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| | | |
|---|--|----------------------------------|
| Form 990  Department of the Treasury Internal Revenue Service | Return of Organization Exempt From Income Tax Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation) ▶ The organization may have to use a copy of this return to satisfy state reporting requirements | OMB No 1545-0047 |
| | | 2010 |
| | | Open to Public Inspection |

| | | |
|--|---|--|
| A For the 2010 calendar year, or tax year beginning 10-01-2010 and ending 09-30-2011 | | |
| B Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending | C Name of organization WILSON MEDICAL CENTER INC | D Employer identification number 56-6024172 |
| | Doing Business As | E Telephone number (252) 399-8040 |
| | Number and street (or P O box if mail is not delivered to street address) 1705 SOUTH TARBORO STREET | Room/suite |
| | City or town, state or country, and ZIP + 4 WILSON, NC 27893 | |
| | F Name and address of principal officer RICHARD E HUDSON 1705 SOUTH TARBORO STREET WILSON, NC 27893 | |
| | | H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| | | H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) |
| | | H(c) Group exemption number ▶ |
| I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () ◀ (Insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527 | | |
| J Website: ▶ WWW.WILMED.ORG | | |
| K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶ | | L Year of formation 1964 |
| | | M State of legal domicile NC |

| Part I | Summary |
|-----------------------------|---|
| Activities & Governance | 1 Briefly describe the organization's mission or most significant activities TO DELIVER QUALITY HEALTH CARE FOR THE PEOPLE OF WILSON COUNTY AND NEIGHBORING COMMUNITIES |
| | |
| | |
| | |
| | |
| | 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) |
| | 4 Number of independent voting members of the governing body (Part VI, line 1b) |
| Revenue | 5 Total number of individuals employed in calendar year 2010 (Part V, line 2a) |
| | 6 Total number of volunteers (estimate if necessary) |
| | 7a Total unrelated business revenue from Part VIII, column (C), line 12 . . . |
| | 7b Net unrelated business taxable income from Form 990-T, line 34 . . . |
| | |
| | |
| | |
| | |
| Expenses | 8 Contributions and grants (Part VIII, line 1h) |
| | 9 Program service revenue (Part VIII, line 2g) |
| | 10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) |
| | 11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) |
| | 12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) |
| | 13 Grants and similar amounts paid (Part IX, column (A), lines 1–3) . . . |
| | 14 Benefits paid to or for members (Part IX, column (A), line 4) |
| | 15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10) |
| Net Assets or Fund Balances | 16a Professional fundraising fees (Part IX, column (A), line 11e) |
| | b Total fundraising expenses (Part IX, column (D), line 25) ▶ ⁰ |
| | 17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f) |
| | 18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25) |
| | 19 Revenue less expenses Subtract line 18 from line 12 |
| | 20 Total assets (Part X, line 16) |
| | 21 Total liabilities (Part X, line 26) |
| | 22 Net assets or fund balances Subtract line 21 from line 20 |

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

| | | | | | |
|------------------------|---|--|--------------------|---|---------------------------|
| Sign Here | ***** Signature of officer | | 2012-08-13 Date | | |
| | LYNN LAMBERT CHIEF FINANCIAL OFFICER Type or print name and title | | | | |
| Paid Preparer Use Only | Print/Type preparer's name JENNIFER PRESNELL | Preparer's signature JENNIFER PRESNELL | Date | Check if self-employed <input type="checkbox"/> | PTIN |
| | Firm's name ▶ MCGLADREY LLP | | | | Firm's EIN ▶ |
| | Firm's address ▶ 300 NORTH 3RD STREET FIFTH FLOOR WILMINGTON, NC 28401 | | | | Phone no ▶ (910) 762-9623 |

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

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

WILSON MEDICAL CENTER, INC. DELIVERS QUALITY HEALTH CARE FOR THE PEOPLE OF WILSON COUNTY AND NEIGHBORING COMMUNITIES. IN KEEPING WITH OUR COMMITMENT TO SERVE ALL PEOPLE OF OUR COMMUNITY, WE RECOGNIZE THAT NOT ALL INDIVIDUALS CAN PURCHASE ESSENTIAL MEDICAL SERVICES. THEREFORE, FREE AND/OR SUBSIDIZED CARE, CARE PROVIDED TO PERSONS COVERED BY GOVERNMENTAL PROGRAMS AT BELOW COST, HEALTH PROGRAMS AND ACTIVITIES ARE CONSIDERED WHERE THE NEED AND/OR INDIVIDUAL'S INABILITY TO PAY COEXISTS. SUCH ACTIVITIES AVAILABLE TO THE COMMUNITY INCLUDE WELLNESS PROGRAMS, COMMUNITY EDUCATION PROGRAMS, SPECIAL PROGRAMS FOR UNDERSERVED AUDIENCES AND A BROAD RANGE OF SUPPORT THROUGH MANY MORE COMMUNITY SERVICE EVENTS AND ACTIVITIES.

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

If "Yes," describe these changes on Schedule O




















| | |
|-----------|---|
| 4a | (Code) (Expenses \$ 119,403,646 including grants of \$ 29,593) (Revenue \$ 132,429,884) |
| | WILSON MEDICAL CENTER, INC. SERVED 8,528 INPATIENTS AND RECEIVED MORE THAN 102,000 VISITS FOR HEALTHCARE SERVICES PROVIDED ON AN OUTPATIENT BASIS. REIMBURSEMENT FROM GOVERNMENT SOURCES FOR MEDICARE AND MEDICAID PATIENTS WAS \$9.5 MILLION LESS THAN THE COST OF PROVIDING THOSE SERVICES. THE COST OF SERVICES DEEMED CHARITY CARE (FOR THOSE UNABLE TO PAY) WAS \$9.4 MILLION AND BAD DEBTS (FOR THOSE UNWILLING TO PAY) WAS \$6.3 MILLION. COMMUNITY BENEFIT/HEALTH PROGRAMS COST THE HOSPITAL \$1.9 MILLION. |

[illegible][illegible]

4d Other program services (Describe in Schedule O)
(Expenses \$ including grants of \$) (Revenue \$)

| | | |
|-----------|---------------------------------------|-----------------------|
| 4e | Total program service expenses | \$ 119,403,646 |
|-----------|---------------------------------------|-----------------------|

Part IV Checklist of Required Schedules

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

Part IV

Checklist of Required Schedules (continued)

| | | | | |
|-----|--|-----|-----|----|
| 21 | Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i> | 21 | Yes | |
| 22 | Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i> | 22 | | No |
| 23 | Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i> | 23 | Yes | |
| 24a | Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b–24d and complete Schedule K. If "No," go to line 25</i> | 24a | Yes | |
| b | Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? | 24b | | No |
| c | Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? | 24c | | No |
| d | Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? | 24d | | No |
| 25a | Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i> | 25a | | No |
| b | Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i> | 25b | | No |
| 26 | Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i> | 26 | | No |
| 27 | Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i> | 27 | | No |
| 28 | Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions) | | | |
| a | A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> | 28a | | No |
| b | A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> | 28b | | No |
| c | An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i> | 28c | | No |
| 29 | Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> | 29 | | No |
| 30 | Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> | 30 | | No |
| 31 | Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> | 31 | | No |
| 32 | Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i> | 32 | | No |
| 33 | Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i> | 33 | | No |
| 34 | Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i> | 34 | Yes | |
| 35 | Is any related organization a controlled entity within the meaning of section 512(b)(13)? | 35 | | No |
| a | Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> | | | |
| 36 | Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> | 36 | | No |
| 37 | Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i> | 37 | | No |
| 38 | Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O | 38 | Yes | |

| | | | |
|---|--|------------|-----------|
| Part V Statements Regarding Other IRS Filings and Tax Compliance | | | |
| Check if Schedule O contains a response to any question in this Part V <input type="checkbox"/> | | | |
| | | Yes | No |
| 1a | Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable. | 1a | 129 |
| b | Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable. | 1b | 0 |
| c | Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? | 1c | Yes |
| 2a | Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return. | 2a | 1,526 |
| b | If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions). | 2b | Yes |
| 3a | Did the organization have unrelated business gross income of \$1,000 or more during the year? | 3a | Yes |
| b | If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O. | 3b | Yes |
| 4a | At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)? | 4a | No |
| b | If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts. | | |
| 5a | Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? | 5a | No |
| b | Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? | 5b | No |
| c | If "Yes" to line 5a or 5b, did the organization file Form 8886-T? | 5c | |
| 6a | Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible? | 6a | No |
| b | If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? | 6b | |
| 7 | Organizations that may receive deductible contributions under section 170(c). | | |
| a | Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor? | 7a | No |
| b | If "Yes," did the organization notify the donor of the value of the goods or services provided? | 7b | |
| c | Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? | 7c | No |
| d | If "Yes," indicate the number of Forms 8282 filed during the year. | 7d | |
| e | Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? | 7e | No |
| f | Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? | 7f | No |
| g | If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required? | 7g | |
| h | If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C? | 7h | |
| 8 | Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year? | 8 | |
| 9 | Sponsoring organizations maintaining donor advised funds. | | |
| a | Did the organization make any taxable distributions under section 4966? | 9a | |
| b | Did the organization make a distribution to a donor, donor advisor, or related person? | 9b | |
| 10 | Section 501(c)(7) organizations. Enter | | |
| a | Initiation fees and capital contributions included on Part VIII, line 12. | 10a | |
| b | Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities. | 10b | |
| 11 | Section 501(c)(12) organizations. Enter | | |
| a | Gross income from members or shareholders. | 11a | |
| b | Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them). | 11b | |
| 12a | Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041? | 12a | |
| b | If "Yes," enter the amount of tax-exempt interest received or accrued during the year. | 12b | |
| 13 | Section 501(c)(29) qualified nonprofit health insurance issuers. | | |
| a | Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O. | 13a | |
| b | Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans. | 13b | |
| c | Enter the amount of reserves on hand. | 13c | |
| 14a | Did the organization receive any payments for indoor tanning services during the tax year? | 14a | No |
| b | If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O. | 14b | |

Part VI

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

Section A. Governing Body and Management

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

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

| | | Yes | No |
|------------|--|-----|----|
| 10a | Does the organization have local chapters, branches, or affiliates? | | No |
| 10b | 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? | Yes | |
| 11b | 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 | Yes | |
| 12b | Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts? | Yes | |
| 12c | Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done | Yes | |
| 13 | Does the organization have a written whistleblower policy? | Yes | |
| 14 | Does the organization have a written document retention and destruction policy? | Yes | |
| 15 | Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision? | | |
| 15a | The organization's CEO, Executive Director, or top management official | Yes | |
| 15b | Other officers or key employees of the organization | Yes | |
| | If "Yes" to line 15a or 15b, describe the process in Schedule O (See instructions) | | |
| 16a | Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? | Yes | |
| 16b | 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? | Yes | |

Section C. Disclosure

| | |
|-----------|--|
| 17 | List the States with which a copy of this Form 990 is required to be filed <input checked="" type="checkbox"/> NC , CA |
| 18 | Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c) (3)s only) available for public inspection. Indicate how you make these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request |
| 19 | Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table. |
| 20 | State the name, physical address, and telephone number of the person who possesses the books and records of the organization <input checked="" type="checkbox"/> LYNN LAMBERT 1705 SOUTH TARBORO STREET WILSON, NC 27893 (252) 399-8141 |

Part VII

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

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

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

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

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

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

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

| (A) Name and Title | (B) Average hours per week (describe hours for related organizations in Schedule O) | (C) Position (check all that apply) | | | | | | (D) Reportable compensation from the organization (W-2/1099-MISC) | (E) Reportable compensation from related organizations (W-2/1099-MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|--|--|--|-----------------------|---------|--------------|------------------------------|--------|--|---|---|
| | | Individual trustee or director | Institutional Trustee | Officer | Key employee | Highest compensated employee | Former | | | |
| (1) FRANK T BATTEN DVM CHAIRMAN | 1 00 | X | | | | | | 0 | 0 | 0 |
| (2) DAVID WILSON VICE CHAIRMAN | 1 00 | X | | | | | | 0 | 0 | 0 |
| (3) JERRY DORSEY MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| (4) RS SID BOYETTE MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| (5) DAVID HINNANT MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| (6) JAMES PRIDGEN MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| (7) CARLETHA WARD MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| (8) DANIEL MICHALAK MD MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| (9) PAGE THOMAS SMITH SECRETARY | 1 00 | X | | | | | | 0 | 0 | 0 |
| (10) REV WILLIAM M PRESNELL MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| (11) GERALD VANDEN BOSCH MD MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| (12) SHERYLETTA LACEWELL MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| (13) EDWARD BREZINA MD MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| (14) RICHARD HUDSON CHIEF EXECUTIVE OFFICER | 40 00 | | | X | | | | 363,721 | 0 | 27,680 |
| (15) DAMONE SORENSEN CHIEF FINANCIAL OFFICER | 40 00 | | | X | | | | 213,852 | 0 | 15,999 |
| (16) DENISE O'HARA VP HUMAN RESOURCES | 40 00 | | | X | | | | 143,900 | 0 | 20,836 |

Part VII

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

| (A) Name and Title | (B) Average hours per week (describe hours for related organizations in Schedule O) | (C) Position (check all that apply) | | | | | | (D) Reportable compensation from the organization (W-2/1099-MISC) | (E) Reportable compensation from related organizations (W-2/1099-MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|--|--|--|-----------------------|---------|--------------|------------------------------|--------|--|---|---|
| | | Individual trustee or director | Institutional Trustee | Officer | Key employee | Highest compensated employee | Former | | | |
| (17) DAVID BOERNER MD VP MEDIAL AFFAIRS | 40 00 | | | X | | | | 256,452 | 0 | 19,536 |
| (18) MELINDA LAIRD VP CLINICAL SERVICES | 40 00 | | | X | | | | 173,711 | 0 | 14,921 |
| (19) KENNETH LEE JOHNSON PHYSICIAN | 40 00 | | | | | X | | 360,427 | 0 | 22,862 |
| (20) DORIS CRAFT PHYSICIAN | 40 00 | | | | | X | | 137,873 | 0 | 460 |
| (21) HAROLD USHER PHYSICIAN | 40 00 | | | | | X | | 135,494 | 0 | 16,231 |
| (22) CATHRYN HARRELL PHYSICIAN | 40 00 | | | | | X | | 134,627 | 0 | 12,100 |
| (23) MICHAEL SMITH PHYSICIAN | 40 00 | | | | | X | | 125,580 | 0 | 8,497 |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| 1b Sub-Total | | | | | | | | | | |
| c Total from continuation sheets to Part VII, Section A | | | | | | | | | | |
| d Total (add lines 1b and 1c) | | | | | | | | 2,045,637 | 0 | 159,122 |

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▶32

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

Section B. Independent Contractors

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

| (A) Name and business address | (B) Description of services | (C) Compensation |
|---|--------------------------------|---------------------|
| AMERICAN ANESTHESIOLOGY OF NC 3100 SPRING FOREST RD STE 130 RALEIGH, NC 27616 | ANESTHESIOLOGY | 1,075,181 |
| RODGERS BUILDERS PO BOX 18446 CHARLOTTE, NC 28218 | CONSTRUCTION | 1,060,757 |
| OUTSOURCE RECEIVABLE SERVICES 153 HELSABECK ROAD KING, NC 27021 | COLLECTIONS | 815,060 |
| ALLIANCE HEALTHCARE SERVICES PO BOX 96485 CHICAGO, IL 60693 | DIAGNOSTIC IMAGING | 558,373 |
| HALIFAX LINEN SERVICE PO BOX 129 ROANOKE RAPIDS, NC 27870 | LAUNDRY | 496,521 |

