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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

2011

Open to Public Inspection

A For the 2011 calendar year, or tax year beginning 07-01-2011 and ending 06-30-2012

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

C Name of organization
MISSISSIPPI METHODIST HOSPITAL & REHABILITATION CENTER

Doing Business As
METHODIST REHABILITATION CENTER

Number and street (or P O box if mail is not delivered to street address) | Room/suite
1350 EAST WOODROW WILSON

City or town, state or country, and ZIP + 4
JACKSON, MS 39216

D Employer identification number
23-7067206

E Telephone number
(601) 364-3367

G Gross receipts $ 56,083,417

F Name and address of principal officer
MARK ADAMS
1350 EAST WOODROW WILSON
JACKSON, MS 39216

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

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

H(c) Group exemption number ▶

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

J Website: ▶ WWW MMRCREHAB ORG

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

L Year of formation 1969

M State of legal domicile MS

Part I Summary

1 Briefly describe the organization's mission or most significant activities
MISSISSIPPI METHODIST REHABILITATION CENTER PROVIDES COMPREHENSIVE MEDICAL REHABILITATION SERVICES TO HELP PEOPLE RECOVER ABILITIES AND QUALITY OF LIFE AFTER A STROKE, SPINAL CORD INJURY, TRAUMATIC BRAIN INJURY, NEUROLOGICAL DISEASE OR ORTHOPEDIC DISORDER SINCE 1975, METHODIST REHAB HAS TREATED MORE THAN 1,000 PERSONS PER YEAR IN ITS STATE-OF-THE-ART INPATIENT REHABILITATION HOSPITAL, AND TENS OF THOUSANDS PER YEAR IN OUTPATIENT CARE FACILITIES THE CENTER ALSO PROVIDES HOUSING FOR SEVERELY DISABLED PERSONS, AND A HOST OF SUPPORT SERVICES TO ADDRESS THE LIFELONG NEEDS OF DISABLED CITIZENS IT IS THE ONLY REHABILITATION CENTER IN THE STATE AND REGION THAT PROVIDES THIS COMPREHENSIVE LEVEL OF REHABILITATION CARE

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	18
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	17
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	749
6	Total number of volunteers (estimate if necessary)	**6**	185
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
Revenue			
8	Contributions and grants (Part VIII, line 1h)	795,999	696,495
9	Program service revenue (Part VIII, line 2g)	44,678,518	44,897,691
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	684,855	-70,819
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	7,991,871	4,869,353
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	54,151,243	50,392,720
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	36,694	52,050
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	32,586,034	33,984,964
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	17,166,201	16,846,361
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	49,788,929	50,883,375
19	Revenue less expenses Subtract line 18 from line 12	4,362,314	-490,655
Net Assets or Fund Balances		**Beginning of Current Year**	**End of Year**
20	Total assets (Part X, line 16)	79,839,829	75,976,895
21	Total liabilities (Part X, line 26)	13,753,832	10,970,276
22	Net assets or fund balances Subtract line 21 from line 20	66,085,997	65,006,619

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

****** 2013-05-14
Signature of officer — Date

MARK ADAMS PRESIDENT/CEO
Type or print name and title

Paid Preparer's Use Only

Preparer's signature: MARSHA H DIECKMAN CPA | Date 2013-05-14 | Check if self-employed ☐ | Preparer's taxpayer identification number (see instructions) P00246741

Firm's name (or yours if self-employed), address, and ZIP + 4: HORNE LLP, 1020 HIGHLAND COLONY PKWY STE 400, RIDGELAND, MS 39157 | EIN ▶ 20-1941244 | Phone no ▶ (601) 326-1000

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

IN RESPONSE TO THE LOVE OF GOD, THE METHODIST REHABILITATION CENTER, IS DEDICATED TO THE RESTORATION AND ENHANCEMENT OF THE LIVES OF THOSE WE SERVE WE ARE COMMITTED TO EXCELLENCE AND LEADERSHIP IN THE DELIVERY OF COMPREHENSIVE REHABILITATION SERVICES WITH THE PATIENT ALWAYS AS THE FOCAL POINT AND IN AN ATMOSPHERE OF COMPASSIONATE CARE, WE WILL -PROVIDE OPPORTUNITIES FOR GROWTH IN KNOWLEDGE, SKILLS AND CAPABILITIES TO BETTER SERVE OUR PATIENTS AND THEIR FAMILIES AND TO ENHANCE THE REHABILITATIVE HEALTH CARE OF OUR STAFF,-DEVELOP CREATIVE AND INNOVATIVE METHODS OF PATIENT CARE, SKILLS AND TECHNIQUES,-FOSTER A CLIMATE OF SCIENTIFIC INQUIRY THAT PROMOTES RESEARCH IN ALL ASPECTS OF REHABILITATION,-OFFER EDUCATIONAL AND PROFESSIONAL PROGRAMS AND SHARE REHABILITATION INFORMATION WITH THE COMMUNITY,-RENDER SERVICES THAT ARE EFFECTIVE AND COST EFFICIENT, IN A MANNER THAT RESPECTS THE PERSONAL WORTH AND DIGNITY OF EACH PERSON WE SERVE, AND-PROVIDE COMPREHENSIVE REHABILITATION

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . . ☐ Yes ☑ No

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

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . . ☐ Yes ☑ No

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses $ 15,757,266 including grants of $ 52,050) (Revenue $ 17,870,805)

ROUTINE SERVICES - HEALTH CARE - REVENUE RELATED TO INPATIENT BED COST INCLUDING NURSING AND CARE RELATED COST TO PROPERLY ADHERE TO OUR PATIENT HOUSING NEEDS

4b (Code) (Expenses $ 15,286,773 including grants of $) (Revenue $ 27,026,886)

ANCILLARY SERVICES - REVENUE RELATED TO SUPPORT THE MEDICAL STAFF TO DIAGNOSE AND PROVIDE PROCEDURES ORDERED BY MEDICAL STAFF, SUCH AS RADIOLOGY SERVICES, PHARMACY SERVICES AND OUTPATIENT SERVICES JUST TO NAME A FEW

4c (Code) (Expenses $ 7,020,413 including grants of $) (Revenue $ 4,599,461)

ADMINISTRATIVE EXPENSES RELATING TO (A) AND (B)

(Code) (Expenses $ 3,603,363 including grants of $) (Revenue $)

INTEREST, DEPRECIATION, AMORTIZATION, AND BAD DEBTS RELATING (A) AND (B)

4d Other program services (Describe in Schedule O)

(Expenses $ 3,603,363 including grants of $) (Revenue $)

4e **Total program service expenses** ▶ $ 41,667,815

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 instructions)?	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 for which 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 temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b	Yes	
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Part I*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Part 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, Part 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*	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.** All Form 990 filers that operated one or more hospitals must attach audited financial statements	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	**1a**	62		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	**1b**	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			**1c**	Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	**2a**	749			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			**2b**	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			**3a**		No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b**		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities 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**		
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			**7f**		
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.** All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state			**13a**		
b	Enter the aggregate 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 aggregate amount of reserves on hand	**13c**				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			**14a**		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			**14b**		

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	18		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	17		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2			No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3			No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4			No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5			No
6	Did the organization have members or stockholders?	6			No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a			No
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b			No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	8a		Yes	
b	Each committee with authority to act on behalf of the governing body?	8b		Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9			No

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

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

Section C. Disclosure

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

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

☐ Own website ☐ Another's website ☑ Upon request

19 Describe in Schedule O whether (and if so, how), the organization made 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 ▶

GARY ARMSTRONG EVPCFO
1350 EAST WOODROW WILSON DRIVE
JACKSON, MS 39216
(601) 364-3360

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, or 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 organizations compensated any current or former officer, director, or trustee

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(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) DEAN M MILLER TRUSTEE - LIFE MEMBER - NONVOTING	30	X						0	0	0
(2) WILLIAM R JAMES TRUSTEE	30	X						0	0	0
(3) DAVID L MCMILLIN SECRETARY	30	X						0	0	0
(4) MIKE P STURDIVANT JR VICE CHAIRMAN/TRUSTEE	60	X						0	0	0
(5) S EDWARD KOSSMAN TRUSTEE	30	X						0	0	0
(6) REV BERT FELDER TRUSTEE	30	X						0	0	0
(7) E B ROBINSON TRUSTEE	30	X						0	0	0
(8) THOMAS A TURNER III TRUSTEE	30	X						0	0	0
(9) DIRK B VANDERLEEST TRUSTEE	60	X						0	0	0
(10) MATTHEW L HOLLEMAN III CHAIRMAN/TRUSTEE	1 00	X						0	0	0
(11) ANN HOLIFIELD TRUSTEE	30	X						0	0	0
(12) MICHAEL REDDIX MD TRUSTEE	30	X						0	0	0
(13) WALTER S WEEMS TREASURER/TRUSTEE	60	X						0	0	0
(14) WILLIAM A RAY TRUSTEE	60	X						0	0	0
(15) C GERALD GARNETT TRUSTEE	30	X						0	0	0
(16) SALLY CARMICHAEL TRUSTEE - LIFE MEMBER - NONVOTING	30	X						0	0	0
(17) TISH HUGHES TRUSTEE	60	X						0	0	0

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 (do not check more than one box, unless person is both an officer and a director/trustee)						(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			
(18) MICHAEL MAPLES MD TRUSTEE	30	X						0	0	0
(19) WIRT A YERGER III TRUSTEE	30	X						0	0	0
(20) OTIS JOHNSON EX-OFFICIO - NONVOTING	30	X						0	0	0
(21) DOBRVIJOE STOKIC MD DIR RESEARCH -NONVOTING	40 00	X						183,864	0	20,652
(22) SAMUEL P GRISSOM MD PHYSICIAN/DIRECTOR	40 00	X						527,846	0	17,313
(23) MARK A ADAMS PRESIDENT & CEO, EVP	40 00			X				440,208	0	32,172
(24) GARY ARMSTRONG EVP & CFO	40 00			X				258,943	0	23,790
(25) JOSEPH MORETTE EVP & COO	40 00			X				294,594	0	30,451
(26) STEVE HOPE VICE PRESIDENT HUMAN RESOU	40 00					X		190,879	0	21,742
(27) BRUCE HIRSHMAN PHYSICIAN	40 00					X		534,413	0	22,004
(28) ZORAYA PARILLA PHYSICIAN	40 00					X		279,004	0	14,701
(29) LEON GRIGORYEV PHYSICIAN	40 00					X		246,041	0	19,857
(30) CARMELA OSBORNE PHYSICIAN	40 00					X		222,282	0	9,982
1b Sub-Total . . . . . ▶										
c Total from continuation sheets to Part VII, Section A . . . . ▶										
d Total (add lines 1b and 1c) . . . . . ▶								3,178,074	0	212,664

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

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

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization Report compensation for the calendar year ending with or within the organization's tax year

(A) Name and business address	(B) Description of services	(C) Compensation
MID-STATE CONSTRUCTION CO 300 BRIARWOOD WEST DR JACKSON, MS 39206	CONSTRUCTION	2,151,603
FOX EVERETT PO BOX 188 JACKSON, MS 39205	INSURANCE AGENT	1,018,598
MMI DINING SYSTEMS INC 1000 RED FERN PLACE FLOWOOD, MS 39232	CAFE MANAGEMENT SERVICES	237,883
CARDINAL HEALTH 21377 NETWORK PL CHICAGO, IL 60673	PHARMACY SERVICES	236,064
HORNE LLP 1020 HIGHLAND COLONY PKWY RIDGELAND, MS 39157	ACCOUNTING FEES	171,600

