



See a Social Security Number? Say Something!
Report Privacy Problems to <https://public.resource.org/privacy>
Or call the IRS Identity Theft Hotline at 1-800-908-4490



Form 990

Return of Organization Exempt From Income Tax

2011

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

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	C Name of organization NORTHCREST MEDICAL CENTER	D Employer identification number 62-1046595
<input type="checkbox"/> Address change	Doing Business As	E Telephone number (615) 384-1711
<input type="checkbox"/> Name change	Number and street (or P O box if mail is not delivered to street address)	F Gross receipts \$ 82,486,309
<input type="checkbox"/> Initial return	100 NORTHCREST MEDICAL CENTER	
<input type="checkbox"/> Terminated		
<input type="checkbox"/> Amended return	City or town, state or country, and ZIP + 4 SPRINGFIELD, TN 371723961	
<input type="checkbox"/> Application pending	F Name and address of principal officer JAMES F SCHMIDT 100 NORTHCREST MEDICAL CENTER SPRINGFIELD, TN 371723961	H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

I Tax-exempt status 501(c)(3) 501(c) () (insert no) 4947(a)(1) or 527H(b) Are all affiliates included? Yes No
If "No," attach a list (see instructions)

H(c) Group exemption number ►

J Website: ► WWW.NORTHCREST.COM

K Form of organization Corporation Trust Association Other ► L Year of formation 1987 M State of legal domicile TN

Part I Summary

1 Briefly describe the organization's mission or most significant activities OPERATION OF A NONPROFIT 109-BED ACUTE CARE FACILITY IN SPRINGFIELD, TENNESSEE	
2 Check this box ► if the organization discontinued its operations or disposed of more than 25% of its net assets	
3 Number of voting members of the governing body (Part VI, line 1a)	3 13
4 Number of independent voting members of the governing body (Part VI, line 1b)	4 11
5 Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5 774
6 Total number of volunteers (estimate if necessary)	6 67
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a 0
b Net unrelated business taxable income from Form 990-T, line 34	7b 0

8 Contributions and grants (Part VIII, line 1h)	Prior Year 388,471	Current Year 484,653
9 Program service revenue (Part VIII, line 2g)	72,571,125	72,205,052
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	216,782	571,043
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	993,596	3,987,480
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	74,169,974	77,248,228

13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	207,026	338,478
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)	29,541,697	29,945,439
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)	44,042,990	44,348,564
18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	73,791,713	74,632,481
19 Revenue less expenses Subtract line 18 from line 12	378,261	2,615,747

20 Total assets (Part X, line 16)	Beginning of Current Year 80,290,027	End of Year 86,715,473
21 Total liabilities (Part X, line 26)	61,496,610	70,687,435
22 Net assets or fund balances Subtract line 21 from line 20	18,793,417	16,028,038

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 JAMES F SCHMIDT CFO Type or print name and title	2013-04-18 Date
-----------	--	--------------------

Paid Preparer's Use Only	Preparer's signature MARSHA H DIECKMAN CPA	Date 2013-04-16	Check if self-employed ►	Preparer's taxpayer identification number (see instructions) P00246741
	Firm's name (or yours if self-employed), address, and ZIP + 4 HORNE LLP 1020 HIGHLAND COLONY PKWY STE 400 RIDGELEY, MS 39157	EIN ► 20-1941244		
		Phone no ► (601) 326-1000		

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

Part III Statement of Program Service Accomplishments

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

to describe the organization's mission

NORTHCREST MEDICAL CENTER IS A TENNESSEE NONPROFIT CORPORATION THAT OPERATES A 109-BED GENERAL ACUTE CARE FACILITY. THE HOSPITAL PROVIDES A FULL RANGE OF MEDICAL SERVICES TO BOTH INPATIENTS AND OUTPATIENTS IN AND AROUND THE SPRINGFIELD, TENNESSEE AREA.

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 C

3 Did the organization cease conducting, or make significant changes in how it conducts, any programs or 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 \$ 70,007,249 including grants of \$ 338,478) (Revenue \$ 75,874,542)

IN ADDITION TO HEALTH CARE SERVICES, NORTHCREST MEDICAL CENTER SPONSORS MONTHLY SUPPORT GROUPS FOR GRIEF, CANCER AND DIABETES EDUCATION, HOSTS PRENATAL CLASSES, PUBLISHES A QUARTERLY NEWSLETTER, AND PROVIDES STROKE AND PROSTATE CANCER SCREENINGS ALONG WITH FREE BLOOD PRESSURE CHECKS. NORTHCREST MEDICAL CENTER ALSO CONDUCTS SEMINARS ON EXERCISE, NUTRITION, WEIGHT LOSS, ARTHRITIS, AND SODIUM PROTECTION.

4b (Code) (Expenses \$ including grants of \$) (Revenue \$

4c (Code) (Expenses \$ including grants of \$) (Revenue \$

4d Other program services (Describe in Schedule O)

(Expe

including grants of \$

) (Revenue

4e Total program service expenses

70,007,249

Part IV Checklist of Required Schedules

1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A.

2 Is the organization required to complete Schedule B, *Schedule of Contributors* (see instructions)?

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.

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.

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.

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.

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.

8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III.

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.

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.

11 If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable

a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI.

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.

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.

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.

e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X.

f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X.

12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII.

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.

13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E.

14a Did the organization maintain an office, employees, or agents outside of the United States?

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.

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.

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.

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.

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.

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.

20a Did the organization operate one or more hospitals? If "Yes," complete Schedule H.

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.

	Yes	No
1	Yes	
2	Yes	
3		No
4		No
5		No
6		No
7		No
8		No
9		No
10		No
11a	Yes	
11b	Yes	
11c		No
11d	Yes	
11e	Yes	
11f	Yes	
12a		No
12b	Yes	
13		No
14a		No
14b		No
15		No
16		No
17		No
18		No
19		No
20a	Yes	
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	<input checked="" type="checkbox"/>	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	<input checked="" type="checkbox"/>	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	<input checked="" type="checkbox"/>	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	<input checked="" type="checkbox"/>	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	<input checked="" type="checkbox"/>	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	<input checked="" type="checkbox"/>	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	<input checked="" type="checkbox"/>	35b	Yes	
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	<input checked="" type="checkbox"/>	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	<input checked="" type="checkbox"/>	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	109
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b	0
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	Yes
2a	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return	2a	774
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	2b	Yes
Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)			
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	No
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	3b	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?	4a	No
b	If "Yes," enter the name of the foreign country ► See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a	No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b	No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c	
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6a	No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b	
7	Organizations that may receive deductible contributions under section 170(c).	7a	No
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?	7b	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7c	No
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7d	
d	If "Yes," indicate the number of Forms 8282 filed during the year	7e	No
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7f	No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7g	
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7h	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	8	
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?	9a	
9	Sponsoring organizations maintaining donor advised funds.	9b	
a	Did the organization make any taxable distributions under section 4966?		
b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter	10a	
a	Initiation fees and capital contributions included on Part VIII, line 12	10b	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities		
11	Section 501(c)(12) organizations. Enter	11a	
a	Gross income from members or shareholders	11b	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	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.	13a	
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	13b	
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	13c	
c	Enter the aggregate amount of reserves on hand		
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

1a Enter the number of voting members of the governing body at the end of the tax year

1b Enter the number of voting members included in line 1a, above, who are independent

2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?

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?

4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?

5 Did the organization become aware during the year of a significant diversion of the organization's assets?

6 Did the organization have members or stockholders?

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?

b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?

8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following

a The governing body?

b Each committee with authority to act on behalf of the governing body?

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

	Yes	No
1a	13	
1b	11	
2		No
3		No
4		No
5		No
6		No
7a		No
7b		No
8a	Yes	
8b	Yes	
9		No

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

10a Did the organization have local chapters, branches, or affiliates?

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?

11a Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?

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

b Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?

c Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done

13 Did the organization have a written whistleblower policy?

14 Did the organization have a written document retention and destruction policy?

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

b Other officers or key employees of the organization

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?

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?

	Yes	No
10a		No
10b		
11a	Yes	
12a	Yes	
12b	Yes	
12c	Yes	
13	Yes	
14	Yes	
15a	Yes	
15b	Yes	
16a		No
16b		

Section C. Disclosure

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

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

Own website Another's website Upon request

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

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

JAMES SCHMIDT
100 NORTHCREST DRIVE
SPRINGFIELD, TN 37172
(615) 384-1503

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	
		Or Director	Indi- vidual trustee	Institutional Trustee	Offi- cial	Key employ- ee	Em- ployee Highest compensated	Former		
(1) TATIA CUMMINGS TRUSTEE	1 00	X						3,000	0	0
(2) TED STUBBLEFIELD TRUSTEE, CHAIRMAN	1 00	X						3,000	0	0
(3) DAVID BELLAR TRUSTEE, VICE CHAIRMAN	1 00	X						3,000	0	0
(4) JAMES G BOWENS TRUSTEE	1 00	X						3,000	0	0
(5) HOWARD BRADLEY TRUSTEE	1 00	X						3,000	0	0
(6) TOMMY CRUNK TRUSTEE	1 00	X						59,028	0	0
(7) GEORGE DAHIR TRUSTEE	1 00	X						3,000	480,823	17,972
(8) GERALDINE FARMER TRUSTEE	1 00	X						3,000	0	0
(9) ALVIN FOWLER TRUSTEE, SECRETARY	1 00	X						3,000	0	0
(10) AMY GALLAGHER TRUSTEE	1 00	X						3,000	0	0
(11) E DEE REID TRUSTEE	1 00	X						3,000	0	0
(12) TRACY LANGSTON TRUSTEE	1 00	X						3,000	0	0
(13) DAN GREEN TRUSTEE	1 00	X						3,000	0	0
(14) SCOTT RAYNES PRESIDENT/CEO	40 00			X				395,895	0	46,611
(15) JIM SCHMIDT CFO	40 00			X				199,426	0	26,056
(16) RANDY MILLS VP BUSINESS/COO	40 00			X				178,423	0	25,888
(17) ANGELA BEARD CNO	40 00			X				176,762	0	27,272

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	Individual trustee	Officer	Key employee	Highest compensated employee			
(18) RANDY DAVIS CIO	40 00			X			182,704	0	25,323
(19) AMBER KING VP HR	40 00			X			117,587	0	23,539
(20) JOAN CHATHAM QA/PI DIRECTOR	40 00				X		105,665	0	8,698
(21) LISA LINVILLE NURSING DIRECTOR	40 00				X		101,344	0	10,468
(22) RICK JANSEN ED DIRECTOR	40 00				X		170,522	0	9,745
(23) GRACE ROBERTS RN	47 50				X		108,503	0	9,397
(24) JOEY MOLLHAN DIR OR	40 00				X		100,404	0	13,072
1b Sub-Total									
c Total from continuation sheets to Part VII, Section A									
d Total (add lines 1b and 1c)							1,932,263	480,823	244,041

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 **►11**

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
RC MATTHEWS PO BOX 24687 NASHVILLE, TN 37202	CONTRACTOR	3,506,711
PEACH STATE ROOFING 1655-A SPECTRUM DRIVE LAWRENCEVILLE, GA 30043	ROOFING COMPANY	252,000
GOLDEN LIVING CENTER 104 WATSON ROAD SPRINGFIELD, TN 37172	NURSING HOME CARE FOR HOSPICE PATIENTS	220,035
MCCLEAREN DESIGN STUDIOS PO BOX 60676 NASHVILLE, TN 37206	ADVERTISING	213,097
JJCA-JOHNSON JOHNSON CRABTREE 4551 TROUSDALE DRIVE NASHVILLE, TN 37204	ARCHITECTS	139,889

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

Part VIII Statement of Revenue

		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514		
Contributions, gifts, grants and other similar amounts	1a Federated campaigns	1a					
	b Membership dues	1b					
	c Fundraising events	1c					
	d Related organizations	1d	69,370				
	e Government grants (contributions)	1e	81,300				
	f All other contributions, gifts, grants, and similar amounts not included above	1f	333,983				
	g Noncash contributions included in lines 1a-1f \$						
	h Total. Add lines 1a-1f		484,653				
Program Service Revenue	Business Code						
			2a HEALTHCARE REVENUE	621990	72,205,052	72,205,052	
			b				
			c				
			d				
			e				
			f All other program service revenue				
	g Total. Add lines 2a-2f		72,205,052				
Other Revenue	3 Investment income (including dividends, interest and other similar amounts)						
			191,467		191,467		
	4 Income from investment of tax-exempt bond proceeds						
	5 Royalties						
	6a Gross rents	(I) Real	(II) Personal				
		697,566					
	b Less rental expenses	0					
	c Rental income or (loss)	697,566					
d Net rental income or (loss)		697,566			697,566		
7a Gross amount from sales of assets other than inventory	(I) Securities	(II) Other					
		5,617,657					
b Less cost or other basis and sales expenses		5,238,081					
c Gain or (loss)		379,576					
d Net gain or (loss)		379,576	379,576				
8a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18							
b Less direct expenses	b						
c Net income or (loss) from fundraising events							
9a Gross income from gaming activities See Part IV, line 19							
b Less direct expenses	b						
c Net income or (loss) from gaming activities							
10a Gross sales of inventory, less returns and allowances							
b Less cost of goods sold	b						
c Net income or (loss) from sales of inventory							
Miscellaneous Revenue		Business Code					
11a MISCELLANEOUS		623990	2,968,038	2,968,038			
b CAFETERIA SALES		722210	310,964	310,964			
c VENDING MACHINES		623990	10,912	10,912			
d All other revenue							
e Total. Add lines 11a-11d		3,289,914					
12 Total revenue. See Instructions		77,248,228	75,874,542	0	889,033		