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 ▶59

Part VIII

Statement of Revenue

| | | | (A) | (B) | (C) | (D) |
|---|---|---|--|---|----------------------------------|---|
| | | | Total revenue | Related or exempt function revenue | Unrelated business revenue | Revenue excluded from tax under sections 512, 513, or 514 |
| Contributions, gifts, grants and other similar amounts | 1a | Federated campaigns | 1a | | | |
| | b | Membership dues | 1b | | | |
| | c | Fundraising events | 1c | | | |
| | d | Related organizations | 1d | 55,574 | | |
| | e | Government grants (contributions) | 1e | | | |
| | f | All other contributions, gifts, grants, and similar amounts not included above | 1f | | | |
| | g | Noncash contributions included in lines 1a-1f \$ | | | | |
| | h | Total. Add lines 1a-1f | | 55,574 | | |
| | Program Service Revenue | 2a | PATIENT REVENUE | 621110 | 129,158,185 | 129,158,185 |
| b | | FOOD & NUTRITION | 621110 | 1,323,386 | 1,323,386 | |
| c | | PARTNERSHIP INCOME REL | 621110 | 273,364 | 273,364 | |
| d | | OUTSIDE LAB & RADIOLOG | 621500 | 256,360 | 256,360 | |
| e | | PARTNERSHIP INCOME | 541900 | 537 | 537 | |
| f | | All other program service revenue | | 1,763,249 | 1,763,249 | |
| g | | Total. Add lines 2a-2f | | 132,775,081 | | |
| Other Revenue | | 3 | Investment income (including dividends, interest and other similar amounts) | | 2,128,774 | |
| | 4 | Income from investment of tax-exempt bond proceeds | | | | |
| | 5 | Royalties | | | | |
| | 6a | Gross Rents | (i) Real | (ii) Personal | | |
| | b | Less rental expenses | | | | |
| | c | Rental income or (loss) | | | | |
| | d | Net rental income or (loss) | | | | |
| | 7a | Gross amount from sales of assets other than inventory | (i) Securities | (ii) Other | | |
| | b | Less cost or other basis and sales expenses | | | | |
| | c | Gain or (loss) | | | | |
| | d | Net gain or (loss) | | | | |
| | 8a | Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 | a | | | |
| | b | Less direct expenses | b | | | |
| | c | Net income or (loss) from fundraising events | | | | |
| | 9a | Gross income from gaming activities See Part IV, line 19 | a | | | |
| | b | Less direct expenses | b | | | |
| | c | Net income or (loss) from gaming activities | | | | |
| | 10a | Gross sales of inventory, less returns and allowances | a | | | |
| | b | Less cost of goods sold | b | | | |
| | c | Net income or (loss) from sales of inventory | | | | |
| Miscellaneous Revenue | | | Business Code | | | |
| 11a | | | | | | |
| b | | | | | | |
| c | | | | | | |
| d | All other revenue | | | | | |
| e | Total. Add lines 11a-11d | | | | | |
| 12 | Total revenue. See Instructions | | 142,011,354 | 132,429,884 | 256,897 | 9,268,999 |

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 | 29,593 | 29,593 | | |
| 2 | Grants and other assistance to individuals in the U S See Part IV, line 22 | | | | |
| 3 | Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16 | | | | |
| 4 | Benefits paid to or for members | | | | |
| 5 | Compensation of current officers, directors, trustees, and key employees | 1,151,636 | 430,163 | 721,473 | |
| 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 | 52,973,145 | 48,583,092 | 4,390,053 | |
| 8 | Pension plan contributions (include section 401(k) and section 403(b) employer contributions) | 2,047,404 | 1,863,138 | 184,266 | |
| 9 | Other employee benefits | 6,212,040 | 5,652,955 | 559,085 | |
| 10 | Payroll taxes | 3,739,079 | 3,402,562 | 336,517 | |
| a | Fees for services (non-employees) Management | | | | |
| b | Legal | 185,719 | | 185,719 | |
| c | Accounting | 110,704 | | 110,704 | |
| d | Lobbying | | | | |
| e | Professional fundraising services See Part IV, line 17 | | | | |
| f | Investment management fees | 450,206 | | 450,206 | |
| g | Other | 3,612,851 | 3,612,851 | | |
| 12 | Advertising and promotion | 472,929 | | 472,929 | |
| 13 | Office expenses | 2,113,857 | 1,472,284 | 641,573 | |
| 14 | Information technology | 650,567 | 122,214 | 528,353 | |
| 15 | Royalties | | | | |
| 16 | Occupancy | 2,580,735 | 2,348,469 | 232,266 | |
| 17 | Travel | 61,340 | 19,504 | 41,836 | |
| 18 | Payments of travel or entertainment expenses for any federal, state, or local public officials | | | | |
| 19 | Conferences, conventions, and meetings | | | | |
| 20 | Interest | 2,264,379 | | 2,264,379 | |
| 21 | Payments to affiliates | 701,582 | 701,582 | | |
| 22 | Depreciation, depletion, and amortization | 9,421,727 | 9,421,727 | | |
| 23 | Insurance | 966,475 | | 966,475 | |
| 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 | MEDICAL SUPPLIES | 29,984,771 | 29,984,771 | | |
| b | BAD DEBT | 6,363,205 | 6,363,205 | | |
| c | DRUGS | 3,847,655 | 3,847,655 | | |
| d | FOOD COSTS | 1,442,863 | 1,442,863 | | |
| e | OTHER ADMIN EXPENSES | 296,700 | | 296,700 | |
| f | All other expenses | 105,018 | 105,018 | | |
| 25 | Total functional expenses. Add lines 1 through 24f | 131,786,180 | 119,403,646 | 12,382,534 | 0 |
| 26 | Joint costs. Check here <input checked="" type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation | | | | |

Part X

Balance Sheet

| | | | | | (A) | | (B) |
|-----------------------------|---|---|-----|-------------|-------------------|-----|-------------|
| | | | | | Beginning of year | | End of year |
| Assets | 1 | Cash—non-interest-bearing | | | 4,470,788 | 1 | 987,845 |
| | 2 | Savings and temporary cash investments | | | 7,397,183 | 2 | 7,403,288 |
| | 3 | Pledges and grants receivable, net | | | | 3 | |
| | 4 | Accounts receivable, net | | | 20,199,159 | 4 | 28,587,300 |
| | 5 | Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L | | | | 5 | |
| | 6 | Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers, and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Schedule L | | | | 6 | |
| | 7 | Notes and loans receivable, net | | | | 7 | 4,987,568 |
| | 8 | Inventories for sale or use | | | 3,594,394 | 8 | 3,947,374 |
| | 9 | Prepaid expenses and deferred charges | | | 5,718,906 | 9 | 1,156,742 |
| | 10a | Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D | 10a | 178,918,683 | | | |
| | b | Less: accumulated depreciation | 10b | 114,312,366 | 54,366,592 | 10c | 64,606,317 |
| | 11 | Investments—publicly traded securities | | | | 11 | |
| | 12 | Investments—other securities. See Part IV, line 11 | | | 91,931,382 | 12 | 86,909,114 |
| | 13 | Investments—program-related. See Part IV, line 11 | | | | 13 | 300,940 |
| | 14 | Intangible assets | | | | 14 | |
| | 15 | Other assets. See Part IV, line 11 | | | 4,682,850 | 15 | 4,227,055 |
| | 16 | Total assets. Add lines 1 through 15 (must equal line 34) | | | 192,361,254 | 16 | 203,113,543 |
| Liabilities | 17 | Accounts payable and accrued expenses | | | 10,128,285 | 17 | 7,287,914 |
| | 18 | Grants payable | | | | 18 | |
| | 19 | Deferred revenue | | | | 19 | |
| | 20 | Tax-exempt bond liabilities | | | 38,888,798 | 20 | 36,729,537 |
| | 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 | | | 43,735 | 23 | 24,297 |
| | 24 | Unsecured notes and loans payable to unrelated third parties | | | | 24 | |
| | 25 | Other liabilities. Complete Part X of Schedule D | | | 6,431,802 | 25 | 10,470,875 |
| | 26 | Total liabilities. Add lines 17 through 25 | | | 55,492,620 | 26 | 54,512,623 |
| 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 | | | 136,868,634 | 27 | 148,600,920 |
| | 28 | Temporarily restricted net assets | | | | 28 | |
| | 29 | Permanently restricted net assets | | | | 29 | |
| | Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34. | | | | | | |
| | 30 | Capital stock or trust principal, or current funds | | | | 30 | |
| | 31 | Paid-in or capital surplus, or land, building or equipment fund | | | | 31 | |
| | 32 | Retained earnings, endowment, accumulated income, or other funds | | | | 32 | |
| | 33 | Total net assets or fund balances | | | 136,868,634 | 33 | 148,600,920 |
| | 34 | Total liabilities and net assets/fund balances | | | 192,361,254 | 34 | 203,113,543 |

Part XI

Reconciliation of Net Assets

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

| | | | |
|---|---|---|-------------|
| 1 | Total revenue (must equal Part VIII, column (A), line 12) | 1 | 142,011,354 |
| 2 | Total expenses (must equal Part IX, column (A), line 25) | 2 | 131,786,180 |
| 3 | Revenue less expenses Subtract line 2 from line 1 | 3 | 10,225,174 |
| 4 | Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) | 4 | 136,868,634 |
| 5 | Other changes in net assets or fund balances (explain in Schedule O) | 5 | 1,507,112 |
| 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 | 148,600,920 |

Part XII

Financial Statements and Reporting

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

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

SCHEDULE A

(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2010

Open to Public
Inspection

| | |
|---|--|
| Name of the organization WILSON MEDICAL CENTER INC | Employer identification number 56-6024172 |
|---|--|

Part I

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

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

- 1

☐

A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
- 2

☐

A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)
- 3

☒

A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4

☐

A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state
- 5

☐

An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)
- 6

☐

A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7

☐

An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 8

☐

A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 9

☐

An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)
- 10

☐

An organization organized and operated exclusively to test for public safety See**section 509(a)(4).**
- 11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other
- e

☐

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

☐

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

☐

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

(i)

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

(ii)

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

(iii)

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

☐

Provide the following information about the supported organization(s)

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

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

Part II

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

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

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

| Section B. Total Support | | | | | | |
|---|----------|----------|----------|----------|----------|-----------|
| Calendar year (or fiscal year beginning in) ▶ | (a) 2006 | (b) 2007 | (c) 2008 | (d) 2009 | (e) 2010 | (f) Total |
| 7 Amounts from line 4 | | | | | | |
| 8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources | | | | | | |
| 9 Net income from unrelated business activities, whether or not the business is regularly carried on | | | | | | |
| 10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV) | | | | | | |
| 11 Total support (Add lines 7 through 10) | | | | | | |
| 12 Gross receipts from related activities, etc (See instructions) | | | | | 12 | |
| 13 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ▶ | | | | | | |

| Section C. Computation of Public Support Percentage | | | | | | |
|--|--|--|--|--|----|--|
| 14 Public Support Percentage for 2010 (line 6 column (f) divided by line 11 column (f)) | | | | | 14 | |
| 15 Public Support Percentage for 2009 Schedule A, Part II, line 14 | | | | | 15 | |
| 16a 33 1/3% support test—2010. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ▶ | | | | | | |
| b 33 1/3% support test—2009. If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ▶ | | | | | | |
| 17a 10%-facts-and-circumstances test—2010. If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶ | | | | | | |
| b 10%-facts-and-circumstances test—2009. If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶ | | | | | | |
| 18 Private Foundation If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions ▶ | | | | | | |

Part 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  | | |

Part IV

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

SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527
▶ **Complete if the organization is described below.**
▶ **Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.**

OMB No 1545-0047

2010

Open to Public Inspection

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

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

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

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

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

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

| | |
|---|--|
| Name of the organization WILSON MEDICAL CENTER INC | Employer identification number 56-6024172 |
|---|--|

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? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 4a | Was a correction made? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| b | If “Yes,” describe in Part IV | |

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

| | | |
|---|---|--|
| 1 | Enter the amount directly expended by the filing organization for section 527 exempt function activities | ▶ \$ |
| 2 | Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt funtion activities | ▶ \$ |
| 3 | Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b | ▶ \$ |
| 4 | Did the filing organization file Form 1120-POL for this year? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 5 | Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization’s funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV | |

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

Part II-A

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

A

Check

☐

if the filing organization belongs to an affiliated group

B

Check

☐

if the filing organization checked box A and "limited control" provisions apply

| Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.) | | (a) Filing Organization's Totals | (b) Affiliated Group Totals | | | | | | | | | | | | |
|--|---|--|------------------------------------|--------------------|------------------------------|---|---|---|---|--|--|-------------------|-------------|--|--|
| 1a Total lobbying expenditures to influence public opinion (grass roots lobbying) | | | | | | | | | | | | | | | |
| b Total lobbying expenditures to influence a legislative body (direct lobbying) | | | | | | | | | | | | | | | |
| c Total lobbying expenditures (add lines 1a and 1b) | | | | | | | | | | | | | | | |
| d Other exempt purpose expenditures | | | | | | | | | | | | | | | |
| e Total exempt purpose expenditures (add lines 1c and 1d) | | | | | | | | | | | | | | | |
| f Lobbying nontaxable amount Enter the amount from the following table in both columns | | | | | | | | | | | | | | | |
| <table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><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></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 non-taxable amount | | | | | |
| b Lobbying ceiling amount (150% of line 2a, column(e)) | | | | | |
| c Total lobbying expenditures | | | | | |
| d Grassroots non-taxable amount | | | | | |
| e Grassroots ceiling amount (150% of line 2d, column (e)) | | | | | |
| f Grassroots lobbying expenditures | | | | | |

Part II-B

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

| | | (a) | | (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? | | | | No |
| | b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)? | | | | No |
| | c Media advertisements? | | | | No |
| | d Mailings to members, legislators, or the public? | No | | | |
| | e Publications, or published or broadcast statements? | No | | | |
| | f Grants to other organizations for lobbying purposes? | No | | | |
| | g Direct contact with legislators, their staffs, government officials, or a legislative body? | No | | | |
| | h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means? | No | | | |
| | i Other activities? If "Yes," describe in Part IV | Yes | | 16,209 | |
| | j Total lines 1c through 1i | | | 16,209 | |
| 2a | Did the activities in line 1 cause the organization to be not described in section 501(c)(3)? | No | | | |
| b | If "Yes," enter the amount of any tax incurred under section 4912 | | | | |
| c | If "Yes," enter the amount of any tax incurred by organization managers under section 4912 | | | | |
| d | If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year? | | | | |

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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

| Identifier | Return Reference | Explanation |
|--|--------------------|---|
| EXPLANATION OF OTHER LOBBYING ACTIVITIES | PART II-B, LINE 1I | NORTH CAROLINA HOSPITAL ASSOCIATION MEMBERSHIP DUES (LOBBYING 23.25% X \$37,619 = \$9,187) AMERICAN HOSPITAL ASSOCIATION MEMBERSHIP DUES (LOBBYING 24.42% X \$30,206 = \$7,022) |

SCHEDULE D
(Form 990)

Supplemental Financial Statements

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, line 6, 7, 8, 9, 10, 11, or 12.
Attach to Form 990. See separate instructions.

| | |
|---|--|
| Name of the organization WILSON MEDICAL CENTER INC | Employer identification number 56-6024172 |
|---|--|

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

| | | |
|---|--|------------------------------|
| | (a) Donor advised funds | (b) Funds and other accounts |
| 1 | Total number at end of year | |
| 2 | Aggregate contributions to (during year) | |
| 3 | Aggregate grants from (during year) | |
| 4 | Aggregate value at end of year | |
| 5 | Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? | |
| | <div>Yes</div> <div>No</div> | |
| 6 | Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit | |
| | <div>Yes</div> <div>No</div> | |

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

1

Purpose(s) of conservation easements held by the organization (check all that apply)

☐ Preservation of land for public use (e g , recreation or pleasure)

☐ Preservation of an historically importantly land area

☐ Protection of natural habitat

☐ Preservation of a certified historic structure

☐ Preservation of open space

2

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

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

3

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

4

Number of states where property subject to conservation easement is located

5

Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

Yes

No

6

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

7

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

8

Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)?