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 12

Part VIII Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d	650,000			
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	46,495			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		696,495			
Program Service Revenue			Business Code				
	2a	ANCILLARY SERVICES	621990	27,026,886	27,026,886		
	b	ROUTINE SERVICES	621990	17,870,805	17,870,805		
	c						
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		44,897,691			
	3	Investment income (including dividends, interest and other similar amounts)		321,248			321,248
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
			(i) Real	(ii) Personal			
	6a	Gross rents	269,892				
	b	Less rental expenses	0				
	c	Rental income or (loss)	269,892				
	d	Net rental income or (loss)		269,892			269,892
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory	5,298,630				
	b	Less cost or other basis and sales expenses	5,690,697				
	c	Gain or (loss)	-392,067				
	d	Net gain or (loss)		-392,067			-392,067
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from fundraising events					
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities					
	10a	Gross sales of inventory, less returns and allowances	a				
	b	Less cost of goods sold	b				
	c	Net income or (loss) from sales of inventory					
		Miscellaneous Revenue	Business Code				
	11a	OTHER INCOME	621990	4,599,461	4,599,461		
	b						
	c						
	d	All other revenue					
	e	**Total.** Add lines 11a–11d		4,599,461			
	12	**Total revenue.** See Instructions		50,392,720	49,497,152	0	199,073

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

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 United States See Part IV, line 21	52,050	52,050		
2	Grants and other assistance to individuals in the United States See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	1,705,455		1,705,455	
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	25,840,702	20,343,483	5,497,219	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	1,117,934	825,620	292,314	
9	Other employee benefits	3,385,416	2,500,208	885,208	
10	Payroll taxes	1,935,457	1,429,380	506,077	
11	Fees for services (non-employees)				
a	Management				
b	Legal	196,787		196,787	
c	Accounting	132,500		132,500	
d	Lobbying	85,000	85,000		
e	Professional fundraising *See Part IV, line 17* . .				
f	Investment management fees				
g	Other	60,222	60,222		
12	Advertising and promotion	88,795	88,795		
13	Office expenses	1,137,363	1,137,363		
14	Information technology				
15	Royalties . .				
16	Occupancy				
17	Travel	147,803	147,803		
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings				
20	Interest	255,498	255,498		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	2,619,934	2,619,934		
23	Insurance	977,320	977,320		
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	COST OF GOODS SOLD	3,287,767	3,287,767		
b	CONTRACT SERVICES	1,876,396	1,876,396		
c	EQUIPMENT RENTAL & MAIN	1,652,697	1,652,697		
d	UTILITIES	955,413	955,413		
e					
f	All other expenses	3,372,866	3,372,866		
25	**Total functional expenses.** Add lines 1 through 24f	50,883,375	41,667,815	9,215,560	0
26	**Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing			1	
	2	Savings and temporary cash investments		2,737,254	2	1,273,101
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		7,782,528	4	8,563,128
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		215,210	5	227,380
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		834,171	8	882,052
	9	Prepaid expenses and deferred charges		789,122	9	882,801
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 96,945,847			
	b	Less accumulated depreciation	10b 70,151,489	24,654,948	10c	26,794,358
	11	Investments—publicly traded securities			11	
	12	Investments—other securities See Part IV, line 11		30,852,169	12	29,974,825
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		11,974,427	15	7,379,250
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		79,839,829	16	75,976,895
Liabilities	17	Accounts payable and accrued expenses		3,443,687	17	4,297,774
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		8,038,396	20	5,340,000
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*			21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*			22	
	23	Secured mortgages and notes payable to unrelated third parties		2,000,000	23	1,000,000
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		271,749	25	332,502
	26	**Total liabilities.** Add lines 17 through 25		13,753,832	26	10,970,276
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		66,085,997	27	65,006,619
	28	Temporarily restricted net assets		0	28	
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		66,085,997	33	65,006,619
	34	Total liabilities and net assets/fund balances		79,839,829	34	75,976,895

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	50,392,720
2	Total expenses (must equal Part IX, column (A), line 25)	2	50,883,375
3	Revenue less expenses Subtract line 2 from line 1	3	-490,655
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	66,085,997
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-588,723
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	65,006,619

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
MISSISSIPPI METHODIST HOSPITAL & REHABILITATION CENTER

Employer identification number
23-7067206

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 **section 170(b)(1)(A)(i).**

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

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

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

_____

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Part II **Support Schedule for Organizations Described in IRC 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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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 (Explain in Part IV) Do not include gain or loss from the sale of capital assets						
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 2011 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 2010 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2011.** 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—2010.** 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—2011.** 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—2010.** 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 IRC 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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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 501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

15 Public Support Percentage for 2011 (line 8 column (f) divided by line 13 column (f))	15	
16 Public support percentage from 2010 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17 Investment income percentage for **2011** (line 10c column (f) divided by line 13 column (f))	17	
18 Investment income percentage from **2010** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2011.** 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—2010.** 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 explanation required by Part II, line 10; Part II, line 17a or 17b; or Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Explanation

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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ **Complete if the organization is described below.**

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

OMB No 1545-0047

2011

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, line 35c (Proxy Tax), then

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

Name of the organization	Employer identification number
MISSISSIPPI METHODIST HOSPITAL & REHABILITATION CENTER	23-7067206

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 on behalf of or in opposition to candidates for public office in Part IV

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

A Check ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)

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)	85,000	
c Total lobbying expenditures (add lines 1a and 1b)	85,000	
d Other exempt purpose expenditures	41,582,815	
e Total exempt purpose expenditures (add lines 1c and 1d)	41,667,815	
f Lobbying nontaxable amount Enter the amount from the following table in both columns	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)	250,000	
h Subtract line 1g from line 1a If zero or less, enter -0-	0	
i Subtract line 1f from line 1c If zero or less, enter -0-	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? ☐ Yes ☐ No

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

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) Total
2a Lobbying non-taxable amount	1,000,000	1,000,000	16,000	1,000,000	3,016,000
b Lobbying ceiling amount (150% of line 2a, column(e))					4,524,000
c Total lobbying expenditures	82,439	85,035	80,000	85,000	332,474
d Grassroots non-taxable amount	250,000	250,000	4,000	250,000	754,000
e Grassroots ceiling amount (150% of line 2d, column (e))					1,131,000
f Grassroots lobbying expenditures					

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

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

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
MISSISSIPPI METHODIST HOSPITAL & REHABILITATION CENTER

Employer identification number
23-7067206

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land				
b Buildings		61,893,629	39,713,997	22,179,632
c Leasehold improvements				
d Equipment		34,991,981	30,437,492	4,554,489
e Other		60,237		60,237
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				26,794,358

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A) SECURITIES	29,974,825	F
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶	29,974,825	

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

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

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

(a) Description	(b) Book value
(1) ASSETS RESTRICTED FOR FUTURE CAPITAL IMPROVEMENTS BY BOARD - NONCURRENT	6,714,413
(2) DEFERRED FINANCING CHARGES	203,135
(3) OTHER RECEIVABLES	83,881
(4) ASSETS RESTRICTED FOR FUTURE CAPITAL IMPROVEMENTS BY BOARD - CURRENT	377,821
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	7,379,250

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
THIRD-PARTY SETTLEMENTS	332,502
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	332,502

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

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

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

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

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

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

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

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	THE HOSPITAL AND FOUNDATION ARE NOT-FOR-PROFIT CORPORATIONS AND HAVE BEEN RECOGNIZED AS A TAX-EXEMPT ORGANIZATION PURSUANT TO SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE THE FOUNDATION QUALIFIES FOR THE CHARITABLE CONTRIBUTION DEDUCTION UNDER SECTION 170(B)(1)(A) AND HAS BEEN CLASSIFIED AS AN ORGANIZATION THAT IS NOT A PRIVATE FOUNDATION UNDER SECTION 509(A)(2) SELECT IS SUBJECT TO INCOME TAXES, BUT HAS HISTORICALLY HAD CUMULATIVE NET OPERATING LOSSES AS A RESULT, NO PROVISION FOR INCOME TAXES HAD BEEN RECOGNIZED IN THE ACCOMPANYING CONSOLIDATED FINANCIAL STATEMENTS THE HOSPITAL HAD NO SIGNIFICANT UNCERTAIN TAX POSITIONS AT JUNE 30, 2012 IF INTEREST AND PENALTIES ARE INCURRED RELATED TO UNCERTAIN TAX POSITIONS, SUCH AMOUNTS WOULD BE RECOGNIZED IN INCOME TAX EXPENSE TAX PERIODS FOR ALL FISCAL YEARS AFTER 2008 REMAIN OPEN TO EXAMINATION BY THE FEDERAL AND STATE TAXING JURISDICTIONS TO WHICH THE HOSPITAL IS SUBJECT

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
MISSISSIPPI METHODIST HOSPITAL & REHABILITATION CENTER

Employer identification number
23-7067206

Part I Charity Care and Certain Other Community Benefits at Cost

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

7 Charity Care and Certain Other Community Benefits at Cost

Charity Care 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 Charity care at cost (from Worksheet 1)			288,911		288,911	0 580 %
b Medicaid (from Worksheet 3, column a)			12,506,562	15,061,886	-2,555,324	0 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Charity Care and Means-Tested Government Programs			12,795,473	15,061,886	-2,266,413	0 580 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			3,828,243	1,732,428	2,095,815	4 180 %
f Health professions education (from Worksheet 5)			703,433	11,452	691,981	1 380 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)			1,058,364	693,175	365,189	0 730 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			685,340		685,340	1 370 %
j **Total** Other Benefits			6,275,380	2,437,055	3,838,325	7 660 %
k **Total.** Add lines 7d and 7j			19,070,853	17,498,941	1,571,912	8 240 %

Part II Community Building Activities Complete this table if the organization conducted any community building activities.

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing			35,204		35,204	0 070 %
2	Economic development						
3	Community support						
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building						
7	Community health improvement advocacy						
8	Workforce development						
9	Other						
10	**Total**			35,204		35,204	0 070 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense	2	702,306		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3			
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	10,498,388
6	Enter Medicare allowable costs of care relating to payments on line 5	6	11,749,256
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-1,250,868
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

Part IV Management Companies and Joint Ventures (see instructions)

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

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest)

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

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	METHODIST REHABILITATION CENTER INC 1350 EAST WOODROW WILSON JACKSON,MS 39216	X								ACUTE REHAB

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

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

MISSISSIPPI METHODIST HOSPITAL AND REHAB

Name of Hospital Facility:

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 1

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)			
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8	1		
If "Yes," indicate what the Needs Assessment describes (check all that apply)			
a ☐ A definition of the community served by the hospital facility			
b ☐ Demographics of the community			
c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d ☐ How data was obtained			
e ☐ The health needs of the community			
f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g ☐ The process for identifying and prioritizing community health needs and services to meet those needs			
h ☐ The process for consulting with persons representing the community's interests			
i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j ☐ Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ___			
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3		
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4		
5 Did the hospital facility make its Needs Assessment widely available to the public?	5		
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)			
a ☐ Hospital facility's website			
b ☐ Available upon request from the hospital facility			
c ☐ Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)			
a ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community			
b ☐ Execution of the implementation strategy			
c ☐ Development of a community-wide community benefit plan for the facility			
d ☐ Participation in community-wide community benefit plan			
e ☐ Inclusion of a community benefit section in operational plans			
f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g ☐ Prioritization of health needs in the community			
h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i ☐ Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7		
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that			
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	9	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 150 000000000000%			
If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

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

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
	a ☑ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments or arrests			
	e ☐ Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	16		No
	If "Yes," check all actions in which the hospital facility or a third party engaged			
	a ☐ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments			
	e ☐ Other similar actions (describe in Part VI)			
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply)			
	a ☐ Notified patients of the financial assistance policy upon admission			
	b ☐ Notified patients of the financial assistance policy prior to discharge			
	c ☐ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
	d ☐ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy			
	e ☐ Other (describe in Part VI)			

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

		Yes	No
18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	**18**		No
If "No," indicate why			
a ☑ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

Individuals Eligible for Financial Assistance

19 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b ☑ The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d ☐ Other (describe in Part VI)			
20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?	**20**		No
If "Yes," explain in Part VI			
21 Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient?	**21**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

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

How many non-hospital facilities did the organization operate during the tax year? **12**

	Name and address	Type of Facility (Describe)
1	See Additional Data Table	
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 descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21