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	338,478	338,478		
2 Grants and other assistance to individuals in the United States See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees				
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	25,304,309	23,866,568	1,437,741	
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)				
9 Other employee benefits	2,661,167	2,555,825	105,342	
10 Payroll taxes	1,979,963	1,898,757	81,206	
11 Fees for services (non-employees)				
a Management				
b Legal				
c Accounting				
d Lobbying				
e Professional fundraising See Part IV, line 17				
f Investment management fees				
g Other				
12 Advertising and promotion	252,934	250,891	2,043	
13 Office expenses	287,755	113,411	174,344	
14 Information technology				
15 Royalties				
16 Occupancy	1,232,674	1,222,146	10,528	
17 Travel	114,583	89,179	25,404	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	2,217,270	2,217,270		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	4,115,967	4,115,967		
23 Insurance	4,321,757	3,732,458	589,299	
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 SUPPLIES	11,427,921	11,418,220	9,701	
b BAD DEBT EXPENSE	9,306,696	9,306,696		
c CONTRACT SERVICES	5,192,745	3,378,399	1,814,346	
d EQUIPMENT RENTAL AND MA	3,931,347	3,819,825	111,522	
e				
f All other expenses	1,946,915	1,683,159	263,756	
25 Total functional expenses. Add lines 1 through 24f	74,632,481	70,007,249	4,625,232	0
26 Joint costs. Check here <input checked="" type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

		(A) Beginning of year	(B) End of year
Assets	1 Cash—non-interest-bearing	3,713,295	1 2,991,126
	2 Savings and temporary cash investments	10,527,262	2 2,500,000
	3 Pledges and grants receivable, net	3	
	4 Accounts receivable, net	10,353,178	4 11,730,726
	5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L	5	
	6 Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L	6	
	7 Notes and loans receivable, net	948,436	7 355,004
	8 Inventories for sale or use	1,284,286	8 1,323,406
	9 Prepaid expenses and deferred charges	773,417	9 695,149
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 88,221,918	
	b Less accumulated depreciation	10b 51,998,432	33,291,560 10c 36,223,486
	11 Investments—publicly traded securities		11
	12 Investments—other securities See Part IV, line 11	6,070,830	12 14,792,330
	13 Investments—program-related See Part IV, line 11		13
	14 Intangible assets		14
	15 Other assets See Part IV, line 11	13,327,763	15 16,104,246
	16 Total assets. Add lines 1 through 15 (must equal line 34)	80,290,027	16 86,715,473
Liabilities	17 Accounts payable and accrued expenses	5,294,261	17 6,751,717
	18 Grants payable		18
	19 Deferred revenue		19
	20 Tax-exempt bond liabilities		20
	21 Escrow or custodial account liability Complete Part IV of Schedule D		21
	22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		22
	23 Secured mortgages and notes payable to unrelated third parties	41,860,171	23 44,469,534
	24 Unsecured notes and loans payable to unrelated third parties		24
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D	14,342,178	25 19,466,184
	26 Total liabilities. Add lines 17 through 25	61,496,610	26 70,687,435
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.		
	27 Unrestricted net assets	18,793,417	27 16,028,038
	28 Temporarily restricted net assets		28
	29 Permanently restricted net assets		29
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.		
	30 Capital stock or trust principal, or current funds		30
	31 Paid-in or capital surplus, or land, building or equipment fund		31
	32 Retained earnings, endowment, accumulated income, or other funds		32
	33 Total net assets or fund balances	18,793,417	33 16,028,038
	34 Total liabilities and net assets/fund balances	80,290,027	34 86,715,473

Part XI Reconciliation of Net AssetsCheck if Schedule O contains a response to any question in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	77,248,228
2	Total expenses (must equal Part IX, column (A), line 25)	2	74,632,481
3	Revenue less expenses Subtract line 2 from line 1	3	2,615,747
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	18,793,417
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-5,381,126
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	16,028,038

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

	Yes	No
1 Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a Were the organization's financial statements compiled or reviewed by an independent accountant? <input type="checkbox"/>	2a	No
2b Were the organization's financial statements audited by an independent accountant? <input type="checkbox"/>	2b	Yes
2c 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 <input type="checkbox"/>	2c	Yes
2d If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separated basis		
3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133? <input type="checkbox"/>	3a	No
3b 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 <input type="checkbox"/>	3b	

2011

Open to Public
Inspection**SCHEDULE A**
(Form 990 or 990EZ)**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.

Department of the Treasury
Internal Revenue Service
Name of the organization
NORTHCREST MEDICAL CENTEREmployer identification number
62-1046595**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

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

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

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

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

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

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

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

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

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

Part II Support Schedule for Organizations Described in 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

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			
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:		
Not over \$500,000	20% of the amount on line 1e		
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000		
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000		
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000		
Over \$17,000,000	\$1,000,000		
g Grassroots nontaxable amount (enter 25% of line 1f)			
h Subtract line 1g from line 1a If zero or less, enter -0-			
i Subtract line 1f from line 1c If zero or less, enter -0-			
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes	<input type="checkbox"/> No

4-Year Averaging Period Under Section 501(h)

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 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)		(b)	
	Yes	No	Amount	
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of				
a Volunteers?				
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?				
c Media advertisements?				
d Mailings to members, legislators, or the public?				
e Publications, or published or broadcast statements?				
f Grants to other organizations for lobbying purposes?				
g Direct contact with legislators, their staffs, government officials, or a legislative body?				
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?				
i Other activities? If "Yes," describe in Part IV	Yes		9,546	
j Total lines 1c through 1i		No	9,546	
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?				
b If "Yes," enter the amount of any tax incurred under section 4912				
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912				
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?				

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

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

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

1 Dues, assessments and similar amounts from members	1
2 Section 162(e) non-deductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).	2a
a Current year	2b
b Carryover from last year	2c
c Total	3
3 Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	4
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?	5
5 Taxable amount of lobbying and political expenditures (see instructions)	

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 11. Also, complete this part for any additional information.

Identifier	Return Reference	Explanation
EXPLANATION OF LOBBYING ACTIVITIES	PART II-B, LINE 1	NORTHCREST MEDICAL CENTER PAYS THE FOLLOWING DUES TO TENNESSEE HOSPITAL ASSOCIATION TOTALING \$60,160, OF WHICH 11 36% (\$6,831) IS ATTRIBUTABLE TO LOBBYING DUES TO AMERICAN HOSPITAL ASSOCIATION TOTALING \$11,035, OF WHICH 24 6% (\$2,715) IS ATTRIBUTABLE TO LOBBYING

2011

Open to Public
Inspection**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.

Name of the organization
NORTHCREST MEDICAL CENTER**Employer identification number**

62-1046595

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
2a	
2b	
2c	
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 <input type="checkbox"/> Public exhibition	d <input type="checkbox"/> Loan or exchange programs
b <input type="checkbox"/> Scholarly research	e <input type="checkbox"/> Other
c <input type="checkbox"/> Preservation for future generations	

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

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

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

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

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

	Amount
1c	
1d	
1e	
1f	

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

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

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

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

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

a Board designated or quasi-endowment ►

b Permanent endowment ►

c Term endowment ►

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

(i) unrelated organizations Yes No

(ii) related organizations Yes No

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

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		3,059,050			3,059,050
b Buildings		48,093,074	24,066,394		24,026,680
c Leasehold improvements					
d Equipment		35,957,672	27,932,038		8,025,634
e Other		1,112,122			1,112,122
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).)					36,223,486

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A) U S TREASURY SECURITIES AND OBLIGATIONS	14,792,330	F
		</td

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

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

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

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

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

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

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	THE HOSPITAL AND THE FOUNDATION ARE EXEMPT FROM FEDERAL INCOME TAXES UNDER THE PROVISIONS OF INTERNAL REVENUE CODE SECTION 501(C)(3), AND, ACCORDINGLY, NO PROVISION FOR INCOME TAXES IS INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS. THE HOSPITAL'S WHOLLY-OWNED SUBSIDIARIES ARE FOR-PROFIT CORPORATIONS AND ARE TAXED UNDER SUBCHAPTER "C" OF THE INTERNAL REVENUE CODE. THESE FOR-PROFIT CORPORATIONS HAVE INCURRED SIGNIFICANT TAX LOSSES DUE TO THE UNCERTAINTY OF FUTURE TAXABLE INCOME. A NET DEFERRED TAX ASSET OF APPROXIMATELY \$2,535,000 AT JUNE 30, 2012 AND \$2,030,000 AT JUNE 30, 2011 HAVE BEEN FULLY RESERVED. THE MOST SIGNIFICANT DEFERRED ITEMS RELATE TO NET OPERATING LOSS CARRYFORWARDS, THE ALLOWANCE FOR DOUBTFUL ACCOUNTS AND ACCRUED VACATION. THESE ENTITIES HAVE APPROXIMATELY \$11,100,000 OF NET OPERATING LOSSES AVAILABLE AT JUNE 30, 2012 THAT MAY BE USED TO OFFSET FUTURE TAXABLE INCOME. THE NET OPERATING LOSSES EXPIRE IN VARIOUS YEARS BEGINNING JUNE 30, 2019. THE HOSPITAL FOLLOWS THE GUIDANCE FOR ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES RECOGNIZED IN THE HOSPITAL'S CONSOLIDATED FINANCIAL STATEMENTS THAT PRESCRIBES A RECOGNITION THRESHOLD OF MORE LIKELY- THAN NOT TO BE SUSTAINED UPON EXAMINATION BY THE APPROPRIATE TAXING AUTHORITY. MEASUREMENT OF THE TAX UNCERTAINTY OCCURS IF THE RECOGNITION THRESHOLD HAS BEEN MET. THE GUIDANCE ALSO ADDRESSES THE DERECOGNITION, CLASSIFICATION, INTEREST AND PENALTIES, ACCOUNTING IN INTERIM PERIODS AND REQUIRED DISCLOSURES. THE HOSPITAL HAS DETERMINED THAT THERE ARE NO SIGNIFICANT UNCERTAIN TAX POSITIONS AT JUNE 30, 2012 OR 2011. IF INTEREST AND PENALTIES ARE INCURRED RELATED TO UNCERTAIN TAX POSITIONS, SUCH AMOUNTS WOULD BE RECOGNIZED IN INCOME TAX EXPENSE TAX PERIODS FOR ALL FISCAL YEARS AFTER 2008. REMAIN OPEN TO EXAMINATION BY THE FEDERAL AND STATE TAXING JURISDICTIONS TO WHICH THE HOSPITAL IS SUBJECT.

SCHEDULE H
(Form 990)

Hospitals

OMB No 1545-0047

2011

Open to Public
InspectionDepartment of the Treasury
Internal Revenue Service► Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
► Attach to Form 990. ► See separate instructions.Name of the organization
NORTHCREST MEDICAL CENTEREmployer identification number
62-1046595

Part I Charity Care and Certain Other Community Benefits at Cost

1a Did the organization have a charity care policy? If "No," skip to question 6a

	Yes	No
1a	Yes	
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
3b	No

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 _____%

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	Yes
5b	Yes

5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?

b If "Yes," did the organization's charity care expenses exceed the budgeted amount?

5a	Yes
5b	Yes
5c	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 eligible for free or discounted care?

5c	No
6a	No
6b	

6a Did the organization prepare a community benefit report during the tax year?

