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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
Piedmont Hospital Inc

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
1968 PEACHTREE ROAD NW

City or town, state or country, and ZIP + 4
ATLANTA, GA 303091285

D Employer identification number
58-0566213

E Telephone number
(404)425-1303

G Gross receipts $ 1,015,718,599

F Name and address of principal officer
Dr Patrick M Battey
1968 PEACHTREE ROAD NW
ATLANTA, GA 30309

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 PIEDMONT ORG

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

L Year of formation 1905

M State of legal domicile GA

Part I Summary

1 Briefly describe the organization's mission or most significant activities
TO PROVIDE HEALTHCARE MARKED BY COMPASSION AND SUSTAINABLE EXCELLENCE IN A PROGRESSIVE ENVIRONMENT, GUIDED BY PHYSICIANS, DELIVERED BY EXCEPTIONAL PROFESSIONALS, AND INSPIRED BY THE COMMUNITIES WE SERVE

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**	16
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	12
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	4,185
6	Total number of volunteers (estimate if necessary)	**6**	400
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	4,814,973
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	6,093,577	2,206,036
	9 Program service revenue (Part VIII, line 2g)	706,531,500	719,031,160
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	20,014,761	22,476,129
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	11,724,574	12,336,889
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	744,364,412	756,050,214
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	367,486	269,452
	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)	255,649,503	247,684,057
	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)	405,541,941	387,630,113
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	661,558,930	635,583,622
	19 Revenue less expenses Subtract line 18 from line 12	82,805,482	120,466,592

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	1,401,215,248	1,973,577,308
	21 Total liabilities (Part X, line 26)	833,929,688	1,397,259,921
	22 Net assets or fund balances Subtract line 21 from line 20	567,285,560	576,317,387

Part II Signature Block

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

Sign Here

▶ Signature of officer — 2013-05-15 Date

▶ CHARLIE HALL TREASURER
Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶	Date	Check if self-employed ▶ ☐	Preparer's taxpayer identification number (see instructions)
Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ ERNST & YOUNG US LLP 55 IVAN ALLEN JR BLVD STE 1000 ATLANTA, GA 30308		EIN ▶	Phone no ▶ (404) 874-8300

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

TO PROVIDE HEALTHCARE MARKED BY COMPASSION AND SUSTAINABLE EXCELLENCE IN A PROGRESSIVE ENVIRONMENT, GUIDED BY PHYSICIANS, DELIVERED BY EXCEPTIONAL PROFESSIONALS, AND INSPIRED BY THE COMMUNITIES WE SERVE

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 $ 199,969,795 including grants of $) (Revenue $ 234,886,069)

PIEDMONT HOSPITAL CARDIOVASCULAR SERVICES HAD 6,397 INPATIENT AND 47,950 OUTPATIENT ENCOUNTERS DURING THE FISCAL YEAR ENDING 6/30/2012

4b (Code) (Expenses $ 52,313,404 including grants of $) (Revenue $ 54,778,556)

PIEDMONT HOSPITAL TRANSPLANT SERVICES PERFORMED A TOTAL OF 957 INPATIENT CASES DURING THE FISCAL YEAR ENDING 6/30/2012, AND HAD 13,375 OUTPATIENT ENCOUNTERS

4c (Code) (Expenses $ 32,467,999 including grants of $) (Revenue $ 44,975,643)

PIEDMONT HOSPITAL ORTHOPEDIC SERVICES PERFORMED A TOTAL OF 2,151 INPATIENT CASES AND 1,743 OUTPATIENT CASES DURING THE FISCAL YEAR ENDING 6/30/2012

4d Other program services (Describe in Schedule O)

(Expenses $ 259,181,144 including grants of $ 269,452) (Revenue $ 387,333,414)

4e Total program service expenses ▶ $ 543,932,342

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	Yes	
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d	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**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
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**	368		
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**	4,185		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			**2b**	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			**3a**	Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b**	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account 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**		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			**7f**		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			**7g**		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			**7h**		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			**8**		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			**9a**		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			**9b**		
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	**10a**				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	**11a**				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	**11b**				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			**12a**		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** 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	16		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	12		
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	Yes	
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	Yes	
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	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?		8a	Yes	
b	Each committee with authority to act on behalf of the governing body?		8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		9		No

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

			Yes	No
10a	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	Yes	
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	Yes	
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		No

Section C. Disclosure

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

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 ▶

MARIE GAFFNEY
2727 PACES FERRY RD BUILDING 2 ST
ATLANTA, GA 30339
(678) 842-6007

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) Dr William Blincoe Board member	1 0	X						0	626,988	44,553
(2) Mr Bill Linginfelter Board Member	1 0	X						0	0	0
(3) Dr Carol T Aitcheson Board member	1 0	X						0	473,017	41,465
(4) Dr Letha Yurko Griffin Board member	1 0	X						0	0	0
(5) Mr Gary T Jones Board member	1 0	X						0	0	0
(6) Dr Louis H Jacobs Board member	1 0	X						0	0	0
(7) Ms Nell Long Board member	1 0	X						0	0	0
(8) Dr Bryant Wilson Board member	1 0	X						0	0	0
(9) Dr Philip Brachman Board member	1 0	X						0	0	0
(10) Mr Shouky Shaheen Board member	1 0	X						0	0	0
(11) Dr Patrick M Battey Chairman	2 0	X		X				0	447,357	35,786
(12) Mr Leslie A Donahue President and CEO	55 0	X		X				881,387	0	61,075
(13) Dr Hewitt W Matthews Board member	1 0	X						0	0	0
(14) Mr Douglas Stuart Board Member	1 0	X						0	0	0
(15) Dr Jay Singh Board member	1 0	X						0	0	0
(16) Dr Robert Miller Board member	1 0	X						0	0	0
(17) Mr Charlie Hall Treasurer	2 0			X				0	678,646	88,941

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) Ms Debbie W Gramling Secretary	2 0			X				0	161,197	34,899
(19) Mr Thomas Arnold VP Chief Financial Officer	52 0				X			353,478	0	62,559
(20) Ms Denise Ray VP Chief Operating Officer	55 0				X			389,425	0	38,302
(21) Mr Robert Merz Lead Pharmacist	55 0					X		194,308	0	35,114
(22) Ms Connie Whittington Chief Nursing Officer	55 0					X		402,005	0	66,146
(23) Mr Everett Thompson VP Facility Services	55 0					X		534,230	0	59,742
(24) Dr Matthew Schreiber VP and Chief Medical Officer	55 0					X		435,848	0	56,084
(25) Ms Irene Coletta Manager - Pharmacy	55 0					X		192,936	0	34,402
(26) Mr Wright Alcorn VP Patient Services	0 0						X	288,727	0	10,582

1b	**Sub-Total**			
c	**Total from continuation sheets to Part VII, Section A**			
d	**Total (add lines 1b and 1c)**	3,672,344	2,387,205	669,650

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 ▶ 163

			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**	Yes	
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
SKANSKA USA BUILDING INC 55 Ivan Allen Jr Blvd Ste 600 ATLANTA, GA 30308	CONSTRUCTION	2,518,043
ALLIANCE LAUNDRY AND TEXTILE SERVIC 7990 Second Flags Drive Suite A AUSTELL, GA 30168	LAUNDRY SERVICES	2,266,997
DELOITTE CONSULTING LLP PO BOX 7247 6447 PHILADELPHIA, PA 19170	CONSULTING SERVICES	2,167,500
EMORY MEDICAL LABORATORIES PO BOX 403054 ATLANTA, GA 30384	DIALYSIS	1,524,088
J E Dunn Construction Company 1001 Locust Street KANSAS CITY, MO 64106	Construction	1,356,050

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 ▶ 35

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				
	e	Government grants (contributions)	1e	75,718			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	2,130,318			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		2,206,036			
Program Service Revenue			Business Code				
	2a	HEALTHCARE SERVICES	900099	707,623,119	707,623,119		
	b	OUTSIDE LAB	621500	4,284,968		4,284,968	
	c	MEDICARE MEANINGFUL USE FUNDS	900099	4,003,330	4,003,330		
	d	PARKING	900099	3,119,743	3,119,743		
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		719,031,160			
	3	Investment income (including dividends, interest and other similar amounts)		1,004,994			1,004,994
	4	Income from investment of tax-exempt bond proceeds		0			
	5	Royalties		0			
			(i) Real	(ii) Personal			
	6a	Gross rents	12,936,260				
	b	Less rental expenses	5,178,765				
	c	Rental income or (loss)	7,757,495				
	d	Net rental income or (loss)			7,757,495	7,227,490	530,005	
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory	275,940,555	20,200			
	b	Less cost or other basis and sales expenses	254,326,917	162,703			
	c	Gain or (loss)	21,613,638	-142,503			
	d	Net gain or (loss)			21,471,135			21,471,135
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			0			
	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			0			
	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			0			
		Miscellaneous Revenue		Business Code				
	11a	CAFETERIA		900099	2,644,100			2,644,100
	b	FITNESS CENTER		900099	835,900			835,900
	c	COFFEE CART		900099	152,174			152,174
	d	All other revenue			947,220			947,220
	e	**Total.** Add lines 11a–11d			4,579,394			
	12	**Total revenue.** See Instructions			756,050,214	721,973,682	4,814,973	27,055,523

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	265,600	265,600		
2	Grants and other assistance to individuals in the United States See Part IV, line 22	3,852	3,852		
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	1,705,469	1,606,723	98,746	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7	Other salaries and wages	198,878,675	187,363,598	11,515,077	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	5,470,592	5,153,845	316,747	
9	Other employee benefits	27,124,818	25,554,291	1,570,527	
10	Payroll taxes	14,504,503	13,664,692	839,811	
11	Fees for services (non-employees)				
a	Management	1,388,193		1,388,193	
b	Legal	1,609,860		1,609,860	
c	Accounting	0			
d	Lobbying	285,489	285,489		
e	Professional fundraising *See Part IV, line 17* . .	0			
f	Investment management fees	0			
g	Other	21,940,935	20,563,335	1,377,600	
12	Advertising and promotion	2,988,152		2,988,152	
13	Office expenses	38,283,538	38,097,105	186,433	
14	Information technology	13,424,432	10,068,324	3,356,108	
15	Royalties . .	0			
16	Occupancy	17,735,097	14,700,102	3,034,995	
17	Travel	199,667	177,934	21,733	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	0			
20	Interest	11,170,870		11,170,870	
21	Payments to affiliates	29,751,346		29,751,346	
22	Depreciation, depletion, and amortization	33,293,845	24,970,384	8,323,461	
23	Insurance	6,210,950		6,210,950	
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	BAD DEBT EXPENSE	36,091,557	36,091,557		
b	MEDICAL SUPPLIES AND DRUGS	139,529,785	139,529,785		
c	LAB FEES	5,034,874	5,034,874		
d	GEORGIA PROVIDER FEE	8,964,845	8,964,845		
e					
f	All other expenses	19,726,678	11,836,007	7,890,671	
25	**Total functional expenses.** Add lines 1 through 24f	635,583,622	543,932,342	91,651,280	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		185,994,924	1	223,570,037
	2	Savings and temporary cash investments		0	2	0
	3	Pledges and grants receivable, net		2,359,701	3	1,252,711
	4	Accounts receivable, net		110,959,425	4	107,911,134
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	0
	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		0	6	0
	7	Notes and loans receivable, net		2,707,966	7	5,998,619
	8	Inventories for sale or use		12,063,445	8	12,647,625
	9	Prepaid expenses and deferred charges		5,125,822	9	3,620,797
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 734,541,829			
	b	Less accumulated depreciation	10b 480,514,827	276,003,286	10c	254,027,002
	11	Investments—publicly traded securities		434,864,453	11	414,632,303
	12	Investments—other securities See Part IV, line 11		2,652,597	12	2,392,130
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets		15,417,924	14	15,761,021
	15	Other assets See Part IV, line 11		353,065,705	15	931,763,929
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		1,401,215,248	16	1,973,577,308
Liabilities	17	Accounts payable and accrued expenses		50,586,054	17	45,614,594
	18	Grants payable		0	18	0
	19	Deferred revenue		0	19	0
	20	Tax-exempt bond liabilities		466,922,801	20	463,905,000
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*		0	21	0
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		28,460,499	23	72,517,169
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	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		287,960,334	25	815,223,158
	26	**Total liabilities.** Add lines 17 through 25		833,929,688	26	1,397,259,921
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		530,441,527	27	539,592,810
	28	Temporarily restricted net assets		14,096,222	28	14,293,843
	29	Permanently restricted net assets		22,747,811	29	22,430,734
		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		567,285,560	33	576,317,387
	34	Total liabilities and net assets/fund balances		1,401,215,248	34	1,973,577,308

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	756,050,214
2	Total expenses (must equal Part IX, column (A), line 25)	2	635,583,622
3	Revenue less expenses Subtract line 2 from line 1	3	120,466,592
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	567,285,560
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-111,434,765
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	576,317,387

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
Piedmont Hospital Inc

Employer identification number
58-0566213

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
Piedmont Hospital Inc	58-0566213

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)		
c Total lobbying expenditures (add lines 1a and 1b)		
d Other exempt purpose expenditures		
e Total exempt purpose expenditures (add lines 1c and 1d)		
f Lobbying nontaxable amount Enter the amount from the following table in both columns		
g Grassroots nontaxable amount (enter 25% of line 1f)		
h Subtract line 1g from line 1a If zero or less, enter -0-		
i Subtract line 1f from line 1c If zero or less, enter -0-		

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

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

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

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		285,489
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV		No	
j	Total lines 1c through 1i			285,489
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
Lobbying Activities	SCHEDULE C, PART II-B, LINE 1(G)	HEALTH CARE POLICY IS CRITICAL TO ALL AMERICANS, AND PIEDMONT HOSPITAL BELIEVES THAT HEALTH CARE PROVIDERS MUST PARTICIPATE IN SHAPING HEALTH CARE POLICY BY INTERACTING WITH NATIONAL, STATE, AND LOCAL REPRESENTATIVES AND THEIR STAFF MEMBERS TO HELP THEM BETTER UNDERSTAND THE COMPLEXITIES AND RAMIFICATIONS OF KEY HEALTH CARE POLICIES INCLUDING, WITHOUT LIMITATION, THOSE RELATED TO UNINSURED AND INDIGENT PATIENT NEEDS, AS WELL AS THE IMPORTANCE OF ASSURING THE DELIVERY OF COST-EFFICIENT, QUALITY HEALTH CARE PIEDMONT HEALTHCARE'S VICE PRESIDENT OF GOVERNMENT AND EXTERNAL AFFAIRS REPRESENTED THE INTERESTS OF PIEDMONT HEALTHCARE (EIN 58-1503902), PIEDMONT HOSPITAL (58-0566213), AND RELATED ENTITIES BEFORE FEDERAL, STATE, AND LOCAL ELECTED OFFICIALS AND REGULATORS

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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
Piedmont Hospital Inc

Employer identification number
58-0566213

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	362,297,000	343,861,628	293,945,492	347,223,727	
b Contributions				149,534	
c Investment earnings or losses	8,173,300	18,073,893	49,633,360	-53,718,394	
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses	-378,705	-361,479	-282,776	-290,625	
g End of year balance	370,849,005	362,297,000	343,861,628	293,945,492	

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

- a Board designated or quasi-endowment ▶ 100 000 %
- b Permanent endowment ▶ 0 %
- c Term endowment ▶ 0 %

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

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

Part VI 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		11,747,623		11,747,623
b Buildings		452,094,254	280,979,223	171,115,031
c Leasehold improvements		17,663,866	315,821	17,348,046
d Equipment		251,945,616	199,219,783	52,725,833
e Other		1,090,469	0	1,090,469
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				254,027,002

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

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

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

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

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

(a) Description	(b) Book value
(1) BENEFICIAL INT IN PERP TRUST	7,939,146
(2) DUE FROM RELATED PARTIES	912,588,447
(3) UNAMORTIZED LOAN DISCOUNT	11,236,336
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	931,763,929

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	0
DUE TO RELATED PARTIES	674,266,494
ACCRUED PENSION COSTS	67,637,999
SELF INSURANCE RESERVES	34,541,974
INTEREST SWAPS	34,904,213
SERP PAYABLE	1,181,546
OTHER DEFERRALS	2,690,932
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	815,223,158

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
ASC 740 FOOTNOTE (FKA FIN 48)	SCHEDULE D, PART X, LINE 2	THE COMPANY ACCOUNTS FOR INCOME TAXES UNDER THE PROVISIONS OF THE INCOME TAXES TOPIC OF ASC (ASC 740) UNDER THE REQUIREMENTS OF ASC 740, TAX-EXEMPT ORGANIZATIONS MAY BE REQUIRED TO RECORD AN OBLIGATION AS THE RESULT OF A TAX POSITION THEY HAVE HISTORICALLY TAKEN ON VARIOUS TAX EXPOSURE ITEMS THERE WERE NO MATERIAL UNCERTAIN TAX POSITIONS AS OF JUNE 30, 2012

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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
Piedmont Hospital Inc

Employer identification number
58-0566213

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	Yes	
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)			10,466,716	0	10,466,716	1 750 %
b Medicaid (from Worksheet 3, column a)			22,568,132	15,561,186	7,006,946	1 170 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			8,964,845	1,619,236	7,345,609	1 230 %
d **Total** Charity Care and Means-Tested Government Programs			41,999,693	17,180,422	24,819,271	4 150 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			481,524	0	481,524	0 080 %
f Health professions education (from Worksheet 5)			398,472	0	398,472	0 070 %
g Subsidized health services (from Worksheet 6)			461,635	0	461,635	0 080 %
h Research (from Worksheet 7)			4,027,984	2,046,496	1,981,488	0 330 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			117,457	0	117,457	0 020 %
j **Total** Other Benefits			5,487,072	2,046,496	3,440,576	0 580 %
k **Total.** Add lines 7d and 7j			47,486,765	19,226,918	28,259,847	4 730 %

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						
2 Economic development						
3 Community support						
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy						
8 Workforce development						
9 Other						
10 **Total**						

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense	2	36,091,557		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	1,082,747		
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	152,654,100		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	166,639,952		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-13,985,852		
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 Peachtree Orthopedic	Orthopedic Surgery	15 000 %		85 000 %
2 Digestive Healthcare	Endo/GI Surgery	15 000 %		85 000 %
3 Piedmont West ASC	ambulatory surgery	73 500 %		26 500 %
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	Piedmont Hospital Inc 1968 Peachtree Road NW Atlanta, GA 30309	X	X					X		