2 **Community health needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any community health 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 METHODIST REHABILITATION UTILIZES THE FPG 150% OR LESS TO DETERMINE "FREE CARE TO LOW INCOME INDIVIDUALS" HOWEVER DISCOUNTED CARE DOES NOT UTILIZE THE FPG WE DO PROVIDE A PRIVATE PAY 30% DISCOUNT AND MONTHLY PAYMENT PLANS

Identifier	ReturnReference	Explanation
		PART I, LINE 7 THE COSTING METHODOLOGY UTILIZED WAS THE COST-TO-CHARGE RATIO AS DERIVED FROM WORKSHEET 2, RATIO OF PATIENT CARE COST-TO-CHARGES

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 $ 702306

Identifier	ReturnReference	Explanation
		PART II MRC SPONSORED THREE HUD PROJECTS TO BUILD ACCESSIBLE HOUSING APARTMENT COMPLEXES IN THE JACKSON, HATTIESBURG AND MERIDIAN, MISSISSIPPI SPECIALLY DESIGNED FOR LOW-INCOME PEOPLE WITH MOBILITY IMPAIRMENTS

Identifier	ReturnReference	Explanation
		PART III, LINE 4 PATIENT ACCOUNTS RECEIVABLE ARE REPORTED AT NET REALIZABLE VALUE, AFTER DEDUCTION OF ALLOWANCES FOR ESTIMATED UNCOLLECTIBLE ACCOUNTS THE ESTIMATED ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS IS BASED ON HISTORICAL LOSSES AND AN ANALYSIS OF CURRENTLY OUTSTANDING AMOUNTS THIS ACCOUNT IS GENERALLY INCREASED BY CHARGES TO A PROVISION FOR UNCOLLECTIBLE ACCOUNTS AND DECREASED BY WRITE-OFFS OF ACCOUNTS DETERMINED BY MANAGEMENT TO BE UNCOLLECTIBLE

Identifier	ReturnReference	Explanation
		PART III, LINE 8 WE CONSIDER OUR SHORTFALL A COMMUNITY BENEFIT BECAUSE WE ARE THE ONLY FREE STANDING PHYSICAL MEDICINE AND REHABILITATION PROVIDER IN THE STATE, AND WE SERVE THE MOST SEVERE BRAIN, SPINAL, AND STROKE PATIENTS THROUGHOUT OUR SERVICE AREA THE COSTING METHODOLOGY WORKSHEET 2, RATIO OF PATIENT CARE COST-TO-CHARGE, WAS USED TO DETERMINE THE AMOUNT OF MEDICARE ALLOWABLE COSTS REPORTED ON LINE 6 OF PART III

Identifier	ReturnReference	Explanation
		PART III, LINE 9B WHEN A PATIENT QUALIFIES FOR CHARITY CARE (FINANCIAL ASSISTANCE), NO COLLECTIONS ARE ATTEMPTED ON THESE PATIENTS CHARGES ARE WRITTEN OFF

Identifier	ReturnReference	Explanation
MISSISSIPPI METHODIST HOSPITAL AND REHAB		PART V, SECTION B, LINE 10 FEDERAL POVERTY GUIDELINE IS NOT USED FOR DETERMINING ELIGIBILITY FOR DISCOUNTED CARE INSTEAD, IF THEY QUALIFY FOR CHARITY CARE ALL CHARGES ARE WRITTEN OFF

Identifier	ReturnReference	Explanation
MISSISSIPPI METHODIST HOSPITAL AND REHAB		PART V, SECTION B, LINE 17E DISCUSSED AT TIME OF PRE-ASSESSMENT

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 THE HEALTH CARE NEEDS OF THE COMMUNITIES SERVED ARE ASSESSED BY RESEARCHING VITAL STATISTICS FOUND THROUGH THE CDC AND MISSISSIPPI DEPARTMENT OF HEALTH

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 CHARITY CARE INFORMATION IS OBTAINED BEFORE ADMISSION, BUT GENERALLY CANNOT BE VERIFIED A DETERMINATION OF CHARITY IS MADE IN GOOD FAITH BASED ON THE INFORMATION PROVIDED WE PROVIDE SOCIAL WORKERS THAT INTERVIEW PATIENTS REGARDING THEIR FINANCIAL RESOURCES AND NEEDS WE ASSIST PATIENTS IN COMPLETING MEDICAID, VR APPLICATIONS WHEN APPLICABLE WE ARE WELL AWARE THAT MOST OF OUR PATIENTS WILL REQUIRE A LIFETIME OF MEDICAL AND FINANCIAL SUPPORT DUE TO THE SEVERITY OF THEIR INJURIES THEREFORE WE ALSO ASSIST IN DISABILITY APPLICATIONS WITH THE SOCIAL SECURITY ADMINISTRATION

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 OUR ORGANIZATION'S PRIMARY SERVICE AREA IS THE STATE OF MISSISSIPPI, WITH A POPULATION OF 2 9 MILLION PERSONS THE PERCENTAGE OF ADULTS WITH DISABILITIES LIVING IN MS IS 16 7% MISSISSIPPI ALSO HAS THE HIGHEST PERCENTAGE OF PERSONS LIVING IN POVERTY AND OBESITY, POPULATIONS THAT ARE DISPROPORTIONATELY AFFECTED BY DISABLING ILLNESSES AND INJURIES

Identifier	ReturnReference	Explanation
		PART VI, LINE 5 METHODIST REHABILITATION CENTER'S COMMUNITY BENEFITS GO WELL BEYOND CLINICAL INPATIENT AND OUTPATIENT REHABILITATION CARE THE CENTER SUPPORTS LIFELONG HEALTH AND LIFESTYLE NEEDS OF DISABLED PERSONS THROUGH RESEARCH, EDUCATION, OUTREACH PROGRAMS, PARTNERSHIPS, ADVOCACY, VOLUNTEERISM AND FINANCIAL SUPPORT OUR FULL COMMUNITY BENEFIT REPORT IS MADE AVAILABLE TO THE PUBLIC UPON REQUEST

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 NOT APPLICABLE

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

Additional Data

Software ID:
Software Version:
EIN: 23-7067206
Name: MISSISSIPPI METHODIST HOSPITAL & REHABILITATION CENTER

Form 990 Schedule H, Part V Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility (list in order of size from largest to smallest) How many non-hospital facilities did the organization operate during the tax year? **12** Name and address	Type of Facility (Describe)
METHODIST SPECIALITY CARE CENTER ONE LAYFAIR DRIVE SUITE 500 FLOWOOD, MS 39232	SKILLED NURSING FACILITY FOR SEVERELY DISABLED
METHODIST SPECIALITY CARE CENTER ONE LAYFAIR DRIVE SUITE 500 FLOWOOD, MS 39232	SKILLED NURSING FACILITY FOR SEVERELY DISABLED
METHODIST SPECIALITY CARE CENTER ONE LAYFAIR DRIVE SUITE 500 FLOWOOD, MS 39232	SKILLED NURSING FACILITY FOR SEVERELY DISABLED
METHODIST SPECIALITY CARE CENTER ONE LAYFAIR DRIVE SUITE 500 FLOWOOD, MS 39232	SKILLED NURSING FACILITY FOR SEVERELY DISABLED
METHODIST SPECIALITY CARE CENTER ONE LAYFAIR DRIVE SUITE 500 FLOWOOD, MS 39232	SKILLED NURSING FACILITY FOR SEVERELY DISABLED
METHODIST SPECIALITY CARE CENTER ONE LAYFAIR DRIVE SUITE 500 FLOWOOD, MS 39232	SKILLED NURSING FACILITY FOR SEVERELY DISABLED
METHODIST SPECIALITY CARE CENTER ONE LAYFAIR DRIVE SUITE 500 FLOWOOD, MS 39232	SKILLED NURSING FACILITY FOR SEVERELY DISABLED
METHODIST SPECIALITY CARE CENTER ONE LAYFAIR DRIVE SUITE 500 FLOWOOD, MS 39232	SKILLED NURSING FACILITY FOR SEVERELY DISABLED
METHODIST SPECIALITY CARE CENTER ONE LAYFAIR DRIVE SUITE 500 FLOWOOD, MS 39232	SKILLED NURSING FACILITY FOR SEVERELY DISABLED
METHODIST SPECIALITY CARE CENTER ONE LAYFAIR DRIVE SUITE 500 FLOWOOD, MS 39232	SKILLED NURSING FACILITY FOR SEVERELY DISABLED
METHODIST SPECIALITY CARE CENTER ONE LAYFAIR DRIVE SUITE 500 FLOWOOD, MS 39232	SKILLED NURSING FACILITY FOR SEVERELY DISABLED
METHODIST SPECIALITY CARE CENTER ONE LAYFAIR DRIVE SUITE 500 FLOWOOD, MS 39232	SKILLED NURSING FACILITY FOR SEVERELY DISABLED

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
MISSISSIPPI METHODIST HOSPITAL & REHABILITATION CENTER

Employer identification number
23-7067206

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. Use Part IV and Schedule I-1 (Form 990) if additional space is needed . . . . . ▶ ☐

(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 RESEARCH FOUNDATION1350 E WOODROW WILSON JACKSON,MS 39216	64-0752440	501(C)(3)	10,000				CONTRIBUTION OF GIFT SHOP'S NET MARGIN ON BEHALF OF VOLUNTEERS
(2) BOY SCOUTS OF AMERICA - ANDREW JACKSON COUNCIL855 RIVERSIDE DRIVE JACKSON,MS 39202	64-0303071	501(C)(3)	12,000				CHARITABLE SUPPORT
(3) HORIZONS UNITEDCMGF201 SOUTH PRESIDENT STREET JACKSON,MS 39201	23-7056135	501(C)(3)	5,000				CHARITABLE SUPPORT
(4) MS COALITION FOR CITIZENS WITH DISABILITIES2 OLD RIVER PLACE SUITE A JACKSON,MS 39202	58-2004439	501(C)(3)	5,000				CHARITABLE SUPPORT
(5) ONE REVOLUTION FOUNDATIONPO BOX 981748 PARK CITY,UT 840981748	26-2565601	501(C)(3)	5,000				CHARITABLE SUPPORT

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . . ▶ 5

3 Enter total number of other organizations listed in the line 1 table . . . . . ▶ 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

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 METHODIST REHABILITATION ONLY DONATES TO NON-PROFIT COMMUNITY MINDED ORGANIZATIONS THAT PROVIDE SUPPORT TO THE COMMUNITY SERVED BY METHODIST REHABILITATION

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees
▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
MISSISSIPPI METHODIST HOSPITAL & REHABILITATION CENTER

Employer identification number
23-7067206

Part I Questions Regarding Compensation

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

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use Schedule J-1 if additional space 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) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, columns (D) and (E) for that individual

(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) DOBRVIJOE STOKIC MD	(i)	183,864	0	0	12,351	8,301	204,516	0
	(ii)	0	0	0	0	0	0	0
(2) SAMUEL P GRISSOM MD	(i)	331,500	96,346	100,000	14,088	3,225	545,159	0
	(ii)	0	0	0	0	0	0	0
(3) MARK A ADAMS	(i)	387,000	53,208	0	15,337	16,835	472,380	0
	(ii)	0	0	0	0	0	0	0
(4) GARY ARMSTRONG	(i)	240,681	18,262	0	14,490	9,300	282,733	0
	(ii)	0	0	0	0	0	0	0
(5) JOSEPH MORETTE	(i)	279,000	15,594	0	15,925	14,526	325,045	0
	(ii)	0	0	0	0	0	0	0
(6) STEVE HOPE	(i)	190,879	0	0	11,369	10,373	212,621	0
	(ii)	0	0	0	0	0	0	0
(7) BRUCE HIRSHMAN	(i)	412,000	122,413	0	13,483	8,521	556,417	0
	(ii)	0	0	0	0	0	0	0
(8) ZORAYA PARILLA	(i)	273,200	5,804	0	7,350	7,351	293,705	0
	(ii)	0	0	0	0	0	0	0
(9) LEON GRIGORYEV	(i)	246,041	0	0	14,794	5,063	265,898	0
	(ii)	0	0	0	0	0	0	0
(10) CARMELA OSBORNE	(i)	222,282	0	0	7,795	2,187	232,264	0
	(ii)	0	0	0	0	0	0	0