6a	No
6b	

6b If "Yes," did the organization make it available to the public?
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)			1,249,093		1,249,093	1 910 %
b Medicaid (from Worksheet 3, column a)			13,030,519	10,617,962	2,412,557	3 690 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Charity Care and Means-Tested Government Programs			14,279,612	10,617,962	3,661,650	5 600 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)						
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			388,698	8,706	379,992	0 580 %
j Total Other Benefits			388,698	8,706	379,992	0 580 %
k Total. Add lines 7d and 7j			14,668,310	10,626,668	4,041,642	6 180 %

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

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** 9,306,696

3 Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy **3** 930,670

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** 17,716,302

6 Enter Medicare allowable costs of care relating to payments on line 5 **6** 19,720,430

7 Subtract line 6 from line 5. This is the surplus or (shortfall) **7** -2,004,128

8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used

 Cost accounting system

 Cost to charge ratio

 Other

Section C. Collection Practices

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

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

Part IV Management Companies and Joint Ventures (see instructions)

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

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest)

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

Name and address

Other (Describe)

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)

NORTHCREST MEDICAL CENTER 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 <input type="checkbox"/> A definition of the community served by the hospital facility		
b <input type="checkbox"/> Demographics of the community		
c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input type="checkbox"/> How data was obtained		
e <input type="checkbox"/> The health needs of the community		
f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs		
h <input type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
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 <input type="checkbox"/> Hospital facility's website		
b <input type="checkbox"/> Available upon request from the hospital facility		
c <input type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)		
a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
b <input type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility		
d <input type="checkbox"/> Participation in community-wide community benefit plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g <input type="checkbox"/> Prioritization of health needs in the community		
h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed 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 000000000000%		
If "No," explain in Part VI the criteria the hospital facility used		

Part V Facility Information (continued)

	Yes	No
10 Used FPG to determine eligibility for providing discounted care?	10 Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>200 000000000000%</u> 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 <input checked="" type="checkbox"/> Income level		
b <input type="checkbox"/> Asset level		
c <input type="checkbox"/> Medical indigency		
d <input type="checkbox"/> Insurance status		
e <input checked="" type="checkbox"/> Uninsured discount		
f <input type="checkbox"/> Medicaid/Medicare		
g <input type="checkbox"/> State regulation		
h <input checked="" type="checkbox"/> 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 <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site		
b <input type="checkbox"/> The policy was attached to all billing invoices		
c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility		
f <input checked="" type="checkbox"/> The policy was available upon request		
g <input checked="" type="checkbox"/> Other (describe in Part VI)		
Billing and Collections		
14 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (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 <input type="checkbox"/> Reporting to credit agency		
b <input type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments or arrests		
e <input type="checkbox"/> 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 Yes	
If "Yes," check all actions in which the hospital facility or a third party engaged		
a <input type="checkbox"/> Reporting to credit agency		
b <input type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments		
e <input type="checkbox"/> 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 <input checked="" type="checkbox"/> Notified patients of the financial assistance policy upon admission		
b <input checked="" type="checkbox"/> Notified patients of the financial assistance policy prior to discharge		
c <input checked="" type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills		
d <input checked="" type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy		
e <input checked="" type="checkbox"/> Other (describe in Part VI)		

Part V Facility Information (continued)**Policy Relating to Emergency Medical Care**

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

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)

	Yes	No
18	Yes	

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 its 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		No
21		No

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?

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?

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? 2

Name and address		Type of Facility (Describe)
1	NORTHCREST IMAGING AND SPECIALTY CLINIC 2536 HWY 49 SUITE 120 PLEASANT VIEW, TN 37172	DIAGNOSTIC CENTER
2	NORTHCREST MEDICAL CARE IN WHITE HOUSE 121 HWY 76 WHITE HOUSE, TN 37188	DIAGNOSTIC CENTER
3		
4		
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6l, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21
- 2 **Community health needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any community health needs assessments reported in Part V, Section B
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.)
- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
		PART I, LINE 3C FREE CARE AND DISCOUNTED CARE ARE PROVIDED BASED ON 200% OF FPG

Identifier	ReturnReference	Explanation
		PART I, LINE 7, COLUMN (F) THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS \$ 9306696

Schedule H (Form 990) 2011

Identifier	ReturnReference	Explanation
		PART III, LINE 4 THE FINANCIAL STATEMENT FOOTNOTE READS PATIENT ACCOUNTS RECEIVABLE ARE REPORTED AT ESTIMATED NET REALIZABLE AMOUNTS FOR SERVICES RENDERED COLLECTIBLE FROM FEDERAL AND STATE AGENCIES (UNDER THE MEDICARE AND MEDICAID/TENNCARE PROGRAMS), MANAGED HEALTH PLANS, COMMERCIAL INSURANCE COMPANIES, WORKERS' COMPENSATION, EMPLOYERS AND PATIENTS RECEIVABLES ARE GENERALLY UNCOLLATERALIZED, BUT CREDIT RISK RELATING TO ACCOUNTS RECEIVABLE IS LIMITED TO SOME EXTENT BY THE DIVERSITY AND NUMBER OF PATIENTS AND PAYORS LATE FEES AND INTEREST CHARGES, IF ANY, ARE RECOGNIZED WHEN RECEIVED THE HOSPITAL MANAGES THE RECEIVABLES BY REGULARLY REVIEWING ITS ACCOUNTS AND CONTRACTS AND BY PROVIDING APPROPRIATE ALLOWANCES FOR UNCOLLECTIBLE AMOUNTS THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS IS BASED ON HISTORICAL LOSSES AND AN ANALYSIS OF CURRENTLY OUTSTANDING AMOUNTS THIS ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS IS GENERALLY INCREASED BY CHARGES TO A PROVISION FOR UNCOLLECTIBLE ACCOUNTS AND DECREASED BY WRITE OFFS OF ACCOUNTS DETERMINED BY MANAGEMENT TO BE UNCOLLECTIBLE

Identifier	ReturnReference	Explanation
		PART III, LINE 9B THERE ARE NO COLLECTION EFFORTS TAKEN ON THE PATIENTS THAT QUALIFY FOR CHARITY CARE THEIR ACCOUNTS ARE WRITTEN OFF SO NO MONEY IS OWED AND NO CHARGES ARE RECORDED AS INCOME

Schedule H (Form 990) 2011

Identifier	ReturnReference	Explanation
NORTHCREST MEDICAL CENTER, INC		PART V, SECTION B, LINE 11H UNINSURED CHARGES ARE DISCOUNTED NOT TO EXCEED ONE HUNDRED SEVENTY- FIVE PERCENT (175%) OF THE COST FOR THE SERVICES PROVIDED (CALCULATED USING THE COST TO CHARGE RATIO IN THE MOST RECENT JOINT ANNUAL REPORT)

Schedule H (Form 990) 2011

Identifier	ReturnReference	Explanation
NORTHCREST MEDICAL CENTER, INC		PART V, SECTION B, LINE 13G SERVICES PROVIDED TO MEDICALLY NEEDY PERSONS FOR WHICH THE HOSPITAL USUALLY DOES NOT EXPECT PAYMENT THESE PERSONS HAVE INSUFFICIENT INCOME AND/OR ASSETS WITH WHICH TO PAY FOR THEIR CARE (INSUFFICIENT INCOME IS DEFINED AS AN AMOUNT NOT TO EXCEED 100 PERCENT OF THE FEDERAL POVERTY GUIDELINES) THEY ARE NOT ELIGIBLE FOR MEDICAID OR OTHER STATE OR FEDERAL PROGRAMS OR BENEFITS OF THESE PROGRAMS HAVE BEEN EXHAUSTED THE PATIENT HAS NO INSURANCE OR HAS A VERY LIMITED INSURANCE POLICY A PATIENT IS CONSIDERED TO BE A CHARITY PATIENT IF, AFTER MEETING WITH THE PATIENT OR GUARANTOR AND PERFORMING A THOROUGH INVESTIGATION OF HIS/HER PAST PAYMENT HISTORY, INCOME, ASSETS, AND LIABILITIES, IT IS FELT THAT THE PATIENT OR GUARANTOR IS UNABLE TO SATISFY PART OR ALL OF THE OBLIGATIONS DUE TO SOCIOECONOMIC CONDITIONS WHICH ARE NOT EXPECTED TO IMPROVE IN THE FORESEEABLE FUTURE

Identifier	ReturnReference	Explanation
NORTHCREST MEDICAL CENTER, INC		PART V, SECTION B, LINE 17E COLLECTIONS AGENCY HAS THE HOSPITAL POLICY ON FINANCIAL ASSISTANCE AND SUPPLIES THIS DURING THE COLLECTIONS PROCESS IF REQUESTED

Schedule H (Form 990) 2011

Identifier	ReturnReference	Explanation
NORTHCREST MEDICAL CENTER, INC		PART V, SECTION B, LINE 19D UNINSURED CHARGES ARE DISCOUNTED NOT TO EXCEED ONE HUNDRED SEVENTY- FIVE PERCENT (175%) OF THE COST FOR THE SERVICES PROVIDED (CALCULATED USING THE COST TO CHARGE RATIO IN THE MOST RECENT JOINT ANNUAL REPORT)

Schedule H (Form 990) 2011

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 NORTHCREST MEDICAL CENTER IS ALWAYS LOOKING FOR BETTER WAYS TO SERVE ITS COMMUNITY WE USE MANY DIFFERENT SURVEYS TO GATHER INFORMATION ABOUT OUR HEALTHCARE SERVICES FROM OUR COMMUNITY THE PATIENT SATISFACTION SURVEY PROVIDES OUR PATIENTS WITH THE OPPORTUNITY TO TELL US HOW WELL WE ARE PROVIDING OUR SERVICES THE COMMUNITY PERCEPTION SURVEY ALLOWS THOSE THAT MAY NOT USE OUR FACILITY THE ABILITY TO PROVIDE US FEEDBACK ALSO ANOTHER OPPORTUNITY FOR FEEDBACK IS THE COMMUNITY NEEDS SURVEY WHICH ALLOWS THE COMMUNITY TO EXPRESS WHAT ADDITIONAL SERVICES IT WOULD LIKE FOR US TO PROVIDE

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 PATIENTS ARE SCREENED UPON REGISTRATION TO SEE IF THEY QUALIFY FOR CHARITY CARE. THE PAPERWORK IS EXPLAINED AND PRESENTED AT THAT TIME UNINSURED PATIENTS WITH NO MEANS OF PAYMENT ARE ALSO MAILED CHARITY APPLICATIONS AFTER DISCHARGE AND PRIOR TO COLLECTION AGENCY PLACEMENT. COLLECTION AGENCY IS ALSO EDUCATED IN EXPLAINING CHARITY POLICY AND WILL REFER QUALIFYING PATIENT TO HOSPITAL FOR REVIEW WHILE SCREENING FOR CHARITY CARE QUALIFICATION. THE HOSPITAL DOES MEDICAID ELIGIBILITY SCREENING. IF THE PATIENT IS MEDICAID ELIGIBLE THE HOSPITAL ASSISTS THE PATIENT WITH THE APPLICATION AND FOLLOW UP. THIS BENEFITS THE PATIENTS LONG TERM WITH A PORTABLE INSURANCE OPTION.

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 NORTHCREST MEDICAL CENTER IS A COMMUNITY, NOT-FOR-PROFIT HOSPITAL LOCATED IN ROBERTSON COUNTY, WHICH IS LOCATED IN NORTHERN MIDDLE TENNESSEE AND INCLUDES EIGHT INDIVIDUAL MUNICIPALITIES NORTHCREST MEDICAL CENTER IS THE ONLY HOSPITAL LOCATED IN THE COUNTY WITH A POPULATION OF APPROXIMATELY 67,000 CITIZENS ROBERTSON COUNTY HAS AN AVERAGE HOUSEHOLD INCOME OF \$49,000, AND ITS POPULATION IS MADE UP OF 83% CAUCASIAN, 8% AFRICAN-AMERICAN, AND 7% HISPANIC

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 5 NORTHCREST MEDICAL CENTER IS A NOT-FOR-PROFIT, INDEPENDENT, COMMUNITY HOSPITAL THAT HAS BEEN PROVIDING COMPASSIONATE, QUALITY HEALTHCARE SINCE 1956 WITH A MISSION OF ENHANCING COMMUNITY AND PATIENT WELLNESS, NORTHCREST PROVIDES INPATIENT, OUTPATIENT, AND EMERGENCY MEDICAL SERVICES TO NORTHERN MIDDLE TENNESSEE AND SOUTHERN KENTUCKY NORTHCREST MEDICAL CENTER IS GOVERNED BY A BOARD OF TRUSTEES MADE UP OF LOCAL COMMUNITY-MINDED MEN AND WOMEN NORTHCREST'S LOCAL BOARD ALLOWS US TO FOCUS ON THE NEEDS OF OUR COMMUNITY AND USE THE MEDICAL CENTER'S RESOURCES TO PROVIDE ADVANCED, HIGH QUALITY CARE IN A CONVENIENT LOCATION FOR OUR CITIZENS AND SUPPORT OUR COMMUNITY'S ORGANIZATIONS AND EVENTS NORTHCREST'S MEDICAL STAFF IS MADE UP OF HIGHLY TRAINED AND SKILL PHYSICIANS FROM THROUGHOUT THE WORLD THE MEDICAL STAFF IS DEDICATED TO SUPPORTING THE MEDICAL CENTER AND ITS MISSION NORTHCREST IS ALSO LOOKING TO ADD SERVICES AND PHYSICIANS THAT ARE NEEDED FOR THE COMMUNITY</p>

**Schedule I
(Form 990)****2011****Open to Public
Inspection**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

Name of the organization
NORTHCREST MEDICAL CENTEREmployer identification number
62-1046595**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) NORTHCREST MEDICAL CENTER FOUNDATION 100 NORTHCREST DRIVE SPRINGFIELD, TN 371723961	20-4224449	501 (C) (3)	17,473				FURTHER EXEMPT PURPOSE OF FOUNDATION
(2) AMERICAN CANCER SOCIETY 2000 CHARLOTTE AVE NASHVILLE, TN 37172	13-1788491	501 (C) (3)	10,000				FURTHER EXEMPT PURPOSE OF AMERICAN CANCER SOCIETY
(3) UNITED WAY 101 FIFTH AVE WEST SPRINGFIELD, TN 37172	62-1763845	501 (C) (3)	10,000				FURTHER EXEMPT PURPOSE OF UNITED WAY
(4) ROBERTSON COUNTY SCHOOLS 2121 WOODLAND STREET SPRINGFIELD, TN 37172	62-6000810	GOVERNMENT	9,167				FURTHER EXEMPT PURPOSE OF ROBERTSON COUNTY SCHOOLS
(5) VOLUNTEER STATE COMMUNITY COLLEGE 1480 NASHVILLE PARK GALLATIN, TN 37066	58-1863050	GOVERNMENT	10,000				FURTHER EXEMPT PURPOSE OF VOLUNTEER STATE COMMUNITY COLLEGE
(6) YMCA OF MIDDLE TENNESSE 900 CHURCH STREET NASHVILLE, TN 37203	62-0476243	501 (C) (3)	9,000				FURTHER EXEMPT PURPOSE OF YMCA OF MIDDLE TENNESSEE
(7) BOY SCOUTS OF AMERICA 3414 HILLSBORO PIKE NASHVILLE, TN 37215	62-0477729	501 (C) (3)	6,000				FURTHER EXEMPT PURPOSE OF BOY SCOUTS OF AMERICA
(8) HILLCREST COLLEGE 1480 NASHVILLE PARK NASHVILLE, TN 37066	58-1863050	GOVERNMENT	208,333				FURTHER EXEMPT PURPOSE OF HILLCREST COLLEGE
(9) OPEN DOOR PREGNANCY CENTER 1802 MEADOWBROOK DRIVE SPRINGFIELD, TN 37172	78-0223296	501 (C) (3)	6,667				FURTHER EXEMPT PURPOSE OF OPEN DOOR PREGNANCY CENTER
(10) FOUNDATION OF THE NATION 45 MAIN STREET SUITE 606 BROOKLYN, NY 11201	13-3123125	501 (C) (3)	7,500				FURTHER EXEMPT PURPOSE OF FOUNDATION OF THE NATION