Yes

No

9

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

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

1a

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

b

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

(i)

Revenues included in Form 990, Part VIII, line 1

\$

(ii)

Assets included in Form 990, Part X

\$

2

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

a

Revenues included in Form 990, Part VIII, line 1

\$

b

Assets included in Form 990, Part X

\$

Part III

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

3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

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

5

During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

☐ Yes

☐ No

Part IV

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

1a

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

☐ Yes

☐ No

b

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

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

2a

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

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV

Part V

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

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

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶

b

Permanent endowment ▶

c

Term endowment ▶

3a

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

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

4

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

Part VI

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

| Description of investment | (a) Cost or other basis (investment) | (b)Cost or other basis (other) | (c) Accumulated depreciation | (d) Book value |
|--|--------------------------------------|--------------------------------|------------------------------|----------------|
| 1a Land | | 2,417,489 | | 2,417,489 |
| b Buildings | | 77,218,329 | 46,356,918 | 30,861,411 |
| c Leasehold improvements | | 3,749,343 | 2,882,595 | 866,748 |
| d Equipment | | 86,359,880 | 65,072,853 | 21,287,027 |
| e Other | | 9,173,642 | | 9,173,642 |
| Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶ | | | | 64,606,317 |

Part XI

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

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

Part XII

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

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

Part XIII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

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

Part XIV

Supplemental Information

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

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

Additional Data

Software ID:

Software Version:

EIN: 56-6024172

Name: WILSON MEDICAL CENTER INC

Form 990, Schedule D, Part X, - Other Liabilities

| 1 | (a) Description of Liability | (b) Amount |
|---|---------------------------------|------------|
| | DUE TO HEALTH INSURANCE PROGRAM | 2,887,394 |
| | GROUP INSURANCE | 772,382 |
| | OTHER LIABILTIES | 1,173,242 |
| | PAYABLE TO AFFILIATES | 618,633 |
| | ACCRUED VACATION | 2,585,924 |
| | ACCRUED INTEREST | 514,800 |
| | ACCRUED UNEMPLOYMENT COMP | 223,840 |
| | ACCRUED PAYROLL | 1,694,660 |

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
WILSON MEDICAL CENTER INC

Employer identification number
56-6024172

Part I

Financial Assistance and Certain Other Community Benefits at Cost

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

7

Financial Assistance and Certain Other Community Benefits at Cost

| Financial Assistance and Means-Tested Government Programs | (a) Number of activities or programs (optional) | (b) Persons served (optional) | (c) Total community benefit expense | (d) Direct offsetting revenue | (e) Net community benefit expense | (f) Percent of total expense |
|---|---|-------------------------------|-------------------------------------|-------------------------------|-----------------------------------|------------------------------|
| a Financial Assistance at cost (from Worksheets 1 and 2) | | | 9,435,956 | | 9,435,956 | 7 520 % |
| b Unreimbursed Medicaid (from Worksheet 3, column a) | | | 4,519,340 | | 4,519,340 | 3 600 % |
| c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b) | | | 3,931,805 | | 3,931,805 | 3 130 % |
| d Total Financial Assistance and Means-Tested Government Programs | | | 17,887,101 | | 17,887,101 | 14 250 % |
| Other Benefits | | | | | | |
| e Community health improvement services and community benefit operations (from Worksheet 4) | | | 1,515,336 | | 1,515,336 | 1 210 % |
| f Health professions education (from Worksheet 5) | | | 397,452 | | 397,452 | 0 320 % |
| g Subsidized health services (from Worksheet 6) | | | 0 | | | |
| h Research (from Worksheet 7) | | | 0 | | | |
| i Cash and in-kind contributions to community groups (from Worksheet 8) | | | 48,430 | | 48,430 | 0 040 % |
| j Total Other Benefits | | | 1,961,218 | | 1,961,218 | 1 570 % |
| k Total. Add lines 7d and 7j | | | 19,848,319 | | 19,848,319 | 15 820 % |

Part IICommunity Building Activities

during the tax year, and describe in Part VI how its community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

| | (a) Number of activities or programs (optional) | (b) Persons served (optional) | (c) Total community building expense | (d) Direct offsetting revenue | (e) Net community building expense | (f) Percent of total expense |
|--|---|-------------------------------|--------------------------------------|-------------------------------|------------------------------------|------------------------------|
| 1Physical improvements and housing | | | | | | |
| 2Economic development | | | | | | |
| 3Community support | | | 29,593 | | 29,593 | 0.020 % |
| 4Environmental improvements | | | | | | |
| 5Leadership development and training for community members | | | | | | |
| 6Coalition building | | | | | | |
| 7Community health improvement advocacy | | | | | | |
| 8Workforce development | | | | | | |
| 9Other | | | | | | |
| 10Total | | | 29,593 | | 29,593 | 0.020 % |

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

| | | | |
|---|--|-----|-----------|
| | | Yes | No |
| 1 | Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15? | 1 | Yes |
| 2 | Enter the amount of the organization's bad debt expense (at cost) | 2 | 1,879,116 |
| 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 | 6,363,205 |
| 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 | 43,659,683 |
| 6 | Enter Medicare allowable costs of care relating to payments on line 5 | 6 | 53,188,991 |
| 7 | Subtract line 6 from line 5. This is the surplus or (shortfall) | 7 | -9,529,308 |
| 8 | Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input type="checkbox"/> Cost to charge ratio <input checked="" type="checkbox"/> Other | | |

Section C. Collection Practices

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

Part IVManagement Companies and Joint Ventures

| (a) Name of entity | (b) Description of primary activity of entity | (c) Organization's profit % or stock ownership % | (d) Officers, directors, trustees, or key employees' profit % or stock ownership% | (e) Physicians' profit % or stock ownership % |
|------------------------------------|---|--|---|---|
| 1 1 PREMIER PURCHASING PARTNERS LP | GROUP PURCHASING | 0.009 % | 0 % | 0 % |
| 2 | | | | |
| 3 | | | | |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |
| 7 | | | | |
| 8 | | | | |
| 9 | | | | |
| 10 | | | | |
| 11 | | | | |
| 12 | | | | |
| 13 | | | | |

Section A. Hospital Facilities

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

Schedule H (Form 990) 2010

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

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

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

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

Part VI

Supplemental Information

Complete this part to provide the following information

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

| Identifier | ReturnReference | Explanation |
|------------|-----------------|--|
| | | PART I, LINE 3C ELIGIBILITY IS GENERALLY DETERMINED BY MEASURING THE GROSS FAMILY INCOME AGAINST THE FEDERAL POVERTY INCOME GUIDELINES IN ADDITION, OTHER RELEVANT NON-INCOME RESOURCES, INCLUDING BUT NOT LIMITED TO REAL ESTATE, SAVINGS, LIFE INSURANCE, MOTOR VEHICLES, ETC , WILL BE CONSIDERED IN REACHING A DETERMINATION OF ELIGIBILITY ELIGIBILITY GUIDELINES WILL ALSO TAKE INTO CONSIDERATION CATASTROPHIC EVENTS FOR PATIENTS WHOSE INCOME FALLS OUTSIDE THE GUIDELINES PATIENTS WHOSE GROSS INCOME IS LESS THAN THREE TIMES THE FEDERAL POVERTY INCOME GUIDELINES MAY BE ELIGIBLE FOR REDUCED MONTHLY PAYMENTS OR UNCOMPENSATED SERVICES IN PART OR IN FULL |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|--|
| | | PART I, LINE 7, COLUMN (F) THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS \$ 6363205 |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|---|
| | PART I, LINE 6A | NORTH CAROLINA HOSPITAL ASSOCIATION SEE WWW NCHA ORG |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|--|
| | | PART II THE "WILSON ON THE MOVE" PROGRAM PROVIDES FOR THE DEVELOPMENT AND GROWTH OF THE CITY OF WILSON, NORTH CAROLINA |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|---|
| | | PART III, LINE 4 THE MEDICAL CENTER PROVIDES SERVICES TO THE RESIDENTS OF WILSON AND SURROUNDING COUNTIES WITHOUT COLLATERAL AN ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS IS PROVIDED IN AN AMOUNT EQUAL TO THE ESTIMATED LOSSES TO BE INCURRED IN COLLECTION OF THE RECEIVABLES |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|---|
| | | PART III, LINE 8 COSTS ARE DETERMINED USING THE STEP-DOWN METHODOLOGY FROM THE MEDICARE COST REPORT |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|---|
| | | PART III, LINE 9B PATIENTS IDENTIFIED AS QUALIFYING FOR CHARITY CARE HAVE THEIR ACCOUNTS ADJUSTED OFF AS CHARITY CARE AND ARE NOT SUBJECTED TO COLLECTION EFFORTS |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|--|
| | | PART VI, LINE 3 STAFF WORKS DIRECTLY WITH PATIENTS TO PROVIDE AWARENESS OF EXISTING ASSISTANCE AND IN APPLYING FOR ANY APPLICABLE PROGRAMS |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|---|
| | | <p>PART VI, LINE 4 AS OF THE CENSUS OF 2006, THERE ARE 73,814 PEOPLE, 28,613 HOUSEHOLDS, AND 19,771 FAMILIES RESIDING IN THE COUNTY THE POPULATION DENSITY WAS 199 PEOPLE PER SQUARE MILE (77/KM) THERE WERE 30,729 HOUSING UNITS AT AN AVERAGE DENSITY OF 83 PER SQUARE MILE (32/KM) THE RACIAL MAKEUP OF THE CONTY WAS 55 83% WHITE, 39 33% BLACK OR AFRICAN AMERICAN, 0 27% NATIVE AMERICAN, 0 42% ASIAN, 0 02% PACIFIC ISLANDER, 3 21% FROM OTHER RACES, AND 0 92% FROM TWO OR MORE RACES 6 04% OF THE POPULATION WERE HISPANIC OR LATINO OF ANY RACE THERE WERE 28,613 HOUSEHOLDS OUT OF WHICH 31 90% HAD CHILDREN UNDER THE AGE OF 18 LIVING WITH THEM, 48 10% WERE MARRIED COUPLES LIVING TOGETHER, 16 50% HAD A FEMALE HOUSEHOLDER WITH NO HUSBAND PRESENT, AND 30 90% WERE NON-FAMILIES 26 40% OF ALL HOUSEHOLDS WERE MADE UP OF INDIVIDUALS AND 10 20% HAD SOMEONE LIVING ALONE WHO WAS 65 YEARS OF AGE OR OLDER THE AVERAGE HOUSEHOLD SIZE WAS 2 51 AND THE AVERAGE FAMILY SIZE WAS 3 03 IN THE COUNTY THE POPULATION WAS SPREAD OUT WITH 25 60% UNDER THE AGE OF 18, 9 10% FROM 18 TO 24, 28 80% FROM 25 TO 44, 23 60% FROM 45 TO 64, AND 12 90% WHO WERE 65 YEARS OF AGE OR OLDER THE MEDIAN AGE WAS 36 YEARS FOR EVERY 100 FEMALEIS THERE WERE 91 30 MALES FOR EVERY 100 FEMALES AGE 18 AND OVER, THERE WERE 87 20 MALES THE MEDIAN INCOME FOR A HOUSEHOLD IN THE COUNTY WAS \$33,116, AND THE MEDIAN INCOME FOR A FAMILY WAS \$41,551 MALES HAD A MEDIAN INCOME OF \$30,364 VERSUS \$21,997 FOR FEMALES THE PER CAPITA INCOME FOR THE COUNTY WAS \$17,102 ABOUT 13 80% OF FAMILIES AND 18 50% OF THE POPULATION WERE BELOW THE POVERTY LINE, INCLUDING 24 70% OF THOSE UNDER AGE 18 AND 21 30% OF THOSE AGE 65 OR OVER</p> |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|---|
| | | PART VI, LINE 6 WILSON MEDICAL CENTER HAS AN OPEN MEDICAL STAFF THE BOARD OF DIRECTORS IS COMPRISED OF INDIVIDUALS THAT ARE ACTIVE IN OTHER ORGANIZATIONS IN THE COMMUNITY SURPLUS FUNDS ARE RE-INVESTED IN THE FACILITY AND EQUIPMENT THAT PROVIDE HEALTHCARE SERVICES |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|---------------------|
| | | PART VI, LINE 7 N/A |

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

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
WILSON MEDICAL CENTER INC

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

Employer identification number
56-6024172

Part I

General Information on Grants and Assistance

- 1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? ☒ Yes ☐ No
- 2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II

Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than \$5,000. Check this box if no one recipient received more than \$5,000. Part II can be duplicated if additional space is needed. ☐

| 1 (a) Name and address of organization or government | (b) EIN | (c) IRC Code section if applicable | (d) Amount of cash grant | (e) Amount of non-cash assistance | (f) Method of valuation (book, FMV, appraisal, other) | (g) Description of non-cash assistance | (h) Purpose of grant or assistance |
|--|------------|------------------------------------|--------------------------|-----------------------------------|---|--|--|
| (1) WILSON ON THE MOVE PO BOX 728 WILSON, NC 27893 | 56-1549221 | 501(C)(3) | 29,593 | | | | PROMOTE HEALTHY LIFESTYLE IN THE COMMUNITY |
| | | | | | | | |
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| | | | | | | | |

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

3 Enter total number of other organizations 0

Part III

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

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

Part IV

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

| Identifier | Return Reference | Explanation |
|--|------------------|---|
| PROCEDURE FOR MONITORING GRANTS IN THE U S | PART I, LINE 2 | SCHEDULE I, PART I, LINE 2 WILSON MEDICAL CENTER, INC MAKES GRANTS TO OTHER 501(C)(3) ORGANIZATIONS |

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2010

Open to Public Inspection

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

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

▶ Attach to Form 990. ▶ See separate instructions.

| | |
|---|--|
| Name of the organization WILSON MEDICAL CENTER INC | Employer identification number 56-6024172 |
|---|--|