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

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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

2011

Open to Public Inspection

Name of the organization
MISSISSIPPI METHODIST HOSPITAL & REHABILITATION CENTER

Employer identification number
23-7067206

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	MISSISSIPPI HOSPITAL EQUIPMENT AND FACILITIES AUTHORITY	64-0732320	605360NL6	08-27-2003	7,500,000	CAPITAL EXPENDITURES		X	X			X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired				
2	Amount of bonds defeased				
3	Total proceeds of issue	7,500,000			
4	Gross proceeds in reserve funds				
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrow				
7	Issuance costs from proceeds	285,259			
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	7,214,741			
11	Other spent proceeds				
12	Other unspent proceeds				
13	Year of substantial completion	2004			

		A		B		C		D	
		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 III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?		X						
b	If 'Yes' to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X						
d	If 'Yes' to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any 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 IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		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 V Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations . . . . . ☐ Yes ☑ No

Part VI Supplemental Information

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

Identifier	Return Reference	Explanation

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
MISSISSIPPI METHODIST HOSPITAL & REHABILITATION CENTER

Employer identification number
23-7067206

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

(a) Name of interested person and purpose	(b) Loan to or from the organization? To	(b) Loan to or from the organization? From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	(e) In default? No	(f) Approved by board or committee? Yes	(f) Approved by board or committee? No	(g) Written agreement? Yes	(g) Written agreement? No
(1) ZORAYA M PARRILLA MD ONE TIME LOAN TO PHYSICIAN- RELOCATING TO MISSISSIPPI		X	30,000	7,380		No		No	Yes	
(2) MARK ADAMS EXECUTIVE LEVEL LIFE INSURANCE BENEFIT - SEE BELOW FOR ADDITIONAL INFO		X	200,000	220,000		No	Yes		Yes	
Total . . . . . ▶ $				227,380						

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) WILLIAM A RAY	BOARD TRUSTEE	0	RAY IS PRES/CEO OF BANKPLUS BANKPLUS PROVIDES FINANCIAL ADVICE ON THE RETIREMENT ACCOUNT FOR MMRC IN ITS ORDINARY COURSE OF BUSINESS		No
(2) TISH HUGHES	BOARD TRUSTEE	0	HUGHES IS SR VP IN PRIVATE BANKING WITH TRUSTMARK BANK MMRC HAS SOME INVESTMENTS HELD BY TRUSTMARK, AS WELL AS A LINE OF CREDIT IN THE ORDINARY COURSE OF THEIR BUSINESS		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
SCHEDULE L, PART II, LOANS TO AND FROM INTERESTED PERSONS		THE LOAN TO MARK ADAMS IS AN EXECUTIVE LEVEL LIFE INSURANCE BENEFIT WITH REPAYMENT FROM DEATH BENEFIT PROCEEDS OR THE CASH VALUE OF THE INSURANCE POLICY

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
MISSISSIPPI METHODIST HOSPITAL & REHABILITATION CENTER

Employer identification number
23-7067206

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 11	THE CONTROLLER AND CFO ARE RESPONSIBLE FOR OVERSEEING THE PREPARATION AND ACCURACY OF THE 990 THEY UTILIZE A CPA FIRM WITH EXPERTISE IN 990 PREPARATION TO PROVIDE ADVICE AND COMPLETE THE FORM AFTER REVIEW BY THE CONTROLLER AND CFO, THE TWO RECOMMEND THE PRESIDENT AND CEO REVIEW AND ULTIMATELY APPROVE THE FORM 990 FOR FILING
	FORM 990, PART VI, SECTION B, LINE 12C	AS THE BOARD CONSIDERS ITS BUSINESS RELATIONSHIPS, CONTRACT APPROVALS AND OTHER TRANSACTIONS, THE PRESENCE OF OR ANY POTENTIAL CONFLICT OF INTEREST (AS DEFINED BY THE BYLAWS) IS DISCLOSED AND DISCUSSED A CONFLICT OF INTEREST TRANSACTION MAY BE APPROVED OR AUTHORIZED ONLY BY THE AFFIRMATIVE VOTE OF A MAJORITY OF THE BOARD OF TRUSTEES WHO HAVE NO DIRECT OR INDIRECT INTEREST IN THE TRANSACTION IN MATTERS WHERE A BOARD MEMBER HAS A CONFLICT OF INTEREST, THE BOARD MEMBER IS RECUSED FROM DISCUSSION AND VOTING
	FORM 990, PART VI, SECTION B, LINE 15	EXECUTIVE COMPENSATION FOR METHODIST REHABILITATION CENTER (MRC) IS OVERSEEN BY THE PERSONNEL COMMITTEE, A COMMITTEE OF THE BOARD OF TRUSTEES THAT IS DESIGNATED FOR THIS PURPOSE, THAT IS INDEPENDENT OF CONFLICTS OF INTERESTS, AND THAT FOLLOWS THE HIGHEST ETHICAL STANDARDS AND BUSINESS PRACTICES ALIGNED TO ORGANIZATIONAL PERFORMANCE GUIDED BY INDEPENDENT COUNSEL WITH EXPERTISE IN EXECUTIVE COMPENSATION TO ENSURE THAT MRC IS COMPARABLE TO TRENDS AND PRACTICES OF SIMILAR SIZED NOT-FOR-PROFIT HOSPITALS EXECUTIVE COMPENSATION IS A GOVERNANCE RESPONSIBILITY OF THE BOARD OF TRUSTEES THAT IS FREE FROM MANAGEMENT INFLUENCE IT SETS THE TONE FOR THE ENTIRE ORGANIZATION AND REFLECTS ITS VALUES EMPLOYMENT OF AN INDEPENDENT CONSULTANCY WITH EXPERTISE IN HEALTHCARE EXECUTIVE COMPENSATION, IS AN IMPORTANT CONTROL TO ENSURE A WELL DESIGNED, FAIRLY IMPLEMENTED AND TRANSPARENT PROGRAM METHODIST REHABILITATION CENTER'S EXECUTIVE COMPENSATION DETERMINATION PROCESS * THE BOARD CHARTERS AN INDEPENDENT COMMITTEE (PERSONNEL COMMITTEE) THE PERSONNEL COMMITTEE HIRES AND DIRECTLY SUPERVISES THE WORK OF THE CONSULTANT THE PERSONNEL COMMITTEE HAS A TOTAL COMPENSATION PHILOSOPHY (PAY AND BENEFITS) THE CONSULTANT IS INDEPENDENT AND USES APPROPRIATE DATA FOR ANALYSIS AND COMPARISON THE PERSONNEL COMMITTEE MAKES DETERMINATIONS IN EXECUTIVE SESSION THE PERSONNEL COMMITTEE MINUTES REFLECT THE DECISION-MAKING PROCESS ALL APPROPRIATE TAX FORMS ARE FULLY COMPLETED AND SUBMITTED THE EXECUTIVE COMPENSATION PHILOSOPHY IS SUMMARIZED ANNUALLY IN MRC'S COMMUNITY BENEFIT REPORT
	FORM 990, PART VI, SECTION C, LINE 19	METHODIST REHABILITATION DOES NOT MAKE AVAILABLE ANY OF THESE DOCUMENTS TO THE GENERAL PUBLIC
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED LOSSES ON INVESTMENTS -588,723
AUDITED COMMITTEE	FORM 990, PART IX, LINE 12	AUDIT COMMITTEE'S PROCESS FOR AUDIT OVERSIGHT AND SELECTION OF INDEPENDENT ACCOUNTANT HAS NOT CHANGED FROM PRIOR YEAR

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
MISSISSIPPI METHODIST HOSPITAL & REHABILITATION CENTER

Employer identification number
23-7067206

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
(1) PAIN MANAGEMENT CENTER LLC 1350 EAST WOODROW WILSON DRIVE JACKSON, MS 39216 72-1367775	COMPREHENSIVE PAIN MANAGEMENT SERVICES	MS			MISSISSIPPI METHODIST HOSPITAL & REHABILITATION CENTER

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) THE WILSON RESEARCH FOUNDATION 1350 EAST WOODROW WILSON DRIVE JACKSON, MS 39216 64-0752440	TO SUPPORT MISSISSIPPI METHODIST HOSPITAL AND REHABILITATION CENTER	MS	501(C)(3)	509(A)(3) TYPE I	MISSISSIPPI METHODIST HOSPITAL & REHABILITATION CENTER	Yes	

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) SELECT PHYSICIAN MANAGEMENT SERVICES INC 1350 EAST WOODROW WILSON DRIVE JACKSON, MS 39216 64-0808219	PHYSICIAN PRACTICE MANAGEMENT SERVICES	MS	MISSISSIPPI METHODIST HOSPITAL & REHABILITATION CENTER	C		887	100 000 %

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

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

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) THE WILSON RESEARCH FOUNDATION	B	10,000	CASH
(2) THE WILSON RESEARCH FOUNDATION	C	650,000	CASH
(3) THE WILSON RESEARCH FOUNDATION	P	145,457	CASH
(4) THE WILSON RESEARCH FOUNDATION	N	140,507	FAIR MARKET VALUE
(5)			
(6)			

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	

Schedule R (Form 990) 2011

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation	

METHODIST REHABILITATION CENTER, INC. AND SUBSIDIARIES

Jackson, Mississippi

Audited Consolidated Financial Statements

Years Ended June 30, 2012 and 2011

CONTENTS

HORNE
CPAs & Business Advisors

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Methodist Rehabilitation Center, Inc and Subsidiaries
Jackson, Mississippi

We have audited the accompanying consolidated statements of financial position of Methodist Rehabilitation Center, Inc and Subsidiaries (a not-for-profit organization) as of June 30, 2012 and 2011, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended These consolidated financial statements are the responsibility of the organization's management Our responsibility is to express an opinion on these consolidated financial statements based on our audits

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Methodist Rehabilitation Center, Inc and Subsidiaries as of June 30, 2012 and 2011, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America

Horne LLP

Ridgeland, Mississippi
October 24, 2012

METHODIST REHABILITATION CENTER, INC.
AND SUBSIDIARIES
Consolidated Statements of Financial Position
June 30, 2012 and 2011

	2012	2011
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,561,448	$ 2,894,025
Patient accounts receivable, net of allowance for doubtful accounts of $1,601,000 and $1,353,000, respectively	8,563,128	7,782,528
Investments	12,751,384	13,228,635
Assets limited as to use, current	377,821	2,724,795
Bequests receivable	193,396	799,568
Other current assets	2,149,075	2,028,534
Total current assets	25,596,252	29,458,085
Assets limited as to use, noncurrent	6,714,413	8,936,053
Investments in nonconsolidated entities	20,888,516	21,239,864
Property and equipment, net	26,794,358	24,654,947
Beneficial interest in charitable remainder trust	428,639	453,694
Other assets	708,275	881,383
Total assets	$ 81,130,453	$ 85,624,026
LIABILITIES AND NET ASSETS		
Current liabilities		
Current maturities of long-term debt	$ 375,000	$ 2,700,000
Line of credit	1,000,000	2,000,000
Accounts payable	1,467,242	859,696
Accrued salaries and wages	954,797	772,071
Accrued vacation payable	1,216,901	1,186,974
Accrued interest payable	2,821	24,795
Third-party settlements	332,502	271,749
Other accrued expenses	664,429	606,252
Total current liabilities	6,013,692	8,421,537
Long-term debt, less current maturities	4,965,000	5,338,396
Total liabilities	10,978,692	13,759,933
Net assets		
Unrestricted	69,120,960	70,588,508
Temporarily restricted	1,030,801	1,275,585
Total net assets	70,151,761	71,864,093
Total liabilities and net assets	$ 81,130,453	$ 85,624,026