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. ►

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

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

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

Identifier	Return Reference	Explanation
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 NORTHCREST MEDICAL CENTER ONLY PROVIDES FUNDS TO CHARITIES AND QUALIFIED GOVERNMENTAL ENTITIES TO SUPPORT SPECIFIC PROJECTS RELATED TO THE HOSPITAL'S EXEMPT PURPOSES AND THOSE THAT BENEFIT THE COMMUNITY SERVED

Software ID:**Software Version:****EIN:** 62-1046595**Name:** NORTHCREST MEDICAL CENTER**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
NORTHCREST MEDICAL CENTER FOUNDATION 100 NORTHCREST DRIVE SPRINGFIELD, TN 371723961	20-4224449	501 (C) (3)	17,473				FURTHER EXEMPT PURPOSE OF FOUNDATION
AMERICAN CANCER SOCIETY 2000 CHARLOTTE AVE NASHVILLE, TN 37172	13-1788491	501 (C) (3)	10,000				FURTHER EXEMPT PURPOSE OF AMERICAN CANCER SOCIETY

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
UNITED WAY 101 FIFTH AVE WEST SPRINGFIELD, TN 37172	62- 1763845	501 (C) (3)	10,000				FURTHER EXEMPT PURPOSE OF UNITED WAY
ROBERTSON COUNTY SCHOOLS 2121 WOODLAND STREET SPRINGFIELD, TN 37172	62- 6000810	GOVERNMENT	9,167				FURTHER EXEMPT PURPOSE OF ROBERTSON COUNTY SCHOOLS

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
VOLUNTEER STATE COMMUNITY COLLEGE 1480 NASHVILLE PARK GALLATIN, TN 37066	58-1863050	GOVERNMENT	10,000				FURTHER EXEMPT PURPOSE OF VOLUNTEER STATE COMMUNITY COLLEGE
YMCA OF MIDDLE TENNESSEE 900 CHURCH STREET NASHVILLE, TN 37203	62-0476243	501 (C) (3)	9,000				FURTHER EXEMPT PURPOSE OF YMCA OF MIDDLE TENNESSEE

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
BOY SCOUTS OF AMERICA 3414 HILLSBORO PIKE NASHVILLE, TN 37215	62-0477729	501 (C) (3)	6,000				FURTHER EXEMPT PURPOSE OF BOY SCOUTS OF AMERICA
HILLCREST COLLEGE 1480 NASHVILLE PARK NASHVILLE, TN 37066	58-1863050	GOVERNMENT	208,333				FURTHER EXEMPT PURPOSE OF HILLCREST COLLEGE

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
OPEN DOOR PREGNANCY CENTER 1802 MEADOWBROOK DRIVE SPRINGFIELD, TN 37172	78-0223296	501 (C) (3)	6,667				FURTHER EXEMPT PURPOSE OF OPEN DOOR PREGNANCY CENTER
FOUNDATION OF THE NATION 45 MAIN STREET SUITE 606 BROOKLYN, NY 11201	13-3123125	501 (C) (3)	7,500				FURTHER EXEMPT PURPOSE OF FOUNDATION OF THE NATION

Schedule J
(Form 990)**Compensation Information**

OMB No 1545-0047

2011**Open to Public
Inspection**Department of the Treasury
Internal Revenue Service

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

Name of the organization
NORTHCREST MEDICAL CENTER**Employer identification number**

62-1046595

Part I Questions Regarding Compensation

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

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

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

2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?

3 Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director. Check all that apply

<input type="checkbox"/> Compensation committee	<input checked="" type="checkbox"/> Written employment contract
<input type="checkbox"/> Independent compensation consultant	<input checked="" type="checkbox"/> Compensation survey or study
<input type="checkbox"/> Form 990 of other organizations	<input checked="" type="checkbox"/> Approval by the board or compensation committee

4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization

a Receive a severance payment or change-of-control payment?
b Participate in, or receive payment from, a supplemental nonqualified retirement plan?
c Participate in, or receive payment from, an equity-based compensation arrangement?
 If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III

Only 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?

b Any related organization?

If "Yes," to line 5a or 5b, describe in Part III

6 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of

a The organization?

b Any related organization?

If "Yes," to line 6a or 6b, describe in Part III

7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III

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

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

	Yes	No
1b		No
2	Yes	
4a		No
4b	Yes	
4c		No
5a		No
5b		No
6a		No
6b		No
7		No
8		No
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.

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
	PART I, LINE 1B	THE DUES, TRAVEL, AND TAX INDEMNIFICATION PAYMENTS ARE APPROVED ON A CASE BY CASE BASIS AT THE DISCRETION OF THE CEO. TRAVEL FOR COMPANIONS AND PERSONAL SERVICES REIMBURSEMENTS ARE NOT SPECIFICALLY LISTED IN THE EXPENSE POLICIES. HOWEVER, THEY BOTH REQUIRE DOCUMENTATION TO BE REIMBURSED AND BOTH ARE INCLUDED IN COMPENSATION IN BOX 1 OF THE W-2 OR 1099-MISC.
	PART I, LINE 4B	SEVERAL OFFICERS PARTICIPATED IN A 457(F) PLAN THROUGH THE MEDICAL CENTER IN 2011. THE FOLLOWING 457(F) AMOUNTS WERE ACCRUED AND ARE RECORDED ON SCHEDULE J AND PART VII, ACCORDINGLY SCOTT RAYNES 25,000 JIM SCHMIDT 10,000 RANDY DAVIS 10,000 RANDY MILLS 10,000 ANGIE BEARD 10,000 AMBER KING 10,000

**Schedule K
(Form 990)****2011****Open to Public
Inspection**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.

Name of the organization
NORTHCREST MEDICAL CENTER

Employer identification number
62-1046595

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
THE HEALTH AND EDUCATIONAL FACILITIES BOARD OF THE CITY OF SPRINGFIELD TN	52-1353943	85141WAA8	12-30-2010	35,775,000	FUNDS BEING USED TO RESTRUCTURE DEBT		X		X		X

Part II Proceeds

1	Amount of bonds retired	A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
2	Amount of bonds defeased								
3	Total proceeds of issue		35,775,000						
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrow								
7	Issuance costs from proceeds								
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds		35,775,000						
10	Capital expenditures from proceeds								
11	Other spent proceeds								
12	Other unspent proceeds								
13	Year of substantial completion	1995		Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?								
15	Were the bonds issued as part of an advance refunding issue?			X					
16	Has the final allocation of proceeds been made?			X					
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?			X					

Part III Private Business Use

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

Part III Private Business Use (Continued)

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

Part IV Arbitrage

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X						
2 Is the bond issue a variable rate issue?	X							
3a Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?	X							
b Name of provider	MORGAN KEEGAN							
c Term of hedge	22 0800000000000							
d Was the hedge superintegrated?		X						
e Was a hedge terminated?		X						
4a Were gross proceeds invested in a GIC?		X						
b Name of provider								
c Term of GIC								
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5 Were any gross proceeds invested beyond an available temporary period?		X						
6 Did the bond issue qualify for an exception to rebate?		X						

Part V Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations

Yes No

Part VI Supplemental Information

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

Identifier	Return Reference	Explanation

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.

2011**Open to Public
Inspection**Name of the organization
NORTHCREST MEDICAL CENTER**Employer identification number**

62-1046595

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 11	AFTER COMPLETION OF FORM 990, NORTHCREST'S ACCOUNTANT PROVIDES THE BOARD WITH A COPY OF THE FORM 990 FOR REVIEW AND IS AVAILABLE TO PRESENT AND EXPLAIN THE FORM 990 AT REQUEST OF BOARD
	FORM 990, PART VI, SECTION B, LINE 12C	THE CONFLICT OF INTEREST POLICY IS REVIEWED ANNUALLY BY THE BOARD AND A CONFLICT DISCLOSURE IS SIGNED
	FORM 990, PART VI, SECTION B, LINE 15	BOARD REVIEWS DIFFERENT SOURCES, SUCH AS MARKET ANALYSIS, BEFORE APPROVING COMPENSATION OF CEO CEO THEN IN TURN REVIEWS AND APPROVES COMPENSATION OF KEY EMPLOYEES
	FORM 990, PART VI, SECTION C, LINE 19	THE REQUESTS FOR GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS GO THROUGH THE COMPLIANCE OFFICER, AND THE LEGALLY REQUIRED DOCUMENTS ARE MADE AVAILABLE UPON REQUEST
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED LOSSES ON INVESTMENTS -257,121 EQUITY METHOD LOSS - NORTHCREST PHYSICIAN SERVICES -1,817,675 CHANGE IN FAIR VALUE OF INTEREST RATE SWAP AGREEMENT -3,306,330 TOTAL TO FORM 990, PART XI, LINE 5 -5,381,126
AUDIT COMMITTEE	FORM 990, PART XI, LINE 2C	THE BOARD OF DIRECTORS HAS A FINANCE COMMITTEE THAT IS RESPONSIBLE FOR OVERSIGHT OF THE AUDIT THEIR PROCESSES FOR REVIEW AND SELECTION OF INDEPENDENT ACCOUNTANT HAVE NOT CHANGED FROM THE PRIOR YEAR

SCHEDULE R
(Form 990)

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2011

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

Name of the organization
NORTHCREST MEDICAL CENTER

Employer identification number

62-1046595

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.)

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.)

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) NORTHCREST STRATEGIC SERVICES INC 100 NORTHCREST DRIVE SPRINGFIELD, TN 37172 62-1638556	OPERATIONS LAB	TN	NORTHCREST MEDICAL CENTER	C		11,991	100 000 %
(2) NORTHCREST PHYSICIAN SERVICES INC 100 NORTHCREST DRIVE SPRINGFIELD, TN 37172 62-1638557	FAMILY PHYSICIAN	TN	NORTHCREST STRATEGIC SERVICES INC	C	10,408,010	2,336,418	100 000 %

Part V Transactions With Related Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35, 35A, or 36.)**Note.** Complete line 1 if any entity is listed in Parts II, III or IV**1** During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

- a** Receipt of (i) interest (ii) annuities (iii) royalties (iv) rent from a controlled entity
- b** Gift, grant, or capital contribution to related organization(s)
- c** Gift, grant, or capital contribution from related organization(s)
- d** Loans or loan guarantees to or for related organization(s)
- e** Loans or loan guarantees by related organization(s)
- f** Sale of assets to related organization(s)
- g** Purchase of assets from related organization(s)
- h** Exchange of assets with related organization(s)
- i** Lease of facilities, equipment, or other assets to related organization(s)
- j** Lease of facilities, equipment, or other assets from related organization(s)
- k** Performance of services or membership or fundraising solicitations for related organization(s)
- l** Performance of services or membership or fundraising solicitations by related organization(s)
- m** Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)
- n** Sharing of paid employees with related organization(s)
- o** Reimbursement paid to related organization(s) for expenses
- p** Reimbursement paid by related organization(s) for expenses
- q** Other transfer of cash or property to related organization(s)
- r** Other transfer of cash or property from related organization(s)

	Yes	No
1a	Yes	
1b	Yes	
1c	Yes	
1d		No
1e		No
1f		No
1g		No
1h		No
1i	Yes	
1j		No
1k	Yes	
1l		No
1m	Yes	
1n		No
1o		No
1p		No
1q	Yes	
1r		No

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) NORTHCREST MEDICAL CENTER FOUNDATION	B	17,473	
(2) NORTHCREST MEDICAL CENTER FOUNDATION	C	69,370	
(3) NORTHCREST PHYSICIAN SERVICES	A	284,458	
(4) NORTHCREST PHYSICIAN SERVICES	I	284,458	
(5) NORTHCREST MEDICAL CENTER FOUNDATION	K	14,860	
(6) NORTHCREST PHYSICIAN SERVICES	Q	1,354,412	

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.

