618</u>	<u>\$ 1,641</u>	<u>\$ (2,464)</u>	<u>\$ 471,795</u>
	<u>\$ 472,618</u>	<u>\$ 1,641</u>	<u>\$ (2,464)</u>	<u>\$ 471,795</u>

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

	Series 2001 Bonds	Series 2009A Bonds	Series 2009B Bonds	Series 2009C Bonds	Other	Total Principal	Interest Payments	Total Debt Service
2012	2,440	2,985	-	3,825	823	10,073	16,463	26,536
2013	2,545	3,090	-	3,650	829	10,114	16,189	26,303
2014	2,655	3,215	-	3,950	858	10,678	15,907	26,585
2015	2,770	3,310	-	4,095	892	11,067	15,625	26,692
2016	2,900	3,410	-	4,250	639	11,199	15,290	26,489
2017-2021	16,745	19,220	-	23,715	2,701	62,381	71,473	133,854
2022-2026	21,390	24,570	-	28,425	-	74,385	60,657	135,042
2027-2031	58,710	32,305	-	6,330	-	97,345	43,407	140,752
2032-2036	31,085	42,700	35,685	-	-	109,470	17,990	127,460
2037-2039	-	32,045	39,315	-	-	71,360	2,945	74,305
	<u>\$ 141,240</u>	<u>\$ 166,850</u>	<u>\$ 75,000</u>	<u>\$ 78,240</u>	<u>\$ 6,742</u>	<u>\$ 468,072</u>	<u>\$ 275,946</u>	<u>\$ 744,018</u>

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
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NOTE 7 LONG-TERM DEBT (CONTINUED)

Financial Statement Classification of Variable Rate Demand Bonds

The Series 2009B and 2009C Bonds are variable rate demand bonds. The interest rates on these bonds are indexed to a current short-term market rate. In addition, a demand feature allows the bondholders to give seven days notice to require the bonds be remarketed at par value plus accrued interest. In the unlikely event remarketing fails, WakeMed can draw upon an irrevocable letter of credit with a financial institution to repay the bondholders. The letter of credit expires on February 26, 2012. Subsequent to year end, WakeMed entered into a first amendment to the Reimbursement and Security Agreements, which extended the expiration dates to October 20, 2014. If WakeMed draws on the letter of credit, it will be obligated under the Reimbursement and Security Agreement to repay each tender advance, including interest at the Tender Advance Rate, as defined (approximately 6.25% at September 30, 2011) in ten semi-annual payments, beginning 180 days after the date the tender advance is made. Any remaining unpaid balance will be due upon the earlier of the first anniversary of the letter of credit expiration date, or, if applicable, the date the bonds are remarketed. In accordance with U.S. generally accepted accounting principles, maturities of the 2009B and 2009C variable rate demand bonds are reported in the combined balance sheet under the Reimbursement and Security Agreement as follows:

	Series 2001 Bonds	Series 2009A Bonds	Series 2009B Bonds	Series 2009C Bonds	Other	Total Principal	Interest Payments	Total Debt Service
2012	\$ 2,440	\$ 2,985	\$ 7,500	\$ 7,824	\$ 823	\$ 21,572	\$ 20,761	\$ 42,333
2013	2,545	3,090	15,000	15,648	829	37,112	23,383	60,495
2014	2,655	3,215	15,000	15,648	858	37,376	21,356	58,732
2015	2,770	3,310	15,000	15,648	892	37,620	16,752	54,372
2016	2,900	3,410	22,500	23,472	639	52,921	16,446	69,367
2017-2021	16,745	19,220	-	-	2,701	38,666	70,218	108,884
2022-2026	21,390	24,570	-	-	-	45,960	59,680	105,640
2027-2031	58,710	32,305	-	-	-	91,015	42,620	133,635
2032-2036	31,085	42,700	-	-	-	73,785	17,351	91,136
2037-2039	-	32,045	-	-	-	32,045	2,860	34,905
	<u>\$ 141,240</u>	<u>\$ 166,850</u>	<u>\$ 75,000</u>	<u>\$ 78,240</u>	<u>\$ 6,742</u>	<u>\$ 468,072</u>	<u>\$ 291,427</u>	<u>\$ 759,499</u>

NOTE 8 PENSION PLANS

Retirement Pension Plan

WakeMed has a noncontributory, defined benefit pension plan (the "Plan") covering all employees who are 20 5 years of age and have completed 6 months of employment. WakeMed's funding policy is based upon actuarially calculated amounts to fund normal pension costs and any unfunded accrued liability. 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 GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*.