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)

Piedmont Hospital Inc

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 200 %			
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**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 300 %			
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**	Yes	
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? _____

	Name and address	Type of Facility (Describe)
1		
2		
3		
4		
5		
6		
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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
1 REQUIRED DESCRIPTIONS	SCHEDULE H, PART VI, LINE 1 REQUIRED DESCRIPTIONS	PUBLIC AVAILABILITY OF COMMUNITY BENEFIT REPORT SCHEDULE H, PART I, LINE 6A A REPORT ON PI EDMONT FAYETTE HOSPITAL'S COMMUNITY BENEFITS IS FOUND WITHIN PIEDMONT HEALTHCARE, INC 'S (PIEDMONT FAYETTE HOSPITAL'S SOLE MEMBER) ANNUAL REPORT, WHICH IS WIDELY DISTRIBUTED TO THE PUBLIC BOTH THROUGH PRINTED COPIES MADE AVAILABLE TO COMMUNITY MEMBERS UPON REQUEST AND T HROUGH PUBLICATION ON THE PIEDMONT HEALTHCARE'S WEBSITE ADDITIONALLY, THE REPORT WAS MAIL ED TO PIEDMONT FAYETTE HOSPITAL AND PIEDMONT HEALTHCARE BOARD MEMBERS, STATE AND LOCAL ELE CTED OFFICIALS, AND OTHER KEY STAKEHOLDERS PERCENT OF TOTAL EXPENSE SCHEDULE H, PART I, L INE 7(F) THE DENOMINATOR USED FOR THE CALCULATION OF COLUMN (F), PERCENT OF TOTAL EXPENSE, WAS THE AMOUNT OF TOTAL FUNCTIONAL EXPENSES ON FORM 990, PART IX, LINE 25, COLUMN (A) OF $635,583,622, LESS BAD DEBT EXPENSE OF $36,091,557 FROM FORM 990, PART IX, LINE 24(A) FIN ANCIAL ASSISTANCE AND CERTAIN OTHER COMMUNITY BENEFITS AT COST SCHEDULE H, PART I, LINE 7 A RATIO OF PATIENT CARE COST TO CHARGES, CONSISTENT WITH WORKSHEET 2, WAS USED TO REPORT T HE AMOUNTS IN PART I, LINES 7A-7D FOR AMOUNTS ON LINES 7E-7K, ACTUAL EXPENSES FOR EACH CO MMUNITY BENEFIT ACTIVITY ARE TRACED AND REPORTED USING THE ORGANIZATION'S COST ACCOUNTING SYSTEM BAD DEBT EXPENSE CALCULATION AND FOOTNOTE SCHEDULE H, PART III, LINE 4 BASED ON PR IOR EXPERIENCE AND CERTAIN DEMOGRAPHICS AND OTHER INFORMATION OBTAINED DURING ADMISSION, T HE ORGANIZATION BELIEVES A PORTION OF THE BAD DEBT EXPENSES AT COST IS ATTRIBUTABLE TO PAT IENTS THAT WOULD OTHERWISE QUALIFY FOR CHARITY CARE DESPITE ITS BEST EFFORTS TO EDUCATE P ATIENTS ABOUT QUALIFYING FOR ITS CHARITY CARE PROGRAM (AS DISCUSSED IN PART IV, QUESTION 3 BELOW), MANY UNINSURED PATIENTS EITHER REFUSE OR FAIL TO COMPLETE A CHARITY CARE APPLICAT ION OR PROVIDE SUFFICIENT INFORMATION AT THE TIME OF ADMISSION, DURING THEIR STAY, OR AFTE R BEING DISCHARGED TO QUALIFY FOR ASSISTANCE UNDER THE ORGANIZATION'S CHARITY CARE POLICY THE AMOUNT REPORTED ON PART III, LINE 3, WAS DETERMINED BY TAKING THE AVERAGE ACCEPTANCE RATE FOR ALL CHARITY CARE APPLICATIONS RECEIVED DURING THE YEAR MULTIPLIED BY THE NUMBER O F DENIALS THAT WERE ATTRIBUTABLE TO INSUFFICIENT INFORMATION THAT TOTAL WAS THEN ADJUSTED DOWNWARD FOR THE ORGANIZATION'S USE OF PRESUMPTIVE ELIGIBILITY WHEN DETERMINING ITS COMMU NITY BENEFITS BAD DEBT EXPENSE FOOTNOTE FROM CONSOLIDATED, AUDITED FINANCIAL STATEMENTS THE PROVISION FOR BAD DEBTS IS BASED UPON MANAGEMENT'S ASSESSMENT OF HISTORICAL AND EXPECT ED NET COLLECTIONS CONSIDERING BUSINESS AND ECONOMIC CONDITIONS, TRENDS IN HEALTH CARE COV ERAGE, AND OTHER COLLECTION INDICATORS PERIODICALLY, MANAGEMENT ASSESSES THE ADEQUACY OF THE ALLOWANCE FOR DOUBTFUL ACCOUNTS BASED UPON HISTORICAL WRITE-OFF EXPERIENCE BY PAYER CA TEGORY THE RESULTS OF THIS REVIEW ARE THEN USED TO MAKE ANY MODIFICATIONS TO THE PROVISIO N FOR BAD DEBTS TO ESTABLISH AN APPROPRIATE ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLES PIEDM ONT HOSPITAL PROVIDES CARE TO PATIENTS WHO MEET CERTAIN CRITERIA UNDER ITS CHARITY CARE PO LICY WITHOUT CHARGE OR AT AMOUNTS LESS THAN ITS ESTABLISHED RATES AMOUNTS DETERMINED TO Q UALIFY AS CHARITY CARE ARE NOT REPORTED AS REVENUE MEDICARE SHORTFALLS AS COMMUNITY BENEF IT SCHEDULE H, PART III, LINE 8 THE AMOUNT REPORTED ON PART III, SECTION B, LINE 6 WAS CAL CULATED IN ACCORDANCE WITH THE SCHEDULE H INSTRUCTIONS AND UTILIZING THE ORGANIZATION'S AL LOWABLE MEDICARE COST AS REPORTED IN THE MEDICARE COST REPORT, WHICH IS BASED ON A COST TO CHARGE RATIO HOWEVER, THE ALLOWABLE COSTS IN THE MEDICARE COST REPORT DO NOT REFLECT THE ACTUAL COST OF PROVIDING CARE TO PATIENTS SINCE THE MEDICARE COST REPORT EXCLUDES MANY DI RECT PATIENT CARE COSTS THAT ARE ESSENTIAL TO PROVIDING QUALITY HEALTHCARE FOR MEDICARE PA TIENTS FOR EXAMPLE, CERTAIN COVERAGE FEES TO PHYSICIANS, COST OF MEDICARE C AND D, AND OT HER SIMILAR DIRECT PATIENT CARE EXPENSES ARE SPECIFICALLY EXCLUDED FROM ALLOWABLE COST IN THE MEDICARE COST REPORT THE ORGANIZATION BELIEVES THAT PIEDMONT HOSPITAL'S MEDICARE SHOR TFALL REPORTED ON PART III, LINE 7 OF SCHEDULE H, SHOULD BE CONSIDERED A COMMUNITY BENEFIT AS THE IRS COMMUNITY BENEFIT STANDARD INCLUDES THE PROVISION OF CARE TO ELDERLY AND MEDIC ARE PATIENTS IRS REVENUE RULING 69-545 PROVIDES, IN PART, THAT HOSPITALS SERVING PATIENTS WITH GOVERNMENTAL HEALTH INSURANCE, SUCH AS MEDICARE, IS AN INDICATION THE HOSPITAL OPERA TES TO PROMOTE HEALTH IN THE COMMUNITY ADDITIONALLY, MEDICARE ACCOUNTED FOR 21 6 PERCENT OF PIEDMONT HOSPITAL'S PATIENT SERVICE REVENUE PIEDMONT HOSPITAL'S POLICY IS TO TREAT MED ICARE PATIENTS, REGARDLESS OF THE EXTENT TO WHICH MEDICARE ACTUALLY PAYS FOR THE TREATMENT FOR MANY SERVICES, MEDICARE'S REIMBURSEMENT IS LESS THAN THE COST OF THE CARE PROVIDED, RESULTING IN SHORTFALLS THAT ARE TO BE ABSORBED BY THE HOSPITAL IN HONOR OF PIEDMONT HOSPI TAL'S COMMITMENT TO TREAT ELDERLY PATIENTS MANY OF THESE PATIENTS LIVE ON A LOW, FIXED IN COME, AND WOULD QUALIFY FOR FINANCIAL ASSISTANCE O

Identifier	ReturnReference	Explanation
1 REQUIRED DESCRIPTIONS	SCHEDULE H, PART VI, LINE 1 REQUIRED DESCRIPTIONS	R OTHER MEANS-TESTED PROGRAMS, ABSENT THEIR ENROLLMENT IN MEDICARE COLLECTION PRACTICES S CHEDULE H, PART III, LINE 9(B) INITIAL SCREENINGS OF ALL INPATIENT, EMERGENCY, AND SURGERY ENCOUNTERS, AS WELL AS MOST OUTPATIENT VISITS, ARE CONDUCTED BY FINANCIAL COUNSELORS IN O RDER TO IDENTIFY ANY AVAILABLE INSURANCE OR OTHER COVERAGE FOR EACH PATIENT COUNSELORS CO NTACT PATIENTS AND THEIR FAMILIES DIRECTLY, EITHER IN PERSON OR BY LETTER, TO ASSIST THE F AMILY IN IDENTIFYING ANY PROGRAMS FOR WHICH THE PATIENT/SERVICE MAY QUALIFY (INCLUDING MED ICAID, STATE CHILDREN'S HEALTH INSURANCE PROGRAM ("SCHIP"), PRIVATE OR GOVERNMENT INSURANC E COVERAGE, AND CHARITY ASSISTANCE) IF THE FAMILY CANNOT BE TIMELY LOCATED OR IS UNCOOPER ATIVE, RELATED ACCOUNTS ARE TRANSFERRED TO AN INTERNAL COLLECTION DEPARTMENT FOR FURTHER A TTEMPTS TO OBTAIN PAYMENT OR, IF THE PATIENT MAY QUALIFY FOR ASSISTANCE, TO SECURE A FINAN CIAL ASSISTANCE APPLICATION THE ORGANIZATION'S DEBT COLLECTION POLICY AND PROCEDURES PROH IBIT ANY COLLECTION EFFORTS FOR THE PORTION OF A PATIENT ACCOUNT BALANCE THAT QUALIFIES FO R FINANCIAL ASSISTANCE UNDER THE ORGANIZATION'S CHARITY CARE POLICY

Identifier	ReturnReference	Explanation
2 NEEDS ASSESSMENT	SCHEDULE H, PART VI, LINE 2 NEEDS ASSESSMENT	IN FY 2012, PIEDMONT HOSPITAL BEGAN THE PRELIMINARY STEPS TO CONDUCT A FORMAL NEEDS ASSESSMENT, WHICH COMMENCED IN FY 2013 THOSE STEPS INCLUDED A THOROUGH REVIEW OF THE PATIENT PROTECTION AND AFFORDABLE CARE ACT REGULATIONS REGARDING COMMUNITY HEALTH NEEDS ASSESSMENTS, THE FORMATION OF AN IMPLEMENTATION PLAN, IDENTIFICATION OF KEY STAKEHOLDERS TO ENGAGE IN THE PROCESS, AND THE ESTABLISHMENT OF A COMMUNITY BENEFITS DEPARTMENT TO EXECUTE THE ASSESSMENT

Identifier	ReturnReference	Explanation
3 PATIENT EDUCATION OF ASSISTANCE ELIGIBILITY	SCHEDULE H, PART VI, LINE 3 PATIENT EDUCATION OF ASSISTANCE ELIGIBILITY	PIEDMONT HEALTHCARE UNDERSTANDS THAT NOT EVERYONE WILL HAVE THE ABILITY TO PAY THEIR HOSPITAL BILL DUE TO THEIR INSURANCE STATUS OR A LIMITED INCOME, AND BECAUSE OF THIS, PIEDMONT HOSPITAL OFFERS FINANCIAL ASSISTANCE TO QUALIFYING PATIENTS INFORMATION ABOUT AND CONTACT NUMBERS FOR FINANCIAL ASSISTANCE ARE PROVIDED IN NOTICES INSERTED IN PATIENT BILLS AND POSTED IN EMERGENCY ROOMS, IN THE CONDITIONS OF ADMISSION FORM, AT ADMITTING AND REGISTRATION DEPARTMENTS, AT HOSPITAL BUSINESS OFFICES, AT PATIENT FINANCIAL SERVICES OFFICES THAT ARE LOCATED ON FACILITY CAMPUSES, AND AT OTHER PUBLIC PLACES THE HOSPITAL MAY ELECT, INCLUDING LOCAL LOW-COST CLINICS PRIMARILY TREATING UNINSURED POPULATIONS PIEDMONT HOSPITAL WILL ALSO PUBLISH AND WIDELY PUBLICIZE A SUMMARY OF THIS FINANCIAL ASSISTANCE CARE POLICY ON ITS FACILITY WEBSITE, WHICH WILL INCLUDE A LINK TO THE FULL POLICY REFERRAL OF PATIENTS FOR FINANCIAL ASSISTANCE MAY BE MADE BY ANY STAFF OR MEDICAL STAFF MEMBER AT THE HOSPITAL, INCLUDING PHYSICIANS, NURSES, FINANCIAL COUNSELORS, SOCIAL WORKERS, CASE MANAGERS, CHAPLAINS AND RELIGIOUS SPONSORS A REQUEST FOR FINANCIAL ASSISTANCE MAY BE MADE BY THE PATIENT OR A FAMILY MEMBER, CLOSE FRIEND, OR ASSOCIATE OF THE PATIENT, SUBJECT TO APPLICABLE PRIVACY LAWS

Identifier	ReturnReference	Explanation
4 COMMUNITY INFORMATION	SCHEDULE H, PART VI, LINE 4 COMMUNITY INFORMATION	PIEDMONT HOSPITAL IS LOCATED IN FULTON COUNTY, AND ITS PRIMARY SERVICE COMMUNITIES ARE FULTON COUNTY AND NEARBY DEKALB COUNTY IN 2010, APPROXIMATELY 1 6 MILLION PEOPLE LIVED IN FULTON AND DEKALB COUNTIES, WITH THE MAJORITY RESIDING IN FULTON BOTH ARE URBAN COMMUNITIES, AND TOGETHER COMPRISE THE CITY OF ATLANTA IN BOTH COUNTIES, ABOUT 27 PERCENT OF ADULTS WERE UNINSURED IN 2012, AND OF THOSE INSURED, ABOUT ONE-THIRD RELY ON PUBLIC ASSISTANCE OF THE PRIVATELY INSURED, AN ESTIMATED ONE-THIRD IS UNDERINSURED APPROXIMATELY 14 PERCENT OF THE OVERALL ADULT POPULATION IN BOTH COUNTIES REPORTED THEY WERE UNABLE TO SEE A DOCTOR IN 2011 DUE TO COST AND, THAT YEAR, 13 PERCENT REPORTED THEY WERE IN POOR OR FAIR HEALTH, A FIGURE HIGHER THAN THE NATIONAL BENCHMARK OF 10 PERCENT REPORTING THAT LOW LEVEL OF HEALTH SLIGHTLY LESS THAN 10 PERCENT OF ADULT RESIDENTS HAVE BEEN DIAGNOSED WITH DIABETES, AN AMOUNT ON PAR WITH GEORGIA'S AVERAGE OF 10 PERCENT VIOLENCE IS A SIGNIFICANT ISSUE IN BOTH FULTON AND DEKALB COUNTIES, WITH RATES THAT THAT SOAR ABOVE BOTH STATE AND NATIONAL BENCHMARKS IN DEKALB COUNTY, THERE WERE ABOUT 746 VIOLENT CRIME INCIDENTS PER EVERY 100,000 RESIDENTS IN 2011 THAT SAME YEAR, IN FULTON COUNTY, THERE WERE 953 VIOLENT CRIME INCIDENTS PER EVERY 100,000 RESIDENTS, A FIGURE MORE THAN DOUBLE THE STATE AVERAGE AND MORE THAN 13 TIMES THE NATIONAL AVERAGE THE TEEN BIRTH RATE IN FULTON AND DEKALB COUNTIES IS 47 BIRTHS PER 1,000 TEENAGED WOMEN AND 48 BIRTHS PER 1,000 TEENAGED WOMEN, RESPECTIVELY COMPARED TO THE NATIONAL AVERAGE OF ONLY 21 BIRTHS PER 1,000 TEENAGED WOMEN, THIS FIGURE IS EXTREMELY HIGH FOR BOTH COUNTIES ONE IN FIVE ADULTS ARE NOTABLY PHYSICALLY INACTIVE IN BOTH COUNTIES, AND ONE IN FOUR IS OBESE ACCESS TO HEALTHY FOODS COULD BE AN ISSUE AS ABOUT 7 PERCENT OF FULTON COUNTY'S POPULATION DOES NOT LIVE WITHIN CLOSE PROXIMITY OF A GROCERY STORE THAT SELLS FRESH FRUIT AND VEGETABLES, AND APPROXIMATELY HALF OF THE COUNTY'S RESTAURANTS ARE FAST FOOD ESTABLISHMENTS

Identifier	ReturnReference	Explanation
5 PROMOTION OF COMMUNITY HEALTH	SCHEDULE H, PART VI, LINE 5 PROMOTION OF COMMUNITY HEALTH	PIEDMONT HOSPITAL ACTIVELY PROMOTES THE HEALTH OF ITS COMMUNITY THROUGH COMMUNITY-BASED HEALTH SCREENINGS, EDUCATIONAL ACTIVITIES, THE OPERATION OF A 24-HOUR EMERGENCY DEPARTMENT AVAILABLE TO THE ENTIRE COMMUNITY, THE OPERATION OF AN EMERGENCY ROOM OPEN TO ALL MEMBERS OF THE COMMUNITY WITHOUT REGARD TO ABILITY TO PAY, A GOVERNANCE BOARD COMPOSED OF COMMUNITY MEMBERS, USE OF SURPLUS REVENUE FOR FACILITIES IMPROVEMENT, PATIENT CARE, AND MEDICAL TRAINING, EDUCATION, AND RESEARCH, THE PROVISION OF INPATIENT HOSPITAL CARE FOR ALL PERSONS IN THE COMMUNITY ABLE TO PAY, INCLUDING THOSE COVERED BY MEDICARE AND MEDICAID, AND AN OPEN MEDICAL STAFF WITH PRIVILEGES AVAILABLE TO ALL QUALIFYING PHYSICIANS