Part I

Questions Regarding Compensation

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

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

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

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

| (A) Name | | (B) Breakdown of W-2 and/or 1099-MISC compensation | | | (C) Retirement and other deferred compensation | (D) Nontaxable benefits | (E) Total of columns (B)(i)-(D) | (F) Compensation reported in prior Form 990 or Form 990-EZ |
|-------------------------|-------------|--|-------------------------------------|-------------------------------------|--|-------------------------|---------------------------------|--|
| | | (i) Base compensation | (ii) Bonus & incentive compensation | (iii) Other reportable compensation | | | | |
| (1) RICHARD HUDSON | (i) (ii) | 363,721 0 | 0 0 | 0 0 | 22,000 0 | 5,680 0 | 391,401 0 | 0 0 |
| (2) DAMONE SORENSEN | (i) (ii) | 213,852 0 | 0 0 | 0 0 | 8,819 0 | 7,180 0 | 229,851 0 | 0 0 |
| (3) DENISE O'HARA | (i) (ii) | 143,900 0 | 0 0 | 0 0 | 16,110 0 | 4,726 0 | 164,736 0 | 0 0 |
| (4) DAVID BOERNER MD | (i) (ii) | 256,452 0 | 0 0 | 0 0 | 15,532 0 | 4,004 0 | 275,988 0 | 0 0 |
| (5) MELINDA LAIRD | (i) (ii) | 173,711 0 | 0 0 | 0 0 | 7,241 0 | 7,680 0 | 188,632 0 | 0 0 |
| (6) KENNETH LEE JOHNSON | (i) (ii) | 360,427 0 | 0 0 | 0 0 | 16,500 0 | 6,362 0 | 383,289 0 | 0 0 |
| (7) HAROLD USHER | (i) (ii) | 135,494 0 | 0 0 | 0 0 | 16,231 0 | 0 0 | 151,725 0 | 0 0 |
| (8) | | | | | | | | |
| (9) | | | | | | | | |
| (10) | | | | | | | | |
| (11) | | | | | | | | |
| (12) | | | | | | | | |
| (13) | | | | | | | | |
| (14) | | | | | | | | |
| (15) | | | | | | | | |
| (16) | | | | | | | | |

Part III **Supplemental Information**

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

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

Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Schedule O (Form 990).
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public
Inspection

Name of the organization
WILSON MEDICAL CENTER INC

Employer identification number
56-6024172

| Part I Bond Issues | | | | | | | | | | | |
|--|----------------|-------------|-----------------|-----------------|---|--------------|----|-------------------------|----|--------------------|----|
| (a) Issuer Name | (b) Issuer EIN | (c) CUSIP # | (d) Date Issued | (e) Issue Price | (f) Description of Purpose | (g) Defeased | | (h) On Behalf of Issuer | | (i) Pool financing | |
| | | | | | | Yes | No | Yes | No | Yes | No |
| A NORTH CAROLINA MEDICAL CARE COMMISSION | 52-1309402 | 65820HA86 | 08-27-2007 | 34,517,040 | REFUNDING OF SERIES 1997 BONDS & INSTALLING NEW EQUIPMENT | | X | X | | | X |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |

| Part II Proceeds | | | | | | | | | |
|------------------|--|------------|----|-----|----|-----|----|-----|----|
| | | A | | B | | C | | D | |
| 1 | Amount of bonds retired | | | | | | | | |
| 2 | Amount of bonds legally defeased | | | | | | | | |
| 3 | Total proceeds of issue | 33,825,000 | | | | | | | |
| 4 | Gross proceeds in reserve funds | | | | | | | | |
| 5 | Capitalized interest from proceeds | | | | | | | | |
| 6 | Proceeds in refunding escrow | 24,459,800 | | | | | | | |
| 7 | Issuance costs from proceeds | 474,351 | | | | | | | |
| 8 | Credit enhancement from proceeds | | | | | | | | |
| 9 | Working capital expenditures from proceeds | | | | | | | | |
| 10 | Capital expenditures from proceeds | 9,582,889 | | | | | | | |
| 11 | Other spent proceeds | | | | | | | | |
| 12 | Other unspent proceeds | | | | | | | | |
| 13 | Year of substantial completion | | | | | | | | |
| | | Yes | No | Yes | No | Yes | No | Yes | No |
| 14 | Were the bonds issued as part of a current refunding issue? | | X | | | | | | |
| 15 | Were the bonds issued as part of an advance refunding issue? | X | | | | | | | |
| 16 | Has the final allocation of proceeds been made? | | X | | | | | | |
| 17 | Does the organization maintain adequate books and records to support the final allocation of proceeds? | X | | | | | | | |

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

Part IIIPrivate Business Use (Continued)

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

Part IVArbitrage

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

Part VSupplemental Information

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

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

SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2010

Open to Public
Inspection

| | |
|---|--|
| Name of the organization WILSON MEDICAL CENTER INC | Employer identification number 56-6024172 |
|---|--|

| Identifier | Return Reference | Explanation |
|---------------------------------------|------------------|---|
| FORM 990, PART VI, SECTION B, LINE 11 | | A DRAFT OF FORM 990 IS PROVIDED TO EVERY MEMBER OF THE GOVERNING BODY PRIOR TO FILING WITH THE IRS THE CFO REVIEWS THE DRAFT PRIOR TO FILING WITH THE IRS |

| Identifier | Return Reference | Explanation |
|------------|--|---|
| | FORM 990, PART VI, SECTION B, LINE 12C | ONCE A YEAR, EACH PERSON IS REQUIRED TO REVIEW AND SIGN THE CONFLICT OF INTEREST POLICY (THROUGH THE WILLEARN SYSTEM) THIS IS ONE OF THE ANNUAL MODULES THAT MUST BE COMPLETED EACH YEAR IT ENSURES THAT EMPLOYEES ARE FAMILIAR WITH THE POLICY IF THERE IS A CONFLICT OF INTEREST, THE VP IS NOTIFIED AND A DISCUSSION SHOULD OCCUR AT THAT TIME TO DETERMINE THE EXTENT, WHETHER POTENTIAL OR ACTUAL BOARD MEMBERS WITH CONFLICTS ARE RECUSED FROM VOTING |

| Identifier | Return Reference | Explanation |
|------------|---------------------------------------|--|
| | FORM 990, PART VI, SECTION B, LINE 15 | AT LEAST EVERY TWO YEARS, AN INDEPENDENT FIRM IS UTILIZED TO DETERMINE THE APPROPRIATE COMPENSATION FOR THE CEO AND VP'S. THE BOARD DETERMINED A STRATEGY AND GUIDELINES AS TO WHAT PERCENTILE AT WHICH THEY WOULD PLACE SALARIES FOR THE CEO AND VP'S. UPON RECEIPT OF THE INDEPENDENT DATA, THE HR COMMITTEE OF THE BOARD REVIEWS THE DATA AND DETERMINES IF ANY ADJUSTMENTS SHOULD BE MADE. THIS PROCESS LAST TOOK PLACE DURING 2008. |

| Identifier | Return Reference | Explanation |
|------------|--|--|
| | FORM 990, PART VI, SECTION C, LINE 19 | GOVERNING DOCUMENTS, POLICIES AND FINANCIAL STATEMENTS ARE AVAILABLE UPON REQUEST |

| Identifier | Return Reference | Explanation |
|--|---------------------------|--|
| CHANGES IN NET ASSETS OR FUND BALANCES | FORM 990, PART XI, LINE 5 | NET UNREALIZED LOSSES ON INVESTMENTS -10,163,930 PRIOR PERIOD ADJUSTMENTS - 1,492,300 WILMED HOME CARE MERGED ASSETS 756,036 WILMED HEALTHCARE MERGED ASSETS 12,407,306 TOTAL TO FORM 990, PART XI, LINE 5 1,507,112 |

| Identifier | Return Reference | Explanation |
|------------|-------------------|--|
| | PART XII, LINE 2C | THIS PROCESS HAS NOT CHANGED FROM THE PRIOR YEAR |

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
WILSON MEDICAL CENTER INC

Employer identification number
56-6024172

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

| (a) Name, address, and EIN of disregarded entity | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Total income | (e) End-of-year assets | (f) Direct controlling entity |
|---|-------------------------|--|---------------------|---------------------------|----------------------------------|
| | | | | | |
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Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Exempt Code section | (e) Public charity status (if section 501(c)(3)) | (f) Direct controlling entity | (g) Section 512(b)(13) controlled organization | |
|---|-------------------------|--|----------------------------|---|----------------------------------|---|----|
| | | | | | | Yes | No |
| (1) WILMED GENERATIONS INC 1705 SOUTH TARBORO STREET WILSON, NC 27893 56-1572076 | LONG-TERM NURSING CARE | NC | 501(C)(3) | LINE 11A, I | N/A | | No |
| (2) WILMED HEALTHCARE FOUNDATION INC 1705 SOUTH TARBORO STREET WILSON, NC 27893 56-1572064 | SUPPORT ACTIVITIES | NC | 501(C)(3) | LINE 11B, II | N/A | | No |
| | | | | | | | |
| | | | | | | | |
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Part III

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

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Direct controlling entity | (e) Predominant income (related, unrelated, excluded from tax under sections 512- 514) | (f) Share of total income | (g) Share of end-of-year assets | (h) Disproporionate allocations? | | (i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065) | (j) General or managing partner? | | (k) Percentage ownership |
|--|-------------------------|--|-------------------------------------|---|------------------------------|---------------------------------------|--|----|---|---|----|--------------------------------|
| | | | | | | | Yes | No | | Yes | No | |
| | | | | | | | | | | | | |
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Part IV

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

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

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

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

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

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

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

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

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

e Loans or loan guarantees by other organization(s)

f Sale of assets to other organization(s)

g Purchase of assets from other organization(s)

h Exchange of assets

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

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

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

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

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

n Sharing of paid employees

o Reimbursement paid to other organization for expenses

p Reimbursement paid by other organization for expenses

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

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

Yes

No

1a

No

1b

Yes

1c

Yes

1d

No

1e

No

1f

No

1g

No

1h

No

1i

No

1j

No

1k

No

1l

No

1m

Yes

1n

Yes

1o

No

1p

Yes

1q

Yes

1r

No

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

| (a) Name of other organization | (b) Transaction type(a-r) | (c) Amount involved | (d) Method of determining amount involved |
|-----------------------------------|---------------------------------|------------------------|---|
| (1) WILMED HEALTHCARE FOUNDATION | N | 166,015 | WAGES & BENEFITS PAID |
| (2) WILMED GENERATIONS | N | 4,541,014 | WAGES & BENEFITS PAID |
| (3) WILMED GENERATIONS | P | 2,387,027 | CASH REIMBURSEMENTS |
| (4) | | | |
| (5) | | | |
| (6) | | | |

Schedule R (Form 990) 2010

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

[illegible]

Part VII

Supplemental Information

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

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

Wilson Medical Center

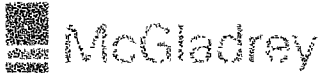
Annual Financial Report

For the Fiscal Year Ended September 30, 2011

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Independent Auditor's Report

Board of Trustees
Wilson Medical Center
Wilson, North Carolina

We have audited the accompanying financial statements of the business-type activities and the fiduciary fund information of Wilson Medical Center (the "Medical Center") as of and for the year ended September 30, 2011, which collectively comprise the Medical Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Medical Center's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary fund of the Medical Center as of September 30, 2011, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 2 through 6 and the Schedule of Funding Progress on page 33 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America 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 required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Medical Center's basic financial statements. The combining balance sheet on pages 34 through 35 and combining statement of revenues, expenses, and changes in net assets on page 36 are presented for purposes of additional analysis and are not a required part of the basic financial statements. These combining statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As indicated in Note 1 to the financial statements, it was determined during the year ended September 30, 2011 that The Wilson Medical Center Employees' Retirement Plan ("the Plan") should be shown as fiduciary fund activity in the basic financial statements of the Medical Center.

McGladrey & Pullen, LLP

New Bern, North Carolina
December 12, 2011

Wilson Medical Center

Management's Discussion and Analysis (Unaudited) For the Fiscal Year Ended September 30, 2011

Management's discussion and analysis of Wilson Medical Center (the "Medical Center") provides an overview of the financial activities for the fiscal years ended September 30, 2011

Annual Financial Report

The financial report includes the independent auditor's report, required financial statements and accompanying explanatory notes. The required financial statements include the following: balance sheet, statement of revenues, expenses and changes in net assets, statement of cash flows, fiduciary fund information, and notes to the financial statements. The Medical Center's financial statements are prepared on the full accrual basis of accounting, in which revenue is recorded when earned, including revenue not yet received in cash, and expenses are recorded when incurred, including obligations to creditors not yet paid in cash.

Overview

Wilson Medical Center is a not-for-profit provider of health care within Wilson County, North Carolina and the surrounding area. The Medical Center is a general acute care health care facility that provides inpatient care, outpatient care, and wellness services at the Medical Center's main campus in Wilson, North Carolina and at other sites within its geographic service area. The Medical Center comprises over 90% of the total assets and operating revenues of the organization. WilMed Generations (skilled nursing care center) and Wilson Medical Center Foundation are also included in these financial statements.

Required Financial Statements

Balance Sheet

The balance sheet reflects the investments in resources (assets) and obligations to creditors (liabilities) on the last day of the fiscal year. The Medical Center's Net Assets reflect the value of the Medical Center's assets less its liabilities. The balance sheet classifies assets and liabilities as current or noncurrent and can be used to evaluate the Medical Center's liquidity and ability to meet its future financial obligations.

Statement of Revenues, Expenses and Changes in Net Assets

The statement of revenues, expenses and changes in net assets reports the revenue the Medical Center generated from providing services to patients and the related expenses required to provide services to patients during the fiscal year ended September 30, 2011.

Statement of Cash Flows

The statement of cash flows reports cash inflows and outflows from operations, financing activities, and investing activities, and their effect on the change in cash and cash equivalents. Additionally, the statement of cash flows reports certain noncash transactions that occurred during the fiscal year.

Analysis of Overall Financial Position and Results of Operations

A summary of the Medical Center's condensed balance sheets (in thousands) as of September 30 is presented below

| | September 30, 2011 | September 30, 2010 |
|---|-------------------------------|-----------------------|
| | (In Thousands) | |
| Assets | | |
| Current assets | \$ 46,713 | \$ 43,854 |
| Capital assets, net | 67,861 | 66,431 |
| Other noncurrent assets | 93,117 | 98,462 |
| Total assets | \$ 207,691 | \$ 208,747 |
| Current Liabilities | \$ 20,887 | \$ 20,552 |
| Long-Term Capital Lease | 5 | 24 |
| Long-Term Debt | 33,465 | 35,764 |
| Total liabilities | 54,357 | 56,340 |
| Net Assets | | |
| Invested in capital assets, net of related debt | 31,107 | 27,499 |
| Restricted by donors | 859 | 1,296 |
| Unrestricted | 121,368 | 123,612 |
| Total net assets | 153,334 | 152,407 |
| Total liabilities and net assets | \$ 207,691 | \$ 208,747 |

Net Assets

Total net assets at September 30, 2011 increased \$0.9 million, or 0.6%. This increase resulted from operating income and capital contributions exceeding non-operating expenses (interest, investment losses, and other losses).

Cash and Investments

Total cash and investments, excluding donor restricted and trustee held funds, in 2011 and 2010 were \$97.8 million and \$105.2 million, respectively. The decrease over 2010 is primarily due to the change in fair value of investments and capital spending during each period.

Net Days' Revenue in Accounts Receivable

Net days' of operating revenue in accounts receivable was 80 at September 30, 2011, as compared to 64 at September 30, 2010, an increase of 25.0%. This increase is a result of many factors including software upgrades, stricter claim edits and payer authorizations, increased payer audits, and staff FMLA absences.