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NOTE 8 PENSION PLANS (CONTINUED)

The Plan was frozen effective December 31, 2010. All active employed participants as of that date were vested immediately. No further compensation will be earned after December 31, 2010

The annual required contribution was computed as part of an actuarial valuation performed as of January 1, 2011 using the frozen entry age cost method. Significant actuarial assumptions used in the 2011 and 2010 valuations include the following:

	<u>2011</u>	<u>2010</u>
Discount Rate	7%	7%
Rate of Return on Plan Assets	7%	7%
Mortality	Section 430(h)(3)(a) of IRS	Optional Combined Mortality- IRS 2/26/07
Projected Salary Increases	0.0%	5.5%

The method of computing the actuarial value of assets complies with rules governing the calculation of such values under the Pension Protection Act of 2006 (PPA). These rules produce smoothed values that reflect the underlying market value of plan assets but fluctuate less than the market value. As a result, the actuarial value of assets will be lower than the market value in some years and greater in other years. However in the long term under PPA's smoothing rules, the method has a significant bias to produce actuarial value of assets that is below the market value of assets

The annual pension cost and net pension obligation were as follows for the years ended September 30, 2011 and 2010.

	<u>2011</u>	<u>2010</u>
Annual Pension Cost	\$ (12,113)	\$ (12,493)
Contributions Made	<u>11,138</u>	<u>12,190</u>
Decrease in Prepaid Pension Obligation	(975)	(303)
Prepaid Pension Obligation		
Beginning of Year	<u>1,899</u>	<u>2,202</u>
End of Year	<u><u>\$ 924</u></u>	<u><u>\$ 1,899</u></u>

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
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NOTE 8 PENSION PLANS (CONTINUED)

Three-year Trend Information:

	Annual Pension Cost	Actual Contributions	Percent of Annual Pension Cost Contributed	Net Pension Asset
2009	\$ 7,675	\$ 9,046	118	\$ 2,202
2010	12,493	12,191	98	1,899
2011	12,113	11,138	92	924

As of January 1, 2011, the most recent actuarial date, the Plan was 107.64% funded on an accounting basis. The actuarial accrued liability for benefits was \$118,221 and the actuarial value of assets was \$127,252, resulting in an unfunded actuarial accrued liability of \$9,031. The covered payroll (annual payroll of employees covered by the Plan) was \$0 due to the plan freeze as of December 31, 2010.

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

Retirement Savings Plan

WakeMed has a contributory, defined contribution retirement plan (the "Retirement Plan"), which covers all employees who have worked a minimum of 1,000 hours per year as defined in the Retirement Plan. WakeMed matched 50% of the participant's contributions up to 6% of the participant's salary beginning January 1, 2011

WakeMed contributed approximately \$5,907 and \$2,190 to the Retirement Plan in fiscal years 2011 and 2010, respectively. WakeMed employees contributed approximately \$19,633 and \$21,374 in fiscal years 2011 and 2010, respectively. All costs are funded as accrued, and participants are 100% vested in the contributions to the Retirement Plan from WakeMed after three calendar years of service with a minimum of 1,000 hours worked in each year.

NOTE 9 GAIN SHARE PROGRAM

WakeMed provides a gain share program ("WakeShare") for employees meeting certain requirements. WakeShare encourages process improvements and cost savings within the organization. Depending on the extent to which certain financial, customer satisfaction and quality outcome goals are met, each eligible employee earns up to 2% of payroll earnings per goal. WakeMed met at least a portion of each goal in 2011 and 2010 and recorded WakeShare expense of approximately \$12,308 and \$7,654 which is included in salaries, wages, and employee benefits in the accompanying combined statements of revenue, expenses, and changes in net assets for the years ended September 30, 2011 and 2010, respectively.

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 AND 2010
(IN THOUSANDS)

NOTE 10 RISK MANAGEMENT

WakeMed is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. WakeMed is self-insured for medical malpractice and workers' compensation up to the various limits discussed below. WakeMed has purchased commercial insurance to cover losses exceeding the self-insurance limits.