Identifier	ReturnReference	Explanation
6 AFFILIATED HEALTH CARE SYSTEM	SCHEDULE H, PART VI, LINE 6 AFFILIATED HEALTH CARE SYSTEM	THE ORGANIZATION IS PART OF AN INTEGRATED HEALTHCARE DELIVERY SYSTEM ("SYSTEM") SERVING THE HEALTHCARE NEEDS OF NORTH GEORGIA AND, SPECIFICALLY, THE METROPOLITAN ATLANTA AREA THE SYSTEM EXISTS TO PROVIDE PROGRESSIVE HEALTHCARE MARKED BY COMPASSION AND SUSTAINABLE EXCELLENCE TO ALL MEMBERS OF ITS COMMUNITY COMMUNITY BENEFITS ARE GENERATED THROUGH THE PROVISION OF CHARITY CARE, GOVERNMENT-SPONSORED PROGRAMS (SUCH AS MEDICAID AND MEDICARE), MEDICAL RESEARCH, MEDICAL EDUCATION, COMMUNITY HEALTH IMPROVEMENT SERVICES, DONATIONS TO OTHER NONPROFIT HEALTH CARE PROVIDERS, AND MANY OTHER COMMUNITY SERVICE ACTIVITIES IN FISCAL YEAR 2011, THE PIEDMONT HEALTHCARE SYSTEM INCLUDED FIVE FULL-SERVICE HOSPITALS, A PHILANTHROPIC FOUNDATION, A CARDIOVASCULAR RESEARCH INSTITUTE, A PHYSICIAN NETWORK, AMBULATORY SURGERY CENTERS, AND OTHER HEALTH CARE PROVIDERS, ALL OF WHICH FALL UNDER THE COMMON CONTROL OF PIEDMONT HEALTHCARE, INC , PIEDMONT HOSPITAL'S SOLE MEMBER THE SYSTEM'S FIVE HOSPITALS ARE PIEDMONT HOSPITAL, A 488-BED ACUTE TERTIARY CARE FACILITY IN ATLANTA, PIEDMONT FAYETTE HOSPITAL, A 157-BED, ACUTE-CARE COMMUNITY HOSPITAL IN FAYETTEVILLE, PIEDMONT MOUNTAINSIDE HOSPITAL, A 42-BED COMMUNITY HOSPITAL IN JASPER, PIEDMONT NEWNAN HOSPITAL, A 136-BED, ACUTE-CARE COMMUNITY HOSPITAL IN NEWNAN, AND PIEDMONT HENRY HOSPITAL, A 215-BED ACUTE-CARE COMMUNITY HOSPITAL IN STOCKBRIDGE AS PART OF THE PIEDMONT HEALTHCARE SYSTEM, CERTAIN AFFILIATES MAKE GRANTS AND/OR CONTRIBUTIONS TO OTHER RELATED NONPROFIT AFFILIATES TO HELP FINANCIALLY SUPPORT AND/OR FUND WORTHY COMMUNITY BENEFITS ACTIVITIES

Identifier	ReturnReference	Explanation
7 STATE OF FILING OF COMMUNITY BENEFIT REPORT	SCHEDULE H, PART VI, LINE 7 STATE OF FILING OF COMMUNITY BENEFIT REPORT	PIEDMONT HOSPITAL IS NOT REQUIRED TO FILE A COMMUNITY BENEFIT REPORT, HOWEVER THE HOSPITAL IS REQUIRED TO FILE WITH THE GEORGIA DEPARTMENT OF COMMUNITY HEALTH INFORMATION ON ITS INDIGENT AND CHARITY CARE, AS WELL AS ITS MEDICAID AND MEDICARE SHORTFALLS

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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
Piedmont Hospital Inc

Employer identification number
58-0566213

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) Good Samaritan Health Center1015 Donald Lee Hollowell Pkwy Atlanta, GA 30318	58-2373395	501(c)(3)	17,500				Community Service
(2) THE LEUKEMIA & LYMPHOMA SOCIETY3715 NORTHSIDE PARKWAY BLDG 400 S ATLANTA, GA 30327	13-5644916	501(C)(3)	15,100				"LIGHT THE NIGHT" EVENT SPONSORSHIP
(3) YMCA OF METRO ATLANTA100 EDGEWOOD AVE NE STE 1100 ALTANTA, GA 30303	58-0566253	501(C)(3)	6,000				CHARITABLE GOLF TOURNAMENT SPONSOR
(4) GEORGIA TRANSPLANT FOUNDATION500 Sugar Mill Road Suite 170A ATLANTA, GA 30350	58-2075193	501(C)(3)	10,000				Tom Glavine Spring Training Event
(5) Alzheimer's Association 41 Perimeter Center East Suite 550 Atlanta, GA 30346	58-1492046	501(C)(3)	15,200				Dancing with the Stars event
(6) Hands of Hope Clinic Inc 1010 Hospital Dr Bldg B Stockbridge, GA 30281	42-1591970	501(C)(3)	5,750				Goblin Gallop Event
(7) HINRI Labs Inc641 Loridans Drive NE Atlanta, GA 30342	27-0169289	501(C)(3)	15,000				Military Assistance
(8) Henry County Chamber of Commerce1709 Hwy 20 West McDonough, GA 30253	58-1025691	501(C)(6)	18,500				Charitable Events
(9) It's the Journey Inc180 Allen Road Ste 201 South Atlanta, GA 30328	47-0897591	501(C)(3)	15,000				2 day walk
(10) Men's Health and Wellness Center1 Glenlake Pkwy Ste 700 Sandy Springs, GA 30328	83-0512342	501(C)(3)	10,000				Men's wellness events
(11) Mercer University Center for Health and Learning3001 Mercer University Dr Atlanta, GA 303414155	26-2442849	501(C)(3)	6,000				PA Program

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . . ▶ 10

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

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

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

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

Identifier	Return Reference	Explanation
MONITORING THE USE OF GRANT FUNDS	SCHEDULE I, PART I, LINE 2	SPONSORSHIPS MONEY IS GIVEN TO CHARITABLE ORGANIZATIONS WHICH PRIMARILY PROMOTE HEALTH CARE CAUSES OCCASIONALLY, MONEY IS GIVEN TO CHARITABLE ORGANIZATIONS WHICH ARE NOT HEALTHCARE ORGANIZATIONS THESE ORGANIZATIONS PROMOTE OTHER WORTHY CAUSES IN THE SURROUNDING COMMUNITY THE GRANTS ARE ADMINISTERED IN THE PUBLIC RELATIONS DEPARTMENT FEDERAL GRANTS GRANT FUNDS ARE MONITORED IN THE GRANTS MANAGEMENT DEPARTMENT ELIGIBILITY, SELECTION CRITERIA AND ALL NECESSARY RECORDS ARE MAINTAINED BY THIS DEPARTMENT TO ENSURE COMPLIANCE WITH THE RELEVANT REGULATIONS

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 58-0566213
Name: Piedmont Hospital Inc

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

(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
Good Samaritan Health Center1015 Donald Lee Hollowell Pkwy Atlanta, GA 30318	58-2373395	501(c)(3)	17,500				Community Service
THE LEUKEMIA & LYMPHOMA SOCIETY3715 NORTHSIDE PARKWAY BLDG 400 S ATLANTA, GA 30327	13-5644916	501(C)(3)	15,100				"LIGHT THE NIGHT" EVENT SPONSORSHIP

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

(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
YMCA OF METRO ATLANTA100 EDGEWOOD AVE NE STE 1100 ALTANTA,GA 30303	58-0566253	501(C)(3)	6,000				CHARITABLE GOLF TOURNAMENT SPONSOR
GEORGIA TRANSPLANT FOUNDATION500 Sugar Mill Road Suite 170A ATLANTA,GA 30350	58-2075193	501(C)(3)	10,000				Tom Glavine Spring Training Event

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

(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
Alzheimer's Association41 Perimeter Center East Suite 550 Atlanta, GA 30346	58-1492046	501(C)(3)	15,200				Dancing with the Stars event
Hands of Hope Clinic Inc1010 Hospital Dr Bldg B Stockbridge, GA 30281	42-1591970	501(C)(3)	5,750				Goblin Gallop Event

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

(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
HINRI Labs Inc641 Loridans Drive NE Atlanta, GA 30342	27-0169289	501(C)(3)	15,000				Military Assistance
Henry County Chamber of Commerce1709 Hwy 20 West McDonough, GA 30253	58-1025691	501(C)(6)	18,500				Charitable Events

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

(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
It's the Journey Inc 180 Allen Road Ste 201 South Atlanta, GA 30328	47-0897591	501(C)(3)	15,000				2 day walk
Men's Health and Wellness Center1 Glenlake Pkwy Ste 700 Sandy Springs, GA 30328	83-0512342	501(C)(3)	10,000				Men's wellness events

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

(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
Mercer University Center for Health and Learning3001 Mercer University Dr Atlanta, GA 303414155	26-2442849	501(C)(3)	6,000				PA Program

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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
Piedmont Hospital Inc

Employer identification number
58-0566213

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items			
	☑ First-class or charter travel	☐ Housing allowance or residence for personal use		
	☐ Travel for companions	☐ Payments for business use of personal residence		
	☐ Tax idemnification and gross-up payments	☐ Health or social club dues or initiation fees		
	☐ Discretionary spending account	☐ Personal services (e g , maid, chauffeur, chef)		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement orprovision of all the expenses described above? If "No," complete Part III to explain	**1b**	Yes	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**	Yes	
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply			
	☐ Compensation committee	☐ Written employment contract		
	☐ Independent compensation consultant	☐ Compensation survey or study		
	☐ Form 990 of other organizations	☐ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**	Yes	
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**	Yes	
b	Any related organization?	**6b**	Yes	
	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) Dr William Blincoe	(i)	0	0	0	0	0	0	0
	(ii)	603,821	19,405	3,762	31,800	12,753	671,541	
(2) Mr Charlie Hall	(i)	0	0	0	0	0	0	0
	(ii)	416,712	85,046	176,888	75,776	13,165	767,587	
(3) Ms Debbie W Gramling	(i)	0	0	0	0	0	0	0
	(ii)	126,320	30,972	3,905	23,779	11,120	196,096	
(4) Dr Carol T Aitcheson	(i)	0	0	0	0	0	0	0
	(ii)	466,422	500	6,095	23,935	17,530	514,482	
(5) Mr Robert Merz	(i)	178,663	0	15,645	25,689	9,425	229,422	
	(ii)	0	0	0	0	0	0	0
(6) Ms Connie Whittington	(i)	132,719	0	269,286	61,653	4,493	468,151	
	(ii)	0	0	0	0	0	0	0
(7) Mr Thomas Arnold	(i)	283,922	36,609	32,947	48,300	14,259	416,037	
	(ii)	0	0	0	0	0	0	0
(8) Mr Wright Alcorn	(i)	10,840	0	277,887	10,093	489	299,309	
	(ii)	0	0	0	0	0	0	0
(9) Mr Everett Thompson	(i)	209,987	0	324,243	54,242	5,500	593,972	
	(ii)	0	0	0	0	0	0	0
(10) Dr Matthew Schreiber	(i)	360,952	46,935	27,961	42,454	13,630	491,932	
	(ii)	0	0	0	0	0	0	0
(11) Dr Patrick M Battey	(i)	0	0	0	0	0	0	0
	(ii)	410,223	4,991	32,143	30,403	5,383	483,143	
(12) Ms Denise Ray	(i)	330,753	42,870	15,802	26,569	11,733	427,727	
	(ii)	0	0	0	0	0	0	0
(13) Mr Leslie A Donahue	(i)	523,752	216,369	141,266	47,698	13,377	942,462	
	(ii)	0	0	0	0	0	0	0
(14) Ms Irene Coletta	(i)	122,365	0	70,571	24,868	9,534	227,338	
	(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
FIRST CLASS TRAVEL	SCHEDULE J, PART I, LINE 1A	EXPENSES FOR FIRST CLASS TRAVEL ARE PAID ON BEHALF OF CERTAIN EXECUTIVES THESE ITEMS ARE NOT REPORTED ON THE EMPLOYEE'S FORM W-2, HOWEVER, THE COMPANY IS REIMBURSED FOR ANY PERSONAL EXPENSES INCURRED BY THE EMPLOYEE
COMPENSATION OF THE CEO/EXECUTIVE DIRECTOR	SCHEDULE J, PART I, LINE 3	THE COMPENSATION FOR THE PRESIDENT/CEO OF PIEDMONT HOSPITAL IS SET BY THE ENTITY'S PARENT, PIEDMONT HEALTHCARE, INC PLEASE SEE THE SCHEDULE O NARRATIVE FOR FORM 990, PART VI, SECTION B, LINE 15A & 15B FOR ADDITIONAL INFORMATION
SUPPLEMENTAL COMPENSATION INFORMATION	SCHEDULE J, PART I, LINES 4A & 4B	WRIGHT ALCORN TERMINATED ON DECEMBER 31, 2010, AND RECEIVED A SEVERANCE PAYMENT FROM THE ORGANIZATION IN 2011 IN THE AMOUNT OF $277,804 CHARLIE HALL AND LESLIE DONAHUE PARTICIPATED IN A SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN, BUT DID NOT RECEIVE CURRENT YEAR PAYMENTS
BONUSES	FORM 990, PART VII AND SCHEDULE J, PART I LINES 6A & 6B	BONUSES ARE PAID ANNUALLY TO CERTAIN EMPLOYEES BASED ON VARIOUS METRICS, INCLUDING NET EARNINGS

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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
Piedmont Hospital Inc

Employer identification number
58-0566213

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	DEVELOPMENT AUTHORITY OF FULTON COUNTY	58-1639487	359900ZX8	11-24-2009	248,554,761	See Part VI - Supplemental Info		X		X		X
B	HOSPITAL AUTHORITY OF FAYETTE COUNTY	58-2629223	31222TAJ2	11-24-2009	79,849,335	See Part VI - Supplemental Info		X		X		X
C	COWETA COUNTY DEVELOPMENT AUTHORITY	58-1057672	223658PW9	10-27-2010	99,459,357	Construct and Equip a New Hospital		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	2,940,000	8,250,000	0	
2	Amount of bonds defeased	0	0	0	
3	Total proceeds of issue	299,999,726	78,404,371	99,459,357	
4	Gross proceeds in reserve funds	0	0	0	
5	Capitalized interest from proceeds	0	0	0	
6	Proceeds in refunding escrow	0	0	0	
7	Issuance costs from proceeds	7,212	1,885	0	
8	Credit enhancement from proceeds	0	0	0	
9	Working capital expenditures from proceeds	0	0	0	
10	Capital expenditures from proceeds	0	0	99,459,357	
11	Other spent proceeds	299,992,514	78,402,486	0	
12	Other unspent proceeds	0	0	0	
13	Year of substantial completion	2009	2009	2012	

		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		X			X		
15	Were the bonds issued as part of an advance refunding issue?		X		X		X		
16	Has the final allocation of proceeds been made?	X		X		X			
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		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		X		X		
2	Are there any lease arrangements that may result in private business use of bond-financed property?	X		X		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		X		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?	X		X		X			
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X		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 ▶	0 %		0 %		0 %			
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		X		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		X		X		
2	Is the bond issue a variable rate issue?	X		X			X		
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X		X		X		
b	Name of provider	0		0		0			
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								
4a	Were gross proceeds invested in a GIC?		X		X		X		
b	Name of provider	0		0		0			
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		X		X		
6	Did the bond issue qualify for an exception to rebate?		X		X		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
DEVELOPMENT AUTHORITY OF FULTON COUNTY BONDS ISSUED 11/24/2009	SCHEDULE K, PART I, LINE A	ON NOVEMBER 24, 2009, PIEDMONT HEALTHCARE, INC , (PIEDMONT HOSPITAL'S SOLE MEMBER, EIN 58-1503902) ENTERED INTO A BOND ISSUANCE AGREEMENT WITH THE DEVELOPMENT AUTHORITY OF FULTON COUNTY CONSISTING OF THE FOLLOWING SERIES SERIES 2009A, CUSIP # 359900ZX8, ISSUE PRICE $166,454,761 (FIXED RATE) SERIES 2009B, CUSIP # 359900ZY6, ISSUE PRICE $70,000,000 (VARIABLE RATE) SERIES 2009C, CUSIP # NONE, ISSUE PRICE $62,100,000 (FIXED RATE) THE ISSUE WAS USED TO REFUND BONDS ISSUED ON 04/07/1999, 06/14/2001, 04/13/2003, 12/15/2005, AND 12/13/2007 THE 2009C BONDS WERE USED TO REPAY A LINE OF CREDIT (SUN TRUST NOTE) THAT FUNDED CONSTRUCTION AND RENOVATION PROJECTS
HOSPITAL AUTHORITY OF FAYETTE COUNTY BONDS ISSUED 11/24/2009	SCHEDULE K, PART I, LINE B	ON NOVEMBER 24, 2009, PIEDMONT HEALTHCARE, INC , (PIEDMONT HOSPITAL'S SOLE MEMBER, EIN 58-1503902) ENTERED INTO A BOND ISSUANCE AGREEMENT WITH THE HOSPITAL AUTHORITY OF FAYETTE COUNTY CONSISTING OF THE FOLLOWING SERIES SERIES 2009A, CUSIP # 31222TAJ2, ISSUE PRICE $36,204,335 (FIXED RATE) SERIES 2009B, CUSIP # 31222TAH6, ISSUE PRICE $36,645,000 (VARIABLE RATE) SERIES 2009C, CUSIP # NONE, ISSUE PRICE $7,000,000 (FIXED RATE) THE ISSUE WAS USED TO REFUND BONDS ISSUED ON 04/07/1999, 06/14/2001, 04/13/2003, 12/15/2005, AND 12/13/2007 THE 2009C BONDS WERE USED TO REPAY A LINE OF CREDIT (SUN TRUST NOTE) THAT FUNDED CONSTRUCTION AND RENOVATION PROJECTS
TOTAL PROCEEDS OF ISSUE	SCHEDULE K, PART II, LINE 3, COLUMNS A & B	THE 2009 BOND ISSUES LISTED IN COLUMNS A & B OF PART I ARE COMBINED ON THE FORM 8038 FILED BY PIEDMONT HOSPITAL HOWEVER, FOR PURPOSES OF SCHEDULE K REPORTING, PIEDMONT HOSPITAL HAS BROKEN OUT THE BOND ISSUED BASED ON THE AUTHORITY (I E FAYETTE OR FULTON) THAT ISSUED THE BONDS CONSEQUENTLY, THE REPORTING IN COLUMNS A & B WILL NOT TIE TO THE FORM 8038 FILED WITH THE IRS AT THE TIME OF ISSUANCE