Part VII Supplemental Information

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

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

Software ID:**Software Version:****EIN:** 62-1046595**Name:** NORTHCREST MEDICAL CENTER**Form 990, Schedule R, Part V - Transactions With Related Organizations**

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved (\$)	(d) Method of determining amount involved
(1)	NORTHCREST MEDICAL CENTER FOUNDATION	B	17,473	
(2)	NORTHCREST MEDICAL CENTER FOUNDATION	C	69,370	
(3)	NORTHCREST PHYSICIAN SERVICES	A	284,458	
(4)	NORTHCREST PHYSICIAN SERVICES	I	284,458	
(5)	NORTHCREST MEDICAL CENTER FOUNDATION	K	14,860	
(6)	NORTHCREST PHYSICIAN SERVICES	Q	1,354,412	

**NORTHCREST MEDICAL CENTER
AND AFFILIATES**
Springfield, Tennessee

Audited Consolidated Financial Statements
Years Ended June 30, 2012 and 2011

CONTENTS

Independent Auditor's Report	1
<hr/>	
Financial Statements	
Consolidated Balance Sheets	2
Consolidated Statements of Operations and Changes in Unrestricted Net Assets	3
Consolidated Statements of Cash Flows	4
Notes to Consolidated Financial Statements	5 – 24
<hr/>	
Supplementary Information	
Independent Auditor's Report on Supplementary Information	25
Consolidating Balance Sheets	26 – 27
Consolidating Statements of Operations and Changes in Unrestricted Net Assets	28 – 29
<hr/>	



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
NorthCrest Medical Center and Affiliates
Springfield, Tennessee

We have audited the accompanying consolidated balance sheets of NorthCrest Medical Center and Affiliates (the "Hospital") as of June 30, 2012 and 2011, and the related consolidated statements of operations and changes in unrestricted net assets and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NorthCrest Medical Center and Affiliates as of June 30, 2012 and 2011, and the results of their operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Horne LLP". The signature is fluid and cursive, with "Horne" on the top line and "LLP" on the bottom line.

Nashville, Tennessee
October 10, 2012

NORTHCREST MEDICAL CENTER AND AFFILIATES

Consolidated Balance Sheets

June 30, 2012 and 2011

	2012	2011
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,357,817	\$ 7,436,302
Short-term investments	2,500,000	7,500,000
Patient accounts receivable, less allowance for doubtful accounts of \$4,762,907 in 2012 and \$5,054,979 in 2011	13,526,154	11,742,765
Estimated third-party pay or settlements	-	136,101
Other receivables	242,261	308,745
Current maturities of notes receivable	66,507	241,168
Inventories	1,455,938	1,378,934
Prepaid expenses	732,357	879,687
Total current assets	<u>21,881,034</u>	<u>29,623,702</u>
Property and equipment, net	36,522,712	33,767,842
Loan costs, net of accumulated amortization of \$73,532 in 2012 and \$12,598 in 2011	1,710,194	549,428
Notes receivable, excluding current maturities	288,497	707,268
Investments	14,792,330	6,070,830
Total assets	<u>\$ 75,194,767</u>	<u>\$ 70,719,070</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Current maturities of long-term debt	\$ 1,507,400	\$ 1,318,000
Current maturities of capital lease obligations	923,169	1,055,848
Accounts payable	1,356,701	933,654
Estimated third-party settlements	594,240	-
Accrued expenses	5,514,342	5,188,104
Total current liabilities	<u>9,895,852</u>	<u>8,495,606</u>
Fair value of interest rate swap agreement	7,213,291	3,906,961
Long-term debt, less current maturities	40,574,600	37,082,000
Capital lease obligations, less current maturities	1,464,366	2,404,323
Total liabilities	<u>59,148,109</u>	<u>51,888,890</u>
Unrestricted net assets	<u>16,046,658</u>	<u>18,830,180</u>
Total net assets	<u>16,046,658</u>	<u>18,830,180</u>
Total liabilities and net assets	<u>\$ 75,194,767</u>	<u>\$ 70,719,070</u>

See accompanying notes

NORTHCREST MEDICAL CENTER AND AFFILIATES
 Consolidated Statements of Operations and Changes in Unrestricted Net Assets
 Years Ended June 30, 2012 and 2011

	2012	2011
Unrestricted revenues, gains and other support		
Net patient service revenue	\$ 82,015,140	\$ 81,824,090
Other revenue	4,935,446	1,406,763
	<hr/>	<hr/>
Total unrestricted revenues, gains and other support	86,950,586	83,230,853
Expenses		
Salaries and benefits	42,653,905	41,151,653
Supplies and other expenses	20,767,933	19,556,542
Purchased services	7,609,246	6,862,381
Provision for uncollectible accounts	9,582,302	9,306,402
Depreciation and amortization	4,391,575	4,868,891
Interest expense	2,156,336	2,794,094
	<hr/>	<hr/>
Total expenses	87,161,297	84,539,963
Operating loss	<hr/>	<hr/>
	(210,711)	(1,309,110)
Nonoperating revenues (expenses)		
Loss on extinguishment of debt	-	(490,475)
Contributions	415,283	355,992
Investment income	575,357	211,838
	<hr/>	<hr/>
Total nonoperating revenues	990,640	77,355
Excess (deficiency) of revenues, gains and other support over expenses	<hr/>	<hr/>
	779,929	(1,231,755)
Net change in unrealized gains and (losses) on other than trading securities	<hr/>	<hr/>
	(257,121)	4,149
Net change in fair value of interest rate swap agreement	(3,306,330)	514,424
	<hr/>	<hr/>
Decrease in unrestricted net assets	(2,783,522)	(713,182)
Net assets, beginning of year	<hr/>	<hr/>
	18,830,180	19,543,362
Net assets, end of year	<hr/>	<hr/>
	\$ 16,046,658	\$ 18,830,180

See accompanying notes

NORTHCREST MEDICAL CENTER AND AFFILIATES

Consolidated Statements of Cash Flows

Years Ended June 30, 2012 and 2011

	2012	2011
Cash flows from operating activities		
Decrease in unrestricted net assets	\$ (2,783,522)	\$ (713,182)
Adjustments to reconcile decrease in unrestricted net assets to net cash provided by operating activities		
Depreciation	4,330,641	4,795,194
Amortization of notes receivable	586,304	459,749
Amortization of loan costs	60,934	69,574
Amortization of bond discount	-	4,123
Provision for uncollectible accounts	9,582,302	9,306,402
Unrealized (gain) loss on other than trading securities	257,121	(4,149)
Loss from extinguishment of debt	-	490,475
Change in fair value of interest rate swap agreement	3,306,330	(514,424)
Gain on disposal of property and equipment	-	(8,685)
Changes in assets and liabilities		
Patient accounts receivable	(11,365,691)	(12,803,753)
Other receivables	66,484	(82,338)
Inventories	(77,004)	(54,582)
Prepaid expenses and other current assets	147,330	(143,107)
Accounts payable	423,047	(571,581)
Accrued expenses	326,238	1,511,229
Estimated third-party payor settlements	730,341	256,477
Net cash provided by operating activities	<u>5,590,855</u>	<u>1,997,422</u>
Cash flows from investing activities		
Purchases of property and equipment	(7,085,511)	(2,774,302)
Proceeds from sale of property and equipment	-	9,438
Proceeds from sale of investments	5,617,657	3,184,340
Purchase of investments	(9,596,278)	(8,307,569)
Advances on notes receivable	(12,454)	(170,790)
Collections on notes receivable	19,582	37,005
Net cash used in investing activities	<u>(11,057,004)</u>	<u>(8,021,878)</u>
Cash flows from financing activities		
Proceeds from issuance of long-term debt	5,000,000	38,400,000
Principal payments on long-term debt	(1,318,000)	(39,525,000)
Principal payments on capital lease obligations	(1,072,636)	(772,858)
Payment of loan issue costs	(1,221,700)	(591,038)
Net cash provided by (used in) financing activities	<u>1,387,664</u>	<u>(2,488,896)</u>
Net decrease in cash and cash equivalents	<u>(4,078,485)</u>	<u>(8,513,352)</u>
Cash and cash equivalents - beginning of year	<u>7,436,302</u>	<u>15,949,654</u>
Cash and cash equivalents - end of year	<u>\$ 3,357,817</u>	<u>\$ 7,436,302</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ 2,310,072</u>	<u>\$ 2,727,608</u>
Noncash investing and financing activities		
Assets acquired through capital lease obligations	<u>\$ -</u>	<u>\$ 1,785,562</u>
Acquisition of property and equipment recorded in accounts payable	<u>\$ -</u>	<u>\$ 450,970</u>

See accompanying notes

NORTHCREST MEDICAL CENTER AND AFFILIATES

Years Ended June 30, 2012 and 2011

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Operations

NorthCrest Medical Center and Affiliates (the "Hospital") is a Tennessee nonprofit corporation that operates a 109-bed general acute care facility. The Hospital provides a full range of medical services to both inpatients and outpatients in and around the Springfield, Tennessee area. Admitting physicians are primarily practitioners in the local area.

Also included in the accompanying consolidated financial statements are the Hospital's wholly-owned subsidiaries, NorthCrest Strategic Services, Inc ("NCSS") and NorthCrest Physician Services, Inc, ("NCPS"), both of which are for-profit corporations engaged in providing healthcare services, NorthCrest Health Network, LLC ("NHN"), a for-profit physician hospital organization and NorthCrest Medical Center Foundation (the "Foundation" or "NCF"), a Tennessee nonprofit corporation organized to foster, promote, develop and provide healthcare facilities in Robertson County, Tennessee.

Note 2. Summary of Significant Accounting Policies

Basis of Preparation

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

Principles of Consolidation

The consolidated financial statements include the accounts of the Hospital, its wholly-owned subsidiaries discussed above and the Foundation. All significant intercompany accounts and transactions have been eliminated in consolidation.

New Accounting Pronouncements

In August 2010, the FASB issued Accounting Standards Update No 2010-23 ("ASU 2010-23"), which requires health care entities to use cost as the measurement basis for charity care disclosures and defines cost as the direct and indirect costs of providing charity care. The amended disclosure requirements are effective for fiscal years beginning after December 15, 2010 and must be applied retrospectively. The new guidance became effective for the Hospital during 2012. Note 5 reflects the amended disclosure requirements, and the costs of caring for charity care patients in prior periods disclosed in Note 5 have been restated. Since the new guidance amends disclosure requirements only, its adoption did not impact the Hospital's consolidated balance sheets, statements of operations and changes in net assets or cash flow statements.

NORTHCREST MEDICAL CENTER AND AFFILIATES

Years Ended June 30, 2012 and 2011

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Continued

In August 2010, the FASB issued ASU 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries*, which amends previous guidance to require healthcare entities to record medical malpractice claims and similar liabilities and their anticipated insurance recoveries on a gross basis. The new guidance became effective for the Hospital during 2012. The adoption of ASU 2010-24 did not have a significant impact on the Hospital's consolidated balance sheets, statements of operations and changes in net assets or cash flow statements.

Use of Estimates

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

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

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with an original maturity of three months or less when acquired.

Patient Accounts Receivable

Patient accounts receivable are reported at estimated net realizable amounts after deduction of allowances for doubtful accounts for services rendered collectible from federal and state agencies (under the Medicare and Medicaid/TennCare programs), managed health plans, commercial insurance companies, workers' compensation, employers and patients. Receivables are generally uncollateralized, but credit risk relating to accounts receivable is limited to some extent by the diversity and number of patients and payors. Late fees and interest charges, if any, are recognized when received.

The Hospital manages the receivables by regularly reviewing its accounts and contracts and by providing appropriate allowances for uncollectible amounts. The allowance for uncollectible accounts is based on historical losses and an analysis of currently outstanding amounts. This allowance for uncollectible accounts is generally increased by charges to a provision for uncollectible accounts and decreased by write offs of accounts determined by management to be uncollectible.

NORTHCREST MEDICAL CENTER AND AFFILIATES

Years Ended June 30, 2012 and 2011

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Continued

Investments and Investment Income

Investments consist of U S government securities, marketable equity and debt securities and certificates of deposit with original maturities greater than three months U S government securities are stated at fair value as determined by quoted market prices, which approximates cost Investments in marketable equity and debt securities are measured at fair value Certificates of deposit have short-term maturities and are stated at cost

Investment income (including realized gains and losses on investments, interest and dividends) is included in nonoperating revenues (expenses) Unrealized gains and losses on investments on other than trading securities are excluded from deficiency of revenues, gains and other support over expenses Management has determined that all investments are considered other than trading securities

Investment securities are exposed to various risks such as interest rate, market and credit Due to the level of risk associated with certain investment securities and the level of uncertainty related to the changes in the fair value of investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect the net assets of the Hospital

Notes Receivable

In order to recruit physicians to the Hospital and the surrounding community, the Hospital periodically makes agreements with physicians in which the Hospital guarantees revenue to the physician or pays medical school expenses for the physicians The Hospital also periodically makes agreements with medical and nursing students to pay education expenses once the students become employees of the Hospital Each physician or employee signs a note agreement whereby the physician or employee agrees to repay the monies advanced by the Hospital over a certain period of time However, the note agreements provide that the physician or employee may repay the note by continuing medical practice or employment with the Hospital In such cases, the Hospital amortizes the related notes over the life of the agreement beginning approximately one year after the physician or employee begins providing medical services If a physician or employee does not continue providing medical services as required in the note agreement, the physician or employee is required to repay the unamortized portion of the note receivable back to the Hospital

The Hospital recognizes interest income when earned The Hospital's management regularly reviews the notes receivable and provides an allowance for uncollectible amounts when considered necessary As of June 30, 2012 and 2011, the Hospital did not consider any allowance to be necessary related to the notes receivable

Inventories

Inventories, consisting primarily of medical supplies and pharmaceuticals, are stated on the basis of the lower of cost, determined on a first-in, first-out ("FIFO") method or market

NORTHCREST MEDICAL CENTER AND AFFILIATES

Years Ended June 30, 2012 and 2011

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Continued

Property and Equipment

Property and equipment are recorded at cost, or in the case of donated items, on the basis of fair market value at date of donation. Routine maintenance and repairs are charged to expense as incurred. Expenditures that increase values, change capacities or extend useful lives are capitalized, as is interest on amounts borrowed to finance such expenditures.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 10 to 40 years for buildings and 4 to 20 years for equipment. Assets under capital lease obligations are amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the asset. Amortization of equipment under capital leases is included in the depreciation and amortization on the accompanying financial statements.