Estimated Malpractice Costs

WakeMed is self-insured for medical malpractice risks up to \$4,000 per claim, \$17,000 in the aggregate and \$2,000/\$2,000 buffer on a claims-made basis. In addition, WakeMed has an excess coverage policy, which is limited to annual costs of \$75,000. Effective October 1, 2007, the Faculty Practice physicians were included in the self-insured coverage.

Losses from asserted claims and from unasserted claims identified under WakeMed's incident reporting system, and possible losses attributable to incidents that may have occurred but that have not been identified under the incident reporting system, are accrued based on estimates that incorporate WakeMed's past experience, as well as other considerations including the nature of each claim or incident and relevant trend factors. Such estimates are prepared by an independent actuary. Accrued malpractice losses have been discounted at a rate of 2.1% and 2.1% in fiscal years 2011 and 2010, respectively.

The following is a summary of the activity in the liability for medical malpractice claims. These amounts are included in other noncurrent liabilities in the accompanying combined balance sheets for the years ended September 30, 2011 and 2010:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
2011	<u>\$ 19,011</u>	<u>\$ 4,461</u>	<u>\$ (2,895)</u>	<u>\$ 20,577</u>
2010	<u>\$ 21,001</u>	<u>\$ 3,330</u>	<u>\$ (5,320)</u>	<u>\$ 19,011</u>

Undiscounted estimated malpractice losses were \$21,675 and \$19,839 at September 30, 2011 and 2010, respectively.

During 2011, WakeMed moved the balance from the existing revocable trust fund, for the payment of medical malpractice claim settlements, to a captive insurance policy (See Note 2). The Dogwood Captive will enable WakeMed direct access to reinsurers, provision of broader coverage and integration with an overall risk management plan. Independent actuaries have been retained to assist WakeMed with determining amounts to be transferred to the Dogwood Captive.

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 AND 2010
(IN THOUSANDS)

NOTE 10 RISK MANAGEMENT (CONTINUED)

Workers' Compensation

WakeMed is self-insured for workers' compensation claims with an excess coverage (stop-loss) policy that covers annual workers' compensation claims in excess of retentions of \$500 per claim and \$5,000 for all aggregate claims, with excess coverage of \$1,000 per claim and \$5,000 aggregate. WakeMed has utilized independent actuaries to estimate the ultimate cost of the self-insurance portion of the settlement of such claims. WakeMed's workers' compensation liability recorded within accounts payable and accrued liabilities in the accompanying combined balance sheets was \$4,233 and \$4,291, at September 30, 2011 and 2010, respectively. Workers' compensation expense recorded within salaries, wages, and employee benefits in the accompanying combined statements of revenue, expenses, and changes in net assets for the years ended September 30, 2011 and 2010 was \$2,423 and \$2,531, respectively.

NOTE 11 CONCENTRATIONS OF CREDIT RISK

WakeMed provides services primarily to the residents of Wake and surrounding counties without collateral or other proof of ability to pay. Concentrations of credit risk with respect to patient accounts receivable are limited due to the large number of patients served and the formalized agreements with third-party payors (see Note 3). WakeMed has significant gross patient accounts receivable (approximately 48% and 52%, respectfully in 2011 and 2010) 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. With respect to the self-pay portion of patient accounts receivable, 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 experience and a review of the current status of the existing receivables. As of September 30, 2011 and 2010, WakeMed's gross patient accounts receivable consisted of the following payors:

	2011	2010
Managed Care	20 %	21 %
Medicare	26	29
Medicaid	22	23
Patients	21	18
Commercial	3	2
Other	8	7
	<u>100 %</u>	<u>100 %</u>

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 AND 2010
(IN THOUSANDS)

NOTE 12 COMMITMENTS AND CONTINGENCIES

At September 30, 2011, WakeMed had contractual commitments of approximately \$13.4 million for the construction and renovation of various facilities, 46% of which is for the Capital City Surgery Center on Sunnybrook Road.

WakeMed utilizes operating leases for various types of equipment and facilities. Rental expense relating to these leases was \$6,265 and \$6,792 in fiscal year 2011 and fiscal year 2010, respectively. At September 30, 2011, future minimum lease payments due under operating leases with initial or remaining noncancelable lease terms in excess of one year are as follows:

<u>Year Ending September 30,</u>	
2012	\$ 2,948
2013	2,699
2014	2,278
2015	2,318
2016	1,852
2017 - 2021	4,080
	<u>\$ 16,175</u>

Self-Insured Health Insurance

WakeMed self-insures its employees' health plan, and effective January 1, 2010, began self-insuring a dental plan. It has contracted with administrative service companies to supervise and administer the programs and act as its representative. Provisions for expected future payments are accrued based on WakeMed's experience and include amounts for claims filed and claims incurred but not reported.