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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
Piedmont Hospital Inc

Employer identification number
58-0566213

Identifier	Return Reference	Explanation
Program Services	FORM 990, PART III, LINE 4D	THE TOP THREE PIEDMONT HOSPITAL SERVICE LINES FOR FY 2012 WERE CARDIOVASCULAR, TRANSPLANT, AND ORTHOPEDIC SERVICES THE REMAINING PROGRAM SERVICE REVENUES AND EXPENSES CONSIST OF OTHER INPATIENT AND OUTPATIENT SERVICE LINES FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Identifier	Return Reference	Explanation
ORGANIZATION'S SOLE MEMBER	FORM 990, PART VI, SECTION A, LINE 6	PIEDMONT HEALTHCARE, INC , (EIN 58-1503902) IS THE SOLE MEMBER OF PIEDMONT HOSPITAL, INC (''PH'')

Identifier	Return Reference	Explanation
ELECTION OF GOVERNING BODY	FORM 990, PART VI, SECTION A, LINE 7A	THE BOARD OF PIEDMONT HEALTHCARE APPOINTS THE MEMBERS OF THE BOARD OF DIRECTORS OF PIEDMONT HOSPITAL

Identifier	Return Reference	Explanation
DECISIONS OF GOVERNING BODY	FORM 990, PART VI, SECTION A, LINE 7B	PIEDMONT HOSPITAL'S BOARD POLICIES AND DECISIONS MUST BE FILED, IMMEDIATELY AFTER ADOPTION, WITH THE SECRETARY OF THE PIEDMONT HEALTHCARE BOARD OF DIRECTORS SUCH POLICIES AND DECISIONS OF THE PIEDMONT HOSPITAL BOARD OF DIRECTORS ARE NOT SUBJECT TO THE APPROVAL OF OR RATIFICATION BY THE PIEDMONT HEALTHCARE BOARD, BUT SHOULD THE NEED ARISE, THEY MAY BE RESCINDED BY THE PIEDMONT HEALTHCARE BOARD THROUGH A MAJORITY VOTE OF ITS DIRECTORS

Identifier	Return Reference	Explanation
990 REVIEW PROCESS	FORM 990, PART VI, SECTION B, LINE 11B	INFORMATION NEEDED TO PREPARE PIEDMONT HOSPITAL'S FORM 990 IS COMPILED BY INDIVIDUALS IN THE ORGANIZATION'S FINANCE DEPARTMENT THE INFORMATION IS REVIEWED BY PH'S CONTROLLER AND VP/CFO THE 990 IS THEN PREPARED INTERNALLY BY PIEDMONT HEALTHCARE, INC 'S TAX COMPLIANCE MANAGER AND SUBMITTED TO AN EXTERNAL TAX PREPARER FOR REVIEW COPIES OF FORM 990 ARE PROVIDED TO THE ORGANIZATION'S GOVERNING BOARD, AS WELL AS THE BOARD OF DIRECTORS OF PIEDMONT HEALTHCARE, INC , PRIOR TO FILING

Identifier	Return Reference	Explanation
CONFLICT OF INTEREST POLICY	FORM 990, PART VI, SECTION B, LINE 12C	COMPLIANCE WITH THE ORGANIZATION'S CONFLICT OF INTEREST POLICY IS MONITORED AND ENFORCED BY ORGANIZATION MANAGEMENT IN COORDINATION WITH PIEDMONT HEALTHCARE'S VICE PRESIDENT OF COMPLIANCE. ALL SENIOR LEADERS, BOARD MEMBERS, PHYSICIAN EMPLOYEES, AND EMPLOYEES ENGAGED IN RESEARCH ARE REQUIRED TO ANNUALLY DISCLOSE ALL MATTERS WHICH COULD POTENTIALLY CONSTITUTE A CONFLICT OF INTEREST. MATTERS DISCLOSED UNDER THE POLICY MUST BE REVIEWED IN WRITING BY THE REPORTING INDIVIDUAL'S SUPERVISING MANAGER AND THEN BY THE PIEDMONT HEALTHCARE CONFLICT OF INTEREST COMMITTEE IN ORDER TO DETERMINE WHETHER A CONFLICT EXISTS AND, IF SO, WHETHER TO ELIMINATE OR MANAGE THE CONFLICT. ALL BOARD MEMBERS AND EMPLOYEES OF PIEDMONT HOSPITAL ARE PROVIDED TRAINING ON THE REQUIREMENTS OF THE CONFLICT OF INTEREST POLICY AT NEW-EMPLOYEE ORIENTATION AND AT LEAST ANNUALLY THEREAFTER. NONCOMPLIANCE WITH THE CONFLICT OF INTEREST POLICY MUST BE REPORTED TO PIEDMONT HEALTHCARE'S VICE PRESIDENT OF COMPLIANCE FOR INVESTIGATION AND REMEDIAL STEPS MUST BE TAKEN AS APPROPRIATE UNDER THE PIEDMONT HEALTHCARE DISCIPLINARY POLICIES

Identifier	Return Reference	Explanation
EXECUTIVE COMPENSATION	FORM 990, PART VI, SECTION B, LINES 15A & 15B	COMPENSATION FOR EXECUTIVES OF PIEDMONT HOSPITAL IS SET BY THE BOARD OF DIRECTORS OF PIEDMONT HEALTHCARE, INC THE PIEDMONT HEALTHCARE, INC , BOARD OF DIRECTORS EXECUTIVE PERFORMANCE AND COMPENSATION COMMITTEE (''THE COMMITTEE'') IS COMPOSED OF AT LEAST THREE MEMBERS, SERVING TERMS OF THREE YEARS, AND THE MAJORITY OF WHICH ARE COMMUNITY DIRECTORS WHO GENERALLY DO NOT HAVE CONFLICTS OF INTEREST RELATED TO FULFILLMENT OF THE DUTIES AS OUTLINED BELOW THE COMMITTEE HAS BEEN AUTHORIZED BY THE PIEDMONT HEALTHCARE BOARD OF DIRECTORS TO PERFORM THE FOLLOWING FUNCTIONS -SELECT AN EXTERNAL EXECUTIVE COMPENSATION CONSULTANT (''THE CONSULTANT'') THE COMMITTEE CURRENTLY UTILIZES TOWERS WATSON FOR EXECUTIVE COMPENSATION CONSULTING SERVICES -WORK WITH THE PRESIDENT/CEO TO FORMULATE AND IMPLEMENT ANNUAL PERFORMANCE OBJECTIVES THE COMMITTEE MEETS ANNUALLY WITH PIEDMONT HEALTHCARE'S CEO AND KEY SENIOR EXECUTIVES -TO REVIEW AND APPROVE EXECUTIVE PERFORMANCE OBJECTIVES FOR THE FISCAL YEAR -ANNUALLY ASSESS PRESIDENT/CEO PERFORMANCE THE COMMITTEE MEETS ANNUALLY WITH THE CEO AND KEY SENIOR EXECUTIVES -TO REVIEW THE ACCOMPLISHMENTS OF THE EXECUTIVE PERFORMANCE OBJECTIVES AFTER THE CLOSE OF THE FISCAL YEAR -ASSESS AND IMPLEMENT POLICIES REGARDING PRESIDENT/CEO PERFORMANCE AND COMPENSATION THE COMMITTEE HAS DEVELOPED AN EXECUTIVE COMPENSATION PHILOSOPHY AND REVIEWS THE PHILOSOPHY ANNUALLY THE COMMITTEE SEEKS INPUT AND GUIDANCE FROM THE CONSULTANT TO ENSURE THAT THE PHILOSOPHY IS REASONABLE AND COMPARABLE TO THAT OF SIMILAR ORGANIZATIONS -APPROVE LONG- AND SHORT-TERM GOALS TO BE USED IN CONNECTION WITH EXECUTIVE STAFF COMPENSATION PROGRAM AS RECOMMENDED BY THE PRESIDENT/CEO AND VALIDATED BY THE COMPENSATION CONSULTANT THE COMMITTEE MEETS ANNUALLY WITH THE CEO AND KEY SENIOR EXECUTIVES AS WELL AS THE CONSULTANT TO REVIEW SALARY ADJUSTMENTS AND INCENTIVE PAY FOR THE CEO, SENIOR EXECUTIVES, AND EXECUTIVES THROUGHOUT THE ORGANIZATION THE COMMITTEE MEETS WITH THE CONSULTANT ANNUALLY TO RECEIVE INPUT AND RECOMMENDATIONS TO ENSURE THAT SALARY ADJUSTMENTS, INCENTIVES, AND BENEFITS ARE REASONABLE AND COMPARABLE TO THOSE OF LIKE ORGANIZATIONS -PERFORM ANY TASKS RELATED TO EXECUTIVE PERFORMANCE AND COMPENSATION, INCLUDING BUT NOT LIMITED TO, APPROVAL OF EXECUTIVE EMPLOYMENT CONTRACTS, AND EXECUTIVE BENEFITS THE COMMITTEE SEEKS INPUT FROM THE CONSULTANT, AS WELL AS EXTERNAL LEGAL ADVISORS, WHEN IT IS NECESSARY TO DEVELOP AND/OR AMEND EXECUTIVE EMPLOYMENT CONTRACTS AND BENEFITS

Identifier	Return Reference	Explanation
JOINT VENTURE ARRANGEMENTS	FORM 990, PART VI, LINE 16B	PIEDMONT HOSPITAL, INC DID NOT HAVE A WRITTEN POLICY PERTAINING SPECIFICALLY TO THE EVALUATION OF JOINT VENTURE ARRANGEMENTS IN PLACE IN FISCAL YEAR 2012 HOWEVER, IT HAS ALWAYS BEEN, AND REMAINS, PIEDMONT HOSPITAL'S PRACTICE TO CAREFULLY CONSIDER EACH POTENTIAL JOINT VENTURE IN LIGHT OF THE HOSPITAL'S EXEMPT STATUS, AND TO DECLINE PARTICIPATION IN ANY OPPORTUNITY THAT POSES A THREAT TO THAT STATUS FURTHER, PIEDMONT HOSPITAL, THROUGH ITS PARENT ORGANIZATION PIEDMONT HEALTHCARE, INC , HAS NOW INSTATED A WRITTEN JOINT VENTURE POLICY OUTLINING ITS HISTORIC PRACTICE OF CAREFULLY CONSIDERING PARTNERSHIPS AND JOINT VENTURES THAT POLICY WENT INTO EFFECT IN FISCAL YEAR 2013

Identifier	Return Reference	Explanation
DISCLOSURE OF GOVERNING, CONFLICT OF INTEREST AND FINANCIAL DOCUMENTS	FORM 990, PART VI, SECTION C, LINE 19	GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS ARE AVAILABLE UPON REQUEST THESE DOCUMENTS SHOULD BE REQUESTED FROM PIEDMONT HEALTHCARE, INC'S LEGAL COUNSEL

Identifier	Return Reference	Explanation
RECONCILIATION OF NET ASSETS	FORM 990, PART XI, LINE 5	CHANGES TO NET ASSETS REPORTED ON PART XI, LINE 5 ARE PRIMARILY COMPRISED OF UNREALIZED INVESTMENT LOSSES (APPROXIMATELY $41 5 MILLION), AND A PENSION LIABILITY TRUE UP (APPROXIMATELY $72 8 MILLION) WHICH ARE RECORDED FOR GAAP REPORTING PURPOSES BUT ARE NOT INCLUDED IN TAXABLE INCOME. THESE AMOUNTS ARE OFFSET BY TRANSFERS BETWEEN THE ORGANIZATION AND ITS PARENT OR OTHER RELATED ORGANIZATIONS AND RESTRICTED CONTRIBUTIONS OF APPROXIMATELY $1 0 MILLION, WHICH ARE EXCLUDED FROM INCOME.

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Dr William Blincoe TITLE Board member HOURS 39

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Mr Bill Linginfelter TITLE Board Member HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Dr Carol T Aitcheson TITLE Board member HOURS 39

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Dr Letha Yurko Griffin TITLE Board member HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Mr Gary T Jones TITLE Board member HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Dr Louis H Jacobs TITLE Board member HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Ms Nell Long TITLE Board member HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Dr Bryant Wilson TITLE Board member HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Dr Philip Brachman TITLE Board member HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Mr Shouky Shaheen TITLE Board member HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Dr Patrick M Battey TITLE Chairman HOURS 38

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Mr Leslie A Donahue TITLE President and CEO HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Dr Hewitt W Matthews TITLE Board member HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Mr Douglas Stuart TITLE Board Member HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Dr Jay Singh TITLE Board member HOURS 1

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Dr Robert Miller TITLE Board member HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Mr Charlie Hall TITLE Treasurer HOURS 53

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Ms Debbie W Gramling TITLE Secretary HOURS 53

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Mr Thomas Arnold TITLE VP Chief Financial Officer HOURS 3

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Ms Denise Ray TITLE VP Chief Operating Officer HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Mr Robert Merz TITLE Lead Pharmacist HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Ms Connie Whittington TITLE Chief Nursing Officer HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Mr Everett Thompson TITLE VP Facility Services HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Dr Matthew Schreiber TITLE VP and Chief Medical Officer HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Ms Irene Coletta TITLE Manager - Pharmacy HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Mr Wright Alcorn TITLE VP Patient Services HOURS

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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
Piedmont Hospital Inc

Employer identification number
58-0566213

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
See Additional Data Table							

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) 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
(1) Peachtree Orthopedic Surgery Center 2001 Peachtree Road NE Suite 705 Atlanta, GA 30309 58-2562721	Orthopedic Surg	GA	NA	Related	757,222	579,553		No	0		No	15 000 %
(2) Digestive Healthcare of Georgia 95 Collier Road NW suite 4075 Atlanta, GA 303091721 58-2406657	Endo / GI surgery	GA	NA	Related	402,868	193,557		No	0		No	15 000 %
(3) PIEDMONT WEST AMBULATORY SURGERY CENTER 1800 Howell Mill Rd Ste 200 Atlanta, GA 30318 26-4422348	Ambulatory Surg	GA	NA	Related	-1,155,054	4,614,501	Yes			Yes		75 172 %

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) PIEDMONT MEDICAL CARE CORPORATION 2727 PACES FERRY RD SUITE 1-1100 ATLANTA, GA 30339 58-2092768	HEALTHCARE	GA	NA	C-CORP	0	0	0 %
(2) THE PIEDMONT CLINIC INC 2727 PACES FERRY ROAD SUITE 1-1100 ATLANTA, GA 30339 58-2005358	HEALTHCARE	GA	NA	C-CORP	0	0	0 %
(3) PIEDMONT HEART INSTITUTE PHYSICIANS INC 95 COLLIER ROAD NW STE 2045 ATLANTA, GA 30309 26-0593850	HEALTHCARE	GA	NA	C-CORP	0	0	0 %
(4) AMSTER MCRAE INSURANCE COMPANY	Related Insurance	CJ	NA	C-CORP	0	0	0 %

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	Yes	
b Gift, grant, or capital contribution to related organization(s)	1b		No
c Gift, grant, or capital contribution from related organization(s)	1c		No
d Loans or loan guarantees to or for related organization(s)	1d	Yes	
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		No
o Reimbursement paid to related organization(s) for expenses	1o	Yes	
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) PIEDMONT WEST AMBULATORY SURGERY CENTER	D	5,614,149	ACTUAL
(2)			
(3)			
(4)			
(5)			
(6)			

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) 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
DISREGARDED ENTITIES	SCHEDULE R, PART I, LINE 1	THE LIMITED LIABILITY COMPANIES LISTED IN SCHEDULE R, PART I, OPERATE AS DEPARTMENTS OF PIEDMONT HOSPITAL AND ARE INCORPORATED INTO THE HOSPITAL'S BOOKS AND RECORDS SEPARATE BOOKS AND RECORDS ARE NOT MAINTAINED FOR THE LIMITED LIABILITY COMPANIES AND ASSETS AND INCOME CANNOT BE READILY DETERMINED AS SUCH, COLUMNS (D) AND (E) IN PART I HAVE BEEN LEFT BLANK

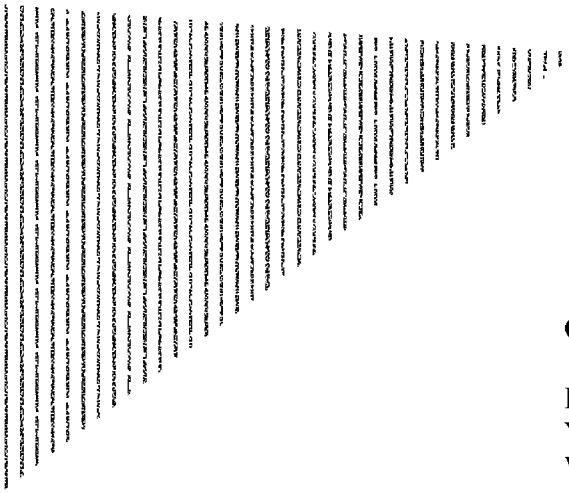
Additional Data

Return to Form

Software ID:
Software Version:
EIN: 58-0566213
Name: Piedmont Hospital Inc

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

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c)(3))	(f) Direct Controlling Entity	g Section 512(b)(13) controlled organization	
Piedmont Healthcare INC 1968 Peactree Road NW Atlanta, GA 30309 58-1503902	HC Management	GA	501(c)(3)	11 C	NA		No
FAYETTE COMMUNITY HOSPITAL INC 1255 HIGHWAY 154 WEST FAYETTEVILLE, GA 30214 58-2232328	HOSPITAL	GA	501(c)(3)	3	PHC		No
PIEDMONT MOUNTAINSIDE HOSPITAL INC 1266 HIGHWAY 515 SOUTH JASPER, GA 30143 35-2228583	HOSPITAL	GA	501(c)(3)	3	PHC		No
PIEDMONT NEWNAN HOSPITAL INC 745 POPLAR ROAD NEWNAN, GA 30265 20-5077249	HOSPITAL	GA	501(c)(3)	3	PHC		No
PIEDMONT HEALTHCARE FOUNDATION INC 1968 PEACHTREE ROAD NW ATLANTA, GA 30309 58-1272768	FUNDRAISING	GA	501(c)(3)	11 D	PHC		No
PIEDMONT HEART INSTITUTE INC 95 COLLIER ROAD NW STE 2045 ATLANTA, GA 30309 26-3553500	HEALTHCARE	GA	501(c)(3)	7	PHC		No
PIEDMONT HENRY HOSPITAL INC 1133 EAGLES LANDING PARKWAY STOCKBRIDGE, GA 30281 58-2200195	Hospital	GA	501(C)	3	PHC		No
HENRY MEDICAL CENTER FOUNDATION INC 1133 EAGLES LANDING PKWY STOCKBRIDGE, GA 30281 58-1502600	FUNDRAISING	GA	501(C)(3)	11 D	NA		No
HENRY DEVELOPMENT VENTURES INC 1133 EAGLES LANDING PKWY Stockbridge, GA 30281 58-2200734	RE Holding	GA	501(c)(2)	N/A	PHH		No



CONSOLIDATED FINANCIAL STATEMENTS

Piedmont Healthcare, Inc and Affiliates
Years Ended June 30, 2012 and 2011
With Report of Independent Auditors

Ernst & Young LLP

ERNST & YOUNG

Piedmont Healthcare, Inc. and Affiliates

Consolidated Financial Statements

Years Ended June 30, 2012 and 2011

Contents

Ernst & Young LLP

Report of Independent Auditors

The Board of Directors
Piedmont Healthcare, Inc and Affiliates

We have audited the accompanying consolidated balance sheets of Piedmont Healthcare, Inc and Affiliates (PHC) 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 financial statements are the responsibility of PHC's management Our responsibility is to express an opinion on these financial statements based on our audits

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Piedmont Healthcare, Inc and Affiliates at June 30, 2012 and 2011, and the consolidated results of their operations and their cash flows for the years then ended in conformity with U.S generally accepted accounting principles

As discussed in Note 2 to the consolidated financial statements, PHC changed its presentation of the provision for bad debt as a result of the adoption of amendments to the FASB Accounting Standards Codification resulting from Accounting Standards Update No 2011-07, *Presentation and Disclosure of Net Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*.