See accompanying notes

METHODIST REHABILITATION CENTER, INC.
AND SUBSIDIARIES
Consolidated Statements of Operations
Years Ended June 30, 2012 and 2011

	2012	2011
Unrestricted revenues, gains and other support		
Net patient revenue	$ 48,571,820	$ 48,099,897
Research grants	16,657	25,300
Other operating revenue	1,261,383	1,383,039
Total unrestricted revenues, gains and other support	49,849,860	49,508,236
Expenses		
Salaries, wages and benefits	33,954,161	32,523,522
Supplies and other	13,532,431	13,634,350
Interest	255,498	434,214
Provision for uncollectible accounts	702,306	594,257
Depreciation and amortization	2,645,559	2,849,291
Total expenses	51,089,955	50,035,634
Operating loss	(1,240,095)	(527,398)
Nonoperating revenue (expense)		
Investment income (loss), net	(609,024)	2,966,467
Unrestricted contributions	189,164	1,087,348
Equity in net income (loss) of nonconsolidated entities	(36,322)	3,369,151
Total nonoperating revenue (expense)	(456,182)	7,422,966
Excess (deficiency) of revenue over expenses	(1,696,277)	6,895,568
Net assets released from restriction	228,729	163,255
Increase (decrease) in unrestricted net assets	$ (1,467,548)	$ 7,058,823

See accompanying notes

METHODIST REHABILITATION CENTER, INC.
AND SUBSIDIARIES
Consolidated Statements of Changes in Net Assets
Years Ended June 30, 2012 and 2011

	2012	2011
Unrestricted net assets		
Increase (decrease) in unrestricted net assets	$ (1,467,548)	$ 7,058,823
Temporarily restricted net assets		
Contributions	9,000	479,250
Change in value of beneficial interest in charitable remainder trust	(25,055)	-
Net assets released from restrictions	(228,729)	(163,255)
Increase (decrease) in temporarily restricted net assets	(244,784)	315,995
Increase (decrease) in net assets	(1,712,332)	7,374,818
Net assets at beginning of year		
Foundation unrestricted net assets	4,501,504	3,624,552
Foundation temporarily restricted net assets	1,275,585	959,590
Hospital net assets	66,087,004	59,905,133
Total net assets at beginning of year	71,864,093	64,489,275
Net assets at end of year	$ 70,151,761	$ 71,864,093

See accompanying notes

METHODIST REHABILITATION CENTER, INC.
AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Years Ended June 30, 2012 and 2011

	2012	2011
Cash flows from operating activities		
Increase (decrease) in net assets	$ (1,712,332)	$ 7,374,818
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Amortization of bond discount	1,604	3,176
Depreciation and amortization	2,645,559	2,857,148
Provision for uncollectible accounts	702,306	594,257
Net realized and unrealized loss (gain) on investments	1,034,618	(2,492,951)
Equity in net (income) loss of nonconsolidated affiliates	36,322	(3,369,151)
Decrease in value of beneficial interest in charitable remainder trust	25,055	-
Changes in assets and liabilities		
Patient and other accounts receivable	(1,482,906)	(368,259)
Third-party payor settlements	60,753	(98,206)
Bequests receivable	606,172	(799,568)
Beneficial interest in charitable remainder trust	-	(453,694)
Other assets	26,942	(57,103)
Accounts payable	607,546	(341,928)
Accrued salaries, wages and vacation payable	212,653	171,157
Accrued interest	(21,974)	(23,254)
Other accrued expenses	58,177	(14,228)
Net cash provided by operating activities	2,800,495	2,982,214
Cash flows from investing activities		
Purchase of property and equipment	(4,759,345)	(4,020,115)
Purchases of equity interest in nonconsolidated entities	(918,007)	-
Distributions of equity interest in nonconsolidated entities	1,233,033	965,000
Purchases of investments	(446,417)	(2,922,107)
Sales of investments	4,457,664	6,079,892
Net cash provided (used) by investing activities	(433,072)	102,670
Cash flows from financing activities		
Draws (repayments) on line of credit, net	(1,000,000)	1,200,000
Principal payments on long-term debt	(2,700,000)	(2,560,000)
Net cash used by financing activities	(3,700,000)	(1,360,000)
Net increase (decrease) in cash and cash equivalents	(1,332,577)	1,724,884
Cash and cash equivalents, beginning of year	2,894,025	1,169,141
Cash and cash equivalents, end of year	$ 1,561,448	$ 2,894,025
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 335,582	$ 457,468

See accompanying notes

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Organization and Summary of Significant Accounting Policies

Organization

Methodist Rehabilitation Center, Inc (the "Hospital") was organized as a not-for-profit corporation under the laws of the State of Mississippi for the purpose of constructing and equipping a comprehensive rehabilitation hospital The Hospital, located in Jackson, Mississippi is sponsored by the United Methodist Church in cooperation with the Vocational Rehabilitation Division, Mississippi State Department of Education and the University of Mississippi Medical Center

The Hospital provides comprehensive medical rehabilitation programs for people with spinal cord and brain injuries, stroke and other neurological and orthopedic disorders and treats patients from all of Mississippi's 82 counties and from neighboring states

The Hospital operates Methodist Specialty Care Center (the "Center"), a department of the Hospital, located in Flowood, Mississippi, which provides long-term specialized care for severely disabled patients whose medical needs are too complex for traditional nursing homes

Effective June 1, 2010, the Hospital began operating Pain Management Center ("Pain") as a department of the Hospital Pain is a clinic that provides a goal oriented approach to the management of chronic pain through physical, occupational and behavioral therapies combined with non-surgical intervention

Principles of Consolidation

The consolidated financial statements include the accounts of the Hospital and its Subsidiaries (collectively the "Entity")

- Select Physician Management Services, Inc ("Select") – a wholly-owned subsidiary, is a for profit corporation whose purpose is managing certain physician practices
- The Wilson Research Foundation (the "Foundation") – a not-for-profit organization created and operated exclusively to assist in the advancement of clinical, educational and medical rehabilitation research by solicitation of gifts for the benefit of Methodist Rehabilitation Center, Inc and other healthcare organizations located in the State of Mississippi

All significant intercompany accounts and transactions have been eliminated in consolidation

The following is a summary of significant accounting policies

Basis of Preparation

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period Actual results could differ from those estimates

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

Cash and Cash Equivalents

Cash and cash equivalents include investments in liquid debt instruments with original maturities of three months or less, that are not limited as to use by the Board of Trustees or third parties The carrying value of cash and cash equivalents approximates market value

Patient Accounts Receivable

Patient accounts receivable are reported at net realizable value, after deduction of allowances for estimated uncollectible accounts The estimated allowance for uncollectible accounts is based on historical losses and an analysis of currently outstanding amounts This account is generally increased by charges to a provision for uncollectible accounts and decreased by write-offs of accounts determined by management to be uncollectible

Investments

Investments in marketable equity and debt securities are measured at fair value Investments in non-consolidated entities are recorded based on the equity method

Investment income or loss (including realized gains and losses on investments, interest and dividends), is included in the excess of revenues over expenses unless the income or loss is restricted by donor or by law Unrealized gains and losses on investments are excluded from the excess of revenues over expenses unless the investments are trading securities Management considers all investments to be trading securities

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Continued

Assets Limited as to Use

Assets limited as to use principally include amounts held by trustees under indenture agreements and designated assets set aside by the Board of Trustees (the "Board") for future capital improvements or operating activities, over which the Board retains control and may at its discretion subsequently use for other purposes The portion of the assets held by the bond trustee, which will be used to pay current liabilities, is classified as a current asset

Inventories

Inventories, which consist primarily of medical supplies and drugs, are valued at the lower of cost or market Cost is determined using the first-in, first-out and average cost methods Inventories are included in other current assets on the consolidated statements of financial position

Prepaid Expenses and Deferred Charges

Prepaid expenses are amortized over the estimated period of future benefit, generally on a straight-line basis Deferred financing costs and bond discounts are amortized over the term of the related debt on the interest method The unamortized amount of bond discounts is included in the balance of the outstanding debt

Bequests

The Foundation recognizes bequests as support when the wills have passed probate and the amount is certain

Property and Equipment

Property and equipment acquisitions are recorded at cost or, if donated, at fair value at the date of receipt Costs incurred which do not substantially increase the useful life of an asset are expensed as repair and maintenance expense Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets Interest costs capitalized in 2012 and 2011 were approximately $58,000 and $-0-, respectively

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Continued

Impairment of Long-Lived Assets

Long-lived assets and certain identifiable intangibles are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets Assets to be disposed of are reported at the lower of the carrying amount of fair value less costs to sell

Compensated Absences

Hospital policy is to compensate employees for absences due to earned vacation and sick leave Accumulated vacation pay is accrued at the balance sheet date because it accumulates and is payable after one year of service upon termination of employment Sick pay accrues but is not reflected as a liability because it is not payable upon termination of employment

Net Assets

Temporarily restricted net assets are those whose use by the Foundation has been limited by donors to a specific time period or for a specific purpose Uncollected unrestricted contributions are reflected in temporarily restricted net assets

At June 30, 2012, temporarily restricted net assets consisted of pledges expected to be received over the next 3 years, discounted at a range from 2 81 – 3 22 percent, a contribution that has been received but that is restricted for a specific purpose, as well as the Foundation's beneficial interest in charitable remainder trust, as follows

2013	$	297,020
2014		168,000
2015		153,000
		618,020
Less Discount		(15,858)
Beneficial interest in charitable remainder trust		428,639
	$	1,030,801

Pledges receivable are recorded as other assets, with the current portion recorded in other current assets

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Continued

Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined

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

Financial Assistance

The Hospital provides health care without charge or at amounts significantly less than its established rates to patients who meet certain criteria under its financial assistance policy Because the Hospital does not pursue collection of these amounts, the Hospital does not report these amounts as revenue or accounts receivable in the accompanying consolidated financial statements

Donor-Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received The gifts are reported as temporarily restricted support if they are received with donor stipulations that limit the use of donated assets When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of operations and changes in unrestricted net assets as net assets released from restrictions Donor-restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the accompanying consolidated financial statements

For contributions of long-lived assets or of cash and other assets restricted to the purchase of long-lived assets, for which donors have not expressly stipulated how long the long-lived asset must be used, the Foundation has adopted an accounting policy of implying time restrictions on the use of such contributed assets that expire over the assets' expected useful lives

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Continued

Advertising

Advertising and program costs are charged to expense as incurred Advertising expense for the years ended June 30, 2012 and 2011 was approximately $89,000 and $101,000, respectively

Income Taxes

The Hospital and Foundation are not-for-profit corporations and have been recognized as a tax-exempt organization pursuant to Section 501(c)(3) of the Internal Revenue Code The Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2)

Select is subject to income taxes, but has historically had cumulative net operating losses As a result, no provision for income taxes had been recognized in the accompanying consolidated financial statements

The Hospital had no significant uncertain tax positions at June 30, 2012 If interest and penalties are incurred related to uncertain tax positions, such amounts would be recognized in income tax expense Tax periods for all fiscal years after 2008 remain open to examination by the federal and state taxing jurisdictions to which the Hospital is subject

Functional Expense Classification

Expenses are not identified as program services, management and general and fundraising expenses in these consolidated financial statements because substantially all expenses were incurred for the provision of health care services by the Hospital and are considered program services

Excess of Revenue Over Expenses

The consolidated statement of operations and changes in unrestricted net assets includes excess of revenue over expenses Changes in unrestricted net assets which are excluded from excess of revenue over expenses, consistent with industry practice, include unrealized and realized gains and losses on investments other than trading securities, permanent transfers of assets to and from affiliates for other than goods and services and contributions of long-lived assets (including assets acquired using contributions which by donor restrictions were to be used for the purposes of acquiring such assets)