Capital Assets

At September 30, 2011 and 2010, Wilson Medical Center has invested \$67.9 million and \$66.4 million, respectively, in capital assets, net of accumulated depreciation and amortization, as shown below

| | 2011 | 2010 |
|-------------------------------|------------------|-----------|
| Land | \$ 2,417 | \$ 2,417 |
| Land improvements | 4,138 | 4,019 |
| Buildings | 80,685 | 77,675 |
| Equipment | 89,034 | 83,192 |
| Construction in progress | 9,254 | 7,545 |
| | 185,528 | 174,848 |
| Less accumulated depreciation | (117,667) | (108,417) |
| Net capital assets | \$ 67,861 | \$ 66,431 |

Additional information about the changes in capital assets is presented in Note 7 to the financial statements

A summary of the Medical Center's condensed statements of revenues, expenses and changes in net assets (in thousands) at September 30 is presented below

| | 2011 | 2010 |
|--------------------------------------|-------------------|------------|
| | (In Thousands) | |
| Operating revenues | \$ 132,934 | \$ 130,790 |
| Operating expenses | 128,006 | 126,801 |
| Income from operations | 4,928 | 3,989 |
| Interest expense | (2,264) | (2,390) |
| Investment gain (loss), net | (1,357) | 6,217 |
| Nonoperating income (loss) | (944) | (100) |
| Total nonoperating revenue (expense) | (4,565) | 3,727 |
| Excess revenues over (under) expense | 363 | 7,716 |
| Capital contributions | 564 | 1,130 |
| Change in net assets | 927 | 8,846 |
| Net Assets, beginning of year | 152,407 | 143,561 |
| Net Assets, end of year | \$ 153,334 | \$ 152,407 |

Operating Revenues

Operating revenues increased 1.6% in 2011 from 2010. The increase resulted from new wound care service line revenues, an overall price increase, reduced inpatient volumes, and outpatient volumes consistent with 2010 levels.

Operating Expenses

Total operating expenses increased 1 0%% in 2011. The increase resulted from a 0 7% overall increase in salaries and benefits and inflationary increases in supplies expense.

Depreciation and amortization increased 3 5% in 2011 as compared to 2010 due to planned acquisition of capital equipment.

Nonoperating Income

The Medical Center's investment losses for 2011 amounted to \$1 36M as market conditions deteriorated.

Excess Revenues over Expenses

Excess revenues over expenses decreased to \$0 4 million in 2011, representing a \$7 4 million decline over 2010, due to a decline in the net investment gain (loss), net of \$7 6 million.

Cash Flows

A summary of the Medical Center's condensed statements of cash flows (in thousands) at September 30 is presented below.

| | 2011 | 2010 |
|--|----------------|-----------|
| | (In Thousands) | |
| Cash flows from operating activities | \$ 8,612 | \$ 3,380 |
| Cash flows from capital and related financing activities | (15,623) | (11,980) |
| Cash flows from investing activities | (2,338) | (24,553) |
| Net increase (decrease) in cash | (9,349) | (33,153) |
| Cash and cash equivalents - beginning of year | 36,280 | 69,433 |
| Cash and cash equivalents - end of year | \$ 26,931 | \$ 36,280 |

Days' cash on hand decreased 8 1% to 259 days in 2011. Cash flows from operating activities increased by \$5 2 million in 2011 as a result of improved cash collections and increased services. Net "days" of operations revenue in accounts receivable increased to 80 in 2011 from 64 in 2010. Investments in property and equipment in 2011 and 2010 were \$11 0 million and \$8 6 million, respectively.

Debt

The debt service coverage ratio was 1 92 and 3 27 in 2011 and 2010, respectively. Debt decreased from 40 2 million to 37 8 million during the fiscal year. See Note 8.

Budgets

The Medical Center prepares a budget that supports the organization's goals. This budget serves as a guide to management and the Board in evaluating the success of the organization in meeting their financial goals. Revenues and gains in excess of expenses were planned to be at \$7 3 million for the year ended September 30, 2011. Actual excess of revenues over expenses of \$0 4 million resulted from both operating and investment income being less than budgeted.

Future Challenges

The Medical Center will continue to focus on how to best address the challenges facing all health care providers. Downward pressure on government and managed care reimbursement will put additional pressure on net revenue. Shortages of clinical staff will increase wage costs and advances in technology will increase supply and equipment costs. Advances in drug therapy and new technology will continue to require expensive new pharmaceuticals and other items. Increasing demand for capital will continue.

Finance Contact

The Medical Center's financial statements are designed to present users with a general overview of the Hospital's finances and to demonstrate the Medical Center's accountability. If you have any questions about the report or need additional financial information, please contact the Chief Financial Officer, Wilson Medical Center, 1705 Tarboro Street SW, Wilson, NC 27893.

Wilson Medical Center

Balance Sheet - Proprietary Fund
September 30, 2011
(Dollars in Thousands)

Assets

| | |
|--|-------------------|
| Current Assets | |
| Cash and cash equivalents (Note 4) | \$ 9,487 |
| Patient accounts receivable net of allowance for doubtful accounts (Note 5) | 29,148 |
| Other receivables | 2,957 |
| Inventories | 3,950 |
| Prepaid expenses | 1,171 |
| Total current assets | 46,713 |
| Capital Assets, net (Note 7) | 67,861 |
| Noncurrent Cash and Investments (Note 4) | |
| Board designated for capital improvements (Note 2) | 88,316 |
| Held by trustees | 31 |
| Restricted by donors | 543 |
| Total assets limited as to use | 88,890 |
| Other Assets (Note 6) | 4,227 |
| Total assets | \$ 207,691 |

Liabilities and Net Assets

| | |
|---|-------------------|
| Current Liabilities | |
| Trade accounts payable | \$ 7,426 |
| Due to health insurance programs | 3,065 |
| Accrued salaries, wages, and other payroll-related expenses | 4,640 |
| Accrued interest payable | 515 |
| Group health insurance (Note 11) | 772 |
| Other liabilities (Note 11) | 1,185 |
| Current maturities of capital leases | 19 |
| Current maturities of long-term debt (Note 8) | 3,265 |
| Total current liabilities | 20,887 |
| Capital Lease Payable, less current maturities | 5 |
| Long-Term Debt, less current maturities (Note 8) | 33,465 |
| Total long-term liabilities | 33,470 |
| Total liabilities | 54,357 |
| Commitments and Contingencies (Notes 3, 4, 7, 8, 9, 10, and 11) | |
| Net Assets | |
| Invested in capital assets, net of related debt | 31,107 |
| Restricted by donors | 859 |
| Unrestricted (Note 2) | 121,368 |
| Total net assets | 153,334 |
| Total liabilities and net assets | \$ 207,691 |

See Notes to Financial Statements

Wilson Medical Center

Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Fund
Year Ended September 30, 2011
(Dollars in Thousands)

| | |
|--|--------------------------|
| Operating revenues | |
| Net patient service revenue (Note 3) | \$ 129,292 |
| Other operating revenue | 3,642 |
| Total operating revenues | <u>132,934</u> |
| Expenses | |
| Salaries and wages | 57,336 |
| Employee benefits | 12,761 |
| Supplies and other expenses | 48,274 |
| Depreciation and amortization (Note 7) | 9,635 |
| Total expenses | <u>128,006</u> |
| Operating income | <u>4,928</u> |
| Nonoperating revenue (expense) | |
| Interest expense | (2,264) |
| Investment income (loss) (Note 4) | (1,357) |
| Other nonoperating gains (losses) | (944) |
| Total nonoperating revenue (expense) | <u>(4,565)</u> |
| Excess of revenue over expenses | 363 |
| Capital contributions | <u>564</u> |
| Change in net assets | 927 |
| Net assets, beginning of year | <u>152,407</u> |
| Net assets, end of year | <u><u>\$ 153,334</u></u> |

See Notes to Financial Statements

Wilson Medical Center

Statement of Cash Flows - Proprietary Fund
Year Ended September 30, 2011
(Dollars in Thousands)

| | |
|--|-------------------------|
| Cash Flows from Operating Activities | |
| Receipts from and payments on behalf of patients | \$ 120,585 |
| Receipts from other operations | 5,041 |
| Payments to employees for wages and benefits | (71,802) |
| Payments to vendors and suppliers | (45,212) |
| Net cash provided by operating activities | 8,612 |
| Cash Flows from Capital and Related Financing Activities | |
| Purchases of property and equipment | (11,176) |
| Principal repayments on long-term debt | (3,125) |
| Interest related to capital related financing activities | (1,303) |
| Payment of capital lease obligations | (19) |
| Net cash used in capital and related financing activities | (15,623) |
| Cash Flows from Investing Activities | |
| Net purchases of investments | (10,987) |
| Realized investment income | 9,029 |
| Other interest earned | (380) |
| Net cash used in investing activities | (2,338) |
| Net decrease in cash and cash equivalents | (9,349) |
| Cash and cash equivalents, beginning of year | 36,280 |
| Cash and cash equivalents, end of year | <u><u>\$ 26,931</u></u> |
| Reconciliation of Operating Income to Net Cash | |
| Provided By Operating Activities | |
| Income from operations | \$ 4,928 |
| Adjustments to reconcile operating income to net cash | |
| provided by operating activities | |
| Depreciation and amortization | 9,635 |
| Loss on disposal of assets | 106 |
| Provision for bad debts | 6,456 |
| Changes in operating assets and liabilities | |
| Patient accounts receivable and health insurance programs | (13,209) |
| Other receivables | 1,399 |
| Inventories | (348) |
| Prepaid expenses | 223 |
| Accounts payable and other liabilities | 388 |
| Accrued salaries, wages and other payroll-related liabilities | (1,428) |
| Other assets | 462 |
| Net cash provided by operating activities | <u><u>\$ 8,612</u></u> |
| Reconciliation of Cash and Cash Equivalents to the | |
| Balance Sheets | |
| Cash and cash equivalents in current assets | \$ 9,487 |
| Noncurrent cash and cash equivalents | |
| Board designated for capital improvements | 16,870 |
| Held by trustees | 31 |
| Restricted by donors | 543 |
| | <u><u>\$ 26,931</u></u> |

(Continued)

Wilson Medical Center

Statement of Cash Flows - Proprietary Fund (Continued)
Year Ended September 30, 2011
(Dollars in Thousands)

Noncash capital and related financing activities

| | | |
|---|----|-----|
| Amortization of deferred loss on refunding | \$ | 320 |
| Accretion of interest on capital appreciation bonds | \$ | 701 |

See Notes to Financial Statements

Wilson Medical Center

Statement of Fiduciary Net Assets - Fiduciary Fund
September 30, 2011
(Dollars in Thousands)

Assets

| | |
|-------------|------------------|
| Investments | <u>\$ 49,480</u> |
|-------------|------------------|

| | |
|--------------|-------------------------|
| Total Assets | <u><u>\$ 49,480</u></u> |
|--------------|-------------------------|

| | |
|--|-------------------------|
| Net Assets Held in Trust for Pension Benefits | <u><u>\$ 49,480</u></u> |
|--|-------------------------|

See Notes to Financial Statements

Wilson Medical Center

Statement of Changes in Fiduciary Net Assets - Fiduciary Fund
Year Ended September 30, 2011
(Dollars in Thousands)

Additions

| | |
|--|-----------------|
| Employer's contributions | <u>\$ 1,000</u> |
| Investment income | |
| Net appreciation (depreciation) in fair value of investments | (146) |
| Dividends and interest | <u>191</u> |
| | <u>45</u> |
| Total additions | <u>1,045</u> |

Deductions

| | |
|---|------------------|
| Benefits paid to participants | 2,290 |
| Administrative expenses | <u>1</u> |
| Total deductions | <u>2,291</u> |
| Net decrease in net assets | (1,246) |
| Net assets held in trust for pension benefits | |
| Beginning of year | <u>50,726</u> |
| End of year | <u>\$ 49,480</u> |

See Notes to Financial Statements

Wilson Medical Center

Notes to Financial Statements (Dollars in Thousands)

Note 1. Summary of Significant Accounting Policies

Reporting Entity

Wilson Medical Center, Inc. (the "Medical Center") is a charitable organization organized under the nonprofit corporation statutes of the State of North Carolina to provide healthcare to residents of Wilson County and surrounding areas.

The Medical Center is governed by its Board of Directors ("Board"). Directors are appointed by the Wilson County Board of Commissioners. As such, the Medical Center is considered a governmental entity for accounting purposes and it follows accounting principles promulgated by the Governmental Accounting Standards Board (GASB). The Board is the sole member of, and appoints the Board of Directors of, each of the blended component units.

The Medical Center is a not-for-profit corporation and is a legally separate organization from Wilson County. Although the Wilson County Board of Commissioners is responsible for appointing the members of the Board of the Hospital and the Medical Center, Wilson County's accountability for this organization does not extend beyond making these appointments.

The financial statements include the accounts of the Medical Center and its blended component units, WilMed Generations ("Generations") and Wilson Medical Center Foundation (the "Foundation"). These entities provide or fund health care related services for residents of Wilson County and surrounding areas. All significant intercompany balances and transactions have been eliminated in combination.

Prior to October 1, 2010, the Medical Center, Generations and the Foundation were considered to be part of WilMed Healthcare, Inc. (the "Company"). The Company's 2010 financial statements also included the accounts of WilMed Corporate Horizons ("Horizons"), Wilson Medical Office Building I, LLC ("Office"), WilMed Home Care ("Home Care"), and WilMed Imaging Services ("Imaging"). Effective October 1, 2010, the Company legally reorganized its entities. WilMed Generations and Wilson Medical Center Foundation remained separate legal entities, while the Company, Horizons, Office, Home Care, and Imaging were consolidated into the Wilson Medical Center.

The Wilson Medical Center Employees' Retirement Plan ("Plan") comprises the fiduciary fund (pension trust fund) information. The Plan's fiscal year end included herein is September 30, 2011.

Basis of Presentation

The balance sheet, statement of revenues, expenses and changes in net assets and statement of cash flows present information about the Medical Center. These statements include the financial activities of the overall entity, except for the fiduciary activities. The statement of fiduciary fund (pension trust fund) net assets and statement of changes in fiduciary net assets present information about the Wilson Medical Center Employees' Retirement Plan ("Wilson Pension Plan").

The fiduciary fund information is included for the first time in 2011 due to a recent determination that the Medical Center's fiduciary responsibility for the pension trust required such disclosure.

Measurement Basis and Basis of Accounting

The Medical Center uses enterprise fund accounting. Revenues and expenses of all funds are recognized on the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Pursuant to GASB Statement 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting, has elected applicable Financial Accounting Standards Board ("FASB") pronouncements, including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

Wilson Medical Center

Notes to Financial Statements (Dollars in Thousands)

Note 1. Summary of Significant Accounting Policies (Continued)

Use of Estimates

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

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates related to the programs will change by a material amount in the near term.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with a remaining maturity of 90 days or less at the date of purchase.

Investments

All investments, including those of the pension trust fund, are stated at fair value, based on quoted market prices. Interest dividends, and gains and losses, both realized and unrealized, on investments in debt and equity securities are included in nonoperating income when earned.

Inventories

Inventories are stated at the lower of cost, using the first-in, first-out method, or market. Market is considered as replacement cost or net realizable value.