Ernst & Young LLP

October 25, 2012

Piedmont Healthcare, Inc. and Affiliates

Consolidated Balance Sheets

	June 30	
	2012	**2011**
	(In Thousands)	
Assets		
Current assets		
Cash and cash equivalents	**$ 204,596**	$ 198,796
Patient accounts receivable, net of allowance for doubtful accounts of $97,933 in 2012 and $73,031 in 2011	**207,317**	181,888
Other current assets	**62,711**	44,022
Total current assets	**474,624**	424,706
Investments and assets limited as to use	**453,236**	496,239
Property and equipment, net	**825,258**	580,903
Self-insurance investments	**35,638**	27,485
Beneficial interest in perpetual trust	**7,939**	8,301
Other assets	**86,848**	77,381
Total assets	**$ 1,883,543**	$ 1,615,015

	June 30	
	2012	**2011**
	(In Thousands)	
Liabilities and net assets		
Current liabilities		
Current portion of long-term debt	**$ 9,830**	$ 8,790
Accounts payable and accrued expenses	**168,637**	121,190
Estimated third-party payor settlements	**24,880**	8,893
Current portion of self-insurance reserves	**14,743**	11,298
Other current liabilities	**2,273**	2,879
Total current liabilities	**220,363**	153,050
Long-term debt, net of current portion	**509,606**	458,133
Medical office building financing obligation	**44,528**	45,378
Note payable to a bank	**43,744**	–
Self-insurance reserves	**49,885**	33,864
Accrued pension cost	**67,638**	42,423
Other long-term liabilities	**64,919**	43,093
Net assets		
Unrestricted	**838,683**	797,139
Temporarily restricted	**21,746**	19,187
Permanently restricted	**22,431**	22,748
Total net assets	**882,860**	839,074
Total liabilities and net assets	**$ 1,883,543**	$ 1,615,015

See accompanying notes

Piedmont Healthcare, Inc. and Affiliates

Consolidated Statements of Operations

	Year Ended June 30	
	2012	**2011**
	(In Thousands)	
Unrestricted revenue, gains, and other support		
Patient service revenue	**$ 1,485,458**	$ 1,299,955
Provision for bad debt	**125,032**	114,447
Net patient service revenue	**1,360,426**	1,185,508
Other revenue	**54,696**	37,837
Contribution received in acquisition of Piedmont Henry	**77,087**	–
Total revenue, gains, and other support	**1,492,209**	1,223,345
Expenses		
Salaries and benefits	**736,162**	658,124
Supplies and other expenses	**527,860**	468,307
Depreciation and amortization	**74,506**	65,602
Interest	**20,055**	14,152
Loss on assets held for sale	**6,618**	–
Total expenses	**1,365,201**	1,206,185
Operating income	**127,008**	17,160
Nonoperating income (expense):		
Investment income	**338**	78,712
Change in fair value of interest rate swaps	**(18,716)**	7,094
Gain from extinguishment of debt	**6,039**	–
	(12,339)	85,806
Excess of revenue, gains, and other support over expenses	**114,669**	102,966
Net assets released from restrictions used for purchase of property and equipment	**77**	6,127
Pension adjustments	**(72,773)**	42,233
Other	**(429)**	(1,464)
Change in unrestricted net assets	**$ 41,544**	$ 149,862

See accompanying notes

Piedmont Healthcare, Inc. and Affiliates

Consolidated Statements of Changes in Net Assets

	Year Ended June 30	
	2012	**2011**
	(In Thousands)	
Unrestricted net assets		
Excess of revenues, gains, and other support over expenses	**$ 114,669**	$ 102,966
Net assets released from restrictions used for purchase of property and equipment	**77**	6,127
Pension adjustments	**(72,773)**	42,233
Other	**(429)**	(1,464)
Change in unrestricted net assets	**41,544**	149,862
Temporarily restricted net assets		
Contributions	**3,648**	10,795
Net assets released from restrictions used for purchase of property and equipment	**(77)**	(6,127)
Net assets released from restrictions used for operations	**(23)**	(884)
Other	**(989)**	900
Change in temporarily restricted net assets	**2,559**	4,684
Permanently restricted net assets		
Contributions	**25**	84
Change in beneficial interest in perpetual trust	**(362)**	1,162
Other	**20**	(100)
Change in permanently restricted net assets	**(317)**	1,146
Change in net assets	**43,786**	155,692
Net assets at beginning of year	**839,074**	683,382
Net assets at end of year	**$ 882,860**	$ 839,074

See accompanying notes

Piedmont Healthcare, Inc. and Affiliates

Consolidated Statements of Cash Flows

	Year Ended June 30	
	2012	**2011**
	(In Thousands)	
Operating activities		
Change in net assets	**$ 43,786**	$ 155,692
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	**74,506**	65,602
Net change in unrealized gains/losses on investments	**26,153**	(43,683)
Change in beneficial interest in perpetual trust	**362**	(1,162)
Provision for bad debt	**125,032**	114,447
Pension adjustments	**72,773**	(42,233)
Contribution received in acquisition of Piedmont Henry	**(77,086)**	–
Loss on assets held for sale	**6,618**	–
Change in fair value of interest rate swaps	**18,716**	(7,094)
Restricted contributions	**(3,673)**	(10,879)
(Increase) decrease in		
Patient accounts receivable	**(128,314)**	(115,055)
Other current assets	**(4,779)**	(6,508)
Other assets	**1,274**	(2,358)
(Decrease) increase in		
Accounts payable and accrued expenses	**25,329**	7,920
Estimated third-party payor settlements	**5,555**	867
Self-insurance reserves	**7,201**	2,351
Accrued pension cost	**(47,558)**	(8,859)
Other current liabilities	**(606)**	1,385
Other long-term liabilities	**2,113**	5,398
Net cash provided by operating activities	**147,402**	115,831
Investing activities		
Decrease in investments classified as trading	**(12,137)**	(31,621)
Capital expenditures	**(145,783)**	(115,162)
Acquisitions, net of cash acquired	**(6,156)**	(2,500)
Net cash used in investing activities	**(164,076)**	(149,283)

Piedmont Healthcare, Inc. and Affiliates

Consolidated Statements of Cash Flows (continued)

	Year Ended June 30	
	2012	**2011**
	(In Thousands)	
Financing activities		
Restricted contributions	**$ 3,673**	$ 10,879
Proceeds from note payable to a bank	**44,819**	–
Proceeds from debt	**41,480**	57,902
Payments on note payable to a bank	**(1,075)**	–
Payments of indebtedness	**(66,423)**	(7,490)
Net cash provided by financing activities	**22,474**	61,291
Net increase in cash and cash equivalents	**5,800**	27,839
Cash and cash equivalents at beginning of year	**198,796**	170,957
Cash and cash equivalents at end of year	**$ 204,596**	$ 198,796

See accompanying notes

Piedmont Healthcare, Inc. and Affiliates

Notes to Consolidated Financial Statements

June 30, 2012

1. Organization and General

The Board of Directors of Piedmont Healthcare, Inc and Affiliates (PHC) appoints the governing boards of

- Piedmont Hospital, Inc (the Hospital) The Hospital, located in Atlanta, Georgia, is a not-for-profit acute care hospital providing inpatient, outpatient, and emergency care services primarily for residents of the Atlanta metropolitan area Admitting physicians are primarily practitioners in the local area

- Piedmont West Ambulatory Surgery Center, LLC (the PWASC) The PWASC, located in Atlanta, Georgia, is a multi-specialty ambulatory surgery center 79% owned by the Hospital

- Piedmont Healthcare Foundation, Inc (the Foundation) The Foundation's primary purpose is to raise funds for PHC and the PHC affiliates

- Piedmont Medical Care Corporation (PMCC) PMCC is a taxable, not-for-profit entity whose purpose is to develop a primary care network for the benefit of the PHC affiliates

- Piedmont Clinic, Inc (the Clinic) The Clinic is a physician-hospital organization whose purpose is to negotiate contracts with various managed care payors for the PHC affiliates

- Piedmont Fayette Hospital, Inc (Fayette) Fayette, located in Fayetteville, Georgia, is a not-for-profit acute care hospital providing inpatient, outpatient, and emergency care services primarily for residents of Fayette County

- Piedmont Mountainside Hospital, Inc (Mountainside) Mountainside, located in Jasper, Georgia, is a not-for-profit acute care hospital providing inpatient, outpatient, and emergency care services primarily for residents of Pickens County

- Amster-McRae Insurance Company (AMIC) AMIC was incorporated on December 10, 2003 under the laws of the Cayman Islands AMIC insures the hospital professional liability and commercial general liability risks of PHC and certain PHC affiliates.

- Piedmont Newnan Hospital, Inc (Newnan) Newnan, located in Newnan, Georgia, is a not-for-profit acute care hospital providing inpatient, outpatient, and emergency care services primarily for residents of Coweta County

1. Organization and General (continued)

- Piedmont Heart Institute Physicians, Inc (PHIP) PHIP is a taxable, not-for-profit entity whose purpose is to provide an integrated cardiovascular healthcare delivery program for the benefit of the PHC affiliates

- Piedmont Heart Institute, Inc (PHI). PHI is a not-for-profit entity whose purpose is to provide cardiovascular research services for the benefit of the PHC affiliates

- Piedmont Henry Hospital (Henry) Henry, located in McDonough, Georgia, is a not-for-profit acute care hospital providing inpatient, outpatient, and emergency care services primarily for residents of Henry County PHC acquired Henry effective January 1, 2012

2. Significant Accounting and Reporting Policies

A summary of the significant accounting and reporting policies followed by PHC in the preparation of its consolidated financial statements is presented below

Principles of Consolidation

The consolidated financial statements include the accounts of PHC, the Hospital, the PWASC, the Foundation, PMCC, the Clinic, Fayette, Mountainside, AMIC, Newnan, PHIP, PHI and Henry All significant intercompany transactions and accounts have been eliminated in consolidation

Use of Estimates

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

2. Significant Accounting and Reporting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, deposits with banks, and investments in highly liquid debt instruments with maturities of three months or less when purchased, excluding amounts limited as to use PHC invests cash not required for immediate operating needs principally with major financial institutions with strong credit ratings By policy, the amount of credit exposure to any one institution is limited, and such investments are generally not collateralized

Investments and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the accompanying consolidated balance sheets Investment income or loss (including unrealized and realized gains and losses on investments, interest and dividends) is included in the excess of revenue, gains, and other support over expenses unless the income or loss is restricted by donor or law PHC accounts for investment transactions on a settlement-date basis. Substantially all of PHC's investment portfolio is classified as trading, with unrealized gains and losses included in excess of revenue, gains, and other support over expenses Fair values are based on quoted market prices if available, or estimated using quoted market prices for similar securities PHC invests in alternative investments These alternative investments provide PHC with a proportionate share of the fair value of the fund returns PHC accounts for its ownership interests in the alternative investments based upon the equity method Accordingly, PHC's share of the alternative investment's income or loss, both realized and unrealized, is recognized as investment income Alternative investments held by the noncontributory defined benefit plan are accounted for at fair value The cost of substantially all securities sold is based on the average cost method

PHC classifies investments with maturities of less than one year from the balance sheet date when purchased as short-term and investments with maturities of greater than one year from the balance sheet date when purchased as long-term

Assets Limited as to Use

These assets are limited as to use by debt instruments or designations by PHC's governing board for plant replacement, expansion of certain facilities, purchase of equipment, and payment of certain future debt service requirements

2. Significant Accounting and Reporting Policies (continued)

Inventory

Inventories are valued at the lower of cost (first-in, first-out method) or market Inventories consist primarily of pharmaceuticals and medical supplies and are recorded within other current assets in the accompanying consolidated balance sheets

Property and Equipment

Property and equipment acquisitions are recorded at cost, with the exception of donated items which are recorded at fair value at the date of donation Expenditures for renewals and improvements are charged to the property accounts For properties sold or retired, the cost and related accumulated depreciation are removed from the property accounts Any resulting gains or losses are included in other revenue Replacements, maintenance, and repairs that do not improve or extend the life of the respective assets are charged to operations Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method The estimated useful lives are 10–25 years for land improvements, 15–40 years for buildings and fixtures, and 3–20 years for equipment

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support and are excluded from excess of revenue, gains, and other support over expenses, unless explicit donor stipulations specify how the donated assets must be used Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as restricted support Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service

Software and Software Development Costs

Software and software development costs include costs incurred by PHC to develop software for internal use in medical records maintenance, physician order entry, and clinical documentation

2. Significant Accounting and Reporting Policies (continued)

Costs of software developed for internal use are accounted for in accordance with the provisions of Accounting Standards Codification (ASC) 350-40, *Internal Use Software*. In accordance with ASC 350-40, internal and external costs incurred to develop internal use computer software during the application development stage are capitalized Application development stage costs generally include software configuration, coding, installation of hardware and testing Costs of significant upgrades and enhancements that result in additional functionality are also capitalized

All other costs incurred in connection with an internal software project, including maintenance, minor upgrades, enhancements and training, are expensed as incurred Capitalized software costs are amortized on a straight-line basis over the estimated useful lives of the related software applications (3-12 years).

Long-Lived Assets

PHC periodically reviews long-lived assets, such as property and equipment, to determine whether any impairments exist Management believes that the long-lived assets in the accompanying consolidated balance sheets are appropriately valued at June 30, 2012 and 2011

Other Assets

Other assets include goodwill of $52,112,000 and $48,747,000 at June 30, 2012 and 2011, respectively. Prior to July 1, 2010, goodwill was being amortized over 10 to 25 years. Effective July 1, 2010, the Hospital adopted the provisions of ASC 350, *Intangibles – Goodwill and Other*. In accordance with ASC 350, the Hospital evaluates its goodwill annually for potential impairment

Beneficial Interest in Perpetual Trust

PHC is the beneficiary of six separate endowments held in trust by a local bank, with fair values at June 30, 2012 and 2011 aggregating $7,939,000 and $8,301,000, respectively In accordance with the requirements of accounting for these types of endowments, the beneficial interest at June 30, 2012 and 2011 has been recorded in long-term assets at fair value and the change in value has been recorded as a change in permanently restricted net assets

Vacation Policy

PHC accrues employee vacation pay as earned by the employee

2. Significant Accounting and Reporting Policies (continued)

Advertising Costs

Advertising costs are expensed as incurred and approximated $4,381,000 and $7,067,000 for the years ended June 30, 2012 and 2011, respectively.

Estimated Malpractice Costs

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

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by PHC is restricted by the donor for a specific time period or purpose Permanently restricted net assets have been restricted by donors to be maintained by PHC in perpetuity

Net Patient Service Revenue, Accounts Receivable, and Allowance for Doubtful Accounts

During the year ended June 30, 2012, PHC adopted the provisions of Accounting Standards Update No 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities* (ASU 2011-07) The adoption of ASU 2011-07 requires PHC to present the provision for bad debt related to patient services revenue separately as contra-revenue in the accompanying consolidated statements of operations PHC's presentation of the provision for bad debt at the reporting entity level is based on an entity-wide assessment of significance PHC has retrospectively adopted the presentation requirements of this update for the year ended June 30, 2011

PHC has agreements with third-party payors that provide for payments to PHC at amounts different from their established rates Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, and includes estimated retroactive revenue adjustments under reimbursement agreements with third-party payors due to future audits, reviews, and investigations Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations

2. Significant Accounting and Reporting Policies (continued)

Net patient service revenue is summarized below

	Year Ended June 30	
	2012	**2011**
	(In Thousands)	
Patient service charges	**$ 4,581,160**	$ 3,942,070
Less other contractual adjustments and deductions	**3,095,702**	2,642,115
Patient service revenue	**1,485,458**	1,299,955
Less provision for bad debt	**125,032**	114,447
Net patient service revenue	**$ 1,360,426**	$ 1,185,508

Recognition of net revenue (gross charges less contractual provisions) is dependent on factors such as proper completion of medical charts following a patient visit, medical coding of charts and processing charts through PHC's billing systems and verification of patient representations at the time services are rendered as to the payor's responsible for payment of PHC's services Net revenue is recorded based on the information known at the time of entering this information into PHC's billing system and this information is subject to change For example, patient payor information may change following an initial attempt to bill for services due to a change in payor status Such changes in payor status have an impact on recorded net revenue due to differing payors being subject to different contractual provision amounts These changes in net revenue are recognized in the period that the changes in payor become known

The provision for bad debt is based upon management's assessment of historical and expected net collections considering business and economic conditions, trends in health care coverage, and other collection indicators Periodically, management assesses the adequacy of the allowance for doubtful accounts based upon historical write-off experience by payor category The results of this review are then used to make any modifications to the provision for bad debt to establish an appropriate allowance for uncollectible receivables

2. Significant Accounting and Reporting Policies (continued)

Patient service revenue, net of contractual allowances and self-pay discounts and before the provision for bad debt, recognized from major payor sources are as follows (in thousands)

	Year Ended June 30	
	2012	**2011**
Third party payors, net of contractual allowances	**$ 1,359,262**	$ 1,210,943
Self-pay patients, net of discounts	**126,196**	89,012
Patient service revenue	**$ 1,485,458**	$ 1,299,955

PHC records a significant provision for bad debt in the period services are provided related to self-pay patients For receivables associated with patients who have third-party coverage, PHC analyzes contractually due amounts and provides and an allowance for doubtful accounts and a provision for bad debt, if necessary Accounts receivable are written off after collection efforts have been followed in accordance with PHC's policies The allowance for doubtful accounts was 32% and 29% of accounts receivable after contractual allowances as of June 30, 2012 and 2011, respectively. The increase in the allowance for doubtful accounts as a percentage of accounts receivable after contractual allowances is primarily due to the slight increase in self-pay revenue as a percentage of patient service revenue.