Note 2. Fair Value Measurements

FASB ASC Topic 820, *Fair Value Measurements and Disclosures* ("ASC 820") defines fair value, establishes a hierarchal disclosure for measuring fair value and requires expanded

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Continued

disclosures about fair value measurements The provisions of this statement apply to all financial instruments that are being measured and reported on a fair value basis

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

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

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

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

The following table represents the Entity's fair value hierarchy for its financial assets, and changes therein, measured at fair value on a recurring basis as of and for the year ended June 30, 2012 and 2011

	Fair Value Measurements at June 30, 2012			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total at June 30, 2012**
Investments				
Money market funds	$ 146,767	$ -	$ -	$ 146,767
Mutual funds	4,988,336	3,665,075	-	8,653,411
Bonds	-	628,264	-	628,264
U S securities	4,522,942	-	-	4,522,942
	9,658,045	4,293,339	-	13,951,384

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Continued

	Fair Value Measurements at June 30, 2012			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total at June 30, 2012
Assets limited as to use				
Money market funds	$ 115,731	$ -	$ -	$ 115,731
Mutual funds	5,776,503	-	-	5,776,503
	5,892,234	-	-	5,892,234
Beneficial interest in charitable remainder trust	-	-	428,639	428,639
Total	$ 15,550,279	$ 4,293,339	$ 428,639	$ 20,272,257

	Fair Value Measurements at June 30, 2011			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total at June 30, 2011
Investments				
Money market funds	$ 44,274	$ -	$ -	$ 44,274
Mutual funds	5,604,432	3,614,486	-	9,218,918
Bonds	-	629,700	-	629,700
U S securities	4,535,743	-	-	4,535,743
	10,184,449	4,244,186	-	14,428,635
Assets limited as to use				
Money market funds	2,884,450	-	-	2,884,450
Mutual funds	7,576,398	-	-	7,576,398
	10,460,848	-	-	10,460,848
Beneficial interest in charitable remainder trust	-	-	453,694	453,694
Total	$ 20,645,297	$ 4,244,186	$ 453,694	$ 25,343,177

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Continued

Money market funds, mutual funds and U S securities were measured at fair value using quoted market prices They were classified as Level 1 as they trade in an active market for which closing prices are readily available

The fair value of the Foundation's investments is based on its pro rata share of every security that is purchased for the fund and therefore is considered a Level 2 category

The fair value of the Foundation's beneficial interest in remainder trust is determined by calculating the present value of expected cash flows over the term of the underlying agreements A discount rate of 4 percent was used to calculate the present value

	Interests In Charitable Remainder Trusts
Balance, beginning of year	$ 453,694
Change in value of beneficial interest in charitable remainder trust	(25,055)
Balance, end of year	$ 428,639

Note 3. Assets Limited as to Use

Assets limited as to use consisted of the following as of June 30, 2012 and 2011

	2012	2011
Under indenture agreement, held by bond trustee		
Debt service reserve fund	$ -	$ 2,503,784
Interest fund	676	13,524
Principal fund	17,056	208,089
	17,732	2,725,397
Internally designated		
By Board for future capital improvements	5,874,502	7,735,451
By Board for future malpractice deductibles	1,200,000	1,200,000
Total assets limited as to use	7,092,234	11,660,848
Less assets limited as to use required for Current liabilities	377,821	2,724,795
Noncurrent assets limited as to use	$ 6,714,413	$ 8,936,053

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3. Continued

The composition of assets limited as to use consisted of the following types of investments as of June 30, 2012 and 2011

	2012	2011
Money market funds	$ 115,730	$ 2,884,450
Mutual funds	5,776,504	7,576,398
	5,892,234	10,460,848
Restricted by Board for malpractice deductibles	1,200,000	1,200,000
Total assets limited as to use	$ 7,092,234	$ 11,660,848

The debt service fund is maintained at an amount at least equal to the maximum annual debt service requirement (as defined) in any one year The interest and principal funds are for the annual debt service of the related bonds

Trust funds are invested in "permitted investments," defined as government obligations, certificates of deposit or time deposits issued by a qualified depository of the state, money market funds (the assets of which are required to be invested in obligations listed above) and/or repurchase agreements fully served by government obligations

Note 4. Investments

The Entity holds investments carried at fair value The Entity's investments held at June 30, 2012 and 2011 were as follows

	2012	2011
Money market funds	$ 146,767	$ 44,274
Mutual funds	8,653,411	9,218,918
Bonds	628,264	629,700
U S securities	4,522,942	4,535,743
	13,951,384	14,428,635
Less restricted by Board for malpractice deductibles	1,200,000	1,200,000
Total investments	$ 12,751,384	$ 13,228,635

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4. Continued

Investment income and gains for assets limited as to use, cash equivalents and other investments are comprised of the following for the years ended June 30, 2012 and 2011

	2012	2011
Investment income, net		
Interest and dividend income	$ 425,594	$ 473,516
Net realized and unrealized gains (losses) on trading securities	(1,034,618)	2,492,951
Total investment income (loss), net	$ (609,024)	$ 2,966,467

Note 5. Investments in Non-Consolidated Entities

During 2007, the Hospital purchased several investments in limited partnerships The Hospital's ownership in each of the partnerships is not significant but the Hospital has the ability to exercise influence over the entities through the Hospital's relationship with the managing partner Investments in such entities may be redeemed with up to a 90-day prior written request The limited partnerships are accounted for under the equity method The investments consisted of the following at June 30

	2011	2010
Equity method investments		
Balance, beginning of year	$ 21,239,864	$ 18,835,713
Capital contributions	918,007	-
Cumulative share of distributions	(1,233,033)	(965,000)
Cumulative share of income (loss)	(36,322)	3,369,151
Balance, end of year	$ 20,888,516	$ 21,239,864

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 5. Continued

The following summarizes the combined assets, liabilities and equity and the combined results of operations of the equity method investments (on a 100 percent basis) This information was obtained from financial statements audited by other auditors

	As of December 31, 2011	2010
ASSETS		
Investments	$ 6,550,694,714	$ 5,427,977,145
Cash and cash equivalents	418,933,640	136,090,306
Receivable from sale of investments	3,455,680	23,734,430
Other	100,204,093	57,249,503
Total assets	$ 7,073,288,127	$ 5,645,051,384
LIABILITIES AND PARTNERS' CAPITAL		
Liabilities		
Accounts payable	$ 262,585,479	$ 114,098,583
Payable to partners	26,777,291	26,896,534
Contributions received in advance	10,200,000	544,621
Notes payable	1,785,246,000	1,724,023,000
Other liabilities	117,475,086	34,868,076
Total liabilities	2,202,283,856	1,900,430,814
Minority interest	5,776,000	1,908,000
Partners' capital	4,865,228,271	3,742,712,570
Total liabilities and partners' capital	$ 7,073,288,127	$ 5,645,051,384

	For the Year Ended December 31, 2011	2010
CONDENSED STATEMENTS OF OPERATIONS		
Operating revenue	$ 421,211,613	$ 390,495,333
Investment income	3,239,210	3,474,321
Total revenues	424,450,823	393,969,654
Operating expenses	178,579,112	172,946,437
Net investment gain	245,871,711	221,023,217
Realized and unrealized gain (loss) on investments	310,939,682	328,567,314
Minority interest	(3,792,000)	(1,854,000)
Net income	$ 553,019,393	$ 547,736,531

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6. Property and Equipment

A summary of property and equipment at June 30 is set forth below

	2012	2011
Land	$ 4,229,870	$ 4,229,870
Buildings and parking lot	57,466,938	54,534,956
Movable equipment	35,188,802	33,459,757
	96,885,610	92,224,583
Less accumulated depreciation	(70,151,489)	(67,575,055)
	26,734,121	24,649,528
Construction in progress	60,237	5,419
Total	$ 26,794,358	$ 24,654,947

Depreciation expense for the years ended June 30, 2012 and 2011 totaled $2,619,934 and $2,816,000, respectively

Note 7. Beneficial Interest in Charitable Remainder Trust

During 2011, The Foundation was named as a remainder beneficiary under eight charitable remainder trusts Under the terms of the trusts, quarterly distributions are paid to income beneficiaries over their lifetimes Quarterly distributions are 5 percent of the fair market value of the trust assets as of the beginning of each year Upon the death of the income beneficiaries, 25 percent of the value of the charitable remainder trust account is distributed to the Foundation The portion of the trust attributable to the present value of the future benefits to be received by the Foundation is recorded in the Statement of Activities and Changes in Net Assets as a temporarily restricted contribution in the period the trust is established and the Foundation is notified of its existence The Foundation has recorded the beneficial interest in the charitable remainder trusts at the present value of the future cash flows from the trusts This present value was estimated to be equivalent to the Foundation's share of the current fair market value of the trusts, which amounts to $428,639 and $453,694 at June 30, 2012 and 2011, respectively

The total change in value of the charitable remainder trusts was a decrease of $25,055 for the year ended June 30, 2012

Note 8. Line of Credit

In March 2012, the Hospital renewed an unsecured line of credit with a commercial bank with available borrowings of $2,000,000, maturing March 30, 2013 As of June 30, 2012 and 2011, the Hospital had an outstanding balance of $1,000,000 and $2,000,000, respectively, with

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8. Continued

quarterly interest payments at varying rates of 2 50 percent plus LIBOR rate As of June 30, 2012 and 2011, the interest rate was 3 75 percent and 4 0 percent, respectively

Note 9. Long-Term Debt

A summary of long-term debt at June 30 follows

	2012	2011
Hinds County, Mississippi, Refunding Revenue Bonds-Series 1993	$ -	$ 2,345,000
Less unamortized bond discount	-	(1,604)
	-	2,343,396
Mississippi Hospital Equipment and Facilities Authority Variable Rate Revenue Bonds-Series 2003	5,340,000	5,695,000
Total long-term debt	5,340,000	8,038,396
Less current portion	375,000	2,700,000
Long-term portion	$ 4,965,000	$ 5,338,396

In June 1993, the Hospital issued $27,325,000 in tax-exempt hospital revenue bonds The bond issue proceeds were used to defease the Hospital's obligation to pay the Mississippi Hospital Equipment and Facilities Authority Revenue Bonds-1988 Series 1 Interest is due on the 1993 hospital revenue bonds each year on May 1 and November 1 at rates ranging from 3 4 percent to 5 7 percent Principal is due in varying amounts each May 1 until the year 2012

Under the terms of the revenue bond indenture, certain trust funds as described in Note 3 and the future net revenues of the Hospital are pledged as security for payment of the 1993 hospital revenue bonds The indenture also contains certain affirmative and negative covenants, which among other things, limit additional borrowings and require the maintenance of certain financial ratios The Hospital was in compliance with all such covenants as of June 30, 2012 and 2011

In August 2003, the Hospital issued $7,500,000 in variable rate revenue bonds The bond issue proceeds were used to assist the construction and installation of the Methodist Specialty Care Center, a long-term care facility of the Hospital Interest on the 2003 variable rate revenue bonds may be calculated using a weekly rate or a term rate mode, as defined Interest is calculated using the weekly rate mode until the borrower has requested mode to be changed to a term rate

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9. Continued

Under the weekly rate mode, interest is due on the first business day of each month and on the effective date of conversion from the weekly rate mode to the term rate mode For the years ended June 30, 2012 and 2011, the interest on the bonds was calculated using the weekly rate The interest rate was 1 10 percent as of June 30, 2012 and 2011 Principal is due in varying amounts beginning August 1, 2005 until the year 2023, and is collateralized by operating revenues of the Hospital

Future maturities of the Hospital's long-term debt by year and in aggregate, follows

Year Ending June 30,	Amount
2013	$ 375,000
2014	385,000
2015	405,000
2016	420,000
2017	435,000
Thereafter	3,320,000
Total	$ 5,340,000

Note 10. Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for reimbursement to the Hospital at amounts different from its established rates Contractual adjustments under third-party reimbursement programs represent the difference between the Hospital's billings at established rates for services and amounts reimbursed by third-party payors A summary of the basis of reimbursement with major third-party payors follows