Capital Assets

Capital assets are recorded on the basis of cost. Donated capital assets are recorded at estimated fair value at the date received. The costs of the depreciable assets are depreciated on the straight-line method over their estimated useful lives. Estimated useful lives are 2 to 25 years on land improvements, 5 to 40 years on buildings and improvements and 5 to 25 years on equipment. Expenditures for maintenance, repairs, and minor renewals and betterments are charged to expense as incurred. Renewals and betterments of a major character are capitalized. In the case of retirements or disposals, the assets and related allowances are removed from the accounts. Capital expenditures less than \$2,000 are expensed as incurred. Capital expenditures of \$2,000 or greater are capitalized and depreciated over the useful life of the asset.

Noncurrent Cash and Investments

Noncurrent cash and investments include (1) assets internally designated for future capital improvements, over which the Board retains control and may, at its discretion, subsequently use them for other purposes, (2) assets held by trustees under indenture agreements, and (3) assets restricted by donors.

Wilson Medical Center

Notes to Financial Statements (Dollars in Thousands)

Note 1. Summary of Significant Accounting Policies (Continued)

Other Assets

Bond issuance costs are amortized on a method which approximates the effective interest method over the life of the bonds

Self-Funded Liabilities

The Medical Center is self-insured for employee medical claims and contracts with a third party to administer the program. The Medical Center's losses are limited under the contract by specific and aggregate stop-loss insurance coverage for claims above specified amounts. Provision has been made for estimated unpaid claims outstanding at September 30, 2011.

Net Assets

Net assets of the Medical Center are classified into three components and defined as follows:

- *Net assets invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation, reduced by the current balances of any outstanding borrowings used to finance the purchase, improvement, or construction of those assets.
- *Restricted net assets* include revenues deposited with trustees as required by revenue bond indentures, as well as noncapital net assets that must be used for a particular purpose as specified by its revenue source (donors).
- *Unrestricted net assets* are remaining net assets that do not meet the definition of invested in capital assets, net of related debt or restricted.

Net Patient Service Revenue and Net Patient Receivables

Net patient service revenue and net patient receivables are reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered. Net patient service revenue includes estimated retroactive adjustments under reimbursement agreements with third-party payors. Estimated third-party payor settlements are accrued in the period the related services are rendered and adjusted in future periods, as final settlements are determined and, it is possible that the amounts of final settlements could be materially different than those initially estimated by management.

Operating Revenues and Expenses

The statement of revenues, expenses and changes in net assets distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services while nonexchange revenues received for the purposes other than capital asset acquisition are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

Sales and Income Taxes

The Medical Center, Generations, and the Foundation are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and accordingly, no income taxes have been provided in the accompanying financial statements. In addition, they receive reimbursement from the State of North Carolina for sales taxes paid during the year.

Wilson Medical Center

Notes to Financial Statements (Dollars in Thousands)

Note 1. Summary of Significant Accounting Policies (Continued)

Concentrations of Credit Risk

The Medical Center provides services primarily to the residents of Wilson and surrounding counties without collateral or other proof of ability to pay. Concentrations of credit with respect to patient accounts receivable are limited due to the large number of patients serviced and the formalized agreements with third-party payors. The Medical Center has significant accounts receivable whose collectability or realizability is dependent upon the performance of certain governmental programs, primarily Medicare and North Carolina Medicaid. Management does not believe there are significant credit risks associated with these governmental programs. Self-pay accounts are analyzed for collectability based on the months past due and payment history. Accounts that are determined to be uncollectible are sent to a collection agency and written off at that time. 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.

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

Risk Management

The Medical Center is exposed to various risks of loss from torts, theft of, damage to, and destruction of assets, business interruption, professional liability, errors and omissions, employee injuries and illnesses, and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters; the Medical Center is self-insured for amounts up to a specified level of health and medical coverage for its employees. The estimated liability is the total estimated amount to be paid for all known claims or incidents and a reserve for incurred but not reported claims. No losses have exceeded insurance coverage during the years ended September 30, 2011, 2010 or 2009.

Charity Care

The Medical Center provides, without charge or at amounts less than its established rates, charity care to patients who meet certain criteria under its charity care policy. Because the Medical Center does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenues. Charity care rendered by the Medical Center at established charges totaled approximately \$32,022 for the year ended September 30, 2011.

Fair Value of Financial Instruments

The Medical Center's primary financial instruments are cash and cash equivalents, investments and long-term debt. The fair values of these instruments are based on market quotations for similar instruments and present value calculations using market interest rates. Based on the Medical Center's calculation of fair value, the Medical Center believes there is no material difference in the carrying value and fair value of these instruments.

Wilson Medical Center

Notes to Financial Statements (Dollars in Thousands)

Note 1. Summary of Significant Accounting Policies (Continued)

Investment Risks and Uncertainties

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 be material.

Pension Plan

The Medical Center maintains a single-employer defined benefit pension plan covering substantially all of its employees. The Medical Center recognizes pension expense under a systematic approach whereby the measurement of the pension expense for an accounting period is similar to the employer's calculated required contributions for that period, in accordance with an established and actuarially sound funding policy.

Subsequent events: The Medical Center has evaluated its subsequent events (events occurring after September 30, 2011) through December 12, 2011, which represents the date the financial statements were available to be issued.

Note 2. Designated Net Assets

Of the \$121,368 of unrestricted net assets at September 30, 2011, the Board of Directors has designated \$88,316 for capital improvements at September 30, 2011. Designated funds remain under the control of the Board of Directors, which may at its discretion later use the funds for other purposes. Designated funds are reflected in noncurrent cash and investments.

Note 3. Net Patient Service Revenue

The Medical Center has agreements with third-party payors that provide for payments to the Medical Center at amounts different from its established rates.

The Medical Center renders services to patients under contractual arrangements with the Medicare and North Carolina Medicaid programs which provide for payments based on either predetermined rates or the costs of services, which are generally less than the Medical Center's customary charges. A provision is deducted each year from the gross patient service revenues to reflect net patient service revenues earned under the Medicare and Medicaid programs. Final determination of amounts earned is computed using annual reports submitted by the Medical Center that are subject to review and adjustment by the program intermediaries. Changes resulting from final determination are reflected as changes in estimates, in the year of determination. In the opinion of management, adequate provision has been made for adjustments, if any, that may result from such reviews. The Medical Center's cost reports have been audited by the Medicare and Medicaid fiscal intermediaries through September 30, 2006.

Because the Medical Center services a disproportionate share of low income patients with special needs, it has historically received additional Medicaid reimbursement payments under the State of North Carolina's "Medicaid Reimbursement Initiative" (the "MRI Program"). The Medical Center received approximately \$1,668 of these funds during the year ended September 30, 2011 and recognized in net patient revenue approximately \$1,668 during the year ended September 30, 2011. During 2010, the State of North Carolina provided additional information related to the operation of the Program. With this new information, the Medical Center updated its revenue recognition policy related to the Program and now recognizes all funds from the MRI Program as net patient service revenue when received.

Wilson Medical Center

Notes to Financial Statements (Dollars in Thousands)

Note 3. Net Patient Service Revenue (Continued)

In addition, proposed regulations by the Centers for Medicare and Medicaid Services ("CMS") published in the Federal Register could have resulted in the elimination of the Program effective September 1, 2007, however, Congress approved in 2009 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.

During 2011, the State of North Carolina enacted legislation (the "Gap Assessment Program") intended to implement a program in which hospitals pay an assessment designed to increase Medicaid support to the state such that the State can supplement existing Medicaid and disproportionate share payments under the current MRI Program. The State must have its Medicaid Plan Amendment related to this legislation approved by CMS before the Gap Assessment Program can proceed. To date, that approval is still pending. As of September 30, 2011, the Medical Center has not recorded any liability for assessments that may be levied, nor any receivable for payments that may be received, if the Gap Assessment Program is approved.

Recovery Audit Contractor Audits

In 2005, the CMS announced a new demonstration project using recovery audit contractors ("RAC"s) as a part of CMS' further efforts to assure accurate payments. The project uses the RACs to search for potentially improper Medicare payments that may have been made to health care providers and that were not detected through existing CMS program integrity efforts.

The five-state pilot project concluded in March 2008 with a nationwide rollout in phases that began in 2009. The Medical Center has experience with the RAC auditors who have made requests for a total of 554 records, resulting in the identification of approximately \$329 of overpayments identified. The Medical Center expects an increase in volume of claims reviewed as well as a shift to areas of higher potential exposure. The Medical Center has recorded an estimated reserve for estimated assessments under future RAC audits of approximately \$542.

For the year ended September 30, 2011, net patient revenue increased approximately \$1,000 as a result of changes in various estimated 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 program participation requirements, reimbursement for patient services and Medicare and Medicaid fraud and abuse. Recently, government activity has increased nationally with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and 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.

Wilson Medical Center

Notes to Financial Statements (Dollars in Thousands)

Note 3. Net Patient Service Revenue (Continued)

Net patient services revenues for the year ended September 30, 2011 are as follows (in thousands)

| | |
|--|-------------------|
| Gross patient service revenue | \$ 412,246 |
| Contractual, bad debt and charity care adjustments | |
| Medicare allowances | 140,324 |
| Medicaid allowances | 50,133 |
| Provision for bad debts | 6,456 |
| Charity care | 32,022 |
| Other contractual adjustments | 54,019 |
| | 282,954 |
| Net patient service revenue | \$ 129,292 |

Note 4. Deposits and Investments

Cash, cash equivalents and investments at September 30 are set forth in the following table

| | |
|---|------------------|
| Cash on hand | \$ 6 |
| Deposit accounts | 12,383 |
| Certificates of deposit | 6,501 |
| Other cash and cash equivalents | 638 |
| North Carolina Capital Management Trust (NCCMT) | 7,403 |
| Equity securities | 51,254 |
| Fixed income securities | 19,943 |
| Fixed income bond funds | 249 |
| | \$ 98,377 |

Cash, cash equivalents and investments of the Medical Center as of September 30, 2011 are carried on the balance sheet in the following captions

| | |
|---------------------------------|------------------|
| Current Assets | |
| Cash and cash equivalents | \$ 9,487 |
| Noncurrent Cash and Investments | |
| Board designated | 88,316 |
| Held by trustee | 31 |
| Restricted by donors | 543 |
| | \$ 98,377 |

Wilson Medical Center

Notes to Financial Statements (Dollars in Thousands)

Note 4. Deposits and Investments (Continued)

Bank Deposits

Bank deposits are held in several financial institutions. There are no specific statutes that govern the Medical Center's deposits. As of September 30, 2011, those financial institutions are each insured by the Federal Deposit Insurance Corporation ("FDIC") for unlimited amounts deposited in non-interest bearing accounts and for deposits up to \$250 in interest-bearing accounts. At times, the carrying amount of bank deposits, including amounts classified as cash and cash equivalents, exceeded FDIC coverage amounts and were uninsured and uncollateralized, however, management believes the risk of loss is not considered significant. The Medical Center had the following deposit accounts as of September 30, 2011, of which \$9,313 is not covered by FDIC insurance.

| | Carrying Value | Bank Value |
|--|------------------|------------------|
| Interest Bearing Deposit Accounts and Other Deposits | \$ 16,675 | \$ 16,718 |
| Non-interest Bearing Deposit Accounts | 2,847 | 4,300 |
| | <u>\$ 19,522</u> | <u>\$ 21,018</u> |

Investments

The Medical Center's noncurrent cash and investments are categorized to give an indication of the level of risk assumed by the Medical Center. All of the Medical Center's investments and assets limited as to use are presented below and include investments that are insured or registered or for which the securities are held by the Medical Center or its agent in the Medical Center's name.

Investment income (loss) for the year ended September 30 is set forth in the following table (in thousands):

| | |
|--|-------------------|
| Realized gains, interest and dividends (includes unrealized gains and losses from earlier years) | \$ 9,029 |
| Unrealized gains (losses), net | (10,386) |
| | <u>\$ (1,357)</u> |

Interest Rate Risk The Medical Center does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. See weighted average maturity (in years) in table under Credit Risk.

Wilson Medical Center

Notes to Financial Statements (Dollars in Thousands)

Note 4. Deposits and Investments (Continued)

Credit Risk The Medical Center's policy allows it to invest in U S Treasury Obligations, high quality corporate debt, commercial paper and common stock funds that will provide a reasonable return at an accepted level of risk. The Medical Center's investments in the NCCMT Cash Portfolio carried a rating of AAAm by Standard & Poor's ("S&P") as of September 30, 2011. Investments in fixed income securities carried the following S&P ratings as of September 30, 2011:

| Rating | Market Value | Concentration | Weighted Average Maturity (in years) |
|-----------|------------------|---------------|--------------------------------------|
| AAA | \$ 486 | 2.4% | 7.04 |
| AA+ | 2,182 | 10.9% | 4.45 |
| AA | 961 | 4.8% | 15.44 |
| AA- | 457 | 2.3% | 1.20 |
| A | 636 | 3.2% | 12.55 |
| A+ | 1,917 | 9.6% | 1.94 |
| A- | 1,314 | 6.6% | 9.51 |
| BBB+ | 657 | 3.3% | 4.76 |
| BBB | 1,048 | 5.3% | 5.90 |
| Below BBB | 743 | 3.7% | 7.33 |
| Unrated | 9,542 | 47.9% | 18.59 |
| Total | <u>\$ 19,943</u> | <u>100.0%</u> | |

Concentration of Credit Risk The Medical Center places no limit on the amount it may invest in any one issuer. At times, the Medical Center investments in any one issuer may exceed five percent of total investments. The Medical Center believes these issuers are high quality institutions and the risk of loss is not considered significant. As of September 30, 2011, there were no investments in any one issuer that accounted for more than five percent of total investments.

Pension Trust Investments

The Plan's investments consist of the following as of September 30, 2011:

Mutual Funds

| | |
|---|----------|
| American Century Inflation Adjusted Treasury Adv Fund | \$ 3,468 |
| MFS Blended Research Core Equity R4 | 2,444 |
| MFS Value A Fund | 2,449 |
| Oppenheimer Developing Markets A Fund | 1,480 |
| Wells Fargo Advantage Growth I Fund | 2,520 |

Pooled Separate Accounts

| | |
|--|--------|
| Principal Global Small Cap Stock Index | 2,963 |
| Principal Global Mid Cap Stock Index | 2,998 |
| Principal Global Large Cap Stock Index | 8,641 |
| Principal Global Diversified International | 4,116 |
| Principal Global Real Estate Secs | 1,544 |
| Principal Global Bond and Mtg | 10,039 |
| Pimco Core Plus Bond I SA-12 | 5,407 |

Money Market

| | |
|--|------------------|
| Principal Global Investors Money Market Fund | 1,411 |
| | <u>\$ 49,480</u> |

Wilson Medical Center

Notes to Financial Statements (Dollars in Thousands)

Note 4. Deposits and Investments (Continued)

The Plan is subject to State Statutes governing investments of pension plans, which generally provides for any type of investment subject to the "prudent person rule"

Interest Rate Risk The Plan does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. The Plan may invest in interest generating investments, such as bonds, long-term and short-term funds, money market and treasury bills. The percentage for each type of investment type may vary depending upon market conditions. See weighted average maturity (in years) in table under Credit Risk.