Long-Lived Assets

Management evaluates the recoverability of its investment in long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

Loan costs

Loan costs associated with the issuance of long-term debt are amortized using the straight-line method over the term of the respective debt agreements, which approximates the effective interest method. During 2011, the Hospital was in dispute regarding the amount of fees potentially owed to a consultant in connection with financing of the Revenue Bonds during 2011. During 2012, the dispute was settled and issue costs of approximately \$1.2 million were paid related to the issuance of the bonds in 2011.

Compensated Absences

The Hospital's policy is to compensate employees for absences due to earned vacation leave. Accumulated vacation pay is accrued as of the balance sheet date because it is payable upon termination of employment if certain conditions are met.

Net Assets

All resources that are not restricted by donors are included in unrestricted net assets. Resources temporarily restricted by donors for specific purposes are reported as temporarily restricted net assets. When the specific purposes are achieved, either through passage of a stipulated time or the purpose for restriction is accomplished, they are reclassified to unrestricted net assets and reported in the statement of operations and changes in net assets. Resources temporarily

NORTHCREST MEDICAL CENTER AND AFFILIATES

Years Ended June 30, 2012 and 2011

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Continued

restricted by donors for additions to land, building and equipment are initially reported as temporarily restricted net assets and are transferred to unrestricted net assets when expended

Donor-imposed restrictions which stipulate that the resources be maintained permanently are reported as permanently restricted net assets. Investment income for these permanently restricted net assets is classified as either temporarily restricted or unrestricted based on the intent of the donor. At June 30, 2012 and 2011, there are no permanently or temporarily restricted net assets

Net Patient Service Revenue

Patient service revenue is reported at estimated net realizable amounts from patients, third-party payors and others, for services rendered and includes estimated retroactive adjustments under reimbursement agreements with third-party payors due to audits, reviews and investigations. Retroactive adjustments are considered in the recognition and accrual of revenue on an estimated basis in the period the related services are rendered and adjusted in future periods and final settlements are determined

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

Charity Care

The Hospital provides care to patients who meet certain criteria under its charity policy without charge. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue

Electronic Health Record Incentive Payments

The American Recovery and Reinvestment Act of 2009 began providing 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. The Hospital must attest to certain criteria in order to qualify to receive the incentive payments. The amount of the incentive payments are calculated using predetermined formulas based on available information, primarily related to discharges and patient days. The Hospital utilizes a grant accounting model to recognize EHR incentive revenues and recognizes revenues related to Medicare incentive payments ratably over each EHR reporting period (October 1 to September 30) when it has met meaningful use requirements for certified EHR technology for the EHR

NORTHCREST MEDICAL CENTER AND AFFILIATES

Years Ended June 30, 2012 and 2011

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Continued

reporting period During the year ended June 30, 2012, the Hospital successfully attested for the 90 day first year requirement and recognized revenue of \$1,584,620 The Hospital recognizes Medicaid incentive payments in the period that it qualifies for the funds based on the provisions of the State of Tennessee Division of Medicaid The Hospital recognized \$981,862 of revenues and related to Medicaid incentive programs for the year ended June 30, 2012

The EHR revenues are reflected in other operating revenues on the accompanying consolidated statements of operations and changes in net assets Future incentive payments could vary due to certain factors such as availability of federal funding for both Medicare and Medicaid incentive payments and the Hospital's ability to implement and demonstrate meaningful use of certified EHR technology The Hospital has and will continue to incur both capital costs and operating expenses in order to implement its certified EHR technology and meet meaningful use requirements in the future These expenses are ongoing and are projected to continue over all stages of implementation of meaningful use The timing of recognizing the expenses may not correlate with the receipt of the incentive payments and the recognition of revenues There can be no assurance that the Hospital will demonstrate meaningful use of certified EHR technology in the future, and the failure to do so could have a material, adverse effect on the results of operations As a part of operating this program, there is a possibility that government authorities may make adjustments to amounts previously recorded by the Hospital The Hospital's attestation of demonstrating meaningful use is also subject to review by the appropriate government authorities The amount of revenue recognized is based on management's best estimate, which is subject to change Such changes will be reflected in the period in which the changes occur

Deficiency of Revenues, Gains and Other Support Over Expenses

The consolidated statements of operations and changes in unrestricted net assets include deficiency of revenues, gains and other support over expenses Changes in unrestricted net assets, which are excluded from deficiency of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, and changes in the fair value of the interest rate swap agreement

Operating Activity

The Hospital's primary purpose is to provide healthcare services through its acute care facility As such, activities related to the ongoing operations of the Hospital are classified as operating revenues Operating revenues include those generated from direct patient care, related support services, gains or losses from disposition of operating properties and miscellaneous revenues related to the operations of the Hospital In addition, contributions and earnings on interest-bearing investments that are used to support health related activities are reported as nonoperating income

NORTHCREST MEDICAL CENTER AND AFFILIATES

Years Ended June 30, 2012 and 2011

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Continued

Income Taxes

The Hospital and the Foundation are exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3), and, accordingly, no provision for income taxes is included in the consolidated financial statements. The Hospital's wholly-owned subsidiaries are for-profit corporations and are taxed under Subchapter "C" of the Internal Revenue Code. These for-profit corporations have incurred significant tax losses. Due to the uncertainty of future taxable income, a net deferred tax asset of approximately \$2,535,000 at June 30, 2012 and \$2,030,000 at June 30, 2011 have been fully reserved. The most significant deferred items relate to net operating loss carryforwards, the allowance for doubtful accounts and accrued vacation. These entities have approximately \$11,100,000 of net operating losses available at June 30, 2012 that may be used to offset future taxable income. The net operating losses expire in various years beginning June 30, 2019.

The Hospital follows the guidance for accounting for uncertainty in income taxes recognized in the Hospital's consolidated financial statements that prescribes a recognition threshold of more-likely-than not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. The guidance also addresses the derecognition, classification, interest and penalties, accounting in interim periods and required disclosures.

The Hospital has determined that there are no significant uncertain tax positions at June 30, 2012 or 2011. If interest and penalties are incurred related to uncertain tax positions, such amounts would be recognized in income tax expense. Tax periods for all fiscal years after 2008 remain open to examination by the federal and state taxing jurisdictions to which the Hospital is subject.

Advertising and Promotion Costs

Advertising and promotion costs are expensed as incurred. Advertising costs for the year ended June 30, 2012 and 2011 were \$252,154 and \$291,625, respectively.

Reclassifications

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

NORTHCREST MEDICAL CENTER AND AFFILIATES

Years Ended June 30, 2012 and 2011

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3. Credit Risk and Other Concentrations

The Hospital generally maintains cash and cash equivalents on deposit at banks in excess of federally insured amounts. Effective December 31, 2010, the Federal Deposit Insurance Corporation (FDIC) provided for temporary unlimited deposit insurance coverage of noninterest-bearing bank accounts. The temporary provision for unlimited coverage will expire on December 31, 2012. Based on this provision, the amount of uninsured bank balances at risk as of June 30, 2012 totaled approximately \$58,000. The Hospital has not experienced any losses in such accounts.

The Hospital's primary concentration of credit risk is patient accounts receivable, which consist of amounts owed by various governmental agencies, insurance companies and patients. The Hospital manages the receivables by regularly reviewing its accounts and contracts and by providing appropriate allowances for uncollectible amounts. The mix of receivables from patient and third-party payors as of June 30, 2012 and 2011 are as follows:

	2012	2011
Medicare	21%	19%
Medicaid / TennCare	15	17
Other third-party payors	31	33
Self-pay	33	31
 Total	 100%	 100%

Concentration of credit risk relating to accounts receivable is limited to some extent by the diversity and number of patients and third-party payors.

Note 4. Patient Service Revenue

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

Medicare

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. The Hospital is reimbursed for these items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization. The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through June 30, 2007.

NORTHCREST MEDICAL CENTER AND AFFILIATES

Years Ended June 30, 2012 and 2011

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4. Continued

For outpatient services, the Center for Medicare and Medicaid Services ("CMS") established an outpatient prospective payment system ("OPPS") which established groups called Ambulatory Payment Classifications ("APC") for outpatient procedures. Payment is made for each APC depending upon the service rendered.

Medicaid

The Medicaid program reimburses the Hospital for the cost of services rendered to Medicaid beneficiaries at a prospective rate which is based on the lower of the reimbursable cost of services rendered or a reimbursement cap set by Medicaid. The reimbursement cap is expressed as a per diem.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates could change by a material amount in the near term. For the years ended June 30, 2012 and 2011, net patient service revenue decreased approximately \$453,000 and \$246,000, respectively, due to adjustments in excess of amounts previously estimated.

TennCare

The TennCare program is a managed care program to provide healthcare coverage to those previously eligible for Medicaid as well as the uninsured population. The Hospital contracts with various managed care organizations which offer both health maintenance organization and preferred provider organization healthcare products. Inpatient reimbursement to the Hospital is received through per diems and Diagnosis-Related Group ("DRG") payments. Outpatient payments are generally received on a discounted fee for service basis.

The TennCare program also provides for Essential Access Hospital ("EAH") payments. The methodology for distributing these funds considers each hospital's relative contribution to providing services to TennCare members with eligibility determined each quarter. The Hospital received \$810,731 and \$1,151,405 for the years ended June 30, 2012 and 2011, respectively. EAH payments are presented as a reduction of contractual adjustments.

Other

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

NORTHCREST MEDICAL CENTER AND AFFILIATES

Years Ended June 30, 2012 and 2011

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**Note 4. Continued**

The composition of net patient revenue for the years ended June 30, 2012 and 2011 are as follows

	2012	2011
Gross patient service revenue	\$ 222,945,427	\$ 212,487,993
Less provisions for contractual and other adjustments	140,930,287	130,663,903
Net patient service revenue	\$ 82,015,140	\$ 81,824,090

The composition of gross revenues for patient services rendered for the years ended June 30, 2012 and 2011 are as follows

	2012	2010
Medicare	30%	32%
Medicaid / TennCare	20	20
Other third-party payors	39	37
Self-pay	11	11
Total	100%	100%

Note 5. Charity Care

The Hospital maintains records to identify and to monitor the level of charity care it provides. These records include the amount of charges forgone for services and supplies furnished under its charity care policy, the estimated cost of those services and supplies and equivalent service statistics. The direct and indirect costs associated with these services cannot be identified to specific charity care patients. Therefore, management estimated the costs of these services by calculating a cost to gross charge ratio and multiplying it by the charges associated with services provided to patients meeting the Hospital's charity care guidelines. Costs incurred for charity, based on the cost to charge ratio, was approximately \$1,261,000 and \$1,256,000 in 2012 and 2011, respectively.

Note 6. Investments

The composition of investments is as follows

	2012	2011
Certificates of deposit – current	\$ 2,500,000	\$ 7,500,000
U S Treasury securities and obligations of the U S Government and its agencies	3,259,172	6,070,830
Equity securities	2,497,520	-
Corporate bonds	9,035,638	-
Total	\$ 17,292,330	\$ 13,570,830

NORTHCREST MEDICAL CENTER AND AFFILIATES

Years Ended June 30, 2012 and 2011

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**Note 6. Continued**

Information pertaining to investments with gross unrealized losses at June 30, 2012 and 2011 aggregated by investment category and length of time that individual securities have been in a continuous loss position, follows

Description of Securities	2012					
	Less Than Twelve Months			Over Twelve Months		
	Gross Unrealized Losses	Fair Value		Gross Unrealized Losses	Fair Value	
Government securities	\$ 22,639	\$ 1,929,025		\$ 31,667	\$ 227,220	
Equity securities	141,447	723,845		-	-	
Corporate bonds	14,355	900,511		-	-	
	<u>\$ 178,441</u>	<u>\$ 3,553,381</u>		<u>\$ 31,667</u>	<u>\$ 227,220</u>	

Description of Securities	2011					
	Less Than Twelve Months			Over Twelve Months		
	Gross Unrealized Losses	Fair Value		Gross Unrealized Losses	Fair Value	
Government securities	\$ 25,417	\$ 1,410,897		-	\$ -	

Management evaluates securities for other-than-temporary impairment on a periodic basis, more frequently when economic or market conditions warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer and (3) the intent and ability of the Hospital to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

At June 30, 2012 and 2011, the gross unrealized losses are primarily the result of changes in market condition considered to be temporary in nature. As the Hospital has the ability to hold the securities for the foreseeable future, no declines are deemed to be other-than-temporary.