Medicare

Substantially all acute care and rehabilitation services rendered to Medicare program beneficiaries are paid at prospectively determined rates These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors Certain types of exempt services and other defined payments related to Medicare beneficiaries are paid based on cost reimbursement or other retroactive-determination methodologies The Hospital is reimbursed for other cost reimbursable items at tentative rates with final settlement determined after submission of annual cost reports by the Hospital and audits by the Medicare fiscal intermediary The Hospital's cost reports have been audited and settled for all fiscal years through June 30, 2007

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10. Continued

Medicaid

Inpatient and outpatient acute care services rendered to Medicaid program beneficiaries are generally reimbursed based upon cost-based reimbursement methodologies established by the State of Mississippi Based upon recent directions from the Centers for Medicare and Medicaid Services, the Mississippi Division of Medicaid has been instructed to begin cost settling certain Medicaid outpatient services beginning with reports on October 1, 2005

Long-term care services rendered to Medicaid program beneficiaries are reimbursed using a cost-based method Certain limits apply to components and may change in the future depending upon other similar providers opening in the State of Mississippi

The Hospital participates in the Medicaid Upper Payment Limit Program ("UPL") Under this program, the Hospital receives enhanced reimbursement through a matching mechanism For the fiscal years ended June 30, 2012 and 2011, respectively, the Hospital received approximately $1,237,349 and $1,156,095 in enhanced reimbursement through the UPL Program

UPL amounts are shown as a reduction of contractual adjustments with related assessments of $1,629,847 and $1,302,295 for the fiscal years ended June 30, 2012 and 2011, respectively, recorded in operating expenses

The Mississippi Hospital Association coordinates a voluntary program whereby member hospitals can elect to contribute to a grant program that generates funds for those member hospitals who under the Medicaid DSH/UPL/Tax model were required to pay taxes in excess of the amounts drawn down in DSH and UPL payments during State fiscal years 2012 and 2011 The hospital participates in this program and received approximately $392,500 and $146,000 in grants for the fiscal years ended June 30, 2012 and 2011, respectively

Revenue from the Medicare and Medicaid programs accounted for approximately 40 percent and 31 percent, respectively, of the Hospital's gross patient revenue for the year ended June 30, 2012 and 41 percent and 29 percent, respectively, of the Hospital's gross patient revenue for the year ended June 30, 2011

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation As a result, there is at least a reasonable possibility that recorded estimates could change by a material amount in the near term For the years ended June 30, 2012 and 2011, net patient service revenue increased approximately $-0- and $249,000, respectively, due to adjustments in excess of amounts previously estimated

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10. Continued

Other

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

A summary of patient service revenue for the years ended June 30, 2012 and 2011, follows

	2012	2011
Gross patient service revenue	$ 73,829,359	$ 72,468,146
Less provisions for Contractual adjustments under third-party reimbursement programs	25,257,539	24,368,249
Net patient service revenue	$ 48,571,820	$ 48,099,897

Note 11. Financial Assistance and Uncompensated Care – Service to the Region

The Hospital maintains records to identify and to monitor the level of charity care it provides These records include the amount of charges forgone for services and supplies furnished under its charity care policy, the estimated cost of those services and supplies and equivalent service statistics The direct and indirect costs associated with these services cannot be identified to specific charity care patients Therefore, management estimated the costs of these services by calculating a cost to gross charge ratio and multiplying it by the charges associated with services provided to patients meeting the Hospital's charity care guidelines Costs incurred for charity, based on the cost to charge ratio, was approximately $338,000 and $337,000 in 2012 and 2011, respectively

The Hospital also provides healthcare services to a significant portion of the uninsured and underinsured population in the surrounding community While a portion of these patients may ultimately qualify for coverage under the Medicaid program or the financial assistance policy discussed above, the Hospital often admits a number of patients with the expectation/realization that it will likely be unable to collect a significant portion of these accounts Charges deemed uncollectible during 2012 and 2011 were approximately $702,000 and $594,000, respectively

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 12. Risk Management

The Hospital's professional liability insurance coverage is provided through a claims-made policy Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be uninsured The Hospital's current coverage expires on April 30, 2013, and management anticipates that such coverage will be renewed or replaced with equivalent insurance at that time

At June 30, 2012 and 2011, there were no material claims asserted or anticipated that were not covered by insurance, and the Hospital has not accrued for any significant losses for malpractice claims or expenses The Hospital is involved in various litigation and potential claims which management believes, based in part upon discussion with counsel, will not have a material adverse effect on the results of operations or the financial position of the Hospital Nevertheless, the future assertion of claims for occurrences prior to year-end is reasonably possible and may occur, although not anticipated In any event, management believes that any such claims would be substantially covered under its insurance program

Note 13. Employee Benefits

The Hospital sponsors a retirement plan for all employees who work a minimum of 1,000 hours per year and have at least one year of service All funds of the plan are invested in fixed funds and mutual fund options The Hospital contributes 3 percent of the participants' annual taxable compensation and matches 50 percent of the participants' contributions up to 7 percent of annual taxable compensation Employees are vested in the Hospital's contributions after three years of service The Hospital's contributions to the plan were $1,117,934 in 2012 and $1,007,394 in 2011

The Hospital provides health insurance coverage to its employees under a self-funded plan A liability for claims reported and not paid and an estimated liability for claims incurred but not reported or paid is included in accrued expenses in the consolidated statements of financial position Commercial insurance is purchased for claims in excess of coverage provided by the Hospital to limit the Hospital's liability for losses under its self-insurance program The estimated claims liability at June 30, 2012 and 2011 was $70,995 and $94,013, respectively

Note 14. Operating Leases

As lessor, the Hospital leases a portion of its premises for the operation of a restaurant The lease term was renewed through August 2015, with an option to extend the lease for one additional five-year period Base rent of $75,000 per year is receivable in equal monthly installments of $6,250 per month In addition, the Hospital receives contingent rental payments based on restaurant sales in excess of certain levels as defined in the lease agreement

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 14. Continued

As lessee, rental expense, including short-term rentals, was approximately $477,000 in 2012 and $462,000 in 2011 In most cases management expects that, in the normal course of business, expiring leases will be renewed or replaced by other similar leases Based on operating leases currently in force, it is expected that lease rental expense for each of the next five years will be approximately $477,000 per year

Note 15. Business and Credit Concentrations

The Hospital provides health care services through its inpatient and outpatient care facilities principally located in Jackson, Mississippi The Hospital grants credit to patients, substantially all of whom are local residents The Hospital generally does not require collateral or other security in extending credit to patients, however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans or policies (e g , Medicare, Medicaid, Blue Cross and commercial insurance policies)

The mix of net receivables from patients and third-party payors follows

	2012	2011
Medicare	34%	27%
Medicaid	20	18
Blue Cross	19	23
Other	27	32
Total	100%	100%

The Hospital maintains its cash in bank deposit accounts, which at times may exceed federally insured limits ($250,000) The Hospital has not experienced any losses in such accounts The Hospital believes it is not exposed to any significant credit risk related to cash and cash equivalent concentration

Note 16. Related Party Transactions

For the fiscal years ended June 30, 2012 and 2011, the financial statements of the Foundation are included in the consolidated financial statements of the Hospital

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 16. Continued

The Foundation is authorized by the Hospital to solicit contributions to support the Hospital's mission in providing for research for spinal and brain injuries in the State of Mississippi The Foundation uses those contributions to award grants to various healthcare organizations to assist in the advancement of clinical, educational and medical rehabilitation research

The Hospital provides certain routine management, financial and accounting services for the Foundation

The following is a summary of amounts charged to the Foundation by the Hospital during 2012 and 2011

	2012	2011
Salaries and employee benefits	$ 140,507	$ 137,386
Office rental	4,950	4,950
Total	$ 145,457	$ 142,336

The Hospital owns and operates a retail gift shop that is largely staffed by volunteers The Hospital contributes to the Foundation, on behalf of the volunteers, the gift shop's net margin These amounts totaled $10,000 and $15,000 for the years ended June 30, 2012 and 2011, respectively

As of June 30, 2012 and 2011, all significant intercompany accounts and transactions have been eliminated in consolidation

Note 17. Accounting Standards Updates Issued Not Yet Adopted

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 18. Reclassifications

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

Note 19. Subsequent Events

In preparing these consolidated financial statements, the Entity has evaluated events and transactions for potential recognition or disclosure through October 24, 2012, the date the consolidated financial statements were available to be issued

Beginning October 1, 2012, the Medicaid program changed to an APR-DRG system for inpatient payments and an APC system for outpatient payments Management is still evaluating the impact of this change

HORNE
CPAs & Business Advisors

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

Board of Trustees
Methodist Rehabilitation Center, Inc and Subsidiaries
Jackson, Mississippi

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole The consolidating information is presented for purposes of additional analysis rather than to present the financial position, results of operations and changes in net assets of the individual companies and is not a required part of the consolidated financial statements Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole

Horne LLP

Ridgeland, Mississippi
October 24, 2012

METHODIST REHABILITATION CENTER, INC.
AND SUBSIDIARIES
Consolidating Statement of Financial Position
June 30, 2012

	Hospital	SPM	WRF	2012 Total	Eliminations	2012 Total Consolidated
ASSETS						
Current assets						
Cash and cash equivalents	$ 1,273,102	$ 887	$ 287,459	$ 1,561,448	$ -	$ 1,561,448
Patient accounts receivable, net of allowance for doubtful accounts of $1,601,000	8,563,128	-	-	8,563,128	-	8,563,128
Investments	9,086,309	-	3,665,075	12,751,384	-	12,751,384
Assets limited as to use, current	377,821	-	-	377,821	-	377,821
Bequest receivable	-	-	193,396	193,396	-	193,396
Other current assets	1,876,115	-	301,324	2,177,439	(28,364)	2,149,075
Total current assets	21,176,475	887	4,447,254	25,624,616	(28,364)	25,596,252
Assets limited as to use, noncurrent	6,714,413	-	-	6,714,413	-	6,714,413
Investments in nonconsolidated entities	20,888,516	-	-	20,888,516	-	20,888,516
Property and equipment, net	26,794,358	-	-	26,794,358	-	26,794,358
Beneficial interest in charitable remainder trust	-	-	428,639	428,639	-	428,639
Other assets	403,133	-	305,142	708,275	-	708,275
Total assets	$ 75,976,895	$ 887	$ 5,181,035	$ 81,158,817	$ (28,364)	$ 81,130,453
LIABILITIES AND NET ASSETS						
Current liabilities						
Current maturities of long-term debt	$ 375,000	$ -	$ -	$ 375,000	$ -	$ 375,000
Line of credit	1,000,000	-	-	1,000,000	-	1,000,000
Accounts payable	1,457,616	525	9,101	1,467,242	-	1,467,242
Accrued salaries and wages	954,797	-	-	954,797	-	954,797
Accrued vacation payable	1,216,901	-	-	1,216,901	-	1,216,901
Accrued interest payable	2,821	-	-	2,821	-	2,821
Third-party settlements	332,502	-	-	332,502	-	332,502
Other accrued expenses	665,639	-	27,154	692,793	(28,364)	664,429
Total current liabilities	6,005,276	525	36,255	6,042,056	(28,364)	6,013,692
Long-term debt, less current maturities	4,965,000	-	-	4,965,000	-	4,965,000
Total liabilities	10,970,276	525	36,255	11,007,056	(28,364)	10,978,692
Net assets						
Unrestricted	65,006,619	362	4,113,979	69,120,960	-	69,120,960
Temporarily restricted	-	-	1,030,801	1,030,801	-	1,030,801
Total net assets	65,006,619	362	5,144,780	70,151,761	-	70,151,761
Total liabilities and net assets	$ 75,976,895	$ 887	$ 5,181,035	$ 81,158,817	$ (28,364)	$ 81,130,453

METHODIST REHABILITATION CENTER, INC.
AND SUBSIDIARIES
Consolidating Statement of Financial Position
June 30, 2011