NOTE 13 THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT

The Health Insurance Portability and Accountability Act ("HIPAA") was enacted August 21, 1996 to ensure health insurance portability, reduce health care fraud and abuse, guarantee security and privacy of health information, and enforce standards for health information. Organizations were required to be in compliance with certain HIPAA provisions beginning April 2003. Organizations are subject to fines and penalties if found not to be compliant with the provisions outlined in the regulations. Management has evaluated the impact of this legislation on its operations and has implemented necessary changes to information systems and to operational processes to comply with the legislation.

WAKEMED
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 AND 2010
(IN THOUSANDS)

NOTE 14 MINIMUM FUTURE RENTAL INCOME ON NONCANCELABLE OPERATING LEASES

WakeMed and Property Services lease office and retail space in WakeMed Clayton Medical Park in Johnston County, WakeMed Heart Center, WakeMed North Healthplex, and other office parks in Wake County to professional associations and retail operations under various lease terms. The minimum future rental income on noncancelable operating leases with initial or remaining lease terms in excess of one year are as follows:

<u>Year Ending September 30,</u>	
2012	\$ 1,010
2013	857
2014	616
2015	267
2016	272
2017 - 2021	330
	<u>\$ 3,352</u>

NOTE 15 RESTRICTED NET ASSETS

Donor restricted net assets as of September 30, 2011 and 2010 are restricted for the following purposes:

	<u>2011</u>	<u>2010</u>
Indigent Care Programs	\$ 51	\$ 247
Children's Programs	4,298	3,161
Education Programs	552	1,139
Patient Care Programs	18,164	16,637
Endowment Funds	1,198	375
	<u>\$ 24,263</u>	<u>\$ 21,559</u>

SUPPLEMENTARY INFORMATION

WAKEMED
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS (UNAUDITED)
RETIREMENT PENSION PLAN
SEPTEMBER 30, 2011
(IN THOUSANDS)

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (a - b)	Funded Ratio (a / b)	Covered Payroll (c)	Unfunded AAL as Percent of Covered Payroll ((b - a) / c)
January 1, 2011	\$ 127,252	\$ 118,221	\$ (9,031)	107.64 %	\$ -	0.00 %
January 1, 2010	120,262	123,078	2,816	97.71	371,045	0.76
January 1, 2009	102,238	105,312	3,074	97.08	389,618	0.79
January 1, 2008	111,806	115,121	3,315	97.12	352,253	0.94
January 1, 2007	98,056	100,102	2,046	97.96	324,955	0.63
January 1, 2006	88,286	89,906	1,620	98.20	287,549	0.56

WAKEMED
COMBINING BALANCE SHEET
SEPTEMBER 30, 2011
(IN THOUSANDS)