Note 7. Notes Receivable

At June 30, 2012 and 2011, the Hospital had \$355,004 and \$948,436, respectively, in unsecured notes receivable due from physicians who practice at the Hospital or in the surrounding community and non-physicians who receive reimbursement for tuition expenses. The notes mature at various dates through December 2013 and bear interest at rates commensurate with market rates at the time of the loan (ranging from 5.0 percent - 9.0 percent).

NORTHCREST MEDICAL CENTER AND AFFILIATES

Years Ended June 30, 2012 and 2011

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**Note 7. Continued**

Amortization related to these notes was \$586,304 and \$459,749 in 2012 and 2011, respectively. In addition, the Hospital made additional advances under such note agreements of \$12,454 and \$170,790 during 2012 and 2011, respectively.

Interest income on these notes receivable totaled to approximately \$16,000 and \$31,000 during 2012 and 2011, respectively.

Note 8. Property and Equipment

	2012	2011
Land	\$ 4,141,658	\$ 4,141,658
Buildings	48,103,591	41,300,995
Equipment	37,166,460	34,734,259
Construction-in-progress	-	2,217,372
	89,411,709	82,394,284
Less accumulated depreciation and amortization	<u>(52,888,997)</u>	<u>(48,626,442)</u>
	<u>\$ 36,522,712</u>	<u>\$ 33,767,842</u>

Depreciation and amortization expense related to these assets was approximately \$4,331,000 and \$4,795,000 in 2012 and 2011, respectively. Interest expense of approximately \$87,000 and \$27,000 was capitalized in 2012 and 2011, respectively.

Note 9. Long-Term Debt

A summary of long-term debt as of June 30, 2012 and 2011, is as follows:

	2012	2011
The Health and Education Facilities Board of the City of Springfield, Hospital Revenue Refunding Bonds, Series 2010A, interest payable monthly at variable rates (2.06 and 2.03 percent at June 30, 2012 and 2011, respectively), principal payable in annual installments through August 2032, collateralized by a first deed of trust on the Hospital building, accounts receivable, inventory, equipment, furniture and fixtures	\$ 28,989,518	\$ 30,000,000

NORTHCREST MEDICAL CENTER AND AFFILIATES

Years Ended June 30, 2012 and 2011

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**Note 9. Continued**

	2012	2011
The Health and Education Facilities Board of the City of Springfield, Hospital Revenue Refunding Bonds, Series 2010B, interest payable monthly at variable rates (2.06 and 2.03 percent at June 30, 2012 and 2011, respectively), principal payable in annual installments through August 2032, collateralized by a first deed of trust on the Hospital building, accounts receivable, inventory, equipment and furniture and fixtures	5,580,482	5,775,000
The Health and Education Facilities Board of the City of Springfield, Taxable Revenue Refunding Bonds, Series 2010C, interest payable monthly at variable rates (2.79 and 2.74 percent at June 30, 2012 and 2011, respectively), principal payable in annual installments through August 2032, collateralized by a deed of trust on the Hospital Building, accounts receivable, inventory, equipment, and furniture and fixtures	2,487,000	2,600,000
The Health and Education Facilities Board of the City of Springfield, Taxable Revenue Bonds, Series 2010D, interest payable monthly at variable rates (2.79 and 2.74 percent at June 30, 2012 and 2011, respectively), principal payable in annual installments through August 2032, collateralized by a deed of trust on the Hospital building, accounts receivable, inventory, equipment, and furniture and fixtures	5,025,000	25,000
Total long-term debt	42,082,000	38,400,000
Less current maturities	<u>\$ (1,507,400)</u>	<u>\$ 1,318,000</u>
Long-term debt, less current maturities	<u>\$ 40,574,600</u>	<u>\$ 37,082,000</u>

Effective December 30, 2010, the Hospital issued the Series 2010 Variable Rate Revenue Refunding Bonds ("2010 Revenue Bonds") which were primarily used to advance refund the Series 2008 and 2006B Hospital Revenue Refunding Bonds. As a result of the refinancing, the Hospital paid off the bonds and was legally released as the obligor of the Series 2008 Hospital Revenue Refunding Bonds and the Series 2006B Hospital Revenue Bonds.

In accordance FASB ASC Topic 860 ("ASC 860"), the Hospital recorded a charge to its operations of \$490,475 for the year ended June 30, 2011, related to the loss from extinguishment of its Series 2008 and Series 2006B bonds.

NORTHCREST MEDICAL CENTER AND AFFILIATES

Years Ended June 30, 2012 and 2011

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9. Continued

The master trust indenture, under which the 2010 Revenue Bonds were issued, and the related reimbursement and credit agreements contain several covenants, the most restrictive of which are the maintenance of certain minimum financial ratios and limitations on the incurrence of additional debt. The Hospital was in compliance with all such covenants as of June 30, 2012 and 2011.

A summary of future maturities of long-term debt as of June 30, 2012 is as follows:

Year Ending June 30,	Amount
2013	\$ 1,507,400
2014	1,580,800
2015	1,649,200
2016	1,728,800
2017	1,803,400
Thereafter	<u>33,812,400</u>
	 <u>\$ 42,082,000</u>

Note 10. Capital Lease Obligations

The Hospital leases equipment under capital lease agreements that expire at various times and have various renewal options.

The Hospital's obligation under these capital leases as of June 30, 2012 and 2011, was as follows:

	2012	2011
Minimum lease payments payable	\$ 2,540,643	\$ 3,739,540
Less portion representing interest	<u>(153,108)</u>	<u>(279,369)</u>
Capital lease obligations	2,387,535	3,460,171
Less current maturities	<u>(923,169)</u>	<u>(1,055,848)</u>
Long-term maturities	<u>\$ 1,464,366</u>	<u>\$ 2,404,323</u>

NORTHCREST MEDICAL CENTER AND AFFILIATES

Years Ended June 30, 2012 and 2011

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**Note 10. Continued**

Future minimum annual lease payments payable under the capital leases as of June 30, 2012 are as follows

Year Ending June 30,	Amount
2013	\$ 1,008,050
2014	782,165
2015	423,241
2016	<u>327,187</u>
Minimum lease payments payable	2,540,643
Less portion representing interest	<u>(153,108)</u>
	<u>\$ 2,387,535</u>

Equipment utilized under capital leases as of June 30, 2012 and 2011 is as follows

	2012	2011
Equipment	\$ 8,545,710	\$ 8,545,710
Less accumulated amortization	<u>(6,297,379)</u>	<u>(5,358,150)</u>
	<u>\$ 2,248,331</u>	<u>\$ 3,187,560</u>
Amortization expense	<u>\$ 939,229</u>	<u>\$ 659,685</u>

Note 11. Employee Benefit Plans

The Hospital has a defined contribution retirement plan. Employees are eligible to participate after completing 90 days of service and attaining age 19. For each plan year, the Hospital contribution is 3 percent of the compensation of a participant, as defined in the plan agreement. In addition, the Hospital makes a matching contribution of 25 percent of employee contributions up to 3 percent of compensation. The Hospital's retirement plan contribution expense was approximately \$688,000 and \$678,000 for the years ended June 30, 2012 and 2011, respectively.

During 2011, the Hospital entered into a self-funded health insurance program for its employees. Prior to entering into the self-funded arrangement, the Hospital provided for employee health insurance under a fully insured plan. Claims against the program are administered by an independent risk management firm. Claims are recorded as an expense as they are paid. An annual estimate is accrued for both reported claims and claims incurred but not reported at year end. The Hospital has recorded a reserve in the amount of \$877,000 and \$407,000 at June 30, 2012 and 2011, respectively. Total expense for claims incurred for the year ended June 30, 2012 and 2011 was \$3,871,750 and \$3,757,199, respectively.

NORTHCREST MEDICAL CENTER AND AFFILIATES

Years Ended June 30, 2012 and 2011

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**Note 12. Operating Lease and Other Commitments**

The Hospital leases various equipment and office space under operating leases expiring at various dates through February 2017. Total rental expense in 2012 and 2011 for all operating leases was approximately \$1,360,000 and \$1,279,000, respectively.

The following is a schedule by year of future minimum lease payments under noncancelable operating leases as of June 30, 2012, that have initial or remaining lease terms in excess of one year.

Year Ending June 30,	Amount
2013	\$ 658,901
2014	549,521
2015	412,639
2016	124,389
2017	1,328
	<hr/>
	\$ 1,746,778

It is expected that in the normal course of business, leases and service agreements that expire will be renewed or replaced by other leases, thus, it is anticipated that future lease and service agreement payments will not be less than the commitment for 2013.

Note 13. Commitments and Contingent Liabilities

The Hospital currently maintains medical malpractice insurance on a claims-made basis through Arch Specialty Insurance Company ("Arch"). The Hospital's policy with Arch offers coverage for any claims incurred and reported during the policy period. Should the Hospital's claims-made medical malpractice policy not be renewed or replaced with equivalent insurance, claims that are reported subsequent to the policy date will not be insured. The Hospital intends to continue carrying the claims-made insurance. Management and legal counsel are not aware of any incidents that would ultimately result in a loss in excess of the Hospital's insurance coverage.

In accordance with an education initiative to attract higher education to the surrounding community, the Hospital has committed to pay the utility costs for a proposed community college upon its completion and occupancy in the amount of \$250,000 per year for a period of up to two years. As of June 30, 2012 and 2011 no amounts have been paid.

NORTHCREST MEDICAL CENTER AND AFFILIATES

Years Ended June 30, 2012 and 2011

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 14. Derivative Financial Instrument

Effective August 1, 2008, in connection with the issuance of the 2008 Revenue Refunding Bonds, the Hospital entered into an interest rate swap agreement with a financial institution to reduce the impact of changes in interest rates on the bonds. Under the interest rate swap agreement, which is classified as a cash flow hedge, the Hospital pays interest monthly at a fixed rate of 4.05 percent and receives interest monthly at the Security Industry and Financial Market Association ("SIFMA") Municipal Swap Index. The net amounts paid to or received from the counterparty to the swap are included in interest expense. Effective changes in the market value are recorded as a component of unrestricted net assets and ineffective changes in the market value are recorded as a component of interest expense as incurred. Management considers the interest rate swap to be a highly effective cash flow hedge. The interest rate swap agreement is recorded at market value with market value being determined based upon quoted year-end market rates. The agreement terminates in August 2033 and has an original notional amount of \$38,020,000. Notional amounts do not quantify risk or represent assets or liabilities of the Hospital, but are used in the determination of cash settlements under the agreement. During 2011, the 2008 Revenue Refunding Bonds were paid off. However, the swap agreement was kept in place to hedge the variable interest rates associated with the new debt agreement. (See Note 9)

At June 30, 2012 and 2011, derivative financial instruments consisted of the following

Designated for hedging

Description	Notional	Maturity	2012		2012 Fair Value
			Pay Index	Receive Index	
Fixed payor	\$ 34,570,000	August 2033	4.05%	SIFMA – Municipal Swap Index	\$ (7,213.291)
2011					
Description	Notional	Maturity	Pay Index	Receive Index	2011 Fair Value
Fixed payor	\$ 35,775,000	August 2033	4.05%	SIFMA – Municipal Swap Index	\$ (3,906.961)

Note 15. Fair Value Measurements

FASB authoritative guidance defines fair value, establishes a framework and hierarchy for measuring fair value and provides for related disclosure requirements. The guidance indicates that a fair value measurement assumes that the transaction to sell an asset or transfer a liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability based upon an exit price model.

NORTHCREST MEDICAL CENTER AND AFFILIATES

Years Ended June 30, 2012 and 2011

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**Note 15. Continued**

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

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

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

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

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

Fair Value Measurements at June 30, 2012						
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total at June 30, 2011		
Financial assets						
Government securities	\$ 3,259,172	\$ -	\$ -	\$ 3,259,172		
Equity securities	2,497,520	-	-	2,497,520		
Corporate bonds	9,035,638	-	-	9,035,638		
Total assets	\$ 14,792,330	\$ -	\$ -	\$ 14,792,330		
Financial liabilities						
Interest rate swap	\$ -	\$ 7,213,291	\$ -	\$ 7,213,291		
Total liabilities	\$ -	\$ 7,213,291	\$ -	\$ 7,213,291		

NORTHCREST MEDICAL CENTER AND AFFILIATES

Years Ended June 30, 2012 and 2011

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 15. Continued

Fair Value Measurements at June 30, 2011						
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		Total at June 30, 2010	
Financial assets						
Government securities	\$ 6,070,830	\$ -	\$ -	\$ -	\$ 6,070,830	
Total assets	<u>\$ 6,070,830</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,070,830</u>	
Financial liabilities						
Interest rate swap	\$ -	\$ 3,906,961	\$ -	\$ -	\$ 3,906,961	
Total liabilities	<u>\$ -</u>	<u>\$ 3,906,961</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,906,961</u>	

The Hospital's certificates of deposit are not investment securities, as defined in ASC Topic 320, and accordingly, are excluded from the tables above. The fair value of the investments are estimated based on quoted market prices. The fair value of the interest rate swap is based on the expected cash flows over the life of the swap. The expected cash flows are determined by evaluating transactions with a pricing model using a specific market environment. The values are produced using proprietary models that rely on certain assumptions and available market data.