Credit Risk Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Plan's investment policy monitors the Plan's investments against peer group performance. Investments in fixed income securities carried the following S&P ratings as of September 30, 2011:

| Rating | American Century Inflation Adjusted Treasury Adv Fund % Bonds | Principal Global Bond and Mtg % Bonds | Pimco Core Plus Bond I SA-12 % Bonds | Principal Global Investors Money Market Fund % Bonds |
|--|--|--|--|---|
| AAA | 93.04% | 49.69% | 61.21% | |
| AA | 1.31% | 4.80% | 9.38% | |
| A | 2.82% | 13.96% | 10.37% | |
| BBB | 2.48% | 17.33% | 11.50% | |
| BB | 0.23% | 7.25% | 3.37% | |
| B | 0.12% | 5.48% | 2.87% | |
| Below B | 0.00% | 1.49% | 1.30% | |
| A1+ | | | | 31.00% |
| A1 | | | | 66.00% |
| A2 | | | | 3.00% |
| Fund as percentage of total plan assets | 7.01% | 20.29% | 10.93% | 2.85% |
| Weighted Average Maturity | 9.03 years | 7.01 years | 7.88 years | 43 days |

Custodial Credit Risk Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments and other assets that are in possession of an outside third party. The Plan's investments are registered in the name of and held by the Delaware Charter Guarantee & Trust Company doing business as Principal Trust Company and identified in Principal Trust Company's records as belonging to the Plan.

Concentration of Credit Risk Concentration of credit risk is the risk of loss attributed to the magnitude of a Plan's investment in a single issuer. The Plan's investment policy targets a strategic asset class allocation.

Due to the level of risks associated with investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and those such changes could materially affect the amounts reported in the statement of fiduciary net assets.

Wilson Medical Center

Notes to Financial Statements (Dollars in Thousands)

Note 5. Accounts Receivable

The Medical Center provides services to the residents of Wilson and surrounding counties without collateral. An allowance for uncollectible accounts is provided in an amount equal to the estimated losses to be incurred in collection of the receivables. The allowance is based on historical collection experiences and a review of the current status of the existing receivables. The mix of receivables from patients and third-party payors at September 30 is as follows (in thousands):

| | |
|--------------------------------------|------------------|
| Receivable from patients | \$ 25,060 |
| Receivable from third-party payors | 11,235 |
| Receivable from Medicare | 6,796 |
| Receivable from Medicaid | 3,718 |
| Total patient accounts receivable | <u>46,809</u> |
| Less allowance for doubtful accounts | <u>(17,661)</u> |
| Patient accounts receivable, net | <u>\$ 29,148</u> |

Note 6. Other Assets

Other assets at September 30 consist of the following (in thousands):

| | |
|--|-----------------|
| Prepaid pension asset (Note 9) | \$ 3,374 |
| Deferred financing costs, net of accumulated amortization of \$478 | 317 |
| Other | 536 |
| Total other assets | <u>\$ 4,227</u> |

Note 7. Capital Assets

Effective October 8, 1986, Wilson County transferred to Wilson Medical Center the title to County-owned property and equipment. In consideration thereof, Wilson Medical Center agreed to certain covenants. Should the Medical Center fail to meet these covenants, the transferred properties may revert back to Wilson County.

Capital asset additions, retirement, transfers, and balances for the year ended September 30 are as follows (in thousands):

| | September 30, 2010 | Transfers/ Additions | Transfers/ Retirements | September 30, 2011 |
|---------------------------------|-----------------------|-------------------------|---------------------------|-----------------------|
| Property and equipment | | | | |
| Land | \$ 2,417 | \$ - | \$ - | \$ 2,417 |
| Land improvements | 4,019 | 119 | - | 4,138 |
| Buildings | 77,675 | 3,050 | (40) | 80,685 |
| Equipment | 83,192 | 6,298 | (456) | 89,034 |
| Construction in progress | 7,545 | 2,624 | (915) | 9,254 |
| Total | <u>174,848</u> | <u>12,091</u> | <u>(1,411)</u> | <u>185,528</u> |
| Accumulated depreciation | | | | |
| Land improvements | (2,885) | (242) | - | (3,127) |
| Buildings | (44,783) | (2,758) | 39 | (47,502) |
| Equipment | (60,749) | (6,641) | 352 | (67,038) |
| Total | <u>(108,417)</u> | <u>(9,641)</u> | <u>391</u> | <u>(117,667)</u> |
| Property and equipment, net | <u>\$ 66,431</u> | | | <u>\$ 67,861</u> |

Wilson Medical Center

Notes to Financial Statements (Dollars in Thousands)

Note 8. Long-Term Debt

A summary of long-term debt at September 30 is as follows (in thousands)

| | |
|---|-------------------------|
| Capital appreciation serial bonds, maturing November 1, 2012, through November 1, 2016 (with yield to maturity of 5 6% to 5 7%) (1997 series bonds) | \$ 12,970 |
| Current interest serial bonds, maturing through November 1, 2027, with interest rates ranging from 4 125% to 5 25% (2007 series bonds) | 24,840 |
| | <u>37,810</u> |
| Plus unamortized bond premium, net | 411 |
| Less deferred loss on refunding | (1,491) |
| Less current maturities | (3,265) |
| | <u><u>\$ 33,465</u></u> |

Changes in long-term debt during the year ended September 30 were as follows (in thousands)

| | September 30, 2010 | Additions | Reductions/ Transfers | September 30, 2011 | Current Portion |
|--|-----------------------|---------------|--------------------------|-----------------------|--------------------|
| Revenue bonds | \$ 40,234 | \$ 701 | \$ (3,125) | \$ 37,810 | \$ 3,265 |
| Less unamortized premium and deferred loss on refunding | (1,345) | - | 265 | (1,080) | - |
| Total noncurrent liabilities | <u>\$ 38,889</u> | <u>\$ 701</u> | <u>\$ (2,860)</u> | <u>\$ 36,730</u> | <u>\$ 3,265</u> |

During 2007, the Company, the Medical Center, Home Care and Generations (the "Obligated Group"), through the North Carolina Medical Care Commission, issued \$33,825 of Hospital Revenue Bonds (the "2007 Bonds") dated August 1, 2007. The Medical Center used the proceeds from the sale of the bonds to refund a portion of the Series 1997 bonds maturing on November 1, 2008 through 2011, inclusive, 2018 and 2020 (the "Refunded Bonds"), to pay the cost of acquisition and installation of certain hospital equipment to be used by the corporation, and to pay certain expenses incurred in connection with the issuance of the Series 2007 bonds. The difference between the bonds' fixed rates and current market rates resulted in a \$692 difference between the face amount of the bonds and the selling price of the bonds. The difference, reported in the accompanying financial statements as bond premium, is being recognized as a reduction in interest expense over the remaining life of the original bonds. The unamortized bond premium was approximately \$411 at September 30, 2011. The Medical Center completed the advance refunding to reduce its total debt service payments over the next 12 years by approximately \$938 and to obtain an economic gain (difference between the present value of the old and new debt service payments) of approximately \$178.

Wilson Medical Center

Notes to Financial Statements (Dollars in Thousands)

Note 8. Long-Term Debt (Continued)

During 1997, the Company, the Medical Center, Home Care and Generations (the "Obligated Group"), through the North Carolina Medical Care Commission, issued \$50,953 of Hospital Revenue Bonds (the "1997 Bonds") dated February 1, 1997 with the executed contract of purchases dated March 5, 1997. The Medical Center used the proceeds from the sale of the bonds to advance refund all of the 1990 Series Bonds, including unamortized bond discounts and issuance costs, to pay the premium for the Municipal Bond Insurance Policy issued in connection with the bonds, and to pay expenses incurred in connection with the issuance of the bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$5,736. This difference, a deferred loss reported in the accompanying financial statements as a deduction from bonds payable, is being amortized as additional interest expense over the remaining life of the original bonds. The remaining net deferred advanced refunding loss was approximately \$1,491 at September 30, 2011. The Medical Center completed the advance refunding to reduce its total debt service payments over the next 21 years by approximately \$12,000 and to obtain an economic gain (difference between the present value of the old and new debt service payments) of approximately \$1,790.

Under the terms of the bond indenture, the Obligated Group is required to comply with certain restrictive covenants, including the maintenance of specified debt service ratios, the limitation on incidence of additional debt, the limitation on liens, and the limitation on transfer of assets.

The Obligated Group has pledged and granted a collateralized interest in the accounts receivable and proceeds thereof as security for the payment of the amounts due under the bond obligation.

The maturities of long-term debt, including interest, at September 30, 2011 are as follows (in thousands):

| Year Ending September 30, | Principal | Interest | Total Debt Service |
|---------------------------|------------------|------------------|--------------------|
| 2012 | \$ 3,265 | \$ 1,084 | \$ 4,349 |
| 2013 | 1,652 | 1,056 | 2,708 |
| 2014 | 3,358 | 1,041 | 4,399 |
| 2015 | 3,388 | 1,024 | 4,412 |
| 2016 | 3,395 | 1,007 | 4,402 |
| 2017 - 2021 | 18,330 | 5,454 | 23,784 |
| 2022 - 2026 | 3,005 | 675 | 3,680 |
| 2027 - 2028 | 1,417 | 43 | 1,460 |
| | <u>\$ 37,810</u> | <u>\$ 11,384</u> | <u>\$ 49,194</u> |

Note 9. Pension Plan

The Medical Center sponsors and has fiduciary responsibility for the Plan.

General

The Plan is a non-contributory defined benefit pension plan established October 1, 1967. The Plan was amended and restated throughout the years to comply with tax legislation, most recently restated October 1, 2007, and most recently amended effective October 1, 2010. This amendment also changed the name of the Plan from WilMed Healthcare Employees' Retirement Plan effective October 1, 2010.

Wilson Medical Center

Notes to Financial Statements (Dollars in Thousands)

Note 9. Pension Plan (Continued)

The Plan covers substantially all employees of the Medical Center and its affiliated employers. Employees become participants on April 1 or October 1 following completion of one year of employment and 1,000 hours of service and attaining age 21. The Plan excludes non-resident aliens with no U.S. source income. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Effective April 1, 2009, certain participants' benefits are provided through cash balance benefits. Active participants as of March 31, 2009, whose age plus years of service as of September 30, 2009, is 60 or more are considered "grandfathered" participants and will continue to accrue benefits as described below in "Pension Benefits." Active participants as of March 31, 2009, whose age plus years of service as of September 30, 2009, is less than 60 are considered "non-grandfathered" participants, and any employee who enters the Plan on or after April 1, 2009, will accrue cash balance benefits as described in the following paragraph.

An opening cash balance was calculated by the Plan's actuary for every "non-grandfathered" participant who was an active participant on March 31, 2009, based on the actuarially equivalent present value of benefits accrued through September 30, 2008, under the "grandfathered" method. Thereafter, the "non-grandfathered" participant's cash balance will be annually increased with contribution credits ranging from 3% to 4% of compensation depending on years of service and interest credits.

Pension Benefits

Participants with three or more years of vesting service at normal retirement age (65), are entitled to monthly benefits equal to 1% of the participant's highest annual average compensation during any five consecutive calendar years within the calendar years immediately prior to their normal retirement date (final average compensation) multiplied by their years of credited service, plus 0.65% of their final average compensation in excess of the applicable Social Security covered compensation in effect for the Plan year multiplied by their years of credited service (subject to a maximum of 35 Years). The minimum normal retirement benefit is \$50 per month. Early retirement is allowed at ages 55 – 64 for those participants who have completed 15 years of service. Early retirement benefits are reduced by certain percentages for each year retirement age is under normal retirement age. If employees terminate before rendering three years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to the Hospital's contribution unless termination is due to normal retirement, death, or disability.

Employees may elect to receive the value of their accumulated plan benefits as described in the Plan's separate stand-alone financial report.

Death and Disability Benefits

In the event of the death of a vested participant prior to the date of receiving a monthly pension benefit under the Plan, the participant's surviving spouse or beneficiary will be entitled to receive a monthly pension benefit as specified in the Plan.

A participant will be eligible for disability retirement benefit, as specified in the Plan, if they are eligible for disability benefits under any Hospital-sponsored disability income plan or are otherwise considered totally and permanently disabled as determined by either (1) a licensed Physician chosen by the Retirement committee of the Plan, or (2) the Social Security Administration.

Payment of Benefits

The Plan allows for mandatory cash-out for terminated participants. If the actuarial equivalent of the accrued benefit is \$1 or less, it will be automatically distributed without the participant's consent.

Wilson Medical Center

Notes to Financial Statements (Dollars in Thousands)

Note 9. Pension Plan (Continued)

Vesting

Vesting is based on years of continuous service. Effective April 1, 2009, a participant is 100% vested after three years of credited service. There is no vesting for less than three years of service. Prior to April 1, 2009, a participant was 100% vested after five years of credited service.

Contributions

The Medical Center is required to make contributions to the Plan to meet the minimum funding requirements established by the Employee Retirement Income Security Act of 1974 ("ERISA"). Generally, the Pension Benefit Guaranty Corporation reserves the right to terminate the Plan if the Medical Center fails to meet the minimum funding standards, or is unable to pay benefits when due. The Medical Center's employees are not required to contribute to the Plan. The Medical Center's funding policy is based upon actuarially calculated amounts to fund normal pension costs and any unfunded accrued liability.

The annual required contribution was computed as a part of an actuarial valuation performed as of October 1, 2010 using the Projected Unit Credit cost method using an open amortization period of 20 years. Significant actuarial assumptions used in the valuation include the following:

| | |
|-------------------------------|---------|
| Discount rate | 8% |
| Rate of return on Plan assets | 8% |
| Projected salary increases | 4% - 6% |

The Actuarial Value of Assets is determined as the average of the Market Value of Assets as of the current Valuation Date and the Adjusted Market Value of Assets for the prior two years, based on the Market Value of Assets as of the prior two Valuation Dates. The adjustment to the prior year's Market Value of Assets reflects intervening cash flows (including employer contributions, benefit payments, and administrative expenses) and an expected return on assets from the prior Valuation Date to the current Valuation Date. The expected return on assets is limited to a rate no higher than the 3rd segment of the IRS prescribed segmented yield curve rates. The Actuarial Value of Assets is limited to an amount that does not differ from the Market Value of Assets as of the Valuation Date by more than 10%.

The annual pension cost and net pension asset as of and for the year ended September 30, 2011 are as follows:

| | |
|--|--------------------------|
| Annual required contribution | \$ 1,452 |
| Interest on net pension obligation | (313) |
| Adjustment to annual required contribution | 400 |
| Annual pension cost | <u>1,539</u> |
| Contributions made | <u>(1,000)</u> |
| Decrease in prepaid pension asset | 539 |
| Prepaid pension asset, beginning of year | <u>(3,913)</u> |
| Prepaid pension asset, end of year | <u><u>\$ (3,374)</u></u> |

Wilson Medical Center

Notes to Financial Statements (Dollars in Thousands)

Note 9. Pension Plan (Continued)

Three-year trend information

| | Annual Pension Cost ("APC") | Percent of APC Contributed | Pension Obligation (Prepaid) |
|------|-----------------------------------|----------------------------------|------------------------------------|
| 2011 | \$ 1,539 | 65% | \$ (3,374) |
| 2010 | 1,630 | 15% | (3,913) |
| 2009 | 1,698 | 107% | (5,293) |

As of October 1, 2010, the most recent actuarial date, the Plan was 100% funded. The actual accrued liability for benefits was \$50,742 and the actuarial value of plan assets was \$50,726, resulting in an unfunded actuarial liability of \$16. The covered payroll was \$42,301 and the ratio of the unfunded actuarial accrued liability as a percent of covered payroll was 0%.