ASSETS	WakeMed	WakeMed Faculty Practice Plan	WakeMed Property Services	Eliminations	Combined Obligated Group	Wake Orthopaedics, LLC	Cardiac Innovations, LLC	WakeMed Foundation	Wake Specialty Physicians, LLC	Blue Ridge GP, LLC	Partners In Practice, LLC	Eliminations	2011 Combined	2010 Combined
CURRENT ASSETS														
Cash and Cash Equivalents	\$ 152,429	\$ (73)	\$ (340)	\$ -	\$ 152,016	\$ 2,023	\$ 59	\$ 6,836	\$ 717	\$ 157	\$ -	\$ -	\$ 161,808	\$ 143,839
Short-Term Investments	366,155	-	-	-	366,155	-	-	4,169	-	-	-	-	370,324	351,160
Patient Accounts Receivable Net	112,459	2,542	-	-	115,001	1,573	-	-	1,495	2,963	-	-	121,032	110,492
Other Receivables	11,337	399	743	-	12,479	113	6	10	(5,540)	1,852	-	(377)	8,543	8,577
Inventories	18,899	-	-	-	18,899	65	-	-	19	2	-	-	18,985	19,484
Prepaid Expenses and Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Current Assets	7,064	-	567	-	7,621	108	-	24	-	11	-	-	7,764	7,079
Assets Whose Use is Limited	17,433	-	-	-	17,433	-	-	-	-	-	-	-	17,433	16,986
Total Current Assets	685,766	2,868	970	-	689,604	3,882	65	11,039	(3,309)	4,985	-	(377)	705,889	660,627
CAPITAL ASSETS, NET	514,777	-	63,257	-	578,034	722	80	-	2,151	7,929	-	-	588,916	593,421
ASSETS WHOSE USE IS LIMITED, NET	86,918	-	-	-	86,918	-	-	-	-	-	-	-	86,918	89,014
OTHER ASSETS														
Long-Term Investments	48,469	-	-	-	48,469	-	-	7,727	-	-	-	-	57,196	56,052
Investment in Affiliates and Other Assets	10,633	-	3,365	-	13,998	-	-	4,523	110	24,886	-	(8,739)	34,778	36,492
Deferred Bond Financing Costs Net	10,878	-	-	-	10,878	-	-	-	-	-	-	-	10,878	11,358
Prepaid Pension Obligation	924	-	-	-	924	-	-	-	-	-	-	-	924	1,899
Total Other Assets	71,904	-	3,365	-	75,269	-	-	12,250	110	24,886	-	(8,739)	103,776	105,801
Total Assets	\$ 1,359,365	\$ 2,868	\$ 67,592	\$ -	\$ 1,429,825	\$ 4,604	\$ 145	\$ 23,289	\$ (1,048)	\$ 37,800	\$ -	\$ (9,116)	\$ 1,485,489	\$ 1,448,863

WAKEMED
COMBINING BALANCE SHEET (CONTINUED)
SEPTEMBER 30, 2011
(IN THOUSANDS)

	WakeMed	WakeMed Faculty Practice Plan	WakeMed Property Services	Eliminations	Combined Obligated Group	Wake Orthopaedics, LLC	Cardiac Innovations, LLC	WakeMed Foundation	Wake Specialty Physicians, LLC	Blue Ridge GP, LLC	Partners in Practice, LLC	Eliminations	2011 Combined	2010 Combined
LIABILITIES														
CURRENT LIABILITIES														
Current Maturities of Long-Term Debt	\$ 20,933	\$ -	\$ -	\$ -	\$ 20,933	\$ -	\$ -	\$ -	\$ -	\$ 639	\$ -	\$ -	\$ 21,572	\$ 21,212
Accounts Payable and Accrued Liabilities	130,383	221	160	-	130,764	1,479	-	2	331	1,894	-	(974)	133,496	127,787
Due to Third-Party Payors	42,918	-	-	-	42,918	-	-	-	-	-	-	-	42,918	50,192
Deferred Revenue	1,088	-	29	-	1,117	-	-	-	-	-	-	-	1,117	1,383
Total Current Liabilities	195,322	221	189	-	195,732	1,479	-	2	331	2,533	-	(974)	199,103	200,574
LONG-TERM DEBT, LESS														
CURRENT MATURITIES	435,514	-	-	-	435,514	-	-	-	-	5,003	-	-	440,517	319
OTHER NONCURRENT LIABILITIES	20,584	-	21	-	20,605	43	-	18	187	-	-	-	20,853	19,267
NON-CONTROLLING INTEREST	651,420	221	210	-	651,851	1,522	-	20	518	18,129	-	5,947	684,549	24,132
Total Liabilities														688,292
NET ASSETS														
Invested in Capital Assets, Net of														
Related Debt	58,330	-	63,257	-	121,587	722	80	-	2,151	2,287	-	-	126,827	137,843
Restricted by Donors	994	-	-	-	994	-	-	23,269	-	-	-	-	24,263	21,559
Restricted for Debt Service and Capital														
Purchases	25,352	-	-	-	25,352	-	-	-	-	-	-	-	25,352	25,260
Unrestricted	623,269	2,647	4,125	-	630,041	2,360	65	-	(3,717)	9,848	-	(14,089)	624,508	575,909
Total Net Assets	707,945	2,647	67,382	-	777,974	3,082	145	23,269	(1,565)	12,135	-	(14,089)	800,950	760,571
Total Liabilities and Net Assets	\$ 1,359,365	\$ 2,868	\$ 67,592	\$ -	\$ 1,429,825	\$ 4,604	\$ 145	\$ 23,289	\$ (1,048)	\$ 37,800	\$ -	\$ (9,116)	\$ 1,485,499	\$ 1,448,863