Charity Care

PHC provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates Amounts determined to qualify as charity care are not reported as revenue

Excess of Revenue, Gains, and Other Support Over Expenses

The consolidated statements of operations include excess of revenue, gains, and other support over expenses Changes in unrestricted net assets which are excluded from excess of revenue, gains, and other support over expenses, consistent with industry practice, include pension adjustments and contributions of long-lived assets (including assets acquired using contributions which, by donor restriction, were to be used for the purposes of acquiring such assets)

2. Significant Accounting and Reporting Policies (continued)

Pledges Receivable and Donor-Restricted Gifts

Unconditional promises to give cash and other assets to PHC 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 either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the 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 consolidated statements of operations as net assets released from restrictions Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated financial statements Current pledges receivable of $1,037,000 and $6,792,000 are included in other current assets in the accompanying consolidated balance sheets at June 30, 2012 and 2011, respectively Long-term pledges receivable of $152,000 and $669,000 are included in other assets in the accompanying consolidated balance sheets at June 30, 2012 and 2011, respectively

Interest Expense

PHC incurred interest expense in the amount of $20,055,000 and $14,152,000 for the years ended June 30, 2012 and 2011, respectively, net of amounts capitalized of $7,468,000 and $5,357,000 for the years ended June 30, 2012 and 2011, respectively Cash paid for interest amounted to $28,828,000 and $18,968,000 for the years ended June 30, 2012 and 2011, respectively

Electronic Health Record Incentive Payments

The American Recovery and Reinvestment Act of 2009 provides for Medicare and Medicaid incentive payments beginning in 2011 for eligible hospitals and professionals that adopt and meaningfully use certified electronic health record ("EHR") technology PHC has recognized approximately $1,100,000 of Medicaid incentive payments and $3,504,000 of Medicare incentive payments in other revenue in the accompanying consolidated statements of operations for the year ended June 30, 2012 PHC recognizes income related to Medicare and Medicaid incentive payments using a gain contingency model that is based upon when our eligible hospitals have demonstrated meaningful use of certified EHR technology for the applicable period and the cost report information for the full cost report year that will determine the final calculation of the incentive payment is available

2. Significant Accounting and Reporting Policies (continued)

Income Taxes

Piedmont Healthcare, Inc., the Hospital, the Foundation, Fayette, Mountainside, Newnan, Henry and PHI are organizations exempt from federal income tax pursuant to Section 501(a), as organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and state income tax. AMIC is exempt from federal and state income tax pursuant to the laws of the Government of the Cayman Islands PMCC is a taxable, not-for-profit entity that operated in a net loss position for financial reporting and tax purposes during the years ended June 30, 2012 and 2011 The Clinic is a taxable, not-for-profit entity that operated in a nominal net income position for financial reporting and tax purposes during the year ended June 30, 2012 and a net loss position during the year ended June 30, 2011 PHIP is a taxable, not-for-profit entity that operated in a net loss position for financial reporting and tax purposes during the years ended June 30, 2012 and 2011 PWASC is a taxable, not-for-profit limited liability company that operated in a net loss position for financial reporting and tax purposes during the years ended June 30, 2012 and 2011 It has no tax provision as all taxable income or loss is reportable by its partners

At June 30, 2012 and 2011, PMCC, the Clinic, and PHIP had net operating loss carryforwards totaling approximately $257,345,000 and $226,160,000, respectively, which expire at various dates between 2013 and 2032 PMCC, the Clinic, and PHIP had net deferred income tax assets totaling approximately $107,072,000 and $94,844,000 at June 30, 2012 and 2011, respectively. The net deferred income tax asset, which consisted primarily of net operating loss carryforwards and differences relating to allowances for doubtful accounts and accruals, were offset by a full valuation allowance

The Company accounts for income taxes under the provisions of the *Income Taxes* Topic of the ASC (ASC 740) Under the requirements of ASC 740, tax-exempt organizations may be required to record an obligation as the result of a tax position they have historically taken on various tax exposure items There were no material uncertain tax positions at June 30, 2012 and 2011

Prior Year Reclassifications

Certain reclassifications have been made to the fiscal year 2011 consolidated financial statements to conform to the fiscal year 2012 presentation These reclassifications had no impact on the results of operations or change in net assets in the accompanying consolidated financial statements

2. Significant Accounting and Reporting Policies (continued)

Defined Benefit Pension Plan

PHC accounts for its defined benefit pension plan in accordance with ASC 715, *Compensation – Retirement Benefits*. ASC 715 requires an entity to recognize in its statement of financial position an asset for a defined benefit postretirement plan's overfunded status or a liability for a plan's underfunded status, measure a defined benefit postretirement plan's assets and obligations that determine its funded status at the end of the employer's fiscal year, and recognize changes in the funded status of a defined benefit postretirement plan as a separate line item or items within changes in unrestricted net assets, apart from expenses, in the year in which the changes occur PHC employees participate in PHC's trusteed noncontributory defined benefit pension plan (the Plan) The Plan's benefits are based on a combination of years of service and the employee's compensation PHC's funding policy is to contribute annually to the Plan an amount sufficient to meet the minimum funding standards of Employee Retirement Income Security Act (ERISA) or an amount sufficient to maintain the Plan on a sound actuarial basis, as certified by an enrolled actuary Plan assets consist primarily of common stocks, alternative investments, fixed investments, and cash equivalents In September 2012, the PHC Board of Directors and PHC management approved a freeze of the Plan effective December 31, 2014, whereby participants would cease to accrue further benefits PHC is in process of estimating the impact of the freeze on the consolidated financial statements for the year ended June 30, 2013

Subsequent Events

PHC evaluated events and transactions occurring subsequent to June 30, 2012 through October 25, 2012, the date the consolidated financial statements were available to be issued During this period there were no subsequent events that required recognition in the consolidated financial statements Additionally, there were no nonrecognized subsequent events that required disclosure other than as disclosed above and in Note 11 relating to the freeze of the Plan.

Recent Accounting Pronouncements

On July 1, 2010, PHC adopted amendments to ASC 958-805, Not-for-Profit Entities – Business Combinations, which requires mergers to be accounted for using the carryover method and acquisitions to be accounted for using the acquisition method These amendments require recognition of a contribution when net assets are received without transferring consideration, or if the consideration transferred is less than the fair value of the net assets received These

2. Significant Accounting and Reporting Policies (continued)

amendments also amend ASC 350 to include not-for-profit entities within its scope, thus requiring not-for-profit entities to cease amortizing goodwill and other indefinite-lived intangible assets and perform impairment testing on at least an annual basis These amendments also amend ASC 810 to include not-for-profit entities within the scope of its model for accounting for noncontrolling interests in consolidated financial statements The adoption of this standard did not have a material impact on PHC's consolidated financial position or results of operations

On July 1, 2011, PHC adopted Accounting Standard Updates (ASU) 2010-23, *Health Care Entities (Topic 954): Measuring Charity Care for Disclosure*, which prescribes a specific measurement basis of charity care for disclosure The adoption of this standard did not have a material impact on PHC's consolidated financial position or results of operations

On July 1, 2011, PHC adopted ASU 2010-24, *Health Care Entities (Topic 954): Presentation of Insurance Claims and Related Insurance Recoveries*, which clarifies that a health care entity should not net insurance recoveries against a related claim liability The adoption of this standard did not have a material impact on PHC's consolidated financial statements.

On January 1, 2012, PHC adopted ASU No 2011-04, *Fair Value Measurements (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U S GAAP and IFRSs*. This guidance contains certain updates to the fair value measurement guidance as well as enhanced disclosure requirements The most significant change in disclosures is an expansion of the information required for "Level 3" measurements including enhanced disclosure for (1) the valuation processes used by the reporting entity, and (2) the sensitivity of the fair value measurement to changes in unobservable inputs and the interrelationships between those unobservable inputs, if any

As previously noted, PHC adopted the provisions of ASU No 2011-07, *Healthcare Entities (Topic 954), Presentation and Disclosure of Net Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts*. ASU 2011-07 requires certain health care entities to present their bad debt provision related to patient services revenue separately as contra-revenue in the statement of operations In addition, ASU 2011-07 requires the following disclosures (1) An entity's policy for considering collectability in the timing and amount of revenue and bad debt recognized, (2) The amount of revenue (i.e., less contractual discounts) recognized, by major payor source, and (3) Quantitative and qualitative information about changes in the bad debt allowance, including judgments made and changes in estimates

2. Significant Accounting and Reporting Policies (continued)

In September 2011, the FASB issued ASU 2011-08, *Intangibles – Goodwill and Other (Topic 350), Testing Goodwill for Impairment*. The FASB decided to simplify how companies are required to test goodwill for impairment Companies now have the option to first assess qualitative factors to determine whether it is more likely than not (likelihood of more than 50%) that the fair value of a reporting unit is less than its carrying amount If after considering the totality of events and circumstances an entity determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, it will not have to perform the two-step impairment test The amendments are effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011 Early adoption is permitted The ASU will be effective for PHC in the fiscal year ending June 30, 2013 and the adoption is not expected to have a material effect on the consolidated financial statements

3. Acquisitions

Piedmont Henry Hospital

Effective January 1, 2012, PHC entered into an affiliation agreement with Piedmont Henry Hospital (f/k/a Henry Medical Center) whereby it became the sole corporate member of the entity PHC acquired Henry to expand its presence in the southern side of Metro Atlanta Although no consideration was transferred, PHC assumed all the assets and liabilities of Henry at the acquisition date. As part of the acquisition, PHC assumed Henry's lease with the Hospital Authority of Henry County The lease covers certain assets and liabilities of Henry at the inception of the lease At the termination of the lease, these assets and liabilities revert back to the Authority In connection with the acquisition and PHC's assumption of the lease, the lease term was extended to expire in 40 years The total cost of the Henry acquisition has been allocated to the assets acquired and liabilities assumed based upon their respective fair values in accordance with ASC 958-805, *Not-for-Profit Entities – Business Combinations* and ASC 954-805, *Health Care Entities – Business Combinations*.

Based on the preliminary purchase price allocation at June 30, 2012, PHC recorded the fair value of all assets acquired and liabilities assumed, resulting in a contribution of approximately $77,087,000 being recorded

3. Acquisitions (continued)

A summary of the preliminary purchase price allocation, including assumed liabilities, follows (in thousands)

Assets:	
Cash	$ 2,721
Net patient accounts receivable	22,149
Other current assets	9,585
Assets limited as to use	20,646
Property and equipment	179,263
Other assets	7,353
Total assets	241,717
Liabilities:	
Current liabilities	(49,807)
Long-term debt	(107,378)
Other liabilities	(7,445)
Total liabilities	164,630
Contribution received in acquisition of Henry	$ 77,087

The purchase price allocation remains preliminary as PHC is still in process of finalizing reserves related to amounts previously billed to governmental payors The Henry operating results have been included in the consolidated statements of operations since the acquisition date The net revenues, net operating loss and increase in unrestricted net assets attributable to PHC related to the acquired Henry operations for the period from January 1, 2012 through June 30, 2012 were approximately $79,657,000, $6,462,000 and $83,000, respectively The unaudited pro forma combined summary of operations gives effect to including the acquired Henry operating results as if the acquisition had occurred as of July 1, 2010, follows (in thousands)

	Year Ended June 30	
	2012	**2011**
Net patient service revenue	**$ 1,442,765**	$ 1,329,679
Net operating income (loss)	**38,782**	(2,147)
Increase in net assets	**30,217**	125,474

3. Acquisitions (continued)

Pro forma adjustments to net operating income (loss) attributable to PHC include adjustments to record Henry's operating results on a consolidated basis and to record depreciation expense based on the estimated fair value assigned to the long-lived assets acquired These pro forma results are not necessarily indicative of the actual results of operations that would have occurred if the acquisition had occurred on July 1, 2010

Net patient service revenue, net operating income, and increase in unrestricted net assets attributable to PHC related to Henry for the period from January 1, 2012 through June 30, 2012 were $79,657,000, $70,627,000, and $77,475,000 respectively.

Other Acquisition

Effective July 29, 2011, in order to expand its primary care network, PHC acquired the assets and certain liabilities of The PAPP Clinic, a physician group consisting of 37 physicians located primarily in Coweta County, Georgia, for $8,953,000 The purchase price was based upon an independent fair value analysis and has been allocated to the related assets acquired and liabilities assumed based upon their respective fair values The purchase price paid in excess of the fair value of identifiable net assets of these acquired entities aggregated approximately $3,366,000 and is recorded as goodwill in the accompanying consolidated balance sheets The consolidated financial statements include the accounts and operations of the acquired entity subsequent to the acquisition date

4. Net Patient Service Revenue

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

Medicare and Medicaid

PHC renders care to patients covered by the Medicare and Medicaid programs Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors Medicare reimburses for outpatient services based on a prospective outpatient payment system similar to the inpatient system

4. Net Patient Service Revenue (continued)

Inpatient services rendered to Medicaid program beneficiaries are reimbursed under a prospective payment reimbursement methodology Outpatient services are reimbursed under a cost-based methodology PHC is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by PHC and audits thereof by the Medicaid fiscal intermediary

Services rendered under these programs are recorded at established rates and reduced to the estimated amount due from the third-party payors through recording of contractual adjustments and other discounts Because PHC cannot pursue collections for the contractual or discounted amounts, they are not reported as revenue

Net patient service revenue from the Medicare and Medicaid programs accounted for approximately 21% and 4%, respectively, of PHC's net patient service revenue for the year ended June 30, 2012, and 24% and 2%, respectively, of PHC's net patient service 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 will change by a material amount in the near term Net patient service revenue is reported at the estimated net realizable amounts from the Medicare and Medicaid programs for services rendered and includes estimated retroactive revenue adjustments due to future audits, reviews, and investigations

Final settlement has been reached for all Medicare cost reports prior to fiscal year 2008 In addition, final settlement has been reached for all Medicaid cost reports prior to fiscal year 2008 PHC has recorded amounts due to Medicare and Medicaid of $24,880,000 and $8,893,000 at June 30, 2012 and 2011, respectively, as an estimate of final third-party payor settlements for open cost report years Management recorded a favorable change in estimate related to third-party settlements of $6,207,000 and $2,869,000 for the years ended June 30, 2012 and 2011, respectively. The amounts due to Medicare and Medicaid represent management's best estimate of final settlement

Managed Care and Other Payors

PHC has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations (HMOs), and preferred provider organizations The bases for payments to PHC under these agreements include prospectively determined rates per discharge, discounts from established charges, and daily rates

4. Net Patient Service Revenue (continued)

Georgia Provider Payment Agreement Act

Effective July 1, 2010, the State of Georgia imposed a fee on not-for-profit hospitals based on net revenue levels as defined by the State of Georgia Included in supplies and other expenses in the accompanying consolidated statements of operations for the years ended June 30, 2012 and 2011 is approximately $14,890,000 and $11,872,000, respectively, relating to this fee.

5. Charity Care and Community Benefits

PHC provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates Amounts determined to qualify as charity care are not reported as revenue or accounts receivable in the accompanying consolidated financial statements.