Funding Policy

The Medical Center's funding policy is to make quarterly contributions to the Plan in amounts estimated to be sufficient to provide the Plan with assets with which to pay pension benefits to the Plan's participants. The Contributions requirements are determined annually by the Plan's actuary as of October 1 of the Plan Year.

Significant Accounting Policies of the Wilson Pension Plan

The Wilson Pension Plan prepares its financial statements on the accrual basis of accounting, accordance with accounting principles generally accepted in the United States of America. Benefit payments to participants are recorded upon distributions. Certain administrative expenses of the Plan are paid by the Medical Center. Investments are recorded at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments in mutual funds are valued at the net asset value (NAV) of the shares held by the Plan at year-end. Investment in the pooled separate accounts are valued using the NAV of units, which are based on observable market prices for the underlying assets, held by the Plan at year-end. The Plan's year-end is September 30.

The Plan issues a separate, stand-alone financial report that can be obtained by contacting the offices of the Chief Financial Officer, Wilson Medical Center, 1705 Tarboro Street SW, Wilson, NC 27893. The Plan was created by act of the Trustees of Wilson Medical Center, who have the authority to amend or terminate the plan.

The schedule of funding progress, presented as Required Supplementary Information following the Notes to 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.

Supplemental Retirement Plans

The Medical Center offers members of the executive team a retirement plan created in accordance with the Internal Revenue Code, Section 457(b). The Medical Center is not required to match employee contributions or make employer contributions to the plan. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in the Medical Center's financial statements.

In addition, the Medical Center offers supplemental retirement plans under IRC Section 457(f) to members of the executive team. The Medical Center has recorded a liability of approximately \$320 as of September 30, 2011 in accordance with the provisions of these plans.

Wilson Medical Center

Notes to Financial Statements (Dollars in Thousands)

Note 10. Defined Contribution Retirement Plan

The Medical Center has a salary deferral plan under Section 403(b) of the Internal Revenue Code ("Code") for all employees. The plan allows all employees to defer a portion of their salary up to the maximum amount allowed by the Code. The Medical Center matches 50% of participants' contributions up to 4% of their annual salary. Employer contributions totaled \$803 and employee contributions totaled \$2,980 to the plan for the year ended September 30, 2011.

Note 11. Commitments and Contingencies

Professional Malpractice Liability Insurance

The Medical Center transfers risks of malpractice losses to an insurance company under a "claims-made" policy. There are two levels of coverage, the first (professional liability) level of coverage includes a limit of \$1,000 per claim and \$3,000 in the aggregate. The second (excess liability) level of coverage is limited to \$8,000 per claim and in the aggregate. The Medical Center has a \$75 per claim deductible up to \$300 in the aggregate per year. Losses from asserted claims and from unasserted claims identified under the Medical Center'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 the Medical Center's past experience, as well as other considerations including the nature of each claim or incident and relevant trend factors. The Medical Center has outstanding claims with respect to malpractice liability, which have been incurred in the ordinary course of business. The outstanding claims are in various stages of discovery for which an estimate of the potential liability has been recorded. Management does not believe these claims will have a material adverse effect on the future financial position of the Medical Center. As of September 30, 2011, the Medical Center had accrued a liability of approximately \$801 for estimated premiums and liabilities related to this program, which is included in Other Liabilities.

Self-Insurance Liabilities

The Medical Center is self-insured for group health and dental insurance. A stop-loss policy with an insurance company provides coverage for hospitalization claims in excess of \$103 for each individual claim and \$1,000 in aggregate as of September 30, 2011. The Medical Center provides coverage for dental claims up to \$1 per participant for each calendar year. It is management's opinion that the outstanding exposure on asserted unpaid and incurred but not reported claims as of September 30, 2011 has been provided for in the accompanying financial statements, and that additional liability for such claims, if any, will not have a material adverse effect on the Medical Center's financial statements.

Following is a reconciliation of changes in the Medical Center's recorded liability for group health insurance:

| | Years Ended September 30, | |
|-----------------------|---------------------------|----------|
| | 2011 | 2010 |
| Beginning liability | \$ 1,625 | \$ 1,575 |
| Provisions for claims | 7,757 | 8,158 |
| Payments for claims | (7,457) | (7,226) |
| Administrative fees | (1,151) | (882) |
| Ending liability | \$ 772 | \$ 1,625 |

Wilson Medical Center

Notes to Financial Statements (Dollars in Thousands)

Note 11. Commitments and Contingencies (Continued)

Workers' Compensation Liabilities

The Medical Center is insured for workers compensation claims through a commercial insurance company, and accordingly, the Medical Center has not recorded a liability for workers' compensation claims. In 2003, the Medical Center's former insurance carrier for workers compensation insurance was placed into liquidation and unable to pay certain claims against the Medical Center. As a result, the Medical Center became exposed to potential liabilities for workers compensation claims incurred prior to September 30, 2001. Two such claims remain unsettled, and the Medical Center has accrued an estimated liability of approximately \$1,038 as of September 30, 2011 related to its estimated uninsured liability for these claims, which is included in Trade Accounts Payable.

Durable Medical Equipment Billing

During 2005, Horizons conducted an internal review into possible billing errors to the Medicare and Medicaid Programs (the "Programs"). In connection with this review, Horizons, with the assistance of legal counsel, estimated their potential repayment, including interest, to be approximately \$2,800. This amount represents 1.5 times the minimum amount estimated by Horizons and is management's best estimate, given the information currently available, of the ultimate final settlement.

Horizons sold its inventory, equipment and leasehold improvements to an unrelated third party and ceased operations in 2006. Horizons used the sale proceeds, along with its remaining cash on hand, to make a \$1,407 payment to the Programs to settle this issue. Horizons has received notification from the Medicaid Program that the payment made by Horizons has satisfactorily resolved the issue. It is uncertain if the Medicare Program will accept Horizons' payment as final settlement, or if they will perform their review. At September 30, 2010, Horizons determined their remaining risk for future required payments was remote, and accordingly, released the remaining \$960 accrual to net patient service revenues as an adjustment to contractual allowances. As of September 30, 2011, the Medical Center has not accrued for any liability in this matter.

Litigation

Claims have been asserted against the Medical Center in the ordinary course of business and are in various stages of litigation. In the opinion of management, these actions can be successfully defended or resolved without material adverse effect on the financial position of the Medical Center.

Health Care Legislation and Regulation

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 program participation requirements, reimbursement for patient services and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violation of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

Management believes that the Hospital is in substantial compliance with fraud and abuse as well as other applicable government laws and regulations. While no regulatory inquiries have been made, compliance with such laws and regulations is subject to government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

Wilson Medical Center

Notes to Financial Statements (Dollars in Thousands)

Note 11. Commitments and Contingencies (Continued)

Lease Obligations and Service Agreements

The Hospital leases office facilities and equipment under operating leases and has various service and maintenance agreements which expire at various times through 2017. Total rent expense for the year ended September 31, 2011 was \$3,552. Future minimum lease payments at September 31, 2011 are as follows:

| Year Ending September 30, | Amount |
|---------------------------|------------------------|
| 2012 | \$ 862 |
| 2013 | 583 |
| 2014 | 453 |
| 2015 | 370 |
| 2016 | 104 |
| Thereafter | 4 |
| | <u><u>\$ 2,376</u></u> |

Construction Contracts

The Medical Center has entered a contract with a general contractor to make improvements to the central energy plant. The project is anticipated to take place in two phases. Phase one is anticipated to cost approximately \$2,427. Phase two is still being negotiated but is expected to cost approximately \$4,187.

Note 12. Pending Accounting Pronouncements

The Governmental Accounting Standards Board ("GASB") has issued several pronouncements prior to September 30, 2011 that have effective dates that may impact future financial presentations.

In November 2010, GASB issued GASB Statement No. 61, "The Financial Reporting Entity Omnibus – an amendment of GASB Statements No. 14 and No. 34." The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012, with earlier application encouraged. Management does not expect the implementation of the Statement to have a significant impact on the financial statements.

In December 2010, GASB issued GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance included in pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011, with earlier application encouraged. The provisions of this Statement are required to be applied retroactively for all periods presented. Management does not expect the implementation of the Statement to have a significant impact on the financial statements.

Wilson Medical Center

Notes to Financial Statements
(Dollars in Thousands)

Note 12. Pending Accounting Pronouncements

In June 2011, GASB issued GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011, with earlier application encouraged. Management does not expect the implementation of the Statement to have a significant impact on the financial statements.

In June 2011, GASB issued GASB Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53." The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2011, with earlier application encouraged. Management does not expect the implementation of the Statement to have a significant impact on the financial statements.

Wilson Medical Center

Required Supplementary Information - Schedule of Funding Progress (Unaudited)
Year Ended September 30, 2011

| Actuarial Valuation Date | Plan Assets at Fair Value (a) | Actuarial Accrued Liability * (b) | Unfunded Actuarial Accrual Liability (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | Unfunded AAL as Percent of Covered Payroll ((b-a) /c) |
|--------------------------------|--|--|--|--------------------------|---------------------------|--|
| 10/01/08 | \$ 47,184,173 | \$ 46,505,750 | \$ (678,423) | 101% | \$ 44,712,984 | -2% |
| 10/01/09 | 47,238,675 | 48,128,459 | 889,784 | 98% | 40,553,016 | 2% |
| 10/01/10 | 50,726,427 | 50,742,378 | 15,951 | 100% | 42,300,552 | 0% |

* Determined using the Projected Unit Credit Actuarial Cost Method

Wilson Medical Center

Combining Balance Sheet

September 30, 2011

(Dollars in Thousands)

| Assets | Combined | Eliminations | Wilson Medical Center | WilMed Generations | WilMed Healthcare Foundation |
|-----------------------------------|-------------------|---------------------|--------------------------------------|-------------------------------|---|
| Current Assets | | | | | |
| Cash and cash equivalents | \$ 9,487 | \$ - | \$ 8,391 | \$ 1,042 | \$ 54 |
| Patient accounts receivable | 29,148 | - | 28,587 | 561 | - |
| Other receivables | 2,957 | - | 2,560 | 66 | 331 |
| Receivable from affiliates | - | (3,102) | 2,428 | 639 | 35 |
| Inventories | 3,950 | - | 3,947 | 3 | - |
| Prepaid expenses | 1,171 | - | 1,158 | 12 | 1 |
| Total current assets | 46,713 | (3,102) | 47,071 | 2,323 | 421 |
| Property and Equipment, net | 67,861 | - | 64,606 | 3,255 | - |
| Assets Limited as to Use | | | | | |
| By Board for capital improvements | 88,316 | - | 87,179 | - | 1,137 |
| By Board, held by trustees | 31 | - | 31 | - | - |
| Restricted by donors | 543 | - | - | - | 543 |
| Total assets limited as to use | 88,890 | - | 87,210 | - | 1,680 |
| Other Assets | 4,227 | - | 4,227 | - | - |
| Total assets | \$ 207,691 | \$ (3,102) | \$ 203,114 | \$ 5,578 | \$ 2,101 |

| Liabilities and Net Assets | Combined | Eliminations | Wilson Medical Center | WilMed Generations | WilMed Healthcare Foundation |
|--|-------------------|---------------------|--------------------------------------|-------------------------------|---|
| Current Liabilities | | | | | |
| Trade accounts payable | \$ 7,426 | \$ - | \$ 7,288 | \$ 137 | \$ 1 |
| Due to health insurance programs | 3,065 | - | 2,887 | 178 | - |
| Payable to affiliates | - | (3,102) | 619 | 2,391 | 92 |
| Accrued salaries, wages, and other payroll-related expenses | 4,640 | - | 4,504 | 136 | - |
| Accrued interest payable | 515 | - | 515 | - | - |
| Group health insurance | 772 | - | 772 | - | - |
| Other liabilities | 1,185 | - | 1,173 | 8 | 4 |
| Current maturities of capital leases | 19 | - | 19 | - | - |
| Current maturities of long-term debt | 3,265 | - | 3,265 | - | - |
| Total current liabilities | 20,887 | (3,102) | 21,042 | 2,850 | 97 |
| Capital Lease Payable, less current maturities | 5 | - | 5 | - | - |
| Long-Term Debt, less current maturities | 33,465 | - | 33,465 | - | - |
| Total long-term liabilities | 33,470 | - | 33,470 | - | - |
| Total liabilities | 54,357 | (3,102) | 54,512 | 2,850 | 97 |
| Commitments and Contingencies | | | | | |
| Net Assets | | | | | |
| Invested in capital assets, net of related debt | 31,107 | - | 27,852 | 3,255 | - |
| Restricted by donors | 859 | - | - | - | 859 |
| Unrestricted | 121,368 | - | 120,750 | (527) | 1,145 |
| Total net assets | 153,334 | - | 148,602 | 2,728 | 2,004 |
| Total liabilities and net assets | \$ 207,691 | \$ (3,102) | \$ 203,114 | \$ 5,578 | \$ 2,101 |

Wilson Medical Center

Combining Statement of Revenues, Expenses and Changes in Net Assets

Year Ended September 30, 2011

(Dollars in Thousands)

| | Combined | Eliminations | Wilson Medical Center | WilMed Generations | WilMed Healthcare Foundation |
|---|-------------------|--------------|-----------------------------|-----------------------|------------------------------------|
| Operating Revenues | | | | | |
| Net patient service revenue | \$ 129,292 | \$ - | \$ 122,795 | \$ 6,497 | \$ - |
| Other operating revenue | 3,642 | - | 3,617 | 6 | 19 |
| Total operating revenue | 132,934 | - | 126,412 | 6,503 | 19 |
| Expenses | | | | | |
| Salaries and wages | 57,336 | - | 54,124 | 3,110 | 102 |
| Employee benefits | 12,761 | - | 11,999 | 740 | 22 |
| Supplies and other expenses | 48,274 | (771) | 46,550 | 2,369 | 126 |
| Depreciation and amortization | 9,635 | - | 9,422 | 212 | 1 |
| Total expenses | 128,006 | (771) | 122,095 | 6,431 | 251 |
| Operating income (loss) | 4,928 | 771 | 4,317 | 72 | (232) |
| Nonoperating Revenues (Expenses) | | | | | |
| Interest expense | (2,264) | - | (2,264) | - | - |
| Investment income/(loss) | (1,357) | - | (1,345) | - | (12) |
| Transfers to/from affiliates | - | - | (702) | - | 702 |
| Other nonoperating gains/(losses) | (944) | (771) | 61 | 719 | (953) |
| Total nonoperating revenues (expenses) | (4,565) | (771) | (4,250) | 719 | (263) |
| Excess of revenue over expenses | 363 | - | 67 | 791 | (495) |
| Capital contributions | 564 | - | - | - | 564 |
| Change in Net Assets | 927 | - | 67 | 791 | 69 |
| Total net assets, beginning | 152,407 | - | 148,535 | 1,937 | 1,935 |
| Total net assets, ending | \$ 153,334 | \$ - | \$ 148,602 | \$ 2,728 | \$ 2,004 |