WAKEMED
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
YEAR ENDED SEPTEMBER 30, 2011
(IN THOUSANDS)

	WakeMed	WakeMed Faculty Practice Plan	WakeMed Property Services	Eliminations	Combined Obligated Group	Wake Orthopaedics, LLC	Cardiac Innovations, LLC	WakeMed Foundation	Wake Specialty Physicians, LLC	Blue Ridge GP, LLC	Partners in Practice, LLC	Eliminations	2011 Combined	2010 Combined
PATIENT SERVICE REVENUE, NET	\$ 881,579	\$ 38,724	\$ -	\$ -	\$ 920,303	\$ 9,856	\$ -	\$ -	\$ 7,398	\$ 16,002	\$ -	\$ -	\$ 953,659	\$ 884,637
OTHER OPERATING REVENUE	21,141	66	9,090	(7,336)	22,961	1,937	26	3,488	116	67	-	(3,939)	24,656	31,391
Total Operating Revenue	902,720	38,790	9,090	(7,336)	943,264	11,893	26	3,488	7,514	16,069	-	(3,939)	978,315	916,028
LABOR EXPENSES														
Salaries Wages and Employee Benefits	488,763	-	461	-	489,244	-	-	-	5,464	-	-	-	494,708	475,382
Contract Nursing	374	-	-	-	374	-	-	-	-	-	-	-	374	235
Other Contract Labor	23,675	-	-	-	23,675	9,739	-	-	1,204	3,536	-	(222)	37,932	29,088
Total Labor Expenses	512,832	-	461	-	513,293	9,739	-	-	6,668	3,536	-	(222)	533,014	494,705
OTHER OPERATING EXPENSES														
Supplies Purchased Services and Other	261,258	-	8,172	(7,336)	262,094	1,799	2	637	2,760	4,902	-	(2,743)	269,451	273,796
Professional Fees	61,585	-	9	-	61,594	265	-	-	114	1,202	-	-	63,175	36,727
Depreciation	59,656	-	1,645	-	61,301	286	30	-	470	664	-	-	62,751	65,712
Interest Expense	16,369	-	-	-	16,369	-	-	-	-	85	-	-	16,454	14,659
Total Other Operating Expenses	398,868	-	9,826	(7,336)	401,358	2,350	32	637	3,344	6,853	-	(2,743)	411,831	390,894
Total Expenses	911,700	-	10,287	(7,336)	914,651	12,089	32	637	10,012	10,389	-	(2,965)	944,845	895,599
INCOME (LOSS) FROM OPERATIONS	(8,980)	38,790	(1,197)	-	28,613	(196)	(6)	2,851	(2,498)	5,680	-	(974)	33,470	20,429
NONOPERATING REVENUE, NET														
Investment Income	10,088	-	56	-	10,144	-	-	107	2	-	-	-	10,253	22,680
Other Net	(399)	-	15	-	(384)	-	-	1	(19)	-	-	847	445	356
Total Nonoperating Revenue Net	9,689	-	71	-	9,760	-	-	108	(17)	-	-	847	10,698	23,036
INCOME BEFORE NON-CONTROLLING INTEREST AND CAPITAL CONTRIBUTIONS	709	38,790	(1,126)	-	38,373	(196)	(6)	2,959	(2,515)	5,680	-	(127)	44,168	43,465
Income Applicable to Non-Controlling Interest	-	-	-	-	-	-	-	-	-	(3,410)	-	(1,112)	(4,522)	(2,235)
INCOME BEFORE CAPITAL CONTRIBUTIONS	709	38,790	(1,126)	-	38,373	(196)	(6)	2,959	(2,515)	2,270	-	(1,239)	39,646	41,230
CAP CONTRIB AND TRANSFERS	34,654	(37,180)	1,533	-	(993)	346	-	-	39	(2,640)	(2,224)	6,205	733	681
CHANGE IN NET ASSETS	\$ 35,363	\$ 1,610	\$ 407	\$ -	\$ 37,380	\$ 150	(6)	\$ 2,959	\$ (2,476)	\$ (370)	\$ (2,224)	\$ 4,966	\$ 40,379	\$ 41,911

Note The results of Wake Faculty Practice Plan, Inc are driven by professional fee revenue, however, the related expenses reside primarily in WakeMed.
(41)