	Hospital	SPM	WRF	2011 Total	Eliminations	2011 Total Consolidated
ASSETS						
Current assets						
Cash and cash equivalents	$ 2,737,254	$ 1,007	$ 155,764	$ 2,894,025	$ -	$ 2,894,025
Patient accounts receivable, net of allowance for doubtful accounts of $1,353,000	7,782,528	-	-	7,782,528	-	7,782,528
Investments	9,612,305	-	3,616,330	13,228,635	-	13,228,635
Assets limited as to use, current	2,724,795	-	-	2,724,795	-	2,724,795
Bequest receivable	-	-	799,568	799,568	-	799,568
Other current assets	1,723,322	-	333,576	2,056,898	(28,364)	2,028,534
Total current assets	24,580,204	1,007	4,905,238	29,486,449	(28,364)	29,458,085
Assets limited as to use, noncurrent	8,936,053	-	-	8,936,053	-	8,936,053
Investments in nonconsolidated entities	21,239,864	-	-	21,239,864	-	21,239,864
Property and equipment, net	24,654,947	-	-	24,654,947	-	24,654,947
Beneficial interest in charitable remainder trust	-	-	453,694	453,694	-	453,694
Other assets	428,762	-	452,621	881,383	-	881,383
Total assets	$ 79,839,830	$ 1,007	$ 5,811,553	$ 85,652,390	$ (28,364)	$ 85,624,026
LIABILITIES AND NET ASSETS						
Current liabilities						
Current maturities of long-term debt	$ 2,700,000	$ -	$ -	$ 2,700,000	$ -	$ 2,700,000
Line of credit	2,000,000	-	-	2,000,000	-	2,000,000
Accounts payable	853,596	-	6,100	859,696	-	859,696
Accrued salaries and wages	772,071	-	-	772,071	-	772,071
Accrued vacation payable	1,186,974	-	-	1,186,974	-	1,186,974
Accrued interest payable	24,795	-	-	24,795	-	24,795
Third party settlements	271,749	-	-	271,749	-	271,749
Other accrued expenses	606,252	-	28,364	634,616	(28,364)	606,252
Total current liabilities	8,415,437	-	34,464	8,449,901	(28,364)	8,421,537
Long-term debt, less current maturities	5,338,396	-	-	5,338,396	-	5,338,396
Total liabilities	13,753,833	-	34,464	13,788,297	(28,364)	13,759,933
Net assets						
Unrestricted	66,085,997	1,007	4,501,504	70,588,508	-	70,588,508
Temporarily restricted	-	-	1,275,585	1,275,585	-	1,275,585
Total net assets	66,085,997	1,007	5,777,089	71,864,093	-	71,864,093
Total liabilities and net assets	$ 79,839,830	$ 1,007	$ 5,811,553	$ 85,652,390	$ (28,364)	$ 85,624,026

METHODIST REHABILITATION CENTER, INC.
AND SUBSIDIARIES
Consolidating Statement of Operations
Year Ended June 30, 2012

	Hospital	SPM	WRF	2012 Total	Eliminations	2012 Total Consolidated
Unrestricted revenues, gains and other support						
Net patient revenue	$ 48,571,820	$ -	$ -	$ 48,571,820	$ -	$ 48,571,820
Research grants	666,657	-	-	666,657	(650,000)	16,657
Other operating revenue	1,261,383	-	-	1,261,383	-	1,261,383
Total unrestricted revenues, gains and other support	50,499,860	-	-	50,499,860	(650,000)	49,849,860
Expenses						
Salaries, wages and benefits	33,813,654	-	140,507	33,954,161	-	33,954,161
Supplies and other	13,466,357	645	715,429	14,182,431	(650,000)	13,532,431
Interest	255,498	-	-	255,498	-	255,498
Provision for uncollectible accounts	702,306	-	-	702,306	-	702,306
Depreciation and amortization	2,645,559	-	-	2,645,559	-	2,645,559
Total expenses	50,883,374	645	855,936	51,739,955	(650,000)	51,089,955
Operating loss	(383,514)	(645)	(855,936)	(1,240,095)	-	(1,240,095)
Nonoperating revenue (expense)						
Investment income (loss)	(659,542)	-	50,518	(609,024)	-	(609,024)
Unrestricted contributions	-	-	189,164	189,164	-	189,164
Equity in net loss of nonconsolidated entities	(36,322)	-	-	(36,322)	-	(36,322)
Total nonoperating revenue (expense)	(695,864)	-	239,682	(456,182)	-	(456,182)
Deficiency of revenue over expenses	(1,079,378)	(645)	(616,254)	(1,696,277)	-	(1,696,277)
Net assets released from restriction	-	-	228,729	228,729	-	228,729
Decrease in unrestricted net assets	$ (1,079,378)	$ (645)	$ (387,525)	$ (1,467,548)	$ -	$ (1,467,548)

METHODIST REHABILITATION CENTER, INC.
AND SUBSIDIARIES
Consolidating Statement of Operations
Year Ended June 30, 2011

	Hospital	SPM	WRF	2011 Total	Eliminations	2011 Total Consolidated
Unrestricted revenues, gains and other support						
Net patient revenue	$ 48,099,897	$ -	$ -	$ 48,099,897	$ -	$ 48,099,897
Research grants	720,300	-	-	720,300	(695,000)	25,300
Other operating revenue	1,383,039	-	-	1,383,039	-	1,383,039
Total unrestricted revenues, gains and other support	50,203,236	-	-	50,203,236	(695,000)	49,508,236
Expenses						
Salaries, wages and benefits	32,386,136	-	137,386	32,523,522	-	32,523,522
Supplies and other	13,525,029	645	803,676	14,329,350	(695,000)	13,634,350
Interest	434,214	-	-	434,214	-	434,214
Provision for uncollectible accounts	594,257	-	-	594,257	-	594,257
Depreciation and amortization	2,849,291	-	-	2,849,291	-	2,849,291
Total expenses	49,788,927	645	941,062	50,730,634	(695,000)	50,035,634
Operating income (loss)	414,309	(645)	(941,062)	(527,398)	-	(527,398)
Nonoperating revenue						
Investment income	2,399,056	-	567,411	2,966,467	-	2,966,467
Unrestricted contributions	-	-	1,087,348	1,087,348	-	1,087,348
Equity in net income of nonconsolidated entities	3,369,151	-	-	3,369,151	-	3,369,151
Total nonoperating revenue	5,768,207	-	1,654,759	7,422,966	-	7,422,966
Excess (deficiency) of revenue over expenses	6,182,516	(645)	713,697	6,895,568	-	6,895,568
Net assets released from restriction	-	-	163,255	163,255	-	163,255
Increase (decrease) in unrestricted net assets	$ 6,182,516	$ (645)	$ 876,952	$ 7,058,823	$ -	$ 7,058,823

METHODIST REHABILITATION CENTER, INC.
AND SUBSIDIARIES
Consolidating Statement of Changes in Net Assets
June 30, 2012

	Hospital	SPM	WRF	2012 Total	Eliminations	2012 Total Consolidated
Unrestricted net assets						
Decrease in unrestricted net assets	$ (1,079,378)	$ (645)	$ (387,525)	$ (1,467,548)	$ -	$ (1,467,548)
Temporarily restricted net assets						
Contributions	-	-	9,000	9,000	-	9,000
Change in value of beneficial interest in charitable remainder trust	-	-	(25,055)	(25,055)	-	(25,055)
Net assets released from restrictions	-	-	(228,729)	(228,729)	-	(228,729)
Decrease in temporarily restricted net assets	-	-	(244,784)	(244,784)	-	(244,784)
Decrease in net assets	(1,079,378)	(645)	(632,309)	(1,712,332)	-	(1,712,332)
Net assets at beginning of year	66,085,997	1,007	5,777,089	71,864,093	-	71,864,093
Net assets at end of year	$ 65,006,619	$ 362	$ 5,144,780	$ 70,151,761	$ -	$ 70,151,761

METHODIST REHABILITATION CENTER, INC.
AND SUBSIDIARIES
Consolidating Statement of Changes in Net Assets
June 30, 2011

	Hospital	SPM	WRF	2011 Total	Eliminations	2011 Total Consolidated
Unrestricted net assets						
Increase (decrease) in unrestricted net assets	$ 6,182,516	$ (645)	$ 876,952	$ 7,058,823	$ -	$ 7,058,823
Temporarily restricted net assets						
Contributions	-	-	479,250	479,250	-	479,250
Net assets released from restrictions	-	-	(163,255)	(163,255)	-	(163,255)
Increase in temporarily restricted net assets	-	-	315,995	315,995	-	315,995
Increase (decrease) in net assets	6,182,516	(645)	1,192,947	7,374,818	-	7,374,818
Net assets at beginning of year	59,903,481	1,652	4,584,142	64,489,275	-	64,489,275
Net assets at end of year	$ 66,085,997	$ 1,007	$ 5,777,089	$ 71,864,093	$ -	$ 71,864,093

Additional Data

Software ID:

Software Version:

EIN: 23-7067206

Name: MISSISSIPPI METHODIST HOSPITAL & REHABILITATION CENTER

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

4d. Other program services

(Code) (Expenses $ 3,603,363 including grants of $) (Revenue $)

INTEREST, DEPRECIATION, AMORTIZATION, AND BAD DEBTS RELATING (A) AND (B)

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
DEAN M MILLER TRUSTEE - LIFE MEMBER - NONVOTING	30	X						0	0	0
WILLIAM R JAMES TRUSTEE	30	X						0	0	0
DAVID L MCMILLIN SECRETARY	30	X						0	0	0
MIKE P STURDIVANT JR VICE CHAIRMAN/TRUSTEE	60	X						0	0	0
S EDWARD KOSSMAN TRUSTEE	30	X						0	0	0
REV BERT FELDER TRUSTEE	30	X						0	0	0
E B ROBINSON TRUSTEE	30	X						0	0	0
THOMAS A TURNER III TRUSTEE	30	X						0	0	0
DIRK B VANDERLEEST TRUSTEE	60	X						0	0	0
MATTHEW L HOLLEMAN III CHAIRMAN/TRUSTEE	1 00	X						0	0	0
ANN HOLIFIELD TRUSTEE	30	X						0	0	0
MICHAEL REDDIX MD TRUSTEE	30	X						0	0	0
WALTER S WEEMS TREASURER/TRUSTEE	60	X						0	0	0
WILLIAM A RAY TRUSTEE	60	X						0	0	0
C GERALD GARNETT TRUSTEE	30	X						0	0	0
SALLY CARMICHAEL TRUSTEE - LIFE MEMBER - NONVOTING	30	X						0	0	0
TISH HUGHES TRUSTEE	60	X						0	0	0
MICHAEL MAPLES MD TRUSTEE	30	X						0	0	0
WIRT A YERGER III TRUSTEE	30	X						0	0	0
OTIS JOHNSON EX-OFFICIO - NONVOTING	30	X						0	0	0
DOBRVIJOE STOKIC MD DIR RESEARCH -NONVOTING	40 00	X						183,864	0	20,652
SAMUEL P GRISSOM MD PHYSICIAN/DIRECTOR	40 00	X						527,846	0	17,313
MARK A ADAMS PRESIDENT & CEO, EVP	40 00			X				440,208	0	32,172
GARY ARMSTRONG EVP & CFO	40 00			X				258,943	0	23,790
JOSEPH MORETTE EVP & COO	40 00			X				294,594	0	30,451

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
STEVE HOPE VICE PRESIDENT HUMAN RESOU	40 00					X		190,879	0	21,742
BRUCE HIRSHMAN PHYSICIAN	40 00					X		534,413	0	22,004
ZORAYA PARILLA PHYSICIAN	40 00					X		279,004	0	14,701
LEON GRIGORYEV PHYSICIAN	40 00					X		246,041	0	19,857
CARMELA OSBORNE PHYSICIAN	40 00					X		222,282	0	9,982