PHC maintains records to identify and monitor the level of charity care it provides These records include the amount of charges forgone for services furnished under its charity care policy The cost of providing this charity care was estimated to be approximately $22,581,000 and $23,518,000 in the years ended June 30, 2012 and 2011, respectively PHC estimates the direct and indirect costs of providing charity care by applying a cost to gross charges ratio to the gross uncompensated charges associated with providing charity care to patients PHC offers many other wellness and educational services to the community at low and, in some cases, no cost Health fairs are held throughout the year at convenient locations, providing various health screenings, such as blood pressure and cholesterol checks Educational programs are offered for all ages PHC operates 24-hour emergency rooms that provide care to all patients regardless of ability to pay The costs for these services are included in operating expenses

6. Investments

Investments and Assets Limited as to Use

The composition of investments and assets limited as to use is set forth in the following table

	June 30 2012	2011
	(In Thousands)	
Internally designated for capital acquisition:		
Cash and short-term investments	**$ 4,965**	$ 12,673
Corporate obligations	**14,908**	14,206
Fixed-income securities	**48,917**	114,667
Corporate stocks	**96,493**	74,012
Mutual funds	**192,982**	145,269
Alternative investments	**76,121**	74,255
	434,386	435,082
Cash held by trustee – construction funds	**–**	41,480
Cash and short-term investments	**216**	547
Corporate obligations	**647**	643
Fixed-income securities	**2,124**	5,193
Corporate stocks	**4,190**	3,352
Mutual funds	**8,379**	6,580
Alternative investments	**3,294**	3,362
	18,850	61,157
Totals	**$ 453,236**	$ 496,239

6. Investments (continued)

Alternative Investments

PHC had $33,909,000 invested in the Federal Street Associates Offshore Fund (FSAOF) at June 30, 2011 which is included in assets limited as to use in the accompanying consolidated balance sheets. At June 30, 2011, PHC recorded $2,077,000 as unrealized gains, for its proportionate share of the FSAOF unrealized gains for this investment During fiscal year 2012, PHC liquidated this investment and recognized a loss of $863,000 These realized losses and unrealized gains are included in investment income in the accompanying consolidated statements of operations

PHC has $24,774,000 and $25,064,000 invested in the Lighthouse Diversified Fund (LDF) at June 30, 2012 and 2011, respectively, which is included in investments and assets limited as to use in the accompanying consolidated balance sheets At June 30, 2012 and 2011, PHC recorded $290,000 as unrealized losses and $2,276,000 as unrealized gains, respectively, for its proportionate share of the LDF unrealized losses and gains for this investment These unrealized losses and gains are included in investment income in the accompanying consolidated statements of operations

PHC has $17,666,000 and $18,644,000 invested in Baillie Gifford FDS Fund (BG) at June 30, 2012 and 2011, respectively, which is included in investments and assets limited as to use in the accompanying consolidated balance sheets At June 30, 2012 and 2011, PHC recorded $978,000 as unrealized losses and $4,528,000 as unrealized gains, respectively, for its proportionate share of the unrealized losses and gains for this investment These unrealized losses and gains are included in investment income in the accompanying consolidated statements of operations

PHC has $12,663,000 invested in Archipelago Holdings Ltd Offshore Fund (AH) at June 30, 2012 which is included in investments and assets limited as to use in the accompanying consolidated balance sheets. At June 30, 2012, PHC recorded $338,000 as unrealized losses for its proportionate share of the AH unrealized losses for this investment These unrealized losses are included in investment income in the accompanying consolidated statements of operations

PHC has $24,312,000 invested in Titan Masters International Fund (TM) at June 30, 2012 which is included in investments and assets limited as to use in the accompanying consolidated balance sheets. At June 30, 2012, PHC recorded $312,000 as unrealized gains for its proportionate share of the TM unrealized gains for this investment These unrealized gains are included in investment income in the accompanying consolidated statements of operations

6. Investments (continued)

Investment Income

Investment income for investments and assets limited as to use is comprised of the following

	Year Ended June 30	
	2012	**2011**
	(In Thousands)	
Interest income	**$ 14,910**	$ 13,316
Net realized and unrealized (loss) gain on investments	**(14,225)**	65,266
Other (loss) income	**(347)**	130
Investment income	**$ 338**	$ 78,712

7. Property and Equipment

A summary of property and equipment follows

	June 30	
	2012	**2011**
	(In Thousands)	
Land and land improvements	**$ 57,322**	$ 35,859
Buildings and fixtures	**895,381**	646,657
Equipment	**538,095**	443,167
	1,490,798	1,125,683
Less accumulated depreciation	**696,123**	653,724
	794,695	471,959
Construction-in-progress	**30,583**	108,944
Property and equipment, net	**$ 825,258**	$ 580,903

Depreciation expense for the years ended June 30, 2012 and 2011, amounted to approximately $74,506,000 and $65,602,000, respectively Amortization of capitalized software costs of approximately $840,000 is included in depreciation and amortization expense in the accompanying consolidated statements of changes in net assets for the year ended June 30, 2012

7. Property and Equipment (continued)

At June 30, 2012, the remaining commitment on construction contracts for remodeling PHC's facilities approximated $21,215,000

During 2012, PHC completed construction of the new Piedmont Newnan hospital In May, 2012 the operations of Newnan were transferred to the new hospital At that time, the old hospital building and certain assets that were not transferred to the new building were written down to fair value less estimated cost to sell, resulting in a loss of approximately $6,618,000 The building and related assets of $3,790,000 are classified as held for sale and are included in other current assets in the accompanying consolidated balance sheets at June 30, 2012 Sale of the assets is expected to occur within one year

In August 2006, Fayette entered into a ground lease with Piedmont Fayette Medical Office Building, LLC (PFB), whereby Fayette is leasing real property to PFB In accordance with ASC 840, *Leases*, Fayette is considered the owner of the Medical Office Building (Fayette MOB) during the construction period and thereafter due to Fayette's continuing involvement in the Fayette MOB Accordingly, the value of the building and the construction notes paid by the developer are included in the accompanying consolidated financial statements At June 30, 2012, the value included in buildings and fixtures amounted to approximately $14,413,000 and the related Medical Office Building financing obligation approximated $15,858,000 At June 30, 2011, the value included in buildings and fixtures amounted to approximately $14,941,000 and the related Medical Office Building financing obligation approximated $16,917,000

In August 2005, the Hospital entered into a ground lease with Piedmont Physicians Plaza, L P (PPP), whereby the Hospital is leasing real property to PPP In accordance with ASC 840, the Hospital is considered the owner of the Medical Office Building (Piedmont MOB) during the construction period and thereafter due to the Hospital's continuing involvement in the MOB Accordingly, the cost of the building and the related financing obligation are included in the Hospital's consolidated financial statements At June 30, 2012, the net book value of the Piedmont MOB included in buildings and fixtures amounted to approximately $21,572,000 and the related Medical Office Building financing obligation approximated $28,670,000 At June 30, 2011, the net book value of the Piedmont MOB included in buildings and fixtures amounted to approximately $22,644,000 and the related Medical Office Building financing obligation approximated $28,460,000

7. Property and Equipment (continued)

Capitalized software and software development costs were as follows:

	June 30	
	2012	**2011**
	(In Thousands)	
Capitalized software	**$ 37,785**	$ 5,486
Accumulated amortization	**840**	–
Capitalized software, net	**$ 36,945**	$ 5,486

Based on the amortizable capitalized assets that have been placed into service at June 30, 2012, the estimated amortization expense for the succeeding five fiscal years and thereafter is as follows (in thousands)

Year ended June 30,	
2013	$ 2,711
2014	2,711
2015	2,252
2016	1,763
2017	1,581
Thereafter	4,451
	$ 15,469

8. Long-Term Debt

Long-term debt consists of the following (in thousands)

	June 30 2012	2011
Series 2010, fixed interest rates from 4 50% to 5 00%, interest payments due semi-annually, payable through 2045	**$ 100,000**	$ 100,000
Series 2009A, fixed interest rates from 4 375% to 5 25%, interest payments due semi-annually, payable through 2024	**208,140**	208,140
Series 2009B, variable interest rates (0 18% and 0 09% at June 30, 2012 and 2011, respectively), interest payments due monthly, payable through 2034	**102,300**	104,810
Series 2009C, variable interest rates (0 85% and 0 81% at June 30, 2012 and 2011, respectively), interest payments due monthly, payable through 2019	**53,465**	59,745
Series 2004, stated fixed interest rates from 4 00% to 5 00%, interest payments due semiannually, payable through 2034	**60,212**	–
Series 1997, stated fixed interest rate of 5 10%, interest payments due semi-annually, payable through 2012	**875**	–
Unamortized original issue discount, net	**(5,556)**	(5,772)
	519,436	466,923
Less current maturities	**(9,830)**	(8,790)
	$ 509,606	$ 458,133

On October 27, 2010, the Coweta County Development Authority issued $100,000,000 in Revenue Bonds Series 2010 (the Series 2010 Bonds) on behalf of PHC The proceeds of the Series 2010 Bonds were used to construct a replacement hospital for Newnan. Cash held by trustee in the amount of $41,480,000 at June 30, 2011 is included in investments and assets limited as to use on the accompanying consolidated balance sheets At June 30, 2012 all proceeds had been received and expended. The Series 2010 Bonds have been issued on a tax-exempt basis and are secured under a master trust indenture with all members of the Obligated Group (Piedmont Healthcare, Inc and all of its subsidiaries exclusive of AMIC) which provides, for among other things, the deposit of revenue with the master trustee in the event of certain defaults, pledges of accounts receivable, pledges not to encumber property and limitations on additional borrowings

8. Long-Term Debt (continued)

On November 24, 2009, the Development Authority of Fulton County and the Hospital Authority of Fayette County issued $304,345,000 and $79,540,000, respectively, ($383,885,000 collectively) in Revenue Bonds Series 2009A, 2009B and 2009C (the Series 2009 Bonds) on behalf of PHC The proceeds of the Series 2009 Bonds were used primarily to redeem previously outstanding Series 2007, Series 2005, Series 2001, and Series 1999 Revenue Bonds and fully repay a line of credit totaling approximately $65,000,000 The Series 2009 Bonds have been issued on a tax-exempt basis and are secured under a master trust indenture with all members of the Obligated Group (Piedmont Healthcare, Inc and all of its subsidiaries exclusive of AMIC) which provides, for among other things, the deposit of revenue with the master trustee in the event of certain defaults, pledges of accounts receivable, pledges not to encumber property and limitations on additional borrowings

The Series 2009B Bonds may be put to PHC at the option of the bondholder In connection with the Series 2009B Bonds, PHC entered into letter of credit agreements totaling approximately $106,188,000 to secure the Series 2009B Bonds The letters of credit expire November 15, 2015, at which time PHC will be required to either extend the existing letters of credit or obtain an acceptable replacement letter of credit All fees payable under the letter of credit agreements are the responsibility of PHC

In connection with the acquisition of Henry effective January 1, 2012, PHC assumed responsibility for payment of the Authority's outstanding revenue certificates through the lease agreement described in Note 3

In April 2004, the Hospital Authority of Henry County issued $60,000,000 Revenue Certificates, Series 2004 (the 2004 Bonds). The certificates were used primarily to finance construction, renovation and equipping of certain additions and improvements to Henry and related facilities and to finance a portion of Henry's capital equipment purchases for a period not to exceed three years At the acquisition date, the stated value of the Series 2004 Bonds approximated $57,980,000, but were recorded at their fair value of $60,266,000 At June 30, 2012, the stated value of the Series 2004 Bonds approximated $57,980,000 and the carrying value approximated $60,212,000

8. Long-Term Debt (continued)

In December 1999, the Hospital Authority of Henry County issued $51,955,000 Revenue Certificates, Series 1999 (the Series 1999 Bonds). The certificates were used primarily to finance construction, renovation and equipping of certain additions and improvements to Henry and related facilities and to refund a portion of the Authority's outstanding revenue certificates series 1997 At the acquisition date, the stated value of the Series 1999 Bonds approximated $44,370,000, but were recorded at their fair value of $51,164,000 The Series 1999 certificates were fully refunded in March 2012 with the proceeds from a note payable from a bank (see below) PHC incurred a gain on extinguishment of debt of approximately $6,039,000 in connection with the refunding of the Series 1999 certificates

In November 1997, the Hospital Authority of Henry County issued $26,500,000 Revenue Certificates, Series 1997 (the Series 1997 Bonds). The certificates were used primarily to finance construction, renovation and equipping of certain additions and improvements to Henry and related facilities and to refund the Authority's outstanding revenue certificates series 1992A At the acquisition date, the stated value of the Series 1997 Bonds approximated their fair value of $875,000 The Series 2007 Bonds were paid in full in accordance with their payment schedule on July 1, 2012

The Series 2004 certificates are payable from and secured by a first lien on and pledge of the gross revenues derived by the Authority from the operations of Henry Additionally, payment of principal and interest when due is insured by a municipal bond insurance policy

At the option of Henry, the Series 2004 certificates maturing on after July 1, 2015 are subject to early redemption at any time not earlier than July 1, 2014 at prices up to 101% of the principal, plus accrued interest to the redemption date

Henry is required to maintain a sinking fund account sufficient to meet maturing principal and interest payments Such deposits into this account are included with assets limited as to use in the accompanying consolidated financial statements

8. Long-Term Debt (continued)

Scheduled principal payments on the Series 2010, Series 2009 Series 2004 and Series 1997 Bonds are as follows (in thousands)

Year ended June 30,	
2013	$ 9,830
2014	9,830
2015	10,425
2016	10,490
2017	11,370
Thereafter	470,815
	$ 522,760

As previously noted, the scheduled principal payments differ from the carrying value as the Series 2004 Bonds were recorded at fair value at the time of PHC's acquisition of Henry

Note Payable to a Bank

Effective February 1, 2012, PHC entered into a note payable with a bank The proceeds of the note totaling approximately $44,819,000 were used to repay Henry's Series 1999 Bonds The note bears interest at a rate of 1 8% per annum payable monthly Principal payments on the note are due as follows $2,055,000 due July 1, 2013, $2,170,000 due July 1, 2014, $2,295,000 due July 1, 2015, $2,425,000 due July 1, 2016 and the remaining principal due July 1, 2017

Line of Credit

During fiscal year 2010, PHC entered into a line of credit for $70,000,000 with a local bank with an interest rate based on 30-day LIBOR plus 0 75% and a maturity date of December 31, 2011 During fiscal year 2012, PHC entered into an amendment to the line of credit which reduced available borrowings to $1,000,000 and extended the maturity to December 31, 2012 There were no outstanding borrowings on the line of credit at June 30, 2012 or 2011

8. Long-Term Debt (continued)

Interest Rate Swap Agreements

PHC has seven interest rate swap agreements that are not accounted for as cash flow hedges These interest rate swaps are primarily utilized to economically hedge PHC's exposure to changing interest rates under its debt obligations The change in value of the interest rate swaps is reported as a component of nonoperating income (expense) in the period it occurs At June 30, 2012 and 2011, the total notional amount of PHC's interest rate swaps was approximately $151,907,000 and $142,629,000, respectively.

These interest rate swap agreements expose PHC to credit losses in the event of non-performance by the counterparty to the financial instruments The counterparty is a creditworthy financial institution and PHC management believes the counterparty will be able to fully satisfy its obligations under the contracts

PHC's interest rate swaps are reported at fair value in the accompanying consolidated balance sheets as follows

	June 30	
	2012	2011
	(In Thousands)	
Other long-term liabilities	**$ 34,904**	$ 16,189

The effects of PHC's interest rate swaps on the accompanying consolidated statements of operations are as follows:

	Year Ended June 30	
	2012	2011
	(In Thousands)	
(Loss) gain recognized in nonoperating expense	**$ (18,716)**	$ 7,094
Loss recognized in supplies and other expenses	**(4,879)**	(4,956)
	$ (23,595)	$ 2,138

9. Medical Office Buildings

As discussed in Note 7, PHC is considered the owner of the Fayette MOB and the Piedmont MOB for financial reporting purposes In accordance with ASC 840, *Leases*, PHC has reflected the operations of the Piedmont and Fayette MOB's in its consolidated financial statements which resulted in other income of approximately $6,131,000, interest expense of $5,209,000, and other operating expense of $695,000, for the year ended June 30, 2012 and other income of approximately $5,062,000, interest expense of $2,476,000 and other expense of $2,587,000 for the year ended June 30, 2011

10. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets available primarily for capital purchases, education and geriatric services were $21,746,000 and $19,187,000 at June 30, 2012 and 2011, respectively

Permanently restricted net assets are as follows, with a description of how the investment income is to be used

	June 30	
	2012	**2011**
	(In Thousands)	
Support of education	**$ 507**	$ 507
Beneficial interest in perpetual trust	**7,939**	8,301
Support of specific services	**13,985**	13,940
	$ 22,431	$ 22,748

11. Employee Benefits

Pension Plan

PHC has a trusteed noncontributory defined benefit pension plan (the Plan) covering a portion of PHC employees. The Plan's benefits are based on a combination of years of service and the employee's compensation PHC's funding policy is to contribute annually to the Plan an amount sufficient to meet the minimum funding standards of ERISA or an amount sufficient to maintain the Plan on a sound actuarial basis, as certified by an enrolled actuary Plan assets consist primarily of common stocks, alternative investments, guaranteed investment contracts, and cash equivalents

11. Employee Benefits (continued)

The following amounts have not yet been recognized in the net periodic cost, and are recognized as a reduction to unrestricted net assets

	June 30	
	2012	**2011**
	(In Thousands)	
Actuarial losses	**$ 105,661**	$ 32,744
Prior service cost	**25**	169
Total	**$ 105,686**	$ 32,913

Changes in the Plan's obligations and assets caused the following changes in unrestricted net assets:

	Year Ended June 30	
	2012	**2011**
	(In Thousands)	
Amortization of prior service cost	**$ 144**	$ 188
Amortization of loss	**443**	4,665
Net actuarial (loss) gain during the year	**(73,360)**	37,380
Total	**$ (72,773)**	$ 42,233

11. Employee Benefits (continued)

The prior service cost and unrecognized loss included in unrestricted net assets and expected to be recognized in net periodic pension cost during the year ended June 30, 2013, are $13,000 and $7,701,000, respectively

The following table presents a reconciliation of the beginning and ending balances of the Plan's projected benefit obligation, the fair value of plan assets, the funded status of the Plan, and the accumulated benefit obligation

	June 30	
	2012	**2011**
	(In Thousands)	
Change in benefit obligations		
Projected benefit obligation, beginning of year	**$ 286,386**	$ 273,495
Service cost	**10,063**	11,213
Interest cost	**16,571**	15,301
Benefits paid	**(6,158)**	(4,696)
Actuarial loss (gain)	**54,367**	(8,927)
Projected benefit obligation, end of year	**$ 361,229**	$ 286,386
Accumulated benefit obligation	**$ 322,468**	$ 254,231
Change in Plan assets		
Fair value of Plan assets, beginning of year	**$ 243,963**	$ 179,980
Employer contributions	**55,000**	25,000
Actual return on Plan assets	**786**	43,679
Benefits paid	**(6,158)**	(4,696)
Fair value of Plan assets, end of year	**$ 293,591**	$ 243,963
Funded status of the Plan	**$ (67,638)**	$ (42,423)

The underfunded status of the Plan of $67,638,000 and $42,423,000 at June 30, 2012 and 2011, respectively, is recognized in the accompanying consolidated balance sheets as a long-term pension liability No Plan assets are expected to be returned to PHC during the fiscal year ended 2013

11. Employee Benefits (continued)

The following table sets forth the components of net periodic benefit cost

	Year Ended June 30	
	2012	**2011**
	(In Thousands)	
Components of net periodic benefit cost		
Service cost	**$ 10,063**	$ 11,213
Interest cost	**16,571**	15,301
Expected return on Plan assets	**(19,779)**	(15,225)
Amortization of prior service cost	**144**	188
Amortization of net actuarial loss	**443**	4,665
Total net periodic benefit cost	**$ 7,442**	$ 16,142

The actuarial assumptions used in the accounting for the net periodic cost for the Plan were as follows

	June 30	
	2012	**2011**
Discount rate	**5.85%**	5.65%
Rate of increase in future compensation levels	**3.00%**	3.00%
Expected long-term rate of return on Plan assets	**7.75%**	7.75%

The actuarial assumptions used to determine the year-end benefit obligations for the Plan were as follows