Note 16. Functional Expenses

The Hospital provides general healthcare services to residents within its geographic location. Expenses related to providing these services are accumulated by function as follows at June 30, 2012 and 2011.

	2012	2011
Nursing and other professional services	\$ 59,259,151	\$ 56,810,886
General and administrative office	11,832,867	10,833,386
Depreciation, interest and provision for bad debts	16,069,279	16,895,691
	<u>\$ 87,161,297</u>	<u>\$ 84,839,963</u>

NORTHCREST MEDICAL CENTER AND AFFILIATES

Years Ended June 30, 2012 and 2011

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 17. Recently Issued Pronouncements

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

Note 18. Subsequent Events

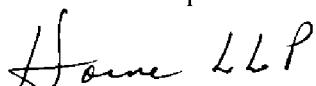
In preparing these consolidated financial statements, the Hospital has evaluated events and transactions for potential recognition or disclosure through October 10, 2012, the date the consolidated financial statements were available to be issued.



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Trustees
NorthCrest Medical Center and Affiliates
Springfield, Tennessee

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

A handwritten signature in black ink that reads 'Horne LLP'.

Nashville, Tennessee
October 10, 2012

NORTHCREST MEDICAL CENTER AND AFFILIATES
 Consolidating Balance Sheet
 June 30, 2012

	Hospital	NCPS	NCF	NCSS	NHN	Total	Eliminations	Total Consolidated
ASSETS								
Current assets								
Cash and cash equivalents	\$ 2,991,126	\$ 1,430	\$ 361,145	\$ 4,116	\$ -	\$ 3,357,817	\$ -	\$ 3,357,817
Short-term investments	2,500,000	-	-	-	-	2,500,000	-	2,500,000
Patient accounts receivable, less allowance for doubtful accounts of \$4,762,907	11,730,726	1,796,268	-	(840)	-	13,526,154	-	13,526,154
Due from affiliates	14,134,361	-	-	-	-	14,134,361	(14,134,361)	-
Other receivables	131,572	110,689	-	-	-	242,261	-	242,261
Current maturities of notes receivable	66,507	-	-	-	-	66,507	-	66,507
Inventories	1,323,406	132,532	-	-	-	1,455,938	-	1,455,938
Prepaid expenses	695,149	37,208	-	-	-	732,357	-	732,357
Total current assets	33,572,847	2,078,127	361,145	3,276	-	36,015,395	(14,134,361)	21,881,034
Property and equipment, net	36,223,485	258,291	32,221	8,715	-	36,522,712	-	36,522,712
Loan costs, net of accumulated amortization of \$73,532	1,710,194	-	-	-	-	1,710,194	-	1,710,194
Notes receivable, excluding current maturities	288,497	-	-	-	-	288,497	-	288,497
Investments	14,792,330	-	-	-	-	14,792,330	-	14,792,330
Total assets	\$ 86,587,353	\$ 2,336,418	\$ 393,366	\$ 11,991	\$ -	\$ 89,329,128	\$ (14,134,361)	\$ 75,194,767
LIABILITIES AND NET ASSETS								
Current liabilities								
Current maturities of long-term debt	\$ 1,507,400	\$ -	\$ -	\$ -	\$ -	\$ 1,507,400	\$ -	\$ 1,507,400
Current maturities of capital lease obligations	923,169	-	-	-	-	923,169	-	923,169
Accounts payable	1,172,118	170,190	5,461	8,932	-	1,356,701	-	1,356,701
Estimated third-party favor settlements	594,240	-	-	-	-	594,240	-	594,240
Accrued expenses	4,860,002	614,994	39,346	-	-	5,514,342	-	5,514,342
Due to affiliates	-	13,804,125	329,936	300	-	14,134,361	(14,134,361)	-
Total current liabilities	9,056,929	14,589,309	374,743	9,232	-	24,030,213	(14,134,361)	9,895,852
Fair value of interest rate swap agreement	7,213,291	-	-	-	-	7,213,291	-	7,213,291
Long-term debt, less current maturities	40,574,600	-	-	-	-	40,574,600	-	40,574,600
Capital lease obligations, less current maturities	1,464,366	-	-	-	-	1,464,366	-	1,464,366
Total liabilities	58,309,186	14,589,309	374,743	9,232	-	73,282,470	(14,134,361)	59,148,109
Unrestricted net assets (deficit)	28,278,167	(12,252,891)	18,623	2,759	-	16,046,658	-	16,046,658
Total net assets (deficit)	28,278,167	(12,252,891)	18,623	2,759	-	16,046,658	-	16,046,658
Total liabilities and net assets	\$ 86,587,353	\$ 2,336,418	\$ 393,366	\$ 11,991	\$ -	\$ 89,329,128	\$ (14,134,361)	\$ 75,194,767

NORTHCREST MEDICAL CENTER AND AFFILIATES

Consolidating Balance Sheet

June 30, 2011

	Hospital	NCPS	NCF	NCSS	Total	Eliminations	Total Consolidated
ASSETS							
Current assets							
Cash and cash equivalents	\$ 6,740,559	\$ 295,310	\$ 396,317	\$ 4,116	\$ 7,436,302	-	\$ 7,436,302
Short-term investments	7,500,000	-	-	-	7,500,000	-	7,500,000
Patient accounts receivable, less allowance for doubtful accounts of \$5,054,979	10,353,178	1,390,427	-	(840)	11,742,765	-	11,742,765
Due from affiliates	12,496,230	-	-	-	12,496,230	(12,496,230)	-
Estimated third-party favor settlements	136,101	-	-	-	136,101	-	136,101
Other receivables	143,240	165,505	-	-	308,745	-	308,745
Current maturities of notes receivable	241,168	-	-	-	241,168	-	241,168
Inventories	1,284,286	94,648	-	-	1,378,934	-	1,378,934
Prepaid expenses	773,417	106,270	-	-	879,687	-	879,687
Total current assets	39,668,179	2,052,160	396,317	3,276	42,119,932	(12,496,230)	29,623,702
Property and equipment, net	33,291,560	454,072	13,495	8,715	33,767,842	-	33,767,842
Loan costs, net of accumulated amortization of \$12,598	549,428	-	-	-	549,428	-	549,428
Notes receivable, excluding current maturities	707,268	-	-	-	707,268	-	707,268
Investments	6,070,830	-	-	-	6,070,830	-	6,070,830
Total assets	\$ 80,287,265	\$ 2,506,232	\$ 409,812	\$ 11,991	\$ 83,215,300	\$ (12,496,230)	\$ 70,719,070
LIABILITIES AND NET ASSETS							
Current liabilities							
Current maturities of long-term debt	\$ 1,318,000	\$ -	\$ -	\$ -	\$ 1,318,000	-	\$ 1,318,000
Current maturities of capital lease obligations	1,055,848	-	-	-	1,055,848	-	1,055,848
Accounts payable	715,456	202,375	6,891	8,932	933,654	-	933,654
Accrued expenses	4,578,803	573,818	35,483	-	5,188,104	-	5,188,104
Due to affiliates	-	12,165,255	330,675	300	12,496,230	(12,496,230)	-
Total current liabilities	7,668,107	12,941,448	373,049	9,232	20,991,836	(12,496,230)	8,495,606
Fair value of interest rate swap agreement	3,906,961	-	-	-	3,906,961	-	3,906,961
Long-term debt, less current maturities	37,082,000	-	-	-	37,082,000	-	37,082,000
Capital lease obligations, less current maturities	2,404,323	-	-	-	2,404,323	-	2,404,323
Total liabilities	51,061,391	12,941,448	373,049	9,232	64,385,120	(12,496,230)	51,888,890
Unrestricted net assets (deficit)	29,225,874	(10,435,216)	36,763	2,759	18,830,180	-	18,830,180
Total net assets (deficit)	29,225,874	(10,435,216)	36,763	2,759	18,830,180	-	18,830,180
Total liabilities and net assets	\$ 80,287,265	\$ 2,506,232	\$ 409,812	\$ 11,991	\$ 83,215,300	\$ (12,496,230)	\$ 70,719,070

NORTHCREST MEDICAL CENTER AND AFFILIATES
 Consolidating Statement of Operations and Changes in Unrestricted Net Assets
 Year Ended June 30, 2012

	Hospital	NCPS	NCF	NCSS	NHN	Total	Eliminations	Total Consolidated
Unrestricted revenues, gains and other support								
Net patient service revenue	\$ 72,205,052	\$ 9,810,088	\$ -	\$ -	\$ 82,015,140	\$ -	\$ 82,015,140	
Other revenue	4,056,918	597,922	349,976	-	5,004,816	(69,370)	4,935,446	
Total unrestricted revenues, gains and other support	76,261,970	10,408,010	349,976	-	87,019,956	(69,370)	86,950,586	
Expenses								
Salaries and benefits	33,677,898	8,832,481	143,526	-	-	42,653,905	-	42,653,905
Supplies and other expenses	18,721,180	1,979,677	136,446	-	-	20,837,303	(69,370)	20,767,933
Purchased services	6,593,473	926,319	89,454	-	-	7,609,246	-	7,609,246
Provision for uncollectible accounts	9,306,696	275,606	-	-	-	9,582,302	-	9,582,302
Depreciation and amortization	4,176,901	211,602	3,072	-	-	4,391,575	-	4,391,575
Interest expense	2,156,336	-	-	-	-	2,156,336	-	2,156,336
Total expenses	74,632,484	12,225,685	372,498	-	-	87,230,667	(69,370)	87,161,297
Operating income (loss)	1,629,486	(1,817,675)	(22,522)	-	-	(210,711)	-	(210,711)
Nonoperating revenues								
Contributions	415,283	-	-	-	-	415,283	-	415,283
Investment income	570,975	-	4,382	-	-	575,357	-	575,357
Total nonoperating revenues	986,258	-	4,382	-	-	990,640	-	990,640
Excess (deficiency) of revenues, gains and other support over expenses	2,615,744	(1,817,675)	(18,140)	-	-	779,929	-	779,929
Change in unrealized losses on investments other than trading securities								
(257,121)	-	-	-	-	-	(257,121)	-	(257,121)
Change in fair value of interest rate swap agreement	(3,306,330)	-	-	-	-	(3,306,330)	-	(3,306,330)
Decrease in unrestricted net assets	(947,707)	(1,817,675)	(18,140)	-	-	(2,783,522)	-	(2,783,522)
Net assets (deficit), beginning of year	29,225,874	(10,435,216)	36,763	2,759	-	18,830,180	-	18,830,180
Net assets (deficit), end of year	\$ 28,278,167	\$ (12,252,891)	\$ 18,623	\$ 2,759	-	\$ 16,046,658	-	\$ 16,046,658

NORTHCREST MEDICAL CENTER AND AFFILIATES
 Consolidating Statement of Operations and Changes in Unrestricted Net Assets
 Year Ended June 30, 2011

	Hospital	NCPS	NCF	NCSS	Total	Eliminations	Total Consolidated
Unrestricted revenues, gains and other support							
Net patient service revenue	\$ 72,571,124	\$ 9,252,966	\$ -	\$ -	\$ 81,824,090	\$ -	\$ 81,824,090
Other revenue	1,034,760	157,777	269,307	-	1,461,844	(55,081)	1,406,763
Total unrestricted revenues, gains and other support	73,605,884	9,410,743	269,307	-	83,285,934	(55,081)	83,230,853
Expenses							
Salaries and benefits	33,287,659	7,863,994	-	-	41,151,653	-	41,151,653
Supplies and other expenses	17,785,536	1,736,207	89,880	-	19,611,623	(55,081)	19,556,542
Purchased services	5,714,585	1,075,679	72,117	-	6,862,381	-	6,862,381
Provision for uncollectible accounts	9,061,368	245,034	-	-	9,306,402	-	9,306,402
Depreciation and amortization	4,657,995	206,233	4,663	-	4,868,891	-	4,868,891
Interest expense	2,794,094	-	-	-	2,794,094	-	2,794,094
Total expenses	73,301,237	11,127,147	166,660	-	84,595,044	(55,081)	84,539,963
Operating income (loss)	304,647	(1,716,404)	102,647	-	(1,309,110)	-	(1,309,110)
Nonoperating revenues (expenses)							
Loss on early extinguishment of debt	(490,475)	-	-	-	(490,475)	-	(490,475)
Contributions	355,992	-	-	-	355,992	-	355,992
Investment income	208,098	-	3,740	-	211,838	-	211,838
Total nonoperating revenues (expenses)	73,615	-	3,740	-	77,355	-	77,355
Excess (deficiency) of revenues, gains and other support over expenses	378,262	(1,716,404)	106,387	-	(1,231,755)	-	(1,231,755)
Change in unrealized gains on investments other than trading securities	4,149	-	-	-	4,149	-	4,149
Change in fair value of interest rate swap agreement	514,424	-	-	-	514,424	-	514,424
Increase (decrease) in unrestricted net assets	896,835	(1,716,404)	106,387	-	(713,182)	-	(713,182)
Net assets (deficit), beginning of year	28,329,039	(8,718,812)	(69,624)	2,759	19,543,362	-	19,543,362
Net assets (deficit), end of year	\$ 29,225,874	\$ (10,435,216)	\$ 36,763	\$ 2,759	\$ 18,830,180	-	\$ 18,830,180