	June 30	
	2012	**2011**
Discount rate	**4.82%**	5.85%
Rate of increase in future compensation levels	**3.00%**	3.00%

11. Employee Benefits (continued)

The PHC Board of Directors approved the freezing of the Plan for participation purposes, so that employees hired or re-hired on and after July 1, 2008 will not be eligible to participate in the Plan. Current participants had the option under the "Choice" program to continue to accrue benefits in the Piedmont Healthcare Retirement Plan or to participate in the new Piedmont 401(k) plan, which began on January 1, 2009 Approximately 64% of active participants elected to continue to accrue benefits in the defined benefit pension plan

In September 2012, the PHC Board of Directors and PHC management approved a freeze of the Plan effective December 31, 2014, whereby participants would cease to accrue further benefits PHC is in process of estimating the impact of the freeze on the consolidated financial statements for the year ended June 30, 2013

PHC uses fair value as the market-related value of assets in calculating the expected return on Plan assets component of net periodic pension expense for the years ended June 30, 2012 and 2011

Contributions expected to be paid to the Plan during fiscal year 2013 are estimated at $0

Benefits expected to be paid in each of the next five fiscal years are as follows fiscal year 2013 – $7,972,000, fiscal year 2014 – $8,842,000, fiscal year 2015 – $10,038,000, fiscal year 2016 – $11,395,000, and fiscal year 2017 – $12,870,000 For fiscal years 2018 – 2022, the aggregate benefits expected to be paid are $88,427,000

The following table sets forth the asset allocation for the Plan

	June 30	
	2012	**2011**
Growth/equity securities	**64%**	58%
Hedge funds/private equity	**16**	18
Fixed securities	**20**	24
	100%	100%

11. Employee Benefits (continued)

The target allocation for the Plan is as follows

	June 30	
	2012	**2011**
Growth/equity securities	**57%**	57%
Hedge funds/private equity	**20**	20
Fixed securities	**23**	23
	100%	100%

To develop the expected long-term rate of return on assets assumption, PHC considered the historical returns and the future expectations for returns for each asset class, as well as the target asset allocation of the Plan's portfolio

The investment strategy of the Plan is to ensure, over the long-term life of the Plan, an adequate pool of assets along with contributions by PHC to satisfy the benefit obligations to participants and beneficiaries PHC desires to achieve market returns consistent with a prudent level of diversification All investments are made solely in the interest of the Plan's participants and beneficiaries for the exclusive purposes of providing benefits to such participants and their beneficiaries and defraying the expenses related to administering the Plan The target allocation of all assets is to reflect proper diversification in order to reduce the potential of a single security or single sector of securities having a disproportionate impact on the portfolio In an effort to maintain the overall risk level of the portfolio within an acceptable range, the relative mix of asset classes will be rebalanced back toward the target allocations as opportunities permit, but in any event not less often than annually The use of futures and options contracts will be limited to liquid instruments listed and actively traded on major exchanges (except for short-term funds) to over-the-counter options or forward contract positions executed with major dealers No derivatives strategy may be used if it would subject the portfolios to greater variance than would be the case with the physical portfolio under a worst case scenario Short-term funds may use only exchange-traded futures contracts and options – specifically prohibited are any off-exchange instruments and any exotic or structured securities, as well as notes whose interest rate is tied to security with a maturity of more than one year PHC utilizes an outside investment consultant to implement its investment strategy

11. Employee Benefits (continued)

The fair value of financial assets of the Plan measured at fair value on a recurring basis was determined using the following inputs at June 30, 2012 (in thousands)

	Level 1	Level 2	Level 3	Total
Assets at fair value				
Corporate obligations	$ –	$ 4,528	$ –	$ 4,528
Fixed-income securities	356	–	–	356
Corporate stocks	9,575	156	–	9,731
Mutual funds	175,613	–	–	175,613
Alternative investments	–	98,604	4,759	103,363
Total assets at fair value	$ 185,544	$ 103,288	$ 4,759	$ 293,591

The fair value of financial assets of the Plan measured at fair value on a recurring basis was determined using the following inputs at June 30, 2011 (in thousands)

	Level 1	Level 2	Level 3	Total
Assets at fair value				
Corporate obligations	$ –	$ 4,376	$ –	$ 4,376
Fixed-income securities	364	–	–	364
Corporate stocks	17,534	95	–	17,629
Mutual funds	116,895	–	–	116,895
Alternative investments	–	104,699	–	104,699
Total assets at fair value	$ 134,793	$ 109,170	$ –	$ 243,963

The investments at June 30, 2012 and 2011 were in domestic investments

The Plan invests in alternative investments which provide the Plan with a proportionate share of the fair value of the fund returns The Federal Street Associates Offshore Fund, the Lighthouse Diversified Fund and the Titan Masters International Fund are funds that invest in other alternative investments (for example, funds of funds) and these are classified as Level 2 financial assets The Baillie Gifford FDS Fund, the LSV Emerging Markets Fund and the JPMCB Extended Duration Fund are funds whose underlying investments are in securities that are publicly traded on US and overseas exchanges and these are classified as Level 2 financial assets The Clarion Lion Partners Fund is a fund which invests in real estate and is classified as a

11. Employee Benefits (continued)

Level 2 financial asset The Archipelago Holdings Ltd Offshore Fund is a fund that invests in other alternative investments (for example, funds of funds) and is classified as Level 3 financial assets since there is a one year lock up period in effect at June 30, 2012

Other than the Plan's investment in Archipelago Holdings Ltd Offshore Fund discussed above, the Plan's alternative investments do not have restrictions in excess of 90 days related to redemption

The fair values of the securities included in Level 1 were determined through quoted market prices The fair values of Level 2 financial assets for the corporate obligations were determined through evaluated bid prices provided by third-party pricing services where quoted market prices are not available The fair value of Level 2 and Level 3 alternative investments was determined based on the use of net asset value (NAV) per share as a practical expedient in accordance with ASC 820

The following is the reconciliation of the beginning and ending balances of Level 3 financial assets measured at fair value on a recurring basis (in thousands)

Balance at July 1, 2011	$ -
Purchases	5,000
Net unrealized losses	(241)
Balance at June 30, 2012	$ 4,759

Deferred Compensation Plan

PHC also offers a nonqualified deferred compensation plan, which is available to certain highly compensated PMCC employees The Plan permits such employees to defer the receipt and taxation of all or a portion of their salary until future years The deferred compensation is available for distribution to employees upon the election by the employee, provided the distribution election with respect to the deferred amounts has been made for a minimum of one year prior to the date of distribution

11. Employee Benefits (continued)

All deferrals are held as part of PHC's general assets and are subject to the claims of PHC's general creditors Employees' rights to the payment of benefits under the Plan are equal to those of general and unsecured creditors of the Corporation PHC has no liability for losses under the deferred compensation plan

The amounts recorded for the deferred compensation plan are approximately $13,365,000 and $12,004,000, at June 30, 2012 and 2011, respectively, and are recorded within other long-term liabilities in the accompanying consolidated balance sheets

401(k) Plan

PHC offers, as the sponsor, a deferred tax annuity plan (the 401(k) Plan) pursuant to Section 401(k) of the Internal Revenue Code of 1986 covering substantially all employees of PHC PHC contributes 100% of pretax contributions up to the first 3% of eligible pay and 50% of pretax contributions up to the next 2% into the 401(k) Plan and may make an additional discretionary contribution PHC recognized as expense approximately $17,760,000 and $6,071,000 for the years ended June 30, 2012 and 2011, respectively, related to the 401(k) Plan

12. Concentrations of Credit Risk

PHC grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements The mix of gross receivables from patients and third-party payors was as follows

	June 30	
	2012	**2011**
Medicare	**26%**	19%
Medicaid	**4**	4
Other third-party payors	**41**	43
Patients	**29**	34
	100%	100%

PHC recognizes that revenue and receivables from government agencies and third-party payors are significant to its operations but does not believe that there are significant credit risks associated with these collections.

13. Commitments and Contingencies

General and Professional Liability Insurance

PHC has a trusteed self-insurance program for general and professional liability coverage, through AMIC. AMIC insures PHC with professional liability and commercial general liability risks of PHC affiliates, namely the Hospital, Mountainside, Fayette, Newnan, Henry, PHIP and PMCC, on a claims-made basis for the hospital professional liability and on an occurrence basis for the commercial general liability. The insurance policies between PHC and AMIC are $5,000,000 per occurrence and $20,000,000 aggregate annual limit for coverage effective May 1, 2003, subject to a retroactive date of May 1, 2001, and $5,000,000 per occurrence and $19,000,000 aggregate annual limit for coverage effective May 1, 2005, through April 30, 2012. AMIC is consolidated by PHC. PHC records the reported and estimated incurred but not reported liability based on an actuarial study at June 30, 2012 and 2011, which amounted to approximately $34,542,000 and $31,142,000, respectively, and is recorded as self-insurance reserves in the accompanying consolidated balance sheets. Commercial insurance has been obtained on a claims-incurred basis to provide for excess coverage.

The general and professional self-insurance reserves included in the accompanying consolidated balance sheets include estimates of the ultimate costs for claims incurred but not reported through June 30, 2012 and 2011, applicable to the general and professional liability self-insurance plans for PHC. PHC has employed independent actuaries to estimate the ultimate costs, if any, of the settlement of such claims. Accrued malpractice losses have been discounted at 4% at June 30, 2012 and 2011.

Other Self-Insurance Programs

PHC self-insures a portion of its workers' compensation liability exposure up to $350,000 per claim at June 30, 2012 and 2011. Reserves for the self-insurance program are established to provide for estimated claims losses and applicable legal expenses for any claims incurred, both reported and unreported, through June 30, 2012, and are recorded in the accompanying consolidated financial statements. PHC recorded the reported and estimated incurred but not reported liability for its claims at June 30, 2012 and 2011, which amounted to approximately $6,235,000 and $5,646,000, respectively. Commercial insurance has been obtained on a claims-incurred basis to provide for excess coverage.

13. Commitments and Contingencies (continued)

The workers' compensation self-insurance reserves included in the accompanying consolidated balance sheets include estimates of the ultimate costs for claims incurred but not reported through June 30, 2012. PHC has employed independent actuaries to estimate the ultimate costs, if any, of the settlement of such claims Accrued workers' compensation losses have been discounted at 4% at June 30, 2012 and 2011

PHC is self-insured for employee health benefits for its subsidiaries with reinsurance for high dollar claims At June 30, 2012 and 2011, PHC recorded $5,039,000 and $3,408,000, respectively, as a liability for health benefit claims within the current portion of self-insurance reserves line item in the accompanying consolidated balance sheets

The employee health benefits self-insurance reserves in the accompanying consolidated balance sheets include estimates of the ultimate costs for claims incurred but not reported through June 30, 2012, applicable to the employee health benefits self-insurance plans PHC has employed independent actuaries to estimate the ultimate costs, if any, of the settlement of such claims Accrued employee health benefits losses have not been discounted due to the short-term nature of the pay out of these liabilities

In the opinion of management, adequate provision has been made for losses that may occur from the asserted and unasserted claims for all self-insurance programs

Operating Leases

PHC leases various equipment and facilities under operating leases expiring at various dates through fiscal year 2024. Total rent expense in fiscal years 2012 and 2011 for all operating leases was $38,562,000 and $33,871,000, respectively

13. Commitments and Contingencies (continued)

The following is a schedule by year of future minimum lease payments under operating leases that have initial or remaining lease terms in excess of one year (in thousands)

Year ended June 30,	
2013	$ 24,469
2014	22,272
2015	22,592
2016	21,387
2017	19,264
Thereafter	100,405
	$ 210,389

Litigation

PHC is involved in litigation arising in the ordinary course of business After consultation with legal counsel, management estimates that these matters will be resolved without a material adverse effect on PHC's future financial position or results of operations

14. Functional Expenses

PHC does not present expense information by functional classification because its resources and activities are primarily related to providing health care services Further, since PHC receives substantially all of its resources from providing health care services in a manner similar to a business enterprise, other indicators contained in these consolidated financial statements are considered important in evaluating how well management has discharged their stewardship responsibilities

15. Fair Value of Financial Instruments

PHC follows ASC 820 which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measure date ASC 820 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement)

15. Fair Value of Financial Instruments (continued)

Certain of the PHC's financial assets and financial liabilities are measured at fair value on a recurring basis, including money market, fixed income and equity instruments, and interest rate swap agreements The three levels of the fair value hierarchy defined by ASC 820 and a description of the valuation methodologies used for instruments measured at fair value are as follows

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that PHC has the ability to access

Level 2 – Financial assets and liabilities whose values are based on pricing inputs which are either directly observable or that can be derived or supported from observable data as of the reporting date Level 2 inputs may include quoted prices for similar assets or liabilities in nonactive markets or pricing models whose inputs are observable for substantially the full term of the asset or liability

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both significant to the fair value of the financial asset or financial liability and are generally less observable from objective sources These inputs may be used with internally developed methodologies that result in management's best estimate of fair value

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement

15. Fair Value of Financial Instruments (continued)

The fair value of financial assets and financial liabilities measured at fair value on a recurring basis was determined using the following inputs at June 30, 2012 (in thousands)

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	**$ 204,596**	**$ –**	$ –	**$ 204,596**
Investments and assets limited as to use				
Cash and cash equivalents	**5,181**	**–**	–	**5,181**
Corporate obligations	**1,184**	**14,371**	–	**15,555**
Fixed income securities	**51,041**	**–**	–	**51,041**
Corporate stocks	**100,683**	**–**	–	**100,683**
Mutual funds	**201,361**	**–**	–	**201,361**
Total investments and assets limited as to use	**359,450**	**14,371**	**–**	**373,821**
Self-insurance investments				
Corporate obligations	**1,119**	**7,632**	**–**	**8,751**
Treasury inflation protection securities	**–**	**5,032**	**–**	**5,032**
Fixed-income securities	**7,192**	**–**	**–**	**7,192**
Mortgage-backed securities	**–**	**3,444**	**–**	**3,444**
Mutual funds	**11,219**	**–**	**–**	**11,219**
	19,530	**16,108**	**–**	**35,638**
Beneficial interest in perpetual trust	**–**	**–**	**7,939**	**7,939**
Total assets at fair value	**$ 583,576**	**$ 30,479**	**$ 7,939**	**$ 621,994**
Liabilities				
Interest rate swaps	**$ –**	**$ 34,904**	**$ –**	**$ 34,904**
Total liabilities at fair value	**$ –**	**$ 34,904**	**$ –**	**$ 34,904**

15. Fair Value of Financial Instruments (continued)

The fair value of financial assets and financial liabilities measured at fair value on a recurring basis was determined using the following inputs at June 30, 2011 (in thousands)

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	$ 198,796	$ –	$ –	$ 198,796
Investments and assets limited as to use				
Cash and cash equivalents	13,219	–	–	13,219
Cash held by trustee	41,480	–	–	41,480
Corporate obligations	1,087	13,763	–	14,850
Fixed income securities	119,860	–	–	119,860
Corporate stocks	77,364	–	–	77,364
Mutual funds	151,849	–	–	151,849
Total investments and assets limited as to use	404,859	13,763	–	418,622
Self-insurance investments				
Corporate obligations	765	7,463	–	8,228
Treasury inflation protection securities	–	3,555	–	3,555
Fixed-income securities	5,179	–	–	5,179
Mortgage-backed securities	–	2,237	–	2,237
Mutual funds	8,286	–	–	8,286
	14,230	13,255	–	27,485
Beneficial interest in perpetual trust	–	–	8,301	8,301
Total assets at fair value	$ 617,885	$ 27,018	$ 8,301	$ 653,204
Liabilities				
Interest rate swaps	$ –	$ 16,189	$ –	$ 16,189
Total liabilities at fair value	$ –	$ 16,189	$ –	$ 16,189

15. Fair Value of Financial Instruments (continued)

The investments at June 30, 2012 and 2011 were in domestic investments

Financial assets and financial liabilities are reflected in the accompanying consolidated balance sheets as follows

	June 30	
	2012	**2011**
	(In Thousands)	
Investments and assets limited as to use measured at fair value	**$ 373,821**	$ 418,622
Alternative investments accounted for under the equity method	**79,415**	77,617
Total investments and assets limited as to use	**$ 453,236**	$ 496,239

See Note 8 for location of interest rate swap liabilities in the accompanying consolidated balance sheets

The fair values of the securities included in Level 1 were determined through quoted market prices The fair value of Level 2 and Level 3 financial assets and liabilities were determined as follows

Corporate obligations, treasury inflated protection securities, and mortgage-backed securities – These Level 2 investments were determined through evaluated bid prices provided by third-party pricing services where quoted market values are not available There is not significant subjectivity in the fair value estimate due to changes in the unobservable inputs

Beneficial interest in perpetual trust – The fair values of these financial assets were determined from the fair value of the underlying assets contributed to the trusts Based on the nature of the underlying assets, there is not significant subjectivity in the fair value estimate due to changes in the unobservable inputs

15. Fair Value of Financial Instruments (continued)

Interest rate swaps – The fair values of these financial liabilities interest rate swaps were determined based on the present value of expected future cash flows using discount rates appropriate with the risks involved The analysis reflects contractual terms of the interest rate swaps and uses observable market-based inputs, such as interest rate curves In addition credit valuation adjustments are included to reflect nonperformance risk PHC pays fixed rates ranging from 3 17% to 4 84% and receives cash flows based on 67% of 1 month LIBOR.

The following is the reconciliation of the beginning and ending balances of Level 3 financial assets measured at fair value on a recurring basis (in thousands)

Balance at July 1, 2011	$	8,301
Net realized and unrealized losses		(362)
Balance at June 30, 2012	$	7,939

The net realized and unrealized losses on the Level 3 assets are included in changes to beneficial interest in perpetual trust within permanently restricted net assets in the accompanying consolidated statements of changes in net assets

The carrying values of patient accounts receivable, pledges receivable, and accounts payable and accrued expenses are reasonable estimates of their fair values due to the short-term nature of these financial instruments The fair value of the PHC's fixed-rate bonds is derived using Level 2 market-observable inputs, such as risk-free rates, yield curves and credit spreads for debt that is actively traded and has similar maturities and credit ratings The fair value of PHC's bonds and note payable approximated $455,542,000 compared to a carrying value of approximately $410,499,000 at June 30, 2012 and approximated $314,000,000 compared to a carrying value of approximately $308,140,000 at June 30, 2011. The carrying value approximates fair value for all other long-term debt at June 30, 2012 and 